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TAX LAW FOR BUSINESS

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Creating the National Revenue Authority

Another proposed tax-reform bill being pursued in the 17th Congress is House Bill (HB) 695, which seeks to create a new internal-revenue agency. Introduced by Rep. Gloria Macapagal-Arroyo, the bill does not only seek to overhaul the present structure of the Bureau of Internal Revenue (BIR), but to replace it with a new organization to be known as the National Revenue Authority (NRA).

Unlike the BIR, which is an attached agency of the Department of Finance (DOF), the proposed NRA shall be established as a public organization with an authorized capital of P10 billion, to be fully subscribed by the Republic of the Philippines. All powers, duties and functions vested by law in the BIR shall be deemed transferred to the NRA.

As currently structured, the BIR is headed by a chief known as the commissioner, and four assistant chiefs, known as deputy commissioners. The BIR operates under the supervision and control of the DOF.

In comparison, under HB 695, a Revenue Board shall be created, composed of the secretary of finance, as chairman, and the following as members: the director general of the National Economic and Development Authority, secretary of the Department of Budget and

Management and the chairman of the Securities and Exchange Commission, and three representatives from the non-government sector to be appointed by the President.

The Revenue Board shall adopt and promulgate policies and rules for the effective enforcement of the provisions of all revenue laws. The NRA shall be headed by a CEO, who shall be appointed by the board from a list of at least three nominees. The positions and bodies embodied under the National Internal Revenue Code of 1997 may be changed, abolished, combined with another position or body, or substituted with another.

The CEO shall exercise the powers and functions of the commissioner of internal revenue, as outlined under the present Tax Code, including those enumerated under Section 15 of the bill, among which are as follows: Execute, administer and implement the policies and measures approved by the board; direct and supervise the operations and administration of the authority; represent the authority in all dealings with offices, agencies and instrumentalities of the government and with all persons and entities, public or private, domestic or foreign; establish a performance-based management system that shall govern the selection, hiring, appointment, transfer, promotion or dismissal of all personnel; promulgate, with the approval of the board, all necessary rules and regulations for the effective enforcement of the provisions of all revenue laws; determine the organizational structure, including the geographical location of the branches and offices, of the authority; and exercise such other powers and functions as may be vested in the CEO by the board.

The creation of the NRA is in line with the State's objective to reform tax administration to meet the need of the government; satisfy the requirements of taxpayers as customers; and help ensure the efficient and effective collection of taxes necessary to defray government expenditures.

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