

THE BUREAU OF INTERNAL REVENUE (BIR) SPECIAL FUND CREATED AND AUTHORIZED UNDER SECTION 284 OF THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED

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SECTION 1. Purpose - These Regulations are hereby promulgated to implement the provisions of Section 284 (formerly Section 345-A) of the NIRC, as amended.

SECTION 2. Definition of Terms - For purposes of these regulations, the following definitions of words and phrases are hereby adopted:

2.1

"Actual Collections" means gross internal revenue tax collections of the Bureau of Internal Revenue expressed as a percentage of GNP in nominal terms, from existing national internal revenue laws before the amounts accruing to various special funds and special accounts provided for by law have been deducted.

2.2

"Existing National Internal Revenue Taxes" refers to all taxes effective as of January 1 of the reference calendar year.

2.3

"Collection Goal" refers to the total targetted amount of existing internal revenue taxes, expressed as a percentage of Gross National Product in nominal terms, to be collected by the Bureau of Internal Revenue (BIR) and paid to the National Treasury in the reference calendar year as agreed upon in the Development Budget Coordination Committee (DBCC).

SECTION 3. Source and Expenditures of the Special Fund

3.1

Source - The BIR Special Fund shall be drawn exclusively from an amount equivalent to five percent (5%) of the excess of actual collections of national internal revenue taxes achieved by the BIR during the immediately preceding year over its collection goal for the same year as determined by the Department of Finance.

All collections accruing to the Special Fund shall be treated as receipts automatically appropriated.

3.2

Expenditures - All amounts collected and accruing to this Special Fund shall be for the following expenditures as approved by the Commissioner.

3.2.1 Incentive bonus for revenue personnel; and

3.2.2 Purchase of necessary equipment and facilities for the improvement of tax administration.

The unexpended balance of the Special Fund at the end of the year, if any, shall be retained for authorized expenditures by the BIR for the succeeding years; provided, that if the excess is proposed to be used for the incentive bonus in subsequent years, this has to be approved by the President, upon the recommendation of the Commissioner.

SECTION 4. Responsibilities -

4.1 The Department of Finance

The Secretary of Finance shall:

4.1.1 Communicate and confirm in writing to BIR collection goals agreed upon in the DBCC.

4.1.2 Authorize the transfer and remittance from the National Treasury of such allowable amount as herein fixed to the BIR.

4.2 Bureau of Internal Revenue -

Within one hundred twenty (120) days after the end of the calendar year, the BIR shall:

4.2.1 Submit to the Secretary of Finance a Revenue Collection Performance Report detailing actual collections as against set targets;

4.2.2 Submit to the National Cash Accounting Division (NCAD), Bureau of the Treasury (BTR), a certification and the Journal Voucher showing the amount accruing to the BIR Special Fund as computed in Section 3.1 in relation to Section 2 of these Regulations, furnishing the Commission on Audit a copy thereof;

4.2.3 Submit to the DBM, through the Department of Finance, a special budget for the issuance of an Advice of Allotment (AA) and Notice of Cash Allocation (NCA) corresponding to the amount actually transferred to Fund 152. The request shall be supported by the following:

(a) Copies of journal vouchers of the BIR and the BTR showing the amount transferred from Fund 104 to Fund 152; and

(b) Financial Plan to reflect the required cash allocation to be issued.

4.2.4 Maintain separate set of books of accounts to record all transactions relating to this special fund and prepare a separate Trial Balance and accountability reports in accordance with existing procedures.

4.2.5 Submit a Financial Report to the Secretary of Finance on the utilization and status of the Special Fund.

4.3. Bureau of Treasury -

The Bureau of Treasury shall:

4.3.1 Validate/reconcile collection figures reported by the BIR;

4.3.2 Credit the special account of the BIR upon receipt from the BIR of the Journal Voucher covering the fund transfer, furnishing the COA and the BIR with proof thereof.

5.0 Accounting Entries

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

6.0 Effectivity

These regulations shall take effect immediately, and shall cover the calendar year 1993 and every year thereafter.

Adopted: 28 November 1994

(SGD.) ROBERTO F. DE OCAMPO

Secretary of Finance

Recommended by:

(SGD.) LIWAYWAY VINZONS-CHATO

Commissioner of Internal Revenue

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