IMPLEMENTING RULES AND REGULATIONS ON THE BIR PRODUCTIVITY INCENTIVE FUND

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1.0

Purpose

1.1 This Joint Circular is issued to prescribe the rules and regulations relative to the implementation of the BIR Productivity Incentive Fund embodied in Special Provision No. 2 of the Bureau of Internal Revenue (BIR) under Republic Act No. 7845, CY 1995 General Appropriations Act (GAA), which reads as follows:

> "There is hereby established a BIR Productivity Incentive Fund to be created out of the increase in total revenue collection achieved during the immediately preceding year over that of the previous year. Said fund which shall not exceed One Hundred Million Pesos (P100,000,000) per annum shall be considered as receipts automatically appropriated and shall be made available for additional incentive allowance of BIR personnel as may be authorized by the President upon recommendation of the Secretary of Finance: PROVIDED, That the approved revenue targets originally used in the formulation of the budget as proposed by the President to Congress shall have been attained: PROVIDED, FURTHER, That this benefit shall be in lieu of productivity incentive or similar benefits that may be granted by law or by the President. The rules and regulations to implement this provision shall be jointly issued by the Secretary of Finance and Secretary of Budget and Management."

1.2 This Joint Circular shall also govern similar provisions on the BIR Productivity Incentive Fund hereinafter referred to as the Fund, that may be provided for in the budget of the BIR in the ensuing years.

2.0

Definition of Terms

For purposes of this Circular, the following definition of terms is hereby adopted:

2.1 Revenue Targets — shall refer to the approved amount of revenues targetted for the BIR for a given year which was originally used in the formulation of the budget as reflected in the Budget of Expenditures and Sources of Financing (BESF) submitted by the President to Congress. The revenue target shall exclude estimated yields from new revenue measures which were not enacted by Congress or approved for implementation by the President.

2.2 Increase in total revenue collections achieved during the immediately preceding year over that of the previous year. The increase in revenue collections shall refer to the actual incremental collections of the Bureau of Internal revenue, between the immediately preceding year (i.e., 1994) and the year prior to it (i.e., 1993) as reflected in the final version of the Cash Operations Report of the Bureau of the Treasury. For comparability with the Revenue Targets defined above, the reported actual collections shall be adjusted to exclude tax refunds actually paid by the BIR during the said year.

3.0

Guidelines

3.1 BIR Incentive Fund becomes operative when:

3.1.1 There is an increase in BIR collections between two years.

3.1.2 The Revenue Target of the immediately preceding year has been met as certified by the Department of Finance.

3.2 The amount accruing to the Fund shall not exceed that authorized by Congress. In the event that the increase in revenue collections referred to in Sec. 2.2. hereof is less than that authorized by Congress the amount that will accrue to the Fund shall be limited to such increase.

3.3 This incentive pay shall be in lieu of productivity incentive or similar benefits that may be granted by law or by the President. If such benefits have already been availed of, such benefits shall be deducted form this incentive of BIR.

3.4 The grant of said incentive to BIR personnel shall be based on the Performance Evaluation System of the Bureau as approved by the Civil Service Commission pursuant to Rule IX of the Omnibus Rules Implementing Book V of Executive Order No. 292 and such implementing rules and guidelines that will be issued by the Commissioner of Internal Revenue and approved by the Secretary of Finance.

3.5 Any portion of the Fund that remains unutilized for the purpose for which it was intended shall lapse at the end of the calendar year and shall no longer be available for utilization in succeeding years.

3.6 The Fund shall be treated as receipts automatically appropriated, as provided for in the General Appropriations Act.

4.0

Operational Guidelines

4.1 The BIR shall prepare the Incentive Plan and submit the same to the Office of the President upon the recommendation of the Secretary of Finance. This shall be supported by a certification from the Bureau of the Treasury as to the actual revenue collections of the Bureau for the pertinent years and a certification from the Department of Finance that the revenue target defined under Section 2.1 has been met.

4.2 the BIR shall submit a request for special budget for the release of funds to the Department of Budget and Management. This request shall be supported by the approval of the President as well as the certifications cited in Section 4.1

4.3 The BIR shall submit a report to the Secretary of Finance on the utilization and status of the Fund, copy furnished the Department of Budget and Management.

5.0

Accounting Entries

The accounting entries to be followed in the implementation of this Joint Circular shall be in accordance with existing accounting and auditing rules and regulations.

6.0

Effectivity

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This Circular shall take effect immediately.

Adopted: 15 Dec. 1995

(SGD.) ROBERTO F. DE OCAMPO
Secretary of Finance

(SGD.) SALVADOR M. ENRIQUEZ, JR.
Secretary of Budget and Management

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