THE TAX TRIBUNE

PROGRESS THROUGH TAXES

JUNE 1989

Joint QC Gov't – PAREX Tax Campaign

A BREAKTHROUGH IN TAX COLLECTION

ORUM: HOW CAN THE BIR MEET ITS P81B GOAL FOR 1989?

PAREX MARCH

We say Mabuhay (2x)
Under the blue sky
You are all welcome

We say Mabuhay
PAREX asahan
Tanging lingkod na
Samahang tunay

BUMABATI KAMI NGAYON
PAREX NG REGION 4-C
NAGSISIKAP KAMING LAHAT
MAGLILINGKOD, BUONG TAPAT

BUREAU NATI'Y UMAASA
NA TAYO'Y MAGKAISA
BILANG 'ENFORCEMENT OF FICERS'
NA TUMULONG SA TAO
MAGSAMA-SAMA TAYO (2x)

Chorus:

PAREX, PAREX, asahan
Bayan handang tulungan
Puso ninyong mapagmahal
Ang kailangan namin ngayon. . .

TAYONG LAHAT AY MAGSIKAP
TUNGO SA PAG-UNLAD
PUMALAKPAK (Clap 4 times (x))
HUMALAKHAK (Ha! 4x)
MABUHAY ANG 'EXAMINERS' ! !

BUREAU NATI'Y UMAASA
NA TAYO'Y MAGKAISA
PAREX AY ITAGUYOD
SA ATI'Y MAGLILINGKOD
SA SULIRANI'Y SASAGOT

(Repeat 'Chorus' & 2nd Stanza)

PAREX AY ITAGUYOD
SA ATI'Y MAGLILINGKOD
SA SULIRANI'Y SASAGOT. . .

THE PHILIPPINE ASSOCIATION OF REVENUE EXAMINERS (PAREX, INC.)

OBJECTIVES OF PAREX

1. To help elevate the standards of the revenue service;
2. To foster unity, camaraderie and fellowship towards an ideal and closer working relationship among the examiners in the revenue service;
3. To develop, promote and enhance career and professional growth to achieve a high degree of proficiency and integrity in the interaction by and between the Bureau of Internal Revenue and the taxpaying sector of our society;
4. To involve ourselves in the promulgation and implementation of the avowed policies and programs of the Bureau;
5. To evolve and adopt measures that would guarantee, safeguard and protect our mutual and collective interest as revenue men;
6. To forge and undertake a more vigorous and concerted thrust to bring about a heightened level of involvement towards the primordial task of revenue collection; and
7. To pursue such other programs and policies as may henceforth be declared, promulgated and defined by the Bureau and the national leadership as are related to or may bear upon any and/or all of the goals and objectives herein set forth.

A Note From the President

Another Historic First by PAREX

This month marks the beginning of another major project of our organization: The Joint Q.C. Government-PAREX Tax Assistance and Information Campaign. The Honorable Brigido R. Simon Jr. and the undersigned signed the accord last April.

The project was conceived in response to the call of President Aquino and the Honorable Commissioner of Internal Revenue for all revenue personnel to exert best efforts so that the revenue goal of P81 Billion for 1989 will be achieved, if not surpassed. The project's primary objectives are two-pronged: to increase the taxpayer base, and to flush out tax evaders. The ultimate goal, of course, is to increase revenue collection.

The project will involve the participation of all 140 barangay councils in Quezon City. They will undertake surveys and report persons or business establishments suspected of tax evasion or tax avoidance, or of any violation of the provisions of the National Internal Revenue Code or the Local Tax Code. Mayor Simon agrees with the undersigned that, through this grassroots tax campaign, millions more in heretofore uncollected taxes—both national and local—will be generated. Indeed, this novel strategy in increasing tax collection is a first in the history of taxation in the Philippines.

In his message at the closing ceremonies of the two-day orientation seminar (May 20-21, 1989) for QC barangay officials at the BIR auditorium, Mayor Simon exhorted the *kagawads* to make the tax campaign a resounding success as it is one of his priority projects; that it would raise the revenues needed to finance the city government's other service projects.

Quezon City has been aptly chosen as the launching area for the project. Eventually, this barangay-based tax campaign will be undertaken on a nationwide scale, in collaboration with local government units and all PAREX regional chapters.

With this project, PAREX blazes another trail towards higher tax collection.

Cordially,

FRED SERCADO
PAREX National President &
Chairman of the Board

OUR COVER

Quezon City Mayor Brigido R. Simon Jr. and BIR Special Investigation Team (SIT) Chief Alfredo C. Sercado, president and board chairman of PAREX, sign the Memorandum of Agreement on the joint tax campaign in the city. Looking on is Vice Mayor Tito Sotto.

THE TAX TRIBUNE

Progress Through Taxation

The Tax Tribune is the official monthly publication of the Philippine Association of Revenue Examiners (PAREX, INC). Business and editorial offices are at the Parex Secretariat, Room 216, 2/F, BIR National Office Building, Diliman, Quezon City.

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PAREX CREDIT UNION, COOP STORE

The Philippine Association of Revenue Examiners (PAREX) will establish a credit union to service the financial needs of its more than 3,000 members.

To be named Cooperative Credit Union, the proposed PAREX financial institution will be initially capitalized at ₱200.00.

Internal Revenue Special Investigation Team Cheif Alfredo Sercado, PAREX president and chairman, said the credit union will be operational in July. The incorporation papers are already with the Securities and Exchange Commission, he said.

We are putting up the credit union because we feel PAREX should also financially benefit its members aside from its primordial task of assisting the BIR attain its collection goal," he said.

Sercado also said PAREX will put up a cooperative store to be capitalized by the credit union.

The cooperative store, to cater to the needs of PAREX members, will be located at the ground floor of the Manila BIR building at Anda Circle in Manila.

On the other hand in a resolution by lawyer Ignacio E. Camba, Vice President for Internal Affairs, said that contrary to common belief, some PAREX members encounter financial difficulties particularly by those assigned in the rural areas. Unfortunate and expected emergencies, such as accidents tuition fees occur which often render distressed members victims of loan sharks, he said.

Camba said the credit union will be paterned after other. A credited credit unions exclusively servicing its members and will be put up as early as possible, he said.

He said the major incorporators will be the association's 3,000 members.

PAREX officers will be requires to chip in ₱10,000 to ₱15,000 as seed capital and others at ₱5,000 each.

Starting loan to members is ₱3,000.

"Seed capital will be beefed up from appropriations allocated to the mutual fund or national fund after the effectivity of salary deduction or other sources such as find raising activities Camba added.

PAREX TO POLICE BIR

The Philippine Association of Revenue Examiners (PAREX) has pledged to police the Bureau of Internal Revenue against graft and corruption.

The pledge was made by Special Investigation Chief Alfredo Sercado, president and chairman of 3,000 – strong PAREX, before President Aquino during the launching on June 19 of the National Coalition for Transparency (NCT).

Sercado along with heads of 40 other organization, deposited a certificate of pledge into a transparent bowl and committed PAREX's membership nationwide "to assist the administration in the crusade against graft and corruption."

President Aquino, on the other hand, called for the return of the "spirit of service," as she vowed to wage a relentless effort against corruption which, she said, "has resurfaced in our midst."

Sercado declared PAREX's unqualified support to the NCT objectives, telling the President, "We are one with you in your valiant effort in translating the message of the miracle of EDSA, that is the right of the people to be informed of all government transactions."

(INSERTION "A") Sercado also told the President that the Association's more than 3,000 member examiners, the BIR's "frontliners" in the current intensified tax campaign, are committed to the President's call to collect ₱81 billion this year.

He said PAREX will not shirk from this duty, "knowing that the success of your administration, the progress and happiness of our people, depend so much on increased tax collection," he said.

"PAREX members are putting their lives on the line to realize, or even to exceed, Your Excellency's inspired goal," he added.

On the other hand, Sercado told the President that while PAREX members are pledged to do their duty, they are currently being barassed by unmitigated revamps that aroused feelings of insecurity and had resulted to demotion. Some BIR presound had even been cast into "exile" far from their families.

He cited the abolition, instead of a merger as previously announced, of the Special Inverstigation Team, which dimantled and rendered to naught the expertise and teamwork of some 40 revenue examiners that made possible the unsurpassed record of the SIT in 1988: 156 million in actual collection, ₱1.5 billion in assessment, the settlement with the government by the various so–called underground economy" such as money changers, dollar salters, gold smugglers and other big-time tax evaders.

Sercado likewise cited the studies submitted by the International Monetary Fund (IMF) and the World Bank (WB) to the Philippine Government which recommended the retention and expansion of the investigation teams.

"Such practice by the present BIR management is tantamount to changing horses in midstream" that can create dislocation, demoralization in the ranks of hapless revenue men and thus imperilled the collection of the bruited ₱81 billion.

19 June 1989

Her Excellency Corazon C. Aquino
President of the Philippines
Malacanang, Manila

Dear Madam President:

We, the 3,000 members of the Philippine Association of Revenue Examiners (PAREX), conscious of our patriotics duty and commitment to the ideals of the Association, hereby declare our unqualified support to the National Coalition for Transparency in government, and with dignity and pride gushing forth from our hearts, submit to Your Excellency this --

-M A N I F E S T O -

THAT we are one with you in your valiant effort in translating into deeds the message of the miracle of EDSA -- that is, the right of the people to be informed of all government transactions -- the right suppressed in the past by the maligned martial law regime;

THAT along with the PAREX colors flying proudly with those of more than 40 organizations supporting the NCT objectives, so goes also our lives and fortunes whenever necessary if only to guarantee the fruition of your dreams and aspirations for our people;

THAT in this regard we have not, even for a moment, doubted your honesty and devotion to a single purpose in the Presidency -- and that is, economic recovery for our country.

While we pledge to Your Excellency the PAREX's support towards the realization of this primordial task, we also manifest --

THAT the Association's more than 3,000 members, who are also the Bureau of Internal Revenue's "frontliners" in the current intensified tax campaign, are committed to your call for a collection target of ₱81 billion this year;

THAT we will not shirk from this duty, knowing that the success of your administration, the progress and happiness of our people, depend so much on increased tax collection;

THAT, as what we have done in the past and more so under your administration, the members of PAREX are putting their lives on the line to realize, or even to exceed. Your Excellency's inspired goal of P81 billion.

Finally, on behalf of PAREX members allow us, at this point, to bring to Your Excellency's attention --

THAT, even as PAREX members are pledged to do their duty, they are currently being harassed by unmitigated revamps that aroused a sense of insecurity, demotion and sometimes cast into "exile" far from their families;

THAT, as an example, we cite the abolition, instead of a merger as previously announced, of the Special Investigation Team (SIT) which dismantled and rendered to anught the expertise and teamwork of some 40 revenue examiners that made possible the unsurpassed record of examiners that made possible the unsurpassed record of SIT in 1988, to wit: P144 million in actual collection, P1.5 billion in assessment, the settlement with the government by the various so-called underground economy, such as money changers, dollar salters, gold smugglers and other bigtime tax evaders;

THAT such a practice by the present BIR management is tantamount to "changing horses in midstream" that can create dislocation, demoralization in the ranks of hapless revenue men and thus imperilled the collection of bruited P81 billion for this year;

THAT we are presenting this manifests with honest intent and purpose-- to help Your Excellency toward the common goal of increased tax collection, with your humble servant signing with authority of the Association's 19 chapter presidents, 41 executive officers and 3,000 members nationwide.

Very respectfully yours,

(SGD.) ALFREDO C. SERCADO
Head, SIT Team, BIR
& President-Chairman
P A R E X

JOINT QC GOV'T-PAREX TAX CAMPAIGN
(Partnership For Progress)

A BREAKTHROUGH

Barangay-based tax campaign—hitherto only a concept—is now a reality in Quezon City.

Mayor Brigido Simon, Jr. and Internal Revenue Special Investigation Team (SIT) Chief Alfredo C. Sercado, president and chairman of 4,000-strong Philippine Association of Revenue Examiners (PAREX) recently signed a memorandum of agreement for a joint barangay-based tax campaign in the city.

Both signatories denounced tax evasion as a form of economic sabotage that has cost the government tremendous revenue losses and called for the imperative of measures to stop the circumvention of existing tax laws to prevent further losses to the government.

Mayor Simon said Quezon City, the city of the future, was aptly selected as the project's pilot area. Expressing optimism, Simon added that if successful, the project will be adopted on a national scale within the year.

"If this project has to be a reality, it should start in Quezon City. This could be a breakthrough in local tax collection," he said.

Simon is also president of the 60-member City Mayors League of the Philippines.

Organizers, on the other hand, expressed encompassing views on the project. They said that if adopted nationally and proven successful, it may even preclude the imposition of new taxes in 1990 as required in the Letter of Intent (LOI) submitted to the International Monetary Fund.

New taxes constitute one of the controversial issues of the LOI which, observers said, could further add to the suffering of the people.

The agreement enlists the support of 980 barangay councilmen in gathering data and information about persons, firms or corporations within their territory suspected of evading payment of taxes, underpayment of taxes or other frauds penalized under internal revenue laws.

Simon said the Barangay Security and Development Officers (BSDO), Traffic Brigade and other units of the city government will be fielded to assist in the tax campaign.

For his part, Sercado called on all local officials, from governors down to barangay councilmen, to assist in the tax campaign of the BIR in consonance with President Aquino's appeal for increased tax collection.

Sercado particularly called on the barangay officials of Quezon City to actively participate in the joint tax campaign, "to make Quezon City a billion-peso city in 1990 as envisioned by Mayor Simon," he said.

Sercado exhorted the 140 barangay captains at the start of their local government seminar last May 8 which was received with enthusiasm. He especially urged them to give substance to their mandate as elective officials through undertakings that could benefit their constituents such as this tax campaign.

"You are not only helping your barangay, but eventually the whole country," he said.

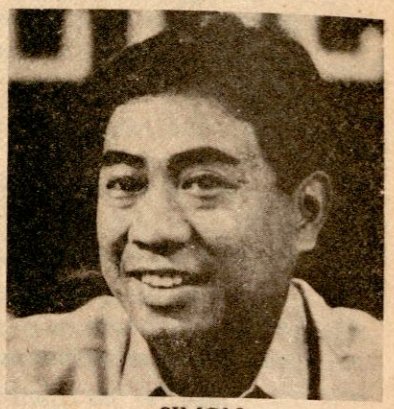
He committed the support of the Makati and Quezon City PAREX chapters to the campaign, particularly in imparting their expertise to barangay councilmen.

Sercado said the campaign will definitely increase the city's tax base and double or treble its income from businesses.

Records showed that Quezon City derives P120 million annually from the city's 40,000 registered businesses.

What is the objective of this joint tax campaign?

Under the agreement, PAREX and the Quezon City Government will jointly put up a data bank of all present and potential taxpayers within the territorial, administrative and political jurisdiction or boundary of the city for the purpose of expanding the tax base and the flush out tax evaders in the city.


SIMON

A secretariat was established in City Hall grounds to coordinate the activities of the campaign.

Each and every barangay in Quezon City is tasked to gather data and information and, whenever possible, evidence against persons, firms or corporations suspected of tax evasion.

The following are some of the frauds or violations commonly committed against the Internal Revenue Laws and the local Tax Code:

Underdeclaration of sales; underdeclaration of income; false entries in books of accounts; underdeclaration of quantity of raw materials and output; underdeclaration of value of property, tangible or intangible; non-issuance of receipts or invoices, inclusion in payroll of non-existing employees; inflation of salaries of employees; inflation of cost of raw materials.

A barangay council is required to submit a preliminary report containing the following information:

Statement of facts or acts constituting fraud or violation of internal revenue laws; name and address of taxpayer if known; exact or approximate date or period when fraud or violation was or

IN TAX COLLECTION

SERCADO

will be committed; names and addresses of witnesses, if any; documents, records or books including copies or excerpts thereof, which may serve as evidence of the fraud or violation or persons who have custody, possession or control of such documents, records or books, or the places where they are kept;

Name including pseudonym) and address of informer; age, civil status and nationality of informer, sketch of location of the address of taxpayer.

Individual preliminary reports should be filed for each suspected tax evader.

These reports should be submitted to the Secretariat which will collate, screen and summarize the reports. These will be forwarded to the Secretariat for analysis, follow-up, verification and prosecution.

After proper verification that there are grounds leading to the discovery of fraud, the informer should execute an affidavit or Sworn Statement and other documentations apertunant to the filing of confidential information pursuant to the provisions of Republic Act 2338, otherwise known as the "Informer's Reward Law."

The procedure of giving and receiving of information, the qualification of informers and the manner of payment of reward to informers will be in accordance with R.A. 2338, Finance Regulations No. 1 of the Department of Finance dated July 15, 1960, Department Order No. 46-44 of the Department of Finance, dated June 22, 1966 and the provisions of the National Internal Revenue Code as amended.

If revenues, surcharges or fees, or fines and other penalties, or compromises are finally collected as a result of the information given in accordance with the law and aforementioned regulations, a reward equivalent to 15 percent of said amount colected will be paid.

The reward will be shared by and among the following parties: 20 percent of total reward will go to the informer; 30 percent to PAREX; and 50 percent to the barangay from where the information originated or where the taxpayer resides or does business, for barangay development projects. (Gene Camposano)

RESOLUTION

URGING ALL BARANGAY OFFICIALS OF QUEZON CITY TO GATHER AND COLLATE DATA AND INOFRMATION ABOUT PERSONS, FIRMS, OR CORPORATIONS, OPERATING WITHIN THEIR BARANGAY SUSPECTED OF TAX EVASION, UNDERPAYMENT OF TAXES, OR ANY OTHER FRAUDS AGAINST THE INTERNAL REVENUE LAWS AND CITY ORDINANCES OR VIOLATIONS OF ANY OF THE PROVISIONS THEREOF.

Introduced by Councillor Baby Ongpauco-Gaba

WHEREAS, tax evasion and economic sabotage caused the National Government tremendous revenue losses;

WHEREAS, R.A. 2338 mandates rewards to informers of violators of the Internal Revenue and Customs Laws, and the Quezon City Government, in its desire to support the aforementioned Act and assist the Bureau of Internal Revenue in enhancing revenue collections, should formulate programs to prevent further losses to the National Government;

WHEREAS, one of the most effective steps of the City Government is to employ the services of Barangay Officials in flushing out tax evaders in their respective Barangay;

WHEREAS, it is therefore imperative that Barangay Officials should conduct comprehensive census, monitor, covert and/or overt surveillance of all persons, firms, or corporations in order to set up a complete listing of present and potential taxpayers within the Barangay;

NOW, THEREFORE,

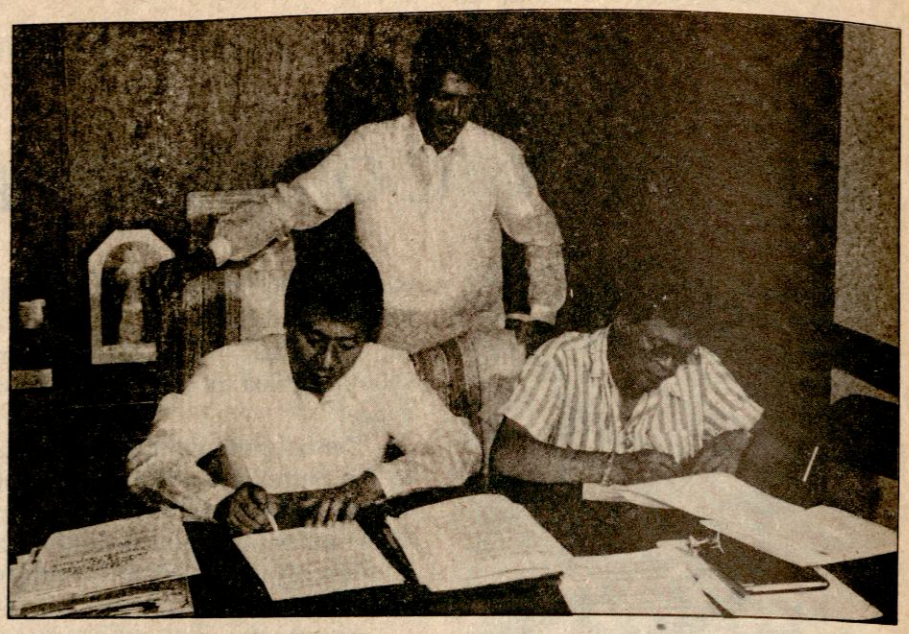
Be it resolved by the City Council of Quezon City in session assembled to urge as it does hereby urge all Barangay Officials of Quezon City to gather and collate data and information about persons, firms, or corporations operating within their Barangay suspected of tax evasion, underpayment of taxes, or any other frauds against the Internal Revenue Laws and City Ordinances or violations of any of the provisions thereof.

RESOLVED, FURTHER, to authorize the City Mayor to formulate and issue the necessary rules and guidelines for the implementation of this resolution.

ADOPTED _____, 1989

Submitted by:

(Sgd.) BABY ONGPAUCO-GABA
Councilor-3rd District



KNOW ALL MEN BY THESE PRESENTS:

This Memorandum of Agreement, made and executed by and between:

The Philippine Association of Revenue Examiners, Inc., a duly constituted organization of revenue enforcement officers or tax examiners of the Bureau of Internal Revenue registered with the Securities and Exchange Commission, with principal office at the BIR National Office Building, Diliman, Quezon City, herein represented by ALFREDO C. SERCADO, in his capacity as National President and Board Chairman and Head of the Special Investigation Team under the Office of the BIR Commissioner, duly authorized for the this purpose and hereinafter referred to as PAREX.

– and –

The City Governemt of Quezon City, Metro Manila, herein represented by BRIGIDO SIMON, JR, in his capacity as City Mayor, duly authorized for this purpose and hereinafter referred to as QUEZON CITY GOVERNMENT.

WITNESSETH:

WHEREAS, PAREX, since its inception and formal organization in September, 1983, has been implementing programs and projects geared towards helping the BIR increase its tax collections;

WHEREAS, tax evasion and economic sabotage have caused the government tremendous revenue losses;

WHEREAS, PAREX, will initiate a continuing campaign to flush out, discover and/or uncover, identify and prosecute tax evaders, tax dodgers, tax cheats and other persons, firms or corporations suspected of frauds upon the internal revenue laws, the Local Tax Code, or violations of any of the provisions thereof;

WHEREAS, it is the sincere desire of PAREX to help enhance revenue collections so that the BIR can meet its budgetary goals;

WHEREAS, it is thus imperative that measures to stop the circumvention of existing tax laws be adopted to prevent further losses to the government.

NOW, THEREFORE, for and in consideration of the foregoing premises, the parties hereto have agreed as follows:

1. PAREX and QUEZON CITY GOVERNMENT will jointly set up a data bank of all present and potential taxpayers within the territorial, administrative, and political jurisdiction and/or boundary of Quezon City, Metro Manila for the purpose of expanding the present taxpayer base in the City and in order to flush out tax evaders in the City.

2. The QUEZON CITY GOVERNMENT will enlist the services of Barangay Councils in all the City's Barangays in gathering and collating data and information about persons, firms or corporations operating within the Barangay who are suspected of evading payment of taxes, underpayment of taxes, or other frauds upon the internal revenue laws, the Local Tax Code, or violations of any of the provisions thereof.

The following are some of the frauds and/or violations commonly committed against the Internal Revenue Laws, and the Local Tax Code:

a. Underdeclaration of sales.
b. Underdeclaration of income.
c. False entries in books of accounts.
d. Underdeclaration of quantity of raw materials and output.
e. Underdeclaration of value of property, tangible or intangible.
f. Non-issuance of receipts or invoices.
g. Inclusion in payroll of non-existent employees.
h. Inflation of salaries of employees.
i. Inflation of cost of raw materials.
j. Concealment by taxpayer of his real tax status.
k. Smuggling.
l. Removals of articles subject to specific tax from the place of production without pre-payment of tax, such as liquors, fermented liquors, distilled spirits, cigars, cigarettes, etc.
m. Inexistent deductions from gross income.
n. Removal of logs from the cutting area without prepayment of forest charges or logs transported without auxilliary invoices.
o. Misclassification of products by manufacturers.
p. Non-payment of Mayor's permit and business licenses.
q. All kinds of misrepresentation to evade tax. (Sec. 8, Finance Regulations No. 1, July 15, 1960, Dept. of Finance)

3. Each and every Barangay

MEMORANDUM OF AGREEMENT

Council in Quezon City wil gather data and information and, whenever possible, evidence against persons, firms or corporations suspected of tax evasion.

Each Barangay Council will thus undertake the following, to wit:

a. Conduct comprehensive census of all persons, firms or corporations in order to set up a complete listing of present and potential taxpayers within the Barangay.
b. Conduct monitoring, covert and/or overt surveillance, data gathering and collating of information about persons, firms or corporations suspected of tax evasion, underpayment of taxes, or frauds upon the internal revenue laws, the Local Tax Code, or violations of any of the provisions thereof.
c. Submit reports on aforementioned for verification, analysis and prosecution.

4. The Preliminary Report to be submitted by the Barangay Council about a person, firm or corporation operating within the Barangay suspected of tax evasion shall at all times contain the following information, to wit:

a. Statement of facts or acts constituting fraud or violation of internal revenue laws and/or the Local Tax Code.
b. Name and address of taxpayer if known.
c. Exact or approximate date or period when fraud or violation was or will be committed.
d. Names and addresses of witnesses, if any.
e. Documents, records or books including copies or excerpts thereof, which may serve as evidence of the fraud or violation or persons who have custody, possession or control of such documents, records or books, or the places where they are kept.
f. Name (including pseudonym) and address of informer.
g. Age, civil status and nationality of informer.
h. Sketch of location of the address of taxpayer.

5. Individual Preliminary Reports shall be filed for each suspected tax evader. These reports shall be submitted to the Secretariat at the Quezon City Hall set up for this purpose which shall collate, screen, and summarize the Reports which shall then be forwarded to the PAREX Secretariat for analysis, follow-up, verification, and prosecution.

6. After proper verification that there are grounds leading to the discovery of fraud upon the internal revenue laws, the Local Tax Code, or violations of any of the provisions thereof, the informer shall execute an Affidavit or Sworn Statement and other documentations apertunant to the filing of confidential information pursuant to the provisions of Republic Act. No. 2338, otherwise known as the "Informer's Reward Law".

7. The manner and procedure of giving and receiving of information, the qualifications of informers, and the manner of payment of rewards to informers of fraud upon or violation of the Internal Revenue Laws shall be as prescribed in Republic Act No. 2338, Finance Regulations No. 1 of the Department of Finance dated July 15, 1960, Department Order No. 46-66 of the Department of Finance, dated June 22, 1966, and the provisions of Sec. 281 of the National Internal Revenue Code, as amended.

8. If revenues, surchages or fees, or fines and other penalties, or compromise are finally collected as a result of the information given in accordance with the law and aforementioned regulations, a reward equivalent to fifteen percentum of said amount collected shall be paid to the informer, provided the informer is not a Barangay Councilman or Barangay Chairman or any other public official, or his relative within the sixth degree of consanguinity, and said reward shall be subject to the following stipulations and conditions.

9. The reward shall be shared by and among the following parties, to wit:

a. Twenty percentum (20%) of total reward shall be paid to the informer.
b. Thirty percentum (30%) of total reward shall be paid to PAREX.
c. Fifty percentum (50%) of total reward shall accrue to the Barangay from where the information originated or where the taxpayer resides or does business, for Barangay development purposes.

10. Appropriate office circulars and directives shall be separately issued in the respective jurisdictions of the parties to this Agreement to implement the foregoing policies and procedures.

Any modification or amendment to this Agreement shall not be valid unless agreed upon in writing between the QUEZON CITY GOVERNMENT and PAREX.

This Agreement takes effect immediately.

IN WITNESS WHEREOF, the parties have hereunto signed this Memorandum of Agreement, this 10th day of April, 1989 at Quezon City, Philippines.

PHILIPPINE ASSOCIATION OF REVENUE EXAMINERS, INC.
BY:

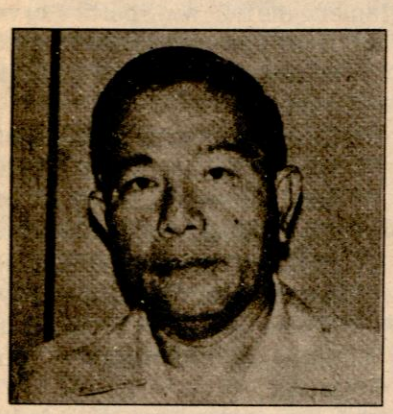
(SGD.) ALFREDO C. SERCADO
National President & Board Chairman

QUEZON CITY GOVERNMENT
BY:

(SGD.) BRIGIDO SIMON JR.
City Mayor

FORUM

How can the B I R meet



The strength of our tax system, based as it is on self-assessment or voluntary compliance, depends on the trust and confidence of taxpayers in the integrity of the tax system and of the people administering it. Hence, that trust and confidence should be cultivated and maintained either through friendly persuasion or coercive means. Firstly, we have to persuade both the taxpayers and BIR personnel to change their sense of values and their attitudes regarding the payment and collection of taxes. Tax payment and tax collection should be imbued with a sense of patriotism and love of country. The motivation for both taxpayer and tax collector should be the promotion of the highest interest of the country and the well-being of the Filipino people.

If persuasive measures prove unavailing, then the BIR should not hesitate to exercise its coercive powers. Tax evasion of any form should be feretted out without fear or favor, so that those who violate the tax laws can be brought to justice and made to shoulder their fair share of the tax burden. If warranted, both tax evaders and grafters should be prosecuted to the full extent of the law to poduce a strong deterrent effect on both taxpayers and revenue personnel.

If only every taxpayer will comply with his duty under the law voluntarily and truthfully, and every revenue personnel will perform his functions with a sense of responsibility, integrity and efficiency, as mandated by the Constitution, there can be no doubt that we can meet, or even exceed, our 1989 goal.

HON. EUFRACIO D. SANTOS
Deputy Commissioner

For the year 1989 the BIR was assigned its most challenging goal, that of collecting P81B in taxes to finance infrastructure and other expenditures of the government and to service foreign loans incurred during the Marcos Administration.

The orientation course on Government Productivity Improvement Program held recently is therefore timely considering the need to improve our collection system so as to meet our said goal. The Commissioner, in his closing remarks at the Program, substantially said that to him productivity means "work". If only our employees would work 8 hours a day and not come to the office at 10:00 a.m. and goes home at 4:00 p.m. we would be more productive.

I believe, however, that in order to attain our goal there must be team-work for without coordination our work will be without direction and maybe counter productive. In any kind of game, like basketball, teamwork is a must. Grandstand playing should be discouraged. The same is true with our endeavor to attain our goal in the BIR. Each and everyone of us must work in a coordinated manner. Self interest should be sacrificed in favor of working together to attain our assigned goal—that of collecting P81B in taxes.

ATTY. BERNARDINO V. TORRIJOS, JR,
Chief, Field Operations Division
TAN: T6220-G1126-A-1

its P81B goal for 1989?

More often than not, revenue shortfalls are partly attibutable to the chasm and indifference that shun taxpayers from their duty as citizens to pay their taxes promptly and correctly.

In turn, this could be ascribed to the fact that inspite of the assidousness of the tax campaigns in making taxpayers aware of their tax obligations, taxpayers do not really still see where their taxes go, or if they do, they perceive only wasteful, extravagant, and inordinate spending of the people's money.

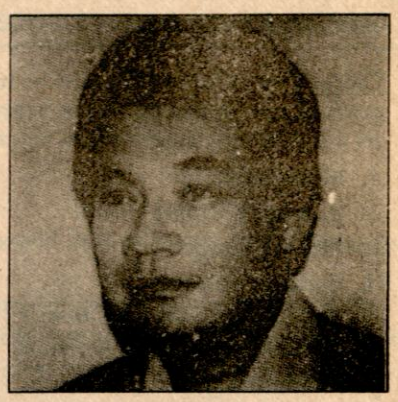
To me, money collected from the people must go back to the people. It must be spent wisely, for this is of transcendental importance. Those in the government must not forget that the taxes people pay are hard-earned money. It is only in this way by which we can expect our taxpayers to give their utmost cooperation in making our tax campaigns a success.

On the enforcement side, there are a few things I would like to suggest which could also provide the impetus for increased tax collection. They are:

1. Withholding taxes should be closely monitored to prevent misappropriations at source.
2. Value Added Tax payments should not be made to the banks directly but thru the "Payment Order" system.
3. Constant follow-up thru phones/letter reminders of unpaid taxes based on taxpayer's masterfiles.
4. Policy of transparency and realignment of values on the part of the BIR officials and employees that " a public ofice is a public trust".
5. Fair and just dealings with taxpayers without discrimination as to status in life or connections or influence in the government.
6. Collect justly- "not one centavo more nor one centavo less".

Above all, a deep seated awareness of moral values and an honest to goodness effort to re-implant those moral values to the end that BOTH BIR officials and taxpayers must fulfill their respective obligations along just, moral, and legal courses of action.

FRANCISCO ALEJO, JR.
Revenue District Officer
RD-32 Makati East



"Emphasize more on the positive approach of educating the public through continuous nationwide tax information and education drives on where the money collected goes.

While tax investigations and penalties do help, tax consciousness and voluntary compliance far outweigh them."

AGUINALDO L. MIRAVALLES
Revenue District Officer
Revenue District No. 38
Batangas City

(Turn to Inside Back Cover)

SPECIAL INVESTIGATION TEAMS
PROGRAM OF ACTIVITIES FOR CY 1989

The following activities of the Special Investigation Team under the Office of the Commissioner (SIT) for calendar year 1989 encompass the jurisdiction of the Team, in addition to specific instructions and directives of the Commissioner from time to time.

SPECIFIC PROGRAMS/ACTIVITIES	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
1. Gather data on individuals and entities granted permits and privileges to transact on the following business and industries:												
a. Movie Industry	▬	▬	▬									
b. Basketball Players	▬	▬	▬									
c. Money Changers	▬	▬	▬									
d. Business Agencies	▬	▬	▬									
e. Restaurant Owners & Caterers							▬	▬	▬			
f. Expensive Recreation Facilities							▬	▬	▬			
g. Fish Industry							▬	▬	▬			
h. Prawn Industry							▬	▬	▬			
2. Evaluate, review, investigate and take proper action on the aforementioned cases:												
a. Movie Industry		▬	▬	▬	▬	▬						
b. Basketball Players		▬	▬	▬	▬	▬						
c. Money Changers		▬	▬	▬	▬	▬						
d. Business Agencies		▬	▬	▬	▬	▬						
e. Restaurant Owners & Caterers								▬	▬	▬	▬	▬
f. Expensive Recreation Facilities								▬	▬	▬	▬	▬
g. Fish Industry								▬	▬	▬	▬	▬
h. Prawn Industry								▬	▬	▬	▬	▬
3. Conduct surveillance and specialized intelligence operations on the following cases;												
a. Dollar Salters	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬
b. Illegal importers of diamonds	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬
c. Owners of expensive cars and houses	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬
4. Gather and investigate facts and evidences on potential tax fraud cases of:												
a. Condominium buyers	▬	▬	▬									
b. Disco owners	▬	▬	▬									
c. Tiangges	▬	▬	▬									
d. Car buyers				▬	▬	▬						
e. Night Club owners				▬	▬	▬						
f. Cockpit operators							▬	▬	▬			
g. Jeepney and taxi operators							▬	▬	▬			
5. Establish a complete data bank of all cases received, disposed and pending.	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬
6. Assess other possible areas of tax fraud	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬	▬

Office of the Commissioner
Special Investigation Team

MEMORANDUM FOR:

The Commissioner of Internal Revenue

RE: Request and Proposals to Further Strengthen the Operational Efficiency and Effectiveness of the SIT Geared Towards the Attainment of its Goals and Objectives

After series of conferences, the following proposals have been decided by the whole membership of the Team to be presented to you for your consideration and approval:

1. That the Team be consolidated into one single group and hold office at Room 603 which was assigned to it:
2. That it must receive directly its instructions and directives from the Commissioner which is, in fact, the original concept and the proper set-up of its creation to avoid the confusion that presently plagues not only the Team members but the taxpaying public as well;
3. That adopting the No.2 proposal will definitely strengthen its effectiveness and efficiency in the performance of its assigned tasks, including the identification and prosecution of tax evaders, tap non-traditional sources of revenue, gather, collate, evaluate and analyze intelligence data not only for its use but also for other investigative units of the Bureau;
4. That being independent from other Bureau officials except the Commissioner which is actually its supposed status and set up will greatly enhance its effectiveness in prosecuting all its assigned duties and responsibilities because it will now be free from the unnecessary administrative and operational controls;
5. The problem of territorial jurisdiction which most often than not creates animosities and misunderstanding between the Team and the various regions can be avoided;
6. That being directly under the Commissioner will give meaning to its real status and can be an effective tool of the Commissioner of counter checking the activities of the various offices under him;
7. The past performance of the Team is considered impressive and will greatly be improved if the set-up being proposed herein is considered. The dedication and sincerity of its members in their assigned tasks have been proven and accepted not only by Bureau personnel but most especially the taxpayers. This has overcome the stigma of notoriety of previous special team established in the past.

At this point of time, more than ever before, we can not sacrifice our primordial goal of collecting more taxes as mandated by no less than the President of the Republic for personal conveniences, caprices and whims of others. There is no turning back. It is, therefore, our wish that the Commissioner shall act with our proposals judiciously and with dispatch to avoid the imminent loss of enthusiasm and sincerity of purpose which the members of the Team have unmistakably shown and displayed in the performance of their duties and functions and best exemplified by their willingness to do and perform everything necessary in the success of their undertakings without regard to their personal safety and convenience, an attibute wanting in the majority of the personnel of the Bureau. Your favorable decision on the matter will inevitably make the Team more effective and will greatly motivate its members to do their best in all their undertakings in order to be truly deserving of being called a *real and genuine revenuer*.

Foregoing considered, it is respectfully requested that our above-mentioned proposals be given due course.

With the assurance of our highest esteem and appreciation, we are

Very truly yours,

(SGD.) ALFREDO C. SERCADO
Head, Special Investigation Team

(Note: Signed by all Team Leaders)

(SGD.) FRANCIS V. HERMOSO
Group Supervisor

SPECIAL INVESTIGATION TEAM
Office of the Commissioner
Manila

April 20, 1989

Memorandum for:

HON. JOSE U. ONG
Commissioner of Internal Revenue

In connection with your Memorandum dated April 18, 1989 allowing taxpayers to file an AMENDED Income tax return without surcharge and penalties if filed not later than May 2, 1989, if the amended return is for the purpose of increasing tax payments by 50% or more of their previous year tax payments, with due respect we wish to advance our observations and position on subject memorandum, to wit:

1. Majority of the taxpayers pay P50,000 and below.
2. Per experience of the Special Investigation Team (SIT) there are more tax evaders from those paying P50,000 and below per year, as evidenced by the results of the various raids conducted by the SIT.
3. A substantial portion of those paying P50,000 and below will avail of the 50% increase as per your memo; thus, the increase in collections may not be as substantial as envisioned by the scheme.
4. Business tax cases for 1988 of those paying P50,000 and below are already investigated thereby leaving the BIR the Income tax approach as the only source of collection per investigation.
5. Three (3) BIR Commissioners had availed of this scheme, but they did not attain their objectives of increase in collection.
6. The mandated 50% increase over previous year tax payments is too small and will not materially affect the outcome of the scheme considering that majority of taxpayers pay less than P50,000. In the case of the upper brackets, we feel only a few will avail. This would tell the difference and the expected increase would not be realized.

In view of the foregoing, may we propose the following schedule of increases over previous year payments, based on tax due per return, as a guide for taxpayers availing of the "Amended Return Privilege" enumerated in your subject memorandun, to wit:

BRACKET	% Increase Over Previous Year
A– Tax due per return, P50,000 and below	200%
B– Tax due per return, P51,000-P100,000	100%
C- Tas due per return, P101,000 and above	50%

Note: Tax due per return means per return plus deficiency

However, if the plan is indeed to be implemented, it is proposed that the scheme be pre-conditoned on the following:

1. That absolute immunity from Investigation should not be granted to those who avail of the privilege.
2. That copies of 1987 ITRs, together with copies of receipts evidencing payments per return and deficiency taxes be attached to their amended returns.
3. That a committee shall be constituted to evaluate the returns of those who avail of the scheme to determine whether investigation si still necessary.
4. That taxpayers who have paid more than 50% deficiency taxes over and above the tax due per return during the preceding year shall still be subject to Investigation.

We hope the foregoing will merit your kind consideration.

Respectfully submitted:

(SGD.) ALFREDO C. SERCADO
PAREX National President & Board Chairman
Head, Special Investigation Team
Office of the Commissioner

Republic of the Philippines
Department of Finance
BUREAU OF INTERNAL REVENUE
Office of the Revenue District Officer
Revenue District No. 44
Daet, Camarines Norte

May 15, 1989

THE COMMISSIONER
BUREAU OF INTERNAL REVENUE
Diliman, Quezon City

Sir:

I am constrained to write to you on a matter which I firmly believe is crucial to any revenuer who wishes to be committed to the performance of his mandated duties and functions in the context of existing internal revenue laws which is the Bureau's bible.

This crucial matter concerns the letter and substance of two (2) recent issuances of the Commissioner, namely: Revenue Memorandum Orders Nos. 2-89 and 2-89 (a) dated January 4 and 6, 1989, respectively, and the Memorandum of Deputy Commissioner Victor Deoferio, Jr. clarifying the provisions of Revenue Memorandum Order No. 2-89.

I wish to make it clear at the outset that I do not question the wisdm or the underlying intent of subject Memoranda. Rather, I am merely seeking clarification and advice on the legal moorings of the Commissioner's authority and power to unilaterally order the suspension and stoppage of investigation of all tax returns, whether business or income, in apparent disregard of Sections 3 and 16 (a) of the National Internal Revenue Code.

Section 3 of the Code expressly provides that "the powers and duties of the Bureau of Internal Revenue shall comprehend the Assessment and Collection of all National Internal Revenue taxes, fees and charges" and Section 16 (a) provides in no uncertain terms that "after a return is filed as required under the provisions of the Code, the Commissioner shall examine it and assess the correct amount of tax xxx . . ." These powers and duties, to my mind, carry the mandate to investigate tax returns, for how can we arrive at an honest and fair assessment of the correct taxes to be collected from the tax payers unless we first investigate and examine the returns thoroughly. Compounding this doubt in my mind is your Memorandum dated April 18, 1989 in relation to your earlier Memorandum of April 11, 1989. To this humble representation, your Memorandum was a sweeping indictment against your own people which, I must humbly submit, is grossly unfair, and unfounded hence, most unfortunate.

Your April 11 Memorandum required the forwarding to your Office of copies of the income tax returns of taxpayers reporting a liability of 50% or more of the prior years. You unequivocally amplified the rationale for the requirement on April 17 when you said in your memorandum that "this to enable me to protect from harassment and to deal sympathetically with the taxpayers on a case to case basis. The Bureau, Mr. Commissioner, is not a charitable institution hence, sympathy cannot be a criterion in the assessment and collection of taxes.

I am certain, Sir, that it was farthest from your mind to demean or denigrate your subalterns in the Bureau but the disturbing connotation of the manner your memorandum was worded tended to project the Commissioner as the only, good, just, clean and honest official in the BIR capable of protecting taxpayers from harassment and dealing with them sympathetically.

I am writing this letter with no motive in mind except to be properly clarified and advised on the legal basis of the memoranda and to request your kind reassurance to the rank and file that you have not lost faith in us as we have not lost faith in you.

Thank you very much, I am

Very truly yours,

(SGD.) SALVADOR NORI BLAS
Revenue District Officer
TAN: B4253-J2635--3

REPUBLIKA NG PILIPINAS
KAGAWARAN NG PANANALAPI
KAWANIHAN NG RENTAS INTERNAS
Revenue Region No. 5
Legaspi City

1st Indorsement
May 16, 1989

Respectfully forwarded to the Assistant Commissioner (Legal Services), Bureau of Internal Revenue, Diliman, Quezon City, the herein letter dated May 15, 1989 of Revenue District Officer Salvador Nori Blas which is self-explanatory, for appropriate action.

(SGD.) FERMIN R. REDOBLADO
Assistant Regional Director
Officer-in-Charge

Republic of the Philippines
Department of Finance
BUREAU OF INTERNAL REVENUE
Office of the Revenue District Officer
Revenue District No. 44
Daet, Camarines Norte

May 15, 1989

The Chief, Legal Services
Bureau of Internal Revenue
Diliman, Quezon City
Thru: The Regional Director
Revenue Region No. 5
Legaspi City

Sir:

This hasreference to Revenue Memorandum Order Nos. 2-89 and 2-89(a) dated January 4 and 6, 1989 respectively, issued by the Commissioner of Internal Revenue and the Memorandum of Deputy Commissioner Victor Deoferio, Jr, of January 5, 1989, clarifying the provisions of Revenue Memorandum Order No. 2-89 where the Deputy Commissioner orders "That regardless of any taxable year, No letter of Authority should be issued nor investigation be commenced until furhter notice from this Office."

Section 3 and 16(a) of the National Internal Revenue Code provides respectively, thus, "the powers and duties of the Bureau shall comprehend the Assessment and Collection of all National Internal Revenue taxes, fees and charges xxx" and giving teeth and substance to Section 3, the law provides, "after a return is filed as required under the provisions of this Code, the Commissioner shall examine it and assess the correct amount of tax xxx".

The law uses the word "shall' which according to the international dictionary by Funk and Wagmalls "is used in the first person to indicate simple futurity to express a determination, a threat, a command, inevitability xxx."

It is, therefore, an imposition by the law, of powers and duties that should be discharged and performed, which cannot be otherwise, for if it were otherwise, the bureau's very reson for being, would and could be subverted and certainly rendered meaningless.

My questions then, are these:

(1) Has the Commissioner the Authority and power to suspend or stop the examination of returns filed with the Bureau?

(2) Is the exercise of the Investigative power of the Bureau as an instrument of Assessment and Collection dependent upon the Commissioner?

(3) If so, under that provision of law is the Commissioner so empowered and authorized?

(4) If not, has the Commissioner not over stepped the bounds of his authority?

I am asking these question with no other motive or intent in mind than to be clarified and advised on the legal basis of the Memoranda.

Thank you so much, I am

Very truly yours,

(SGD.) SALVADOR NORI BLAS
Revenue District Officer
Tan: B4253-J2635-A-3

Facets of PAREX Thrusts

by: Jun Sancap

An elderly BIR lady employee, her frail health giving her pains when travelling, was assigned to a new station where she has to commute daily. After exhausting all possible means to enable her to stay in her present position due to poor health, she sought the assistance of incumbent president of PAREX, Alfredo C. Sercado. A week later, she formally received an official notice from the Office of the Commissioner retaining her to her assignment.

* * *

For months, a tax investigator assigned in Midnanao has been hounded with critical problems causing him sleepless nights. A businessman-taxpayer had charged him at the Office of the Commissioner and the Tanodbayan of graft and corruption. As the case dragged on for several months, he was suspended from holding office, thus, suffering mental anguish as he was looked upon as a stigma in the community and his family encountered extreme financial difficulties. With nobody to turn to, although a non-member, he brought his case to PAREX appealing for assistance. Supported with sufficient evidence vital to the case, Sercado pleaded the case with the offices concerned. Two months later, the tax investigator was reisntated to his job and fully vindicated as he was promoted assistant revenue district officer.

* * *

The residents in one of the squatter areas in Tondo were in hubbub one morning. As early as seven o'clock, the barangay captain has mustered a crowd of more than one thousand who need medical attention at the barangay elementary school. Conspicuously hanging at the gate was a small streamer captioned "PAREX Monthly Medical Mission". There was a big cheer from the crowd as three vans slowly rolled with doctors, nurses, dentists and medical supplies. It was already dusk when the medical treatment was finished and medicines distributed. Records indicated 1,243 persons were given medical attention that day and P31,000 worth of medicines given free. At one corner of the room, Sercado and his staff were silently planning the next scheduled medical mission in another depressed area somewhere in Parañaque.

* * *

"Kindly set me an appointment with Mr. Alfredo C. Sercado of PAREX tomorrow afternoon at 4:30 in my office. I am interested to discuss with him the bill granting incentives to BIR employees which he is requesting me to sponsor in Congress. By the way, this is Congressman Enrique Garcia". The phone clicked as he silently settled it down.

* * *

These true-to-life incidents candidly reflect the many facets of PAREX thrusts for the years ahead as it faces the challenges of national currents. While its primordial objectives is addressing the concerns and needs of its members, as they are its sinews, bones and marrows, the Association, flexible as it is in deviating from traditional approaches, has engrossed itself to the present demands geared towards the economic educational and social aspects of society.

Take the case, for instance, of the monthly medical mission currently undertaken by PAREX to depressed areas in Metro Manila. The Association, basically organized as a buffer against unfriendly atmosphere within the Bureau, has its constitution silent on social services outside its members. Yet, the project was conceived (with prodding from some civic-minded groups) with the view of sharing with the underprivileged whatever resources are there for humanitarian concerns. Thus, PAREX monthly medical missions was born, servicing exclusively the poor and the needy within Metro Manila. Indeed, the impact of the project is so great and unmeasurable that unknown to majority of the association's members, PAREX has become a household word among those whose lives have been touched. To date, 28 doctors, 23 nurses, 18 dentists and aides are working by rotation, ten barangays have been serviced with approximately 18,000 patients medically treated, ands more than P500,000 worth of medicines dispensed to target beneficiaries.

Another instance worth expounding is the utmost concern of the Association in the present sorry state of the level of tax consciousness among our people. Statistics reveal that the Philippines has the lowest percentage of taxes collected based on population in tthe whole of Asia. All premises considered, there is no arguing that taxes are the lifeblood of the nation; the path to national progress and development. Several studies conducted pinpoint the low level of tax conscousness as the main culprit for the retrogression of tax collection. What then should be the right antidote? Social change through proper education aimed towards enlightment of the whole; that taxpayers must follow tax laws and pay the correct amount of taxes promptly and voluntarily. Since education is generally considered the central agent for change, PAREX has taken into account the importance of incorporating tax education in our school curriculum with the view of increasing the level of tax consciousn ess and voluntary tax compliance among taxpayers. If approved by the Department of Education and enacted as a law,

ten years hence, we shall all be witness to the arrival of the new order; of a tax conscious society, properly oriented and imbued with the right values and attitudes.

These pronouncements are not merely rhetorics. Much more could be said and explained, detailing intimately perceived goals and aspirations. What counts much, perhaps, is the Association's objective of embracing a broader goal, reflecting on prioritized problems and present efforts to meet them; reaffirm the validity of what its objectives are and equip itself with greater optimism and resolve to respond to the crucial demands of time.

As the Association moves for wider participation in society, there are those who, for obvious reasons, are negating the gains achieved during the past years. There are those who, unwittingly seeking popular acceptance and recognition, fell prey to using foul play and runor-mongering to discredit the Association and make it meaningless to the very people who give it substance and meaning through their collective support.

Surely, none of these will come to pass, for current achievements eloquently bespeak that the new national leadership has the vision, dedication and vigor im guiding the Association towards greater heights and glory, giving in full the highest expression so that we may be able to relate our past and present to our future. —★★★

The PAREX Scholarship Grants for School Year 1989-1990

1. The Philippine Association of Revenue Examiners (PAREX), official organization of tax examiners of the Bureau of Internal Revenue, will grant limited scholarships to fifty (50) college level students for school year 1989-1990.

2. To qualify for the financial grant, the student must be a dependent of a bonafide PAREX member.

3. A financial grant of Two Thousand Pesos (P2,000) will be given to each student for the first semester of the school year.

4. The student should be duly recommended for the scholarship by a PAREX Chapter President.

5. The student shall be eligible for scholarship for the second semester of the school year if he/she garners a final average grade of at least 2.0 or equivalent.

6. The scholarships shall be apportioned among all nineteen (19) PAREX regional chapters.

7. All PAREX Chapter Presidents are requested to submit their recommendations for the Scholarship Grants not later than May 31, 1989.

8 May 1989

PAREX CIRCULAR 89—

Re: THE PAREX SCHOLARSHIP GRANTS FOR SCHOOL YEAR 1989-1990

Our organization will grant limited scholarships to fifty (50) college level students for school year 1989-1990, under the PAREX Scholarship Program which was launched August 1 last year.

A financial grant of Two Thousand Pesos (P2,000) will be given to each scholar for the first semester of the school year. If the scholar garners a final average of at least 2.0 or equivalent, he/she will be entitled to the same financial grant for the next semester.

In this regard, please screen applicants for the scholarships and recommend _____ students who should be dependents of bonafide PAREX members or officers in our chapter. Please send us the following documents covering each student recommended for the limited scholarship:

a. Xerox copy of high school diploma (for students enrolling in first year college), or latest school registration for the preceding school year (for 2nd to 4th year college students).

b. Letter of PAREX member parent of the student addressed to the National President, thru the Chapter President, applying for scholarship of his/her child.

c. Name and address of the PAREX member/parent to whom the financial grant will be sent via telegraphic transfer.

Please submit the abovementioned not later than May 31, 1989 as school opens in June.

It is certainly hoped that, while we can only grant limited financial help at the outset, this project will be of significant value to our members.

Best regards always.

Cordially,

ALFREDO C. SERCADO
National President & Board Chairman
Head, Special Investigation Team
Office of the Commissioner

PAREX RESOLUTIONS

At the PAREX 2nd national congress held in Cebu City September 21-24,1988, resolutions vital to meeting the needs of PAREX members and strengthening its national stature were approved by the delegates from the nineteen (19) regional chapters of the association.

The resolutions were tuned to effect meaningful changes on some of the current policies and guidelines of the revenue service, and beef-up the coffers of the association as collection of monthly dues from all members was unanimously approved.

To orient and familiarize PAREX members particularly those who were not able to attend the 2nd PAREX national congress, we are publishing the aforesaid resolutions:

- **Res. No. BD-0012-88.** A resolution of the Board of Directors imposing the amount of thirty pesos (P30.00) as monthly dues of all PAREX members through salary deduction.
- **Res. No. BD-0013A-88.** A resolution of the Board of Directors petitioning the PRC to accredit CPA members of the Bureau of Internal Revenue for the actual hours of attendance during the seminar workshop held on Sept. 22-24, 1988, in Cebu City as a substantial compliance of said PRC requirements.
- **Res. No. BD-0013B -88.** A resolution of the Board of Directors petitioning the PICPA to accredit CPA members of the Bureau of Internal Revenue for the actual hours of attendance during the seminar workshop held on Sept. 22-24, 1988, in Cebu City as a substantial compliance of said PICPA requirements.
- **Res. No. BD-0015-88.** A resolution of the Board of Directors requiring the incumbent Board of Directors and other officers through the national treasurer to prepare yearly financial statements of the association and furnish all members copies of the aforesaid every national congress.
- **Res. No. BD-0016-88.** A resolution of the Board of Directors urging the Honorable Commissioner and other top management officials of the Bureau the reimposition of fixed taxes on business to provide the government with additional revenue.
- **Res. No. BD-0017-88.** A resolution of the Board of Directors urging the Honorable Commissioner to direct all tax investigations authorized by him to regional examiners where the taxpayers' business activities are dominant in their area but payment of taxes are being done in the head officce outside its area of business operations.
- **Res. No. BD-0018-89.** A resolution of the Board of Directors strongly endorsing to the Honorable Commissioner and top management officials of the bureau the approval and implementation of Resolutions No. 10-B-89-01 and N0. 10-B-89-02 passed and approved by PAREX chapter, RR 10-B Butuan City, on March 2, 1989.

RR 10-B Chapter's Resolutions and Proposals
Asst. RDO Danilo A., Duncano, Chapter President

Resolutions:

- **Res. No. 10-B-89-01.** A resolution for the standardization, simplification and rationalization of the requirements of the Reports of Investigation to be submitted by the revenue enforcement officers and other related matters.
- Res. No. 10-B-89-02. A resolution for legislation to further enhance and improve tax administration and collection.

Proposals:

1. That a revenue regulation be issued providing that all government money payments to a VAT-registered or registerable taxpayer be subjected to a VAT-creditable withholding tax at the rate of 2% of the invoice amount even if the input tax is still unknown at the time of withholding for the same reason that an Expanded Witholding Tax (creditable against income tax) of 1% is subjected on contractors although the taxable income of the payee-contractor is still indeterminable at the time of witholding.

2. That a legislation or regulation be promulgated increasing the minimum quarterly gross receipt of taxable persons subject to the 3% common carrier tax to a realistic level.

3. That a regulation be issued providing that 15% of the compromise penalty collected for non-issuance of invoice be awarded to a complaining consumer and 5% of such compromise penalty be given to the apprehending enforcement officer.

4. That the Office of the Commissioner shall enter into an Agreement with the Game Fowl Commission to compel sponsors of cockfight derby to withhold the 20% tax on winnings under Sec. 21 of the Tax Code as a condition to grant the permit to hold such derby.

5. That since the ability of the enforcement officer to be productive in each Letter of Authority, considering the marginal travelling allowance, within the prescribed period of time (proposed to be revised from 120 days to 180 days) greatly depend on informations available or made available to such enforcement officer, it is then proposed that the office of the Commissioner shall enter into a Memorandum of Agreement with the other government officers, government owned and controlled corporations in order that the offices of such government units shall submit on a quarterly basis to the revenue district officer concerned, informations in their possession that are revenue related. Special concern shall be directed to the following:

   a. Land Transportation Office – list of new and renewed registration of vehicles and cost of acquisition in the case of new registration.

   b. Bureau of Customs – list of importers and exporters of goods and the value of goods so imported/exported during the preceeding quarter.

   c. Phil. Ports Authority – list of inward and outward transporters of goods and the value of the goods so transported during the preceeding quarter.

   d. National Electrification Authority – require electric cooperatives/ franchises to submit list of the top 20% electric consumers during the preceeding quarter and the amount billed to such consumers.

   e. National Food Authority – list of information related to farmers, millers, bakery owners and other taxable persons on a quarterly basis.

   f. Central Bank – list of suppliers of gold and other mineral products including the amount paid to suppliers during the preceeding quarter.

   g. Bureau of Domestric Trade – list of processed applications to register trade name.

   h. Department of Local Government – list of business establishments that were issued mayor's permit during the preceeding quarter.

   i. Other concerned offices – to sumit revenue-related transactions entered by them like contracts, in the case of DPWH.

Tax Effort in

Background Information

1. Tax effort is measured by relating actual tax collections to some indicator of taxable capacity such as gross national product, net national income, gross domestic product, etc. Specifically, tax effort may be expressed as a ratio of tax collection to national output. For purposes of this study, the tax effort ratios presented are based on the most readily available indicator of taxable capacity, gross national product.

2. Taxes are defined as compulsary levies that are not necessarily related to particular benefits received.[1] Tax revenues include collections from all levels of government; national, provincial, and municipal levels. However, tax collection figures for this purpose, includes national tax collections only. Social security contributions are also excluded as this type of contributions are legally-imposed contributions to the social security system which provide means for generating forced savings.

Comments and Observations

3. Tax effort ratios from 1980 to 1985 have shown a declining trend. From 11.7% in 1980 tax effort ratio had skikked down to 10.3% in 1985. Several factors account for this low performance. Global recessionary conditions during those years had dampened growth in the world trade. Consequently, high inflation rates had soared thus adversely affecting economic growth. Since prices have gone up, wage adjustments have to be instituted, thus affecting tax performance. Moreover, industry sector had incurred high production cost as emanated largely from soaring import prices. Consequently, some industries were forced to shut down operations. Demands for wage adjustments also aggravated financial conditions of some industries. It is also believed that unstable political conditions have adversely affected tax performance. The assasination of the late Benigno Aquino Jr. had created uncertainties thus, discouraging foreign investors to come in to the country. Furthermore, typhoons had hit the country, adversely affecting agricultural crops. All these and other factors which may have aggravated the situation have consequently pulled down the tax effort ratios. However, in 1986 our effort have improved to 10.8%. The change in government administration, from the Marcos to the Aquino administration, was a contributory factor to the improvement in the tax performance. It further rose to 12.6 % in 1987. This is again indicative of the continued people's confidence in the new administration. Economic activities started toperk up. The estimated ratio for 1988 is shown to be slightly lower, 12.4%. Although GNP has grown by 15.5% from 1987 to 1988, taxes collected by the Bureauof Intenal Revenue and the Bureau of Customs have gone up by only 3.7%. This poor tax performance inspite of the reforms adapted in the past to improve the elasticity of the tax system indicates that the causes are not due to the structure or level of economic activity but on the inability of the tax administration to collect taxes.

4. Compared with our neighboring countries, the Philippines showed a lower tax effort as gleaned from the figures presented below.

AVERAGE TAX EFFORT BY COUNTRY, 1980-1985

INDONESIA	15.09	PHILIPPINES	10.62
KOREA	13.66	SINGAPORE	16.00
MALAYSIA	25.41	THAILAND	12.31

Philippine tax effort ratio in 1986 has improved although this is still lower by comparison since other countires have also improved theirs except for Singapore and Korea whose tax effort ratios decreased in 1986. However, the tax effort ratios of these countries have kept respectable distance with our tax effort of 10.78. Tax effort ratios of other countries in 1986 are presented below.

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*This study was prepared by Ms. Joyce P. Garcia, Senior Tax Researcher and reviewed by Mrs. Merle A. Benjamin, Chief of Tax Statistics Branch.

[1] LOTZ J.R., *Measuring Tax Effort in Developing Countries,* International Monetary Fund Staff Papers, Nove., 1967, P. 480

the Philippines*

TAX EFFORT BY COUNTRIES, 1986

INDONESIA	19.33	PHILIPINES	10.78
KOREA	12.04	SINGAPORE	13.47
MALAYSIA	28.79	THAILAND	13.47

5. Tax performance can likewise be gauged by looking at the elasticity of the tax system. The total tax system registered an elasticity coefficient of .63 from 1980 to 1985. This means that tax collections on the average grew by .63% for every 1% increase in income. The figure reveals that tax collections have not been responsive to the changes in income.

Though income taxes are the major sources of tax revenues, (contributing about 23% to total collections) corporate and individual income taxes are inelastic to changes in income. Among the income taxes, only tax on passive incomes proved to be elastic, registering an elasticity coefficient greater than unity (4.85) from 1980 to 1985.

Taxes on domestic goods and services are likewise inelastic. Only excise tax on miscellaneous goods and franchise tax have displayed an elasticity coefficient greater than unity (6.6 and 1.7, respectively). Total taxes on use of goods or property or performance to peform activities grew proportionately with income (1.03). Other taxes which also registered an elasticity coefficient of less than unity are: travel tax and export tax. Documentary stamp tax and import tax have grown proportioantely with income from 1980 to 1985.

6. Despite the structural reforms adopted to correct deficiencies in the tax structure, tax performance have not significantly improved. To cite the total tax system remained inelastic from 1980 to 1987. (The computed elasticity coefficient is .63.)

7. Moreover, judging from the tax effort of other countries, the low tax effort may suggest that there is a wider room for further taxation. On the other hand, the low tax effort is also an indication of an inefficient tax administration. There is therefore, a need to review the whole tax system especially in the areas of : giving incentives and exemptions; and tax administration.

VICENTE G. QUINTOS
Executive Director
National Tax Research Center

NO. OF TAXFILERS FOR 1988

REGION	INDIVIDUAL	CORPORATION	PARTNERSHIP	CAPITAL GAINS	BUSINESS	TRANSFER	TOTAL
1	121226	719	33	5300	27403	4650	159331
2	56511	260	5	3984	10948	141	71849
3A	131015	832	82	7376	18310	15	157630
3B	98124	2214	186	---	2159	155	102838
4A	90045	766	112	---	38782	633	130338
4B1	368270	6406	754	---	15519	1874	392828
4B2	260988	14075	---	---	---	1211	276274
4C	123340	1061	92	1587	49532	811	176423
5	79966	490	---	3132	14092	400	98890
6A	85144	653	82	8061	18657	1232	113829
6B	73498	1148	99	3953	17833	445	96976
7	122819	1626	161	3179	37920	2308	168013
8	252	5	---	2589	2813	756	6415
9	60912	314	27	3234	9088	1072	74647
10A	73873	580	26	5129	25774	821	106203
10B	42767	172	15	1950	10621	133	55658
11A	59522	403	25	3130	8376	592	72048
11B	92980	878	65	3713	14070	1084	112790
*	1941252	32602	1764	56317	322707	18338	2372980

--- Report not yet processed/submitted

COMPARATIVE RETURNS FILED, 1988-1987

	1987 Returns (filed in 1988)	1986 Returns (filed in 1987)	% Inc./Dec.
GRAND TOTAL	2,274.262	2,185,190	4.08
Individual	2,183,579	2,093,335	4.31
Taxable	1,114,721	743,041	50.02
Exempt	553,795	645,957	(14.26)
Refundable	292,736	488,065	(40.02)
Foreign Returns	222,327	216,272	2.80
Corporation	32,602	46,861	(30.43)
Taxable	19,253	33,643	(42.77)
Exempt	13,349	13,218	0.99
Partnership	1,764	2,084	(15.35)
Taxable	1,339	1,616	(17.14)
Exempt	303	299	1.33
Gen. Professional	122	169	(27.81)
Capital Gains	56,317	42,910	31.24
Real Estate	56,112	41,895**	33.93
Shares of Stocks	205	1,015	(79.80)

* Tentative as of March 17, 1989. (No second Quarter report RRs 4A & 8).

** Adjusted figure

COMPARATIVE BIR COLLECTIONS, JANUARY-DECEMBER, 1988-1987
(GFS Classification)

	SOURCE OF INCOME		1988	1987	INCREASE/(DECREASE) AMOUNT	PERCENT
I.	TAXES ON NET INCOME AND PROFIT		P 27,424,039,022.95	P 21,484,133,099.08	P 5,939,905,923.87	27.65
	A. Company, corporate enterprise		17,149,584,582.05	12,554,326,134.93	4,595,258,447.12	36.60
	1. Corporate		9,875,302,183.31	7,517,745,989.15	2,357,556,194.16	31.36
	2. Withholding at source	a	7,274,282,398.74	5,036,580,145.78	2,237,702,252.96	44.43
	B. Individual		8,223,925,146.75	7,329,236,870.61	894,688,276.14	12.21
	1. Individual		895,434,571.00	640,450,595.45	254,983,975.55	39.81
	2. Withholding on wages		5,368,627,585.07	4,040,904,027.89	1,327,723,557.18	32.86
	3. Capital Gains		712,575,894.46	438,474,756.10	274,101,138.36	62.51
	4. Withholding at source	a	1,247,287,096.22	2,209,407,491.17	(962,120,394.95)	(43.55)
	C. Bank Deposits		2,050,529,294.15	1,600,570,093.54	449,959,200.61	28.11
II.	TAXES ON PROPERTY (TRANSFER TAX)		77,867,794.00	62,389,197.85	15,478,596.15	24.81
III.	TAXES ON DOMESTIC GOODS AND SERVICES		31,940,565,206.43	34,779,476,344.62	(2,838,911,138.19)	(8.16)
	A. Sales		1,581,603,124.26	5,931,223,994.49	(4,349,620,870.23)	(73.33)
	B. VAT		5,913,678,644.63	--	5,913,678,644.63	-
	1. 10 %		5,740,603,068.16	--	5,740,603,068.16	-
	2. Exempt from VAT (2%)		173,075,576.47	--	173,075,576.47	-
	C. Selective excise on goods		20,154,002,759.57	22,984,097,659.32	(2,830,094,899.75)	(12.31)
	1. Alcoholic Products		3,420,155,596.52	3,710,954,359.67	(290,798,763.15)	(7.84)
	a. Specific		315,163,828.80	397,783,870.50	(82,620,041.70)	(20.77)
	b. Ad Valorem		3,104,991,767.72	3,313,170,489.17	(208,178,721.45)	(6.28)
	2. Tobacco Products		5,918,279,922.96	6,871,880,553.50	(953,600,630.54)	(13.88)
	a. Specific		746,289.23	685,079.77	61,209.46	8.93
	b. Ad Valorem		5,917,533,633.73	6,871,195,473.73	(953,661,840.00)	(13.88)
	3. Fuels & Oils		9,734,780,008.61	11,908,881,873.82	(2,174,101,865.21)	(18.26)
	a. Specific		628,775,556.56	5,009,868,675.40	(4,381,093,118.84)	(87.45)
	b. Ad Valorem		9,031,365,325.95	6,697,790,493.92	2,333,574,832.03	34.84
	c. Tax on Liftings		74,639,126.10	201,222,704.50	(126,583,578.40)	(62.91)
	4. Miscellaneous		507,960,240.45	145,245,060.88	362,715,179.57	249.73
	a. Specific		2,329,317.24	33,862,494.06	(31,533,176.82)	(93.12)
	b. Ad Valorem		505,630,923.21	111,382,566.82	394,248,356.39	353.96
	5. Mining		563,002,941.25	337,838,940.29	225,164,000.96	66.65
	6. Tobacco Inspection Fee		9,824,049.78	9,296,871.16	527,178.62	5.67
	D. Selective tax on services		3,570,618,375.57	4,833,925,168.22	(1,263,306,792.65)	(26.13)
	1. Other Percentage	b	2,115,018,439.17	3,580,563,357.68	(1,465,544,918.51)	(40.93)
	2. Banks/Financial Institution		1,030,883,751.04	843,969,057.08	186,914,693.96	22.15
	3. Insurance premiums		352,541,949.63	314,387,635.23	38,154,314.40	12.14
	4. Amusements		72,174,235.73	95,005,118.23	(22,830,882.50)	(24.03)
	E. Taxes on use of goods or property or permission to perform activities		720,662,302.40	932,124,633.94	(211,462,331.54)	(22.69)
	1. Fixed		6,535,329.38	213,781,400.67	(207,246,071.29)	(96.94)
	2. Franchise		714,126,973.02	718,343,233.27	(4,216,260.25)	(0.59)
	F. Others (Forest Charges)	c	--	98,104,888.65	(98,104,888.65)	(100.00)
	OTHERS		3,973,121,220.28	2,257,458,711.11	1,715,662,509.17	76.00
	A. Travel Tax		542,467,401.87	256,493,875.51	285,973,526.36	111.49
	B. Documentary Stamp Tax		2,533,849,810.02	1,472,019,742.97	,061,830,067.05	72.13
	C. Miscellaneous	d	896,804,008.39	528,945,092.63	367,858,915.76	69.55
	T O T A L		P 63,415,593,243.66	P 58,583,457,352.66	P 4,832,135,891.00	8.25

Includes Commercial Paper and Stock Transactions
Includes Overseas Communication Tax
Collection of Forest Charges for 1988 transferred to the Forest Management Bureau per PD 705, as amended.
Includes Energy Tax and Amnesty Tax
gfs1-12c.wk1/4/5/89

REPUBLIKA NG PILIPINAS
KAGAWARAN NG PANANALAPI
KAWANIHAN NG RENTAS INTERNAS
Lungsod ng Quezon

June 1, 1989

Mr. Alfredo C. Sercado
National President & Chairman of the Board,
Phil. Association of Revenue Examiners (PAREX)
Head, Special Inverstigation Team
Bureau of Internal Revenue

Dear Mr. Sercado,

This is with reference to your letter dated 11 May 1989, requesting in your capacity as President of PAREX information on the policy thrusts and strategies of this Bureau in the light of its current revenue collection goal.

Accompanying your letter-request is a number of questions bearing on the desired information.

In reply thereto, I consider it quite incongruous for Bureau personnel like revenue enforcement officers who belong to PAREX to be in need of some enlightenment on matters which they already know or are supposed to know. Certainly, the possible responses to the questionaire furnished by you are already embodied in the various official issuances of this Bureau which I expect every revenue official, genuinely concerned with matters affecting this Bureau, to know.

Moreover, reasons of propriety and correct government procedure demand that policy questions raised by revenue personnel such as those posed by you should be responded to in the form of official issuances rather than in unofficial publications like those of PAREX over which this Bureau has no supervision and control.

Very truly yours,

(SGD.) JOSE U. ONG
Commissioner of Internal Revenue

QUESTIONNAIRE FOR COMMISSIONER JOSE U. ONG

1) What is the major thrust of your administration?
2) What is the policy of the Bureau with regard to tax evaders.
   taxpayers?
3) What steps will you take to ensure that the BIR can meet its ₱81 Billion collection target for this year? In case of a shortfall, what would be the consequences on your part?
4) Recently you expressed elation over the results of collection for the first quarter. What is your basis for this?
5) Among the major offices and units of the Bureau, which are you banking on to contribute more to the realization of the target?
6) Now would you appraise the role of investigation teams in the collection drive especially on tapping non-traditional sources of income?
7) At what percentage are you now in the implementation of the Bureau's reorganization?
8) Do you intend to complete the reorganization this year?
9) President Aquino has ordered a moratorium on imposition of new taxes. What are the alternatives? How effective are these?
10) What are the new taxes being contemplated, or actually being worked out in Congress, in compliance with the LOI?
11) In case of economic factors, such as typhoons and floods that will affect tax collection in the provinces, what are the remedial measures to offset the losses? In case of the insurgency problem?
12) Aside from the CPP-NPA and economic factors, what other hindrances would you cite that could affect the tax drive?
13) In your more than 20 years in the private sector liaisoning with the Bureau, what advice can you give with regard to the tax obligations of private firms and individuals?
14) You are now in the fourth month as commissioner. What do you think are your accomplishments? Is your timetable of performance satisfactorily complied with? Please elaborate.

(Questions prepared by Gene Camposano, ex-Evening Star reporter – Ed.)

June 9, 1989

HON. JOSE U. ONG
Commissioner of Internal Revenue
BIR National Office Building
Diliman, Quezon City

Sir:

We were surprised and saddened by your reply on the questionnaire sent you for PAREX Tax Tribune, the quarterly magazine for the Association's more than 3,000 members.

Perhaps you misinterpreted the intent and purpose of the questionnaire -- which is to project your personal feelings and observations sans the convention of official issuances of the Bureau. It was intended for an article, not for my personal reference. For that matter, there is nothing more official for a magazine than words coming directly from your heart.

The request, we maintain, did not breach any sense of propriety or correct government procedure but rather, ostensibly, a case of misinterpretation.

Thank you and regards.

Very respectfully,

(SGD.) ALFREDO C. SERCADO
National President &
Chairman of the Board
Head, Special Investigation Team
Office of the Commissioner

MEMORANDUM ORDER NO. 219

Requiring the submission of lists of government purchases/contracts for services for tax purposes

REQUIRING THE SUBMISSION OF LISTS OF GOVERNMENT PURCHASES/CONTRACTS FOR SERVICES FOR TAX PURPOSES

To ensure efficiency in out tax collection system, it is necessary to monitor effectively, among others, the tax incidence in contracts with the government and thus obtain vital information for the discovery of potential taxpayers.

In order to attain these objectives, all offices of the national and local governments, agencies, and instrumentalities, including government-owned or controlled corporations, making purchases of articles and commodities and contracting for services to meet their operational requirements are hereby enjoined to submit a list of all the said purchases/contracts to the Bureau of Internal Revenue on a quarterly basis showing the following:

1. Names of supplies of goods/services
2. Business/Trade Name
3. Principal place of business
4. Sales Invoice Number
5. VAT number or NON-VAT Taxpayer Registration No.
6. Quantity/Description of articles/services purchased/contracted for
7. Price or amount paid

The lists shall be submitted within fifteen (15) days after the end of each quarter.

Strict compliance with this Memorandum Order is hereby enjoined.

This Memorandum Order shall take effect immediately.

Done in the City of Manila, this 13th day of February, in the year of Our Lord nineteen hundred and eighty-nine.

(Sgd.) CORAZON C. AQUINO
President
Republic of the Philippines

By the President:

(Sgd.) Catalino Macaraig, Jr.
Executive Secretary

PROPOSED BILLS FILED IN CONGRESS

1. Return of the Privilege Tax
2. Monthly payment of the VAT
3. The expansion of the coverage of the VAT, except banks
4. The sharing of the VAT with local government to improve VAT collections
5. Removal or restriction of the VAT exemptions and zero ratings
6. The amendment of Section 107 of the VAT so that they will be returned and paid in the place where the economic activity or business establishments are located and not in the Head Office of the corporation
7. The withholding of tax on VAT by government agencies at the rate of 2 or 3%.
8. Increase drastically penalties for VAT violation especially non-issuance of receipts or issuance of fake receipts.
9. Increase penalties for serious violations of Tax Code – "imprisonment AND fine".
10. Review and abolish tax exemptions under the Tax Code and special laws.

PICTORIAL REVIEW

Guest speaker CIR Jose U. Ong receives TALAKAYAN '89 program from one of PAREX usherrettes at the Aberdeen Court Social Hall.

Francis V. Hermoso, PAREX executive vice president, welcome the guests, officers and participants of TALAKAYAN '89.

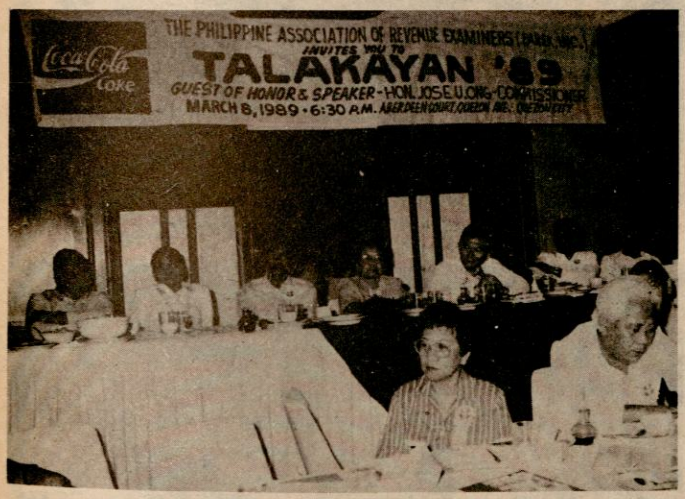
RR 4B-2 Chapter president Atty. Manuel Lazaro presents the main guests and officers to the public.

PAREX national president and board chairman Alfredo C. Sercado accompanies CIR Ong to the presidential table.

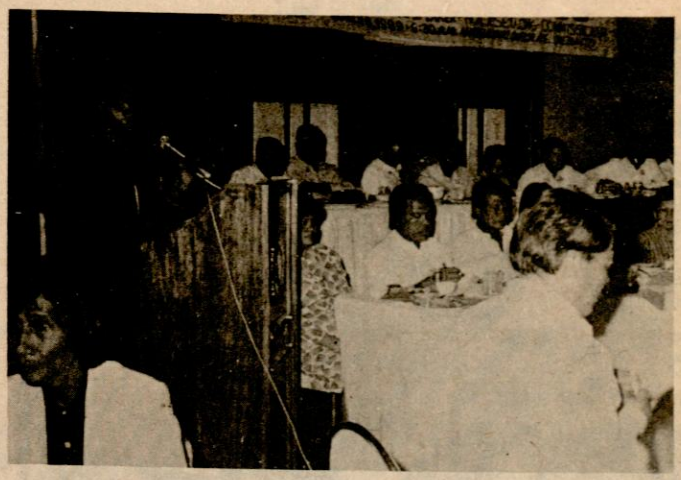
PAREX president Sercado (at the rostrum) expounds on the rationale behind TALAKAYAN '89, Chief helmsman of PAREX, he vowed to adopt TALAKAYAN '89 as the association's annual project to enlighten PAREX members and the public on the current thrusts and policies of the bureau.

Talakayan '89

Top child entertainer Billy Joe Crawford of Seiko Films renders songs and dances during intermission.



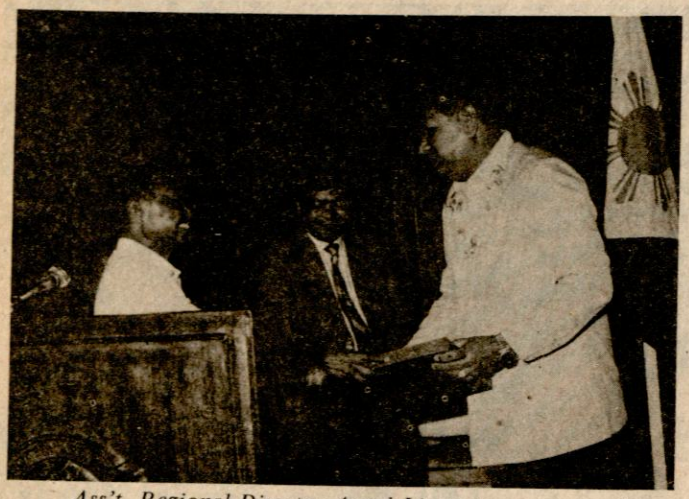
TALAKAYAN '89 guests of honor (background, left to right) Ass't, Director Angel Liwag, RR 4B-1, Ass't. Commissioners Ricardo Mateo, Internal Security, Vicente Puno, Administrative Services, Director F. Viray, RR 4-C, CIR Jose U. Ong, Ass't. Commissioners Benjamin Parungo and Aquilino Larin, Excise Tax. Foreground seated (right to left) Atty. Pacita Abraham, chapter president, RR 4B-2 and Atty. Osias Narrido, chapter president, national office.



Atty. Ignacio E. Camba, PAREX vice president for internal affairs, introduces the guest speaker of TALAKAYAN '89, CIR Ong.

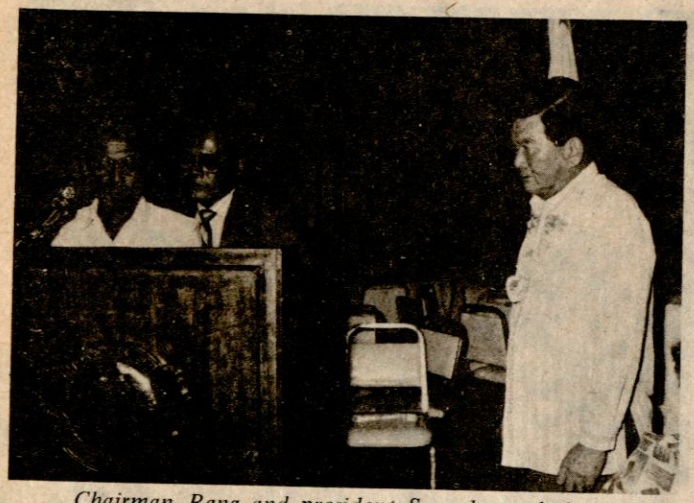
The crowd listens attentively while guest speaker CIR Ong explains the present thrusts and policies of the bureau.

Regional Director F. Viray, RR 4-A, Manila, receives plaque of appreciation from Fred Rana, National chairman, awards and citations committee, and president Fred Sercado.

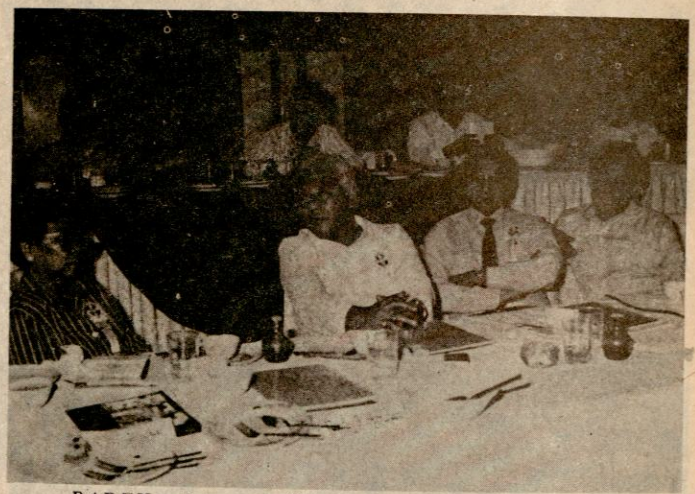


Ass't. Regional Director Angel Liwag is awarded a plaque of appreciation for his continuous support to the association.

Premier comedians Palito and Pepot, courtesy of Mr. Robie Tan of Seiko Films, delight the crowd with their antics and jokes.



Chairman Rana and president Sercado read the citation awarded to the commissioner.



PAREX chapter officers (left to right) Atty. Pacita Abraham, RR 4B-2, Atty. Osias Narrido, national office, Atty. Manuel Lazaro, RR 4B-1 and Atty. Nonoy Miravalles, RR 4-C. At the background are CIR Ong and guests.

As chief architect and moving spirit of TALAKAYAN '89, President Fred Sercado receives plaque of recognition from chairman Rana and executive vice president Francis Hermoso.

CIR Ong poses with PAREX officers for posterity after TALAKAYAN '89 at the social hall of Aberdeen Court.

PHILIPPINE ASSOCIATION OF REVENUE EXAMINERS (PAREX, INC.)
TAN: P4218 – J2083-A-7
BUREAU OF INTERNAL REVENUE
QUEZON CITY
Tel. 97-76-76 Local 213

June 6, 1989

The Commissioner of Internal Revenue
BIR Bldg. Diliman, Quezon City
Metro Manila

Re: RMO No. 32-89 dated May 25, 1989

Sir:

This is to take strong exception to the imputation of your above-identified order virtually accusing PAREX Officers and Members of the following:

1. Have used our membership to PAREX "for the ostensible purpose of gaining access to the dockets or *facilitate/expedite* of the *settlement* of cases." (underscoring supplied); and,
2. "On the pretext of complying with the objectives of PAREX" give preference or special attention to specific tax cases. These are allegedly perpetrated of PAREX members by "reason of the objectives of their association." (underscoring supplied).

While the said Order is addressed to all PAREX members and *all concerned*, its subject matter, however is solely directed to PAREX giving rise to its discernible malicious intent of discrediting the association as a whole.

Before we discuss the afrementioned accusations which subject us to public redicule and shame and considering that these alleged malpractices are all done in the furtherance of the *objectives* of PAREX.

With your kind indulgence, we wish to enumerate immediately herein below the objectives of PAREX as embodied in our Constitution and By-Laws:

PAREX CREED

1. To help elevate the standards of the revenue service;
2. To foster unity, camaredierie and fellowship towards an ideal and closer working relationship among the examiners in the revenue service;
3. To develop, promote and enhance career and professional growth to achieve a high degree of proficiency and integrity in the interaction by and between the Bureau of Internal Revenue and the taxpaying sector of our society;
4. To involve ourselves in the promulgation and implementation of the avowed policies and programs of the Bureau;
5. To evolve and adopt measures that would guarantee, safeguard, and protect our mutual and collective interests as revenue men;
6. To forge and undertake a more vigorous and concerted thrust, to bring a heightened level of involvement towards the primordial task of revenue collection; and
7. To pursue such other programs and policies as may henceforth be declared, promulgated and defined by the Bureau and the national leadership as are related to or may bear upon any and/or all of the goals and objectives herein set forth.

We have not deviated from these objectives, a cursory analysis will readily show that the accusations are contrary or inimical to the furtherance of our aforesaid objectives. Seemingly, the framer of the above-identified Order do not know anything about our association, or has something to grind against it, or has permitted himself to be the instrument of those with similar motives. Ironically, he has hidden under the cloak or mantle of anonymity by utilizing the exulted office of the Commissioner of Internal Revenue to castigate and vilify the reputation of our Association.

Going back to the accusation, *assuming arguendo* that a PAREX member took advantage of his membership by gaining access to tax duckets or to facilitate/expedite settlement of tax cases, this is completely wrong, unjust and unkind of single him out because even a non-member is capable of doing the same. This is an everyday happening in the Bureau and even an *outsider* with connections inside the Bureau can do the same, perhaps even better.

The accusation, therefore, should not have been solely directed to PAREX members but to all employees and officials of the Bureau. To do otherwise, the intent of the Order is quite clear and that is to degrade and put to shame all members of PAREX and the Association as a whole.

With respect to the other accusation, we answer by asking a question. Are PAREX members to powerful that they can do as they please in sofar as examination of tax cases are concerned?

If indeed this is true, than perhaps most of our officers and members should be now the subject of administrative charges for violation of the pertinent rules and regulations pertaining to examination of tax cases. Further assuming without admitting, that a certain case has been given preference because it has more tax potentials, is it legally or morally wrong to do it?

This particular memorandum is uncalled for because it has divisive effect and the framer failed to attain the desired result. Rather it will further strengthen PAREX. By circularizing an order which is intended solely to PAREX cast doubt on its objective. It would have been effective if the attention of the leadership of PAREX has been called on this particular problem, if indeed, it exist, rather than issuing an order circularized to be read by everybody in the BIR, and releasing it to the newspapers for publication and radio stations for broadcast.

It is an insult and very unfair because while the Commissioner has adopted a policy of protectionism and sympathetic treatment to taxpayers, yet in the BIR, PAREX members who are performing their duties without regard to their personal safety are openly castigated. Do we have a double standard policy in the Bureau?

PAREX has valid and ligitimate grievance, against top management. However, we bring these problems to the attention of top management in the most civilized and diplomatic way. We have many times in the past restrained our members to a head-on collision with management believing that nobody will emerge the winner but will greatly affect our collection function. Peaceful co-existence with management and other associations in the Bureau has always been our guideline. But this time, unfortunately, while the Commissioner has repeatedly full cooperation, the aforesaid order has undoubtedly created a situation of animosity. Divisiveness is inevitable.

We are ready. The Association was conceived and nutured in the most trying times and situation. We are ready to defend our association at all cost. Commissioners come and go. PAREX will stay because our rights to self organizations is mandated by the fundamental law of the land.

Very respectfully yours,

(SGD) ALFREDO C. SERCADO
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PAREX 'FIRSTS'

- The First Parex National Congress, September 24-26, 1987, PICC and BIR Auditorium: The first ever gathering of the country's tax examiners, seizure agents, collection agents, tax processors, tax administrators, and BIR officials, to discuss the role of BIR personnel in nation building
- The first Scholarship Program launched at the 84th Anniversary of the Bureau; August 1, 1988: This educational subsidy will benefit dependents of financially-depressed members
- Exemption from taking supervisory/promotional examinations for examiners (revenue enforcement officers) who are 50 years old or above, 1986
- The formation of the Special Investigation Teams (S. I. T.) under the office of the Commissioner, specially tasked to undertake in-depth investigation of tax liabilities of specific groups of tax-payers, organized under RMO 43-86 of December 2, 1986; the Team has initiated collection of taxes from "chop-chop" importers and assemblers, a heretofore untapped source of revenue, aside from other new tax sources like the money changers, gold traders, and others who operate in the underground economy
- The "Talakayan" a forum with top BIR officials on the policy thrusts and on matters that affect the performance of the collection and enforcement duties of revenue enforcement officers; the dialogue is done every year
- The regular medical-dental missions to indigents of Metro Manila and peripheral areas, as part of the organization's community outreach program; since 1987
- The Joint Quezon City Government-PAREX Tax Assistance and Information Campaign, 1989 the first ever grassroots tax campaign, a collaborative effort of all Barangays in the city and PAREX members to flush out tax evaders and expand the taxpayer base with the ultimate objective of increasing local and national tax collection; soon, this project will be undertaken nationwide
- The first summer basketball tournament (1988) in support of the physical fitness program of the Bureau
- *The Tax Tribune,* the first official publication of PAREX that disseminates information on taxation on a regular basis, outside of the Bureau's official publication
- "Parex in Motion", a weekly radio program (7-8 am) over dWAN 102.6 KHZ on the AM band, where current tax issues are discussed for the enlightenment of listeners
- Income Tax Primer, published in collaboration with the Rotary Club of Manila Midtown distributed during the filing season
- The PAREX cooperative and credit union (under organizations) which will grant loans to qualified members
- TV commercials ("Where Your Taxes Go" and "Community Services") and movie commercials on income tax and value added tax (featuring Sharon Cuneta and Maricel Soriano), 1988
- A documentary film shown in moviehouses nationwide on the role of PAREX as a partner of the BIR in increasing tax collection, 1987
- Assistance to members: PAREX has made official representation with officials and/or agencies concerned for the reinstatement of PAREX (and even non-PAREX) members summarily dismissed from the service on trumped-up charges, etc.
- The nationwide reach of PAREX was completed with the organization of nineteen (19) regional chapters in all revenue regions, 1987-1988

THE NATIONAL COALITION FOR TRANSPARENCY

What is the National Coalition for Transparency?

The NCT is an agrupation of civic, professional, business, service, religious and cause-oriented organizations and concerned individuals who believe that truth, honesty and fidelity to public interest are the cornerstones to building a new order of morality in public service and private enterprise.

How does "transparency" promote a new order of morality?

Transparency in all transactions that affect or are likely to affect the public interest, whether in the private or public sector, means acknowledgement of one's accountability to society. Acceptance of the principle of accountability is a deterrent against graft and corruption and promotes the spirit of public service and responsible citizenship.

How does the coalition propose to conduct its campaign?

The NCT believes that any move for change must start with one's self, in one's ordinary dealings. In the spirit of Mother Teresa, we cannot all do great things but we can all do small things with great love.

The NCT does not seek dramatic overnight changes. It believes in approaches to change that are practical, sustainable over the long run and postive in orientation.

What are the aims of NCT?

The NCT aims to build on the good within people: To edify, not to destroy; to promote personal responsibility, not to erode self-esteem.

What are the action plans of NCT?

The NCT will encourage good citizenship through constructive measures but where necessary, the NCT will seek punitive action against erring officials. It will provide support, assistance and protection to participating organizations and their members in their pursuit of NCT's objectives.

Each organization can conduct its own campaign in coordination with the NCT, such as the Walang Lagay Club of FINEX, the drive against smuggling by the PCCI, the NAMFREL activity as citizen-arm of the Ombudsman, and many others. Those without programs of their own can participate in common projects formulated by the NCT.

Thus, members of participating organizations are asked, for a start, to make a declaration of responsible citizenship by certifying that they have paid their taxes for 1988. This will be the first ripple.

As greater commitment are made to observe transparency in other transactions, the NCT will ask that government officials, church leaders, businessmen and professionals make their own commitments appropriate to their tasks. Thus more and more ripples can be created until a wave of change is achieved.

How was the coalition formed?

Catalyzed by a challenge from PCGG Chairman M. A. T. Caparas, some former presidents of Rotary asked the Bishops-Businessmen's Conference to convene a workshop of concerned organizations on how to promote integrity in public service and in personal transactions invested with a public interest.

The workshop was held on March 16, 1989. Its major output was the formation of the NCT:

– each participating organization was asked to designate an official representative to the National Council:

– a steering committee and a secretariat were formed to launch the movement by June 1989, to accept prospective member organizations and to prepare for the election of an Executive Committee voted upon by the members of the National Council. The present members of the steering committee are:

Guido Arguelles, S.J., Raul Contreras, Jaime Cura, Rafael Donato, FSC, Santiago Dumlao, Jr., Mert Loinaz, Christian Monsod, Antonio Tambunting, Jr., Miguel Ma. Varela, S. J. and Emmanuel Velasco.

Who can join the coalition?

Any organization that accepts the Coalition's founding principles can apply. Anyone wishing to join, must agree with the Coalition that membership is an affirmation of commitment to the common good, to justice and compassion, and to all the virtues inherent in all men of goodwill.

"So, whoever is in Christ is a new creation: the old things have pass away; behold new things have come." *2 Cor. 5:17*

PRESIDENTIAL COMMISSION FOR THE URBAN POOR
Malacañang

MR. ALFREDO C. SERCADO
President
Philippine Association of Revenue Examiners

Dear Mr. Sercado,

Enclosed herewith is the primer of the National Coalition for Transparency which I told you about over the telephone early today.

I have recommended that PAREX be one of its founding members together with the other lead organizations from the different sectors of both private and government.

As such, you are invited on a formal launching of the NCT on June 19, 1989, Monday, at 12:00 noon, Club Filipino, Greenhills, San Juan, Metro Manila, where President CORAZON C. AQUINO will be the keynote speaker and guest of honor.

Thereat, you and the other fifty (50) or so heads of organizations will sign a huge scroll that declares our commitment and support to the cause of the NCT. Also, you are required to bring over to the aforesaid venue the PAREX banner before 10:00 a. m. of that day to be displayed with the rest at the plennary hall of said place where the launching will be held.

More power and best wishes.

Very truly yours,

(SGD.) ATTY. ERNESTO V. VILLAGARCIA
Commissioner

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Forum *(Con't from page 8)*

How can the BIR meet its P81B goal for 1989?

There are one thousand and one ways for the BIR to be able to collect and even surpass the ₱81-B goal for 1989. This cannot be done by the single effort of the bureau alone. This calls for the concerted effort of the office and the taxpaying public as well.

Basically, the public attitude towards taxes should be the first to be given special attention and importance. No matter how extensive and effective our tax system is and our programs of assessment and collection are, if the taxpaying public is not conscious of its tax obligations, much more if these taxpayers do not appreciate how taxes support and finance the programs and projects of the government, and how they would eventually redound to the benefit of the citizens, their utmost cooperation and compliance cannot be expected. In other words, what is basically important is to awaken the public's tax consciousness and civic-mindedness and create a healthy and positive attitude towards taxes, in order for them to pay the correct taxes voluntarily.

At this point, the following suggestions are worth mentioning:

1. Educate the public by conducting more extensive tax information campaigns through broadcast and print media like regular tax reminders on TV and radio, film features, creative posters and displays in highways, ads in newspapers, etc., giving emphasis on the above points.
2. Incorporate in the educational curriculum of the grade school through college level, requirements on subjects on moral values, civic mindedness, discipline and tax consciousness.
3. Publish more press releases and news items on delinquent and erring taxpayers, as well as erring employees and what action has been done by the bureau. This will serve as a deterrent to dishonest taxpayers and employees, and will create a good image for the bureau, thereby increasing the trust and confidence of the public.
4. Educate the taxpayer by informing them of the new tax laws and update of current rulings through seminars and open forums.
5. Extend to the public friendly, courteous and immediate tax assistance to develop cooperative taxpayer attitudes.
6. Conduct continuous staff training of tax personnel especially at the District Offices.

However, there is also a need to counter–check the self–assessment feature of our Tax System. Measures should be undertaken to holster the effectiveness and efficiency of our enforcement activities such as audit, investigation and prosecution. And the taxpayer be convinced that their compliance is effectivley monitored and checked.

The Value–Added Tax Division has a major role in the realization of the ₱81-B goal and our programs include the following:

1. To identify and enroll more VAT registable persons by checking on reliable sources (such as the telephone directory yellow pages, lists of city/municipal taxpayers, business registers, lists of contractors of Dept. of Public Highways, and provincial or city/municipal gov'ts., lists of suppliers)
2. Identify and follow-up the non-filers/stop-filers
3. Conduct door-to-door campaign and educational visits to taxpayers
4. Place under surveillance, taxpayers reported or believed to be not declaring correctly their sales or receipts, and issue closure orders for suspension of business operations of the taxpayers with violations.
5. Cross-checking of purchases and sales transactions
6. Establish information linkages with other Gov't. offices.
7. Continuous training of personnel
8. Maximum utilization of the Computers.

In the initial year of VAT implementation the shortfall of 17.70% can be attributed partly to the ignorance, lack of awareness and resistance of the public to comply with the VAT Law due to inadequate publicity and information campaign.

The survey of 1987 revealed that there was a projected 125,000 VAT–potential registrants, which only 77.586 actually registered and 59,126 actually filed and paid as of December 31, 1988. This means 48% non-registrants and 24% non-filers. For the first quarter of 1989, the report registered 88,191 registrants and 66,875 filers or 29% non-registrants and 24% non-filers. We are hopeful that our projected activities can positively check the non-registrants and non-filers.

Our collection for the first quarter of 1989 totalled ₱2,389-B as against the ₱2,786-B goal or 21% of the VAT goal of ₱11.5-B.

It might be helpful to note that Regions 4A (10.45%), 4B-1 (24.12%) and 4B-2 (45.52%) comprise 80% of the overall goal. The non-filers in this regions are 27%, 13% and 41% respectively. With these figures, we are hopeful that we could meet the collection goal if we could only follow-up these non-filers as well as the non-registrants even in these areas alone.

(SGD.) REBECCA A. GUIAO
Asst. Chief, VAT Division

THE EXPONENT OF PHILIPPINE PROGRESS SINCE 1900

MANILA BULLETIN

THE NATION'S LEADING NEWSPAPER

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TALK of theTOWN

Top Achiever

Nemesis of tax evaders and target of envy by green-eyed monsters is the dashing and well-dressed chief of the elite 24-member Special Investigation Unit of the BIR **Alfredo Sercado** whose unrelentless follow-up of tax evasion cases made his bureau richer by more than ₱250 million in a few months' day and night work. Through sheer guts and brains, Fred treaded the dangerous grounds where the 97 revenue district officers dared not enter which made him a shining symbol of government service. Living away and separate from his family which he loves most due to numerous death threats he receives almost daily, Fred is known to his colleagues as the breaker of the backbones of dollar-salters, chop-chop importers, illegal gold traders, money changers, unlicensed jewellers and counterfeiters. Kudos to Fred!