REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
Quezon City

February 18, 2004

REVENUE MEMORANDUM CIRCULAR NO. 11-2004

SUBJECT: **Publishing the full text of EXECUTIVE ORDER NO. 259 by the President of the Philippines dated December 17, 2003 entitled Creating the Department of Finance Revenue Integrity Protection Service, and for other purposes.**

To: **All Internal Revenue Officers, Employees and Others Concerned**

For the information and guidance of all internal revenue officers, employees and others concerned, quoted hereunder is the full text of Executive Order No. 259 By the President of the Philippines dated December 17, 2003:

"MALACAÑANG
Manila

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 259

CREATING THE DEPARTMENT OF FINANCE REVENUE INTEGRITY PROTECTION SERVICE, AND FOR OTHER PURPOSES

WHEREAS, reports of graft and corruption in the Bureau of Internal Revenue and the Bureau of Customs have been identified as the perennial and major causes of revenue shortfalls, thereby compromising government's capacity to efficiently generate revenues for delivery of basic services and to fund development objectives;

WHEREAS, an unrelenting, systematic, and focused campaign to prevent graft and corruption in the revenue collecting agencies of government and to protect the integrity of revenues is imperative and is a top priority of the government;

WHEREAS, being mandated by law to ensure the efficient generation and management of revenues and financial resources of government, the Secretary of Finance must take the lead in exercising powers of discipline over all officers and employees engaged in revenue collection;

WHEREAS, the Administrative Code of 1987 empowers the President with the continuing authority to reorganize the Executive Department, allocate powers, functions and

responsibilities, align resources and provide clear direction to specific government agencies and units;

WHEREAS, the creation of an anti-graft investigative body in the Department of Finance to be known as the Revenue Integrity Protection Service is an important step to battle corruption in said agency;

NOW, THEREFORE, I, GLORIA MACAPAGAL-ARROYO, President of the Republic of the Philippines, by virtue of the powers vested in me by law, do hereby order:

SECTION 1. ***Organization.*** There is hereby created in the Department of Finance the Revenue Integrity Protection Service ("the Service"), which shall have the task to detect; investigate and prevent corruption in the revenue generating agencies of government under the Department of Finance.

The Service shall be under the direct supervision and control of the Secretary of Finance. The Secretary of Finance may designate a subordinate official with the rank of at least an Undersecretary to oversee the operations of the Service.

SECTION 2. ***Jurisdiction.*** In the exercise of its powers and functions, the Service shall have jurisdiction over all officials and employees of the Department of Finance, the Bureau of Internal Revenue, the Bureau of Customs and all other agencies attached to the Department.

SECTION 3. ***Powers and Functions.*** The Service shall have the following powers and functions.

a) To investigate, upon complaint or *motu propio,* allegations of corrupt practices of officials and employees of the DOF, the Bureau of Internal Revenue and the Bureau of Customs, and all other agencies under the jurisdiction of the Secretary of Finance.

b) To gather evidence and file the appropriate criminal, civil or administrative complainants against government officials and employees within its jurisdiction before the appropriate court of law, administrative body, or agency of competent jurisdiction, and to assist the prosecuting agency or officer towards the successful prosecution of such cases.

c) To investigate, upon complaint or *motu propio,* unusual or unjustified accumulation of wealth disproportionate to the earning capacity of government officials and employees under its jurisdiction and to initiate, and assist in, the prosecution of such cases for recovery or forfeiture of ill-gotten wealth.

d) To review current systems, processes and procedures in the DOF, the Bureau of Internal Revenue and the Bureau of Customs and other attached agencies, and to recommend reform measures to enhance integrity, reduce opportunities for corruption and ensure efficient and transparent delivery of public services.

e) The Secretary of Finance or the Undersecretary overseeing the Service, shall have the power to require the attendance of witnesses or the production of books, papers, documents and other pertinent data, including income tax returns, in accordance with the provisions of Section 71 of R.A. 8428 (the National Internal Revenue Code).

f) To perform any and all acts as may be necessary and lawful to successfully implement this Order.

SECTION 4. ***Personnel and Staffing Complement.*** The Service shall be composed of its organic personnel, as approved by the Department of Budget and Management (DBM), augmented and reinforced by DOF personnel as well those detailed or seconded from other government agencies, whether attached to the DOF or not. The Service shall have the power to deputize any official or employee or government, to assist it in its work and provide support in the performance of its duties and functions as provided herein. In addition, the Service may hire or engage technical personnel, including, but not limited to, accountants, auditors, banking and financial consultants, to provide technical support to any investigation.

SECTION 5. ***Rules and Regulations.*** The Secretary of Finance is hereby authorized to promulgate such rules and regulations and prescribe procedures and processes to enable the Service to effectively exercise its powers and discharge its duties and functions herein provided, to guide the general public and to enhance transparency and accountability in government.

SECTION 6. ***Training and Skills Enhancement.*** With the objective of developing a professional and highly skilled complement of investigators and agents, the Service shall conduct regular training and skills development programs for its personnel in critical areas of corruption detection and investigation, corruption-prevention, evidence gathering, management and preservation and other areas covered by its operations.

SECTION 7. ***Performance Audit System.*** The Service shall develop a performance audit system that will monitor and measure actual personnel performance as a basis for rewards and incentives for goof performance and punishment for nonfeasance or malfeasance, subject to existing laws, rules and regulations. For this purpose, the Secretary of Finance is hereby directed to develop appropriate performance standards for personnel of the Service and personnel evaluation system that will advance accountability in the service. The Secretary of Finance is further directed to formulate a Code of Ethics for personnel of the Service and an effective enforcement mechanism to enforce its provisions and enhance integrity in the Service.

SECTION 8. ***Operating Guidelines.*** The Service shall adopt such operating guidelines as may be necessary to implement this Executive Order, subject to the approval of the Secretary of Finance.

SECTION 9. ***Funding.*** The Service shall be provided with an initial annual allocation of TEN MILLION PESOS (P10,000,000.00) to be drawn from the President's Contingency Fund and/or from all available savings of DOF-attached agencies, bureaus and GOCCs. Appropriations for the succeeding years shall be incorporated in the budget proposal for the Department of Finance. To successfully fulfill the mandate of the Service, the Secretary of Finance is authorized to receive, on behalf of the Service, donations from private persons or entities in accordance with existing laws, rules and regulations.

SECTION 10. ***Budgetary Support.*** The DBM is hereby directed to provide the funds necessary for the transfer, detail secondment or hiring of personnel, including requests for the hiring of personnel on contractual or consultancy basis, in accordance with budgeting laws, rules and regulations.

SECTION 11. ***Full Implementation of this Order.*** The Secretary of Finance may adopt such rules and regulations, issue such further orders, and organize or reorganize the personnel of the Service, to successfully implement this Order.

SECTION 12. ***Effectivity.*** This Executive Order shall take effect immediately.

DONE, in the City of Manila, this 17th day of December, in the year of Our Lord, Two Thousand and Three.

(SGD) **GLORIA M. ARROYO**

By the President:

(SGD) **ALBERTO G. ROMULO**
Executive Secretary"

All revenue officials and employees are enjoined to give this Circular as wide a publicity as possible.

(Original Signed)
NORMA L. LIPANA
ACIR – Financial & Administrative Service
OIC – Resource Management Group

O-6