REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
National Office Building
Quezon City

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MAR 16 2023

REVENUE MEMORANDUM ORDER NO. 12-2023

TO : All Revenue Officials and Employees

SUBJECT : ENHANCED BIR STRATEGIC PERFORMANCE MANAGEMENT SYSTEM (ENHANCED BIR SPMS)

I. BACKGROUND

The Civil Service Commission (CSC) has implemented several performance evaluation/appraisal systems in the government service through the years. These systems, however, focus only on individual appraisals which are pre-requisites for promotion and other personnel actions including separation and performance-based incentives. The link between appraisals and personnel action and incentives, and the lack of parallel system to enable validation/comparison between organizational effectiveness and employee performance are often not established.

To address the gaps, the CSC, through CSC Memorandum Circular No. 6, s. 2012, Subject: Guidelines in the Establishment and Implementation of Agency Strategic Performance Management System (SPMS), institutionalizes the adoption of an Agency SPMS in all government offices. The Agency SPMS shall give emphasis to the strategic alignment of the agency's thrusts with the day-to-day operations of the units. It shall focus on measures of performance results that are reviewable over the period of the implementation of the agency's Road Map vis-à-vis targeted milestones and provides a scientific and verifiable basis in assessing organizational performance and the collective performance of individuals within the organization. It is a mechanism that ensures that the employee achieves the objective set by the organization and the organization, on the other hand, achieves the objectives that it has set itself in its strategic plan.

II. OBJECTIVES

This Order is issued to:

1. Concretize the linkage of organizational performance with the Philippine Development Plan, the Agency Strategic Plan, and the Organizational Performance Indicator Framework;

2. Ensure organizational effectiveness and improvement of individual employee efficiency by cascading institutional accountabilities to the various levels of the organization anchored on the establishment of rational and factual basis for performance targets and measures; and

3. Link performance management with other HR systems and ensure adherence to the principle of performance-based tenure and incentive system.

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3:05 p.m
MAR 30 2023
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III. BASIC ELEMENTS

The BIR SPMS shall include the following basic elements:

1. **Goal Aligned to Agency Mandate and Organizational Priorities.** Performance goals and measurement are aligned to the national development plans, agency mandate/vision/mission and strategic priorities and/or organizational performance indicator framework. Standards are pre-determined to ensure efficient use and management of inputs and work processes. These standards are integrated into the success indicators as organizational objectives are cascaded down to operational level.

2. **Outputs/Outcomes-based.** The system puts premium on major final outputs that contribute to the realization of organizational mandate, mission/vision, strategic priorities, outputs, and outcomes.

3. **Team-approach to performance management.** Accountabilities and individual roles in the achievement of organizational goals are clearly defined to give way to collective goal setting and performance rating. Individual's work plan or commitment and rating form is linked to the division/unit/office work plan or commitment and rating form to establish clear linkage between organizational performance and personnel performance.

4. **User-friendly.** The forms used for both the organizational and individual performance are similar and easy to accomplish. The organizational and individual major final outputs and success indicators are aligned to facilitate cascading of organizational goals to the individual staff members and harmonization of organizational and individual performance ratings.

5. **Information System that supports Monitoring and Evaluation.** Monitoring and Evaluation (M&E) mechanisms and Information System are vital component of the BIR SPMS in order to facilitate linkage between organizational and employee performance. The M&E and Information System will ensure generation of timely, accurate, and reliable information for both performance monitoring/tracking, accomplishment reporting, program improvement and policy decision-making.

6. **Communication Plan.** A program to orient agency officials and employees on the new and revised policies on BIR SPMS shall be implemented. This is to promote awareness and interest on the system, generate employees' appreciation for the BIR SPMS as a management tool for performance planning, control and improvement, and guarantee employees' internalization of their role as partners of management and co-employees in meeting organizational performance goals.

IV. POLICIES

1. The BIR Strategic Performance Management System (BIR SPMS) aims to strengthen the culture of performance and accountability in the BIR.

2. The BIR SPMS shall adhere to the **Equal Opportunity Principle (EOP)** of performance-based tenure and incentive system, and shall not discriminate based on gender identity, sexual orientation, disabilities, religion and / or indigenous group membership in the implementation of its performance management process.

3. The BIR SPMS shall focus on linking individual performance vis-à-vis the agency's organizational vision, mission and strategic goals. It is envisioned as a technology composed of strategies, methods and tools for ensuring fulfillment of the functions of the offices and its personnel as well as for assessing the accomplishments.

4. It shall follow the four-stage Performance Management System (PMS) cycle: performance planning and commitment, performance monitoring and coaching, performance review and evaluation, performance rewarding and development planning.

5. Performance goals and measurement are aligned to the national development plans, agency mandate/vision/mission and strategic priorities and/or organizational performance indicator framework.

6. The system puts premium on major final outputs that contributes to the realization of organizational mandate, mission/vision, strategic priorities, outputs and outcomes. Accountabilities and individual roles in the achievement of organizational goals are clearly defined to give way to collective goal setting and performance rating. Individual's work plan or commitment and rating form is linked to the division/unit/office work plan or commitment and rating form to establish clear linkage between organizational performance.

7. The BIR SPMS shall establish the formation and operation of the BIR Performance Management Team (BIR PMT) in the National and Regional Offices.

8. The BIR PMT shall validate the outstanding performance ratings and may recommend concerned employees for performance-based awards. Grant of performance-based incentives shall be based on the final ratings of employees as approved by the Head of Office.

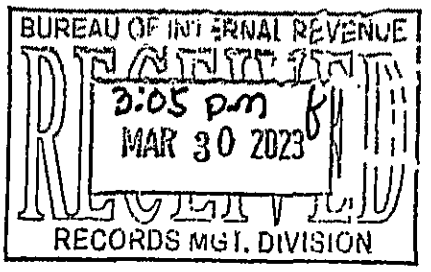
9. Performance ratings shall be used as basis for promotion, training and scholarship grants, and other personnel actions.

   Employees with Outstanding and Very Satisfactory performance ratings shall be considered for the above-mentioned personnel actions and other related matters.

10. Officials and employees who shall be on official travel, approved training grant or scholarship programs and who have already met the required minimum rating period of 90 days shall submit the performance commitment and rating report before they leave the office.

    For the purposes of promotion and performance-based incentives, employees who are on official travel, scholarship program or training grant within a rating period, shall use their performance ratings in the last rating period prior to the official travel, scholarship program or training grant, which should be at least Very Satisfactory.

11. Employees who are on detail or secondment to another office/project on a full-time basis shall be rated in their present or actual office by their project supervisors, copy furnished their mother office. Project supervisors, on the other hand, shall be rated by the Deputy Commissioner/Assistant Commissioner who directly oversees the implementation of the project. The ratings of those who were detailed or seconded to another office/project during the rating period shall be consolidated in the office where the employees have spent majority of their time during the rating period.



12. Employees who transferred from one division/office to another division/office shall be rated and included in the Annex I of the division/office where they served the longest.

    If equal months were served for each division/office, they shall be rated on both divisions/offices which will result in an averaged IPCR rating. They shall be included in the Annex I of the recipient division/office.

    All employees assigned in the office as of the last day of the rating period shall be included in the Annex I of the office concerned.

13. Employees who will retire but met the required minimum rating period shall submit their accomplished performance ratings within the prescribed period to be entitled to payment of performance-based incentives.

14. Security of tenure of those holding permanent appointments is not absolute, but based on performance.

    Employees who obtained **Unsatisfactory** rating for one rating period or exhibit poor performance shall be provided appropriate developmental intervention by the Head of Office and supervisor (Division/Section Chief), in coordination with the Personnel Division (PD)/ Administrative Human Resource Management Division (AHRMD), to address competency-related performance gaps.

    If after advice and provision of developmental intervention, the employee still obtains an Unsatisfactory rating in the immediately succeeding rating period, said employee may be dropped from the rolls. A written notice/advice from the Head of Office at least three (3) months before the end of the rating period is required.

15. Officials and employees with below Satisfactory rating either on the 1st semester or 2nd semester or both shall not be entitled to receive performance-based incentives. No performance-based incentives shall be given to employees who failed to submit their final performance ratings.

V. KEY PLAYERS AND RESPONSIBILITIES

The following officials/offices shall be the key players in the establishment and implementation of the BIR SPMS, and shall have the following responsibilities:

1. SPMS CHAMPION (Commissioner of Internal Revenue)

a. Primarily responsible and accountable for the establishment and implementation of the BIR SPMS;
b. Sets agency performance goals/ objectives and performance measures;
c. Determines agency target setting period;
d. Approves office performance commitment and rating;
e. Assesses performance of offices;
f. Provides over-all policy direction in the management, implementation, assessment and enhancement of the BIR SPMS;
g. Provides guidance and support to the National and Regional PMTs in resolving Performance Management issues and conflicts;
h. Ensures that the goals and targets of the BIR SPMS are aligned with the BIR's Strategy Road Map, Mission, Vision, and Core Values; and
i. Acts as appeals body and final arbiter for performance management issues of the agency

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MAR 30 2023

2. PERFORMANCE MANAGEMENT TEAM (PMT)

2.1. MANAGEMENT COMMITTEE

Chairperson: Deputy Commissioner for Resource Management Group (DCIR-RMG)
Deputy Commissioner for Information Systems Group (DCIR-ISG
Deputy Commissioner for Legal Group (DCIR-LG)
Deputy Commissioner for Operations Group (DCIR-OG)

Members: Assistant Commissioner, Human Resource Development Service (ACIR-HRDS)
Alternate: Head Revenue Executive Assistant, HRDS (HREA-HRDS)
Assistant Commissioner, Planning and Management Service (ACIR-PMS)
Alternate: Head Revenue Executive Assistant, PMS (HREA-PMS)
Assistant Commissioner, Finance Service (ACIR-FS)
Alternate: Head Revenue Executive Assistant, (HREA-FS)
Representative from the Office of the Commissioner (OCIR)

Two (2) representatives from the career rank-and-file employees, who shall serve for a period of two years and chosen through a General Election, in the absence of an accredited union or *designated by the registered union* (one from the first level and one from the second level). They shall attend and participate in the meetings set by the Management Committee PMT.

Alternate: Candidate from each level who garnered the second highest number of votes in the General Election or in the presence of a *registered union*, the said union shall be responsible in the delegation of authority to alternate representative/s in case of absence of the career rank-and-file representative/s in carrying out the stated responsibilities to the Management Committee PMT.

Secretariat: Planning and Programming Division (PPD)
Personnel Division (PD)

- For PMS, HRDS & FS where the Assistant Commissioners of the service are part of the Management Committee PMT, the HREAs of the corresponding services shall stand as the Chairperson of the Service PMT.
- The Office of the Commissioner, the Offices of the Deputy Commissioners and the Performance Evaluation Division shall be directly under the Management Committee PMT.

2.2. National Office (Service PMT)

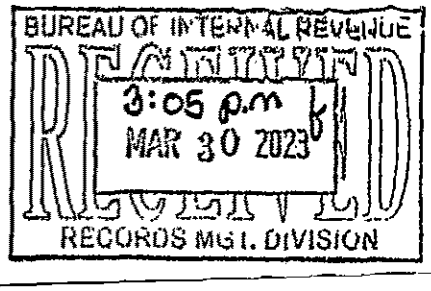
Chairperson : Assistant Commissioner of the Service
Alternate: Head Revenue Executive Assistant of the Service

Members : Division Chiefs (under the Service)
Alternate: Assistant Division Chiefs (under the Service)

Two (2) representatives from the career rank-and-file employees of the Service concerned, who shall serve for a period of two years and chosen through a General Election, in the absence of an accredited union or *designated by the registered union* (one from the first level and one from the second level). They shall attend and participate in the deliberations set by the Service PMT.

Alternate: Candidate from each level who garnered the second highest number of votes in the General Election or in the presence of a *registered union, the said union shall be responsible in the delegation of authority to alternate representative/s in case of absence of the career rank-and-file representative/s in carrying out the stated responsibilities to the* Service PMT.

The designated staff under the service concerned shall serve as the Secretariat.



BUREAU OF INTERNAL REVENUE
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2:05 PM
MAR 30 2023
RECORDS MGT. DIVISION

2.3. Regional Office (Regional PMT)

Chairperson : Regional Director
Alternate: Assistant Regional Director

Members : Chief, Legal Division
Alternate: Assistant Division Chief, Legal Division
Chief, Finance Division
Alternate: Assistant Division Chief, Finance Division
Chief, Administrative & Human Resource Management Division (AHRMD)
Alternate: Assistant Division Chief, AHRMD
Planning Officer assigned under the Office of the Regional Director

Two (2) representatives from the career rank-and-file employees of the Region concerned, who shall serve for a period of two years either chosen through a General Election (in the absence of an accredited union)*or designated by the registered union*, one from the first level and one from the second level. They shall attend and participate in the deliberations set by the Regional PMT.

Alternate: Candidate from each level who garnered the second highest number of votes in the General Election or in the presence of a *registered union, the said union shall be responsible in the delegation of authority to alternate representative/s in case of absence of the career rank-and-file representative/s in carrying out the stated responsibilities to the* Regional PMT.

The Human Resource Management Section (HRMS) of the AHRMD of the concerned Regional Office shall serve as the Secretariat.

3. ROLES AND RESPONSIBILITIES

The PMT shall have the following functions and responsibilities:

Chairpersons:

a. Assist the SPMS Champion in the implementation, monitoring and assessment of effectiveness of the BIR SPMS;
b. Set consultation meeting of all Heads of Offices for the purpose of discussing the targets set in the office performance commitment and rating form;
c. Ensure that Office performance targets and measures, as well as the budget are aligned with those of the agency and other work distribution of Offices/units is rationalized;
d. Lead the calibration, review and evaluation of Office Commitments;
e. Recommend approval of the office's performance commitment and rating to the Commissioner;
f. Provide inputs in resolving Performance Management issues and conflicts;
g. Act as appeals body and decide on filed appeals within one month from receipt;
h. Lead and set meetings on the System Review of BIR SPMS effectiveness;
i. Identify potential top performers and provide inputs to the BIR Enhanced Programs on Awards and Incentives for Service Excellence (PRAISE) Committee for grant of awards and incentives;
j. Recommend policies, systems, plans, program enhancement for implementation;
k. Formulate customized criteria, guidelines, and tools for setting performance standards;
l. Perform all other functions as may be assigned by the SPMS Champion; an
m. Adopt its own internal rules, procedures, and strategies in carrying out the above responsibilities including schedule of meetings and deliberations and delegation of authority to representatives in case of their absence or its members.

Members:

a. Assist the Chairperson and Co-Chairpersons in ensuring that Office performance targets and measures, as well as the budget are aligned with those of agency and that other work distribution of Offices/units is rationalized;
b. Assist the Chairperson and Co-Chairpersons in resolving filed appeals relative to performance management;
c. Act as appeals body and decide on filed appeals within one month from receipt;
d. Identify potential top performers and provide inputs to the BIR Enhanced PRAISE Committee for grant of awards and incentives;
e. Recommend policies, systems, plans, program enhancement for implementation;
f. Formulate customized criteria, guidelines, and tools for setting performance standards;
g. Perform all other functions as may be assigned; and
h. Adopt its own internal rules, procedures, and strategies in carrying out the above responsibilities including schedule of meetings and deliberations and delegation of authority to representatives in case of absence.

Secretariat:

a. Performs secretarial duties for the Performance Management Team;
b. Gathers and consolidates all necessary evidences/supporting documents for Performance Management;
c. Ensures the completeness and proper safekeeping of all documentation;
d. Prepares all internal communications regarding the Performance Management System for the Committee; and
e. Performs all other functions as may be assigned.

The Performance Management Team may call on other revenue personnel to provide assistance and relevant information on the establishment and implementation of the BIR SPMS. All officials and employees concerned are enjoined to make the necessary arrangements to ensure normal operations of their offices during their meetings and other activities.

4. **PLANNING AND MANAGEMENT SERVICE (PMS)/ PLANNING AND PROGRAMMING DIVISION (PPD)**
   a. Monitors submission of **Office Performance Commitment and Review (OPCR)** forms and schedules the review/evaluation of Office Commitments by the PMT before the start of a performance period.
   b. Consolidates, reviews, validates, and evaluates the initial performance assessment of the Heads of Offices based on reported Office accomplishments against the Success Indicators. The result of the assessment shall be the basis of PMT's recommendation to the **Commissioner** who shall determine the final office rating.
   c. Conducts an agency performance planning and review conference annually for the purpose of discussing the Office assessment for the preceding performance periods and plans for the succeeding rating period with the concerned Heads of Offices.
   d. Provides each Office with the final Office Assessment to serve as basis of offices in the assessment of individual staff members.

5. **FINANCE SERVICE/ BUDGET DIVISION**
   a. Participates in the conduct of the Agency Performance Planning and Review Conference annually as regards to budget utilization.
   b. Provides inputs for the allotted budget to be indicated in the OPCR form.
   c. Monitors, reviews, validates, and evaluates the initial performance assessment of the Heads of Offices based on allotted budget against the actual expenses.

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RECEIVED
3:05 pm
MAR 30 2023
RECORDS MGT. DIVISION

6. **HUMAN RESOURCE DEVELOPMENT SERVICE (HRDS)/ PERSONNEL DIVISION (PD)/ ADMINISTRATIVE HUMAN RESOURCE MANAGEMENT DIVISION (AHRMD)**
   a. Monitors submission of Individual Performance Commitment and Review (IPCR) form by Heads of Offices/Division Chiefs.
   b. Reviews the Summary List of Individual Performance Rating to ensure that the average performance rating of employees is equivalent to or not higher than the Office Performance Rating as recommended by the PMT and approved by the Commissioner.
   c. Provides analytical data on retention, skills/competency gaps, and talent development plans that are aligned with strategic plans.
   d. Coordinates developmental interventions that will form part of the HR Plan.

7. **INFORMATION SYSTEMS PROJECT MANAGEMENT SERVICE (ISPMS)/ ADMINISTRATIVE SYSTEMS DIVISION (ASD)**
   a. Assists the PPD/PD in developing a monitoring and evaluation information system that facilitates linkage between organizational and employee performance, as well as generate timely, accurate, and reliable information to track performance and report accomplishments.
   b. Provides technical assistance in the use, maintenance, and upgrading of the BIR SPMS information system.

8. **HEADS OF OFFICES (Assistant Commissioners/ Regional Directors)**
   a. Assumes primary responsibility for performance management in their Office.
   b. Conducts strategic planning session with the supervisors/raters and staff, and agrees on the outputs to be specified in the OPCR form for submission to the Planning and Programming Division.
   c. Reviews and approves the Individual Performance Commitment and Review form of Division Chiefs/Revenue District Officers under his/her jurisdiction for submission to the PD/AHRMD.
   d. Submits Quarterly Accomplishment Report to the PPD based on the approved OPCR.
   e. Does initial assessment of the Office's performance using the approved OPCR Form to be submitted to PPD on the prescribed date.

9. **DIVISION CHIEF/ REVENUE DISTRICT OFFICER (RDO)**
   a. Assumes joint responsibility with the Head of Office in ensuring attainment of performance objectives and targets.
   b. Rationalizes distribution of targets/tasks.
   c. Monitors closely the status of the performance of their subordinates and provides support and assistance through the conduct of coaching for the attainment of targets set by the Division/Unit and individual employee.
   d. Reviews and approves final assessment of performance levels of the individual employees in his/her office based on proof of performance for submission to PD/AHRMD.
   e. Recommends employees for rewards and recognition and/or developmental intervention through the results of the employees' IDP and competency assessments.
   f. Informs employees of the final rating and identifies necessary interventions to employees based on the assessment of developmental needs.
      - Recommends and discusses a development plan with subordinates who obtain **Unsatisfactory** performance during the rating period not later than one (1) month after the end of the said period and prepares written notice/advice to subordinates that a succeeding Unsatisfactory performance shall warrant their separation from the service.
      - Provides preliminary rating to subordinates showing **Poor** performance not earlier than the third (3rd) month of the rating period. Discusses a development plan with the concerned subordinate and issues a written notice that failure to improve their performance shall warrant their separation from the service.

10. **INDIVIDUAL EMPLOYEES**
    a. Act as partners of the Management and their co-employees in meeting organizational performance goals.

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3:05 p.m
MAR 30 2023
RECORDS MGT. DIVISION

VI. GUIDELINES

The BIR SPMS shall follow the **four-stage PMS cycle** that underscores the importance of performance management.

1. Performance Planning and Commitment

This is done before the start of the performance period where Heads of Offices meet with the supervisors and staff and agree on the outputs that should be accomplished based on the goals/objectives of the organization.

During this stage, **success indicators** are determined. Success indicators are performance level yardstick consisting of **performance measure and performance targets.** This shall serve as bases in the office and individual employee's preparation of their performance contract and rating form.

The identified performance measures and performance targets shall be documented in the **Index of Success Indicators form (Annex C).** Performance measures need not be many. Only those that contribute or support the outcomes that the Agency aims to achieve shall be included in the office performance contract, i.e., measures that are relevant to Agency's core functions and strategic priorities. The performance measures must be continuously refined and reviewed, taking into consideration changes and policy directions that affects the Agency's performance targets.

Performance measures shall include any one, combination of, or all of the following general categories, whichever is applicable:

Category	Definition
Effectiveness / Quality (Q)	• The extent to which actual performance compares with targeted performance. • The degree to which objectives are achieved and the extent to which targeted problems/issues are solved/ addressed with a certain degree of excellence. • In management, effectiveness relates to *getting the right things done.* • It may involve the following elements such as acceptability, meeting standards, client satisfaction with services rendered, accuracy, completeness or comprehensiveness of reports, creativity or innovation and personal initiative.
Efficiency / Quantity (E)	• The extent to which time or resources is used for the intended task or purpose. Measures whether targets are accomplished with a minimum amount or quantity of waste, expenses, or unnecessary effort. • It may involve the following elements such as standard response time, number of requests/applications acted upon over number of requests/ applications received or action on assigned tasks or optimum use of resources.
Timeliness (T)	• Measures whether the deliverable was done on time based on the requirements of the law and/or clients/stakeholders. • Time-related performance indicators evaluate such things as project completion deadlines, time management skills and other time-sensitive expectations.

The Commissioner of Internal Revenue (Commissioner) shall cause the determination of the "agency target setting period",[1] a period within which the office and employees' targets are set and discussed by the raters and the ratees, reviewed and concurred by the head of the department or office and submitted to the PMT.

[1] *Before the start of the performance period.*

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3:05 p.m
MAR 30 2023
RECORDS MGT. DIVISION

The Agency Road Map, Agency Strategic Plan, Annual Investment Plan, etc. shall be the basis of the targets of the Offices. Aside from the Office commitments explicitly identified under each Strategic Priority in the Road Map, **Major Final Outputs (MFO)**[2] that contribute to the attainment of organizational mission/vision which form part of the **Core Functions**[3] of the office shall be indicated as performance targets. It may also include functions that do not directly deliver goods and services to external clients but still contribute to the delivery of the agency's MFOs through **Support to Operations (STO)**[4] or **General Administration and Support (GAS)**[5] activities.

The targets shall take into account any combination of, or all of the following:

- **Historical data.** The data shall consider past performance.
- **Benchmarking.** This involves identifying and comparing the best agencies or institutions or units within the agency with similar functions or processes. Benchmarking may also involve recognizing existing standards based on provisions or requirements of the law.
- **Client demand.** This involves a bottom-up approach where the Office sets targets based on the needs of its clients. The Office may consult with stakeholders and review the feedback on its services.
- **OPES Reference Table** – list of major final outputs with definition and corresponding OPES points.[6]
- **Top Management Instruction.** The Commissioner may set targets and give special assignments.
- **Future trends.** Targets may be based from the results of the comparative analysis of the actual performance of the Office with its potential performance.

In setting work targets, the Office shall likewise indicate the detailed budget requirements per expense account to help the Commissioner in ensuring a strategy driven budget allocation and in measuring cost efficiency. The Office shall also identify specific division/unit/group/individuals as primarily accountable for producing a particular target output per program/project/activity. These targets, performance measures, budget and responsibility centers are summarized in the **Office Performance Commitment and Review (OPCR) Form (Annex A).**[7]

The approved OPCR Form shall serve as basis in the individual performance targets and measures to be prepared in the **Individual Performance Commitment and Review (IPCR) form (Annex B).**

Unless the work output of a particular duty has been assigned pre-set standards by management, its standards shall be agreed upon by the supervisors and the ratees. Individual employees' performance shall not be lower than the agency's standards in its approved OPCR Form.

2. Performance Monitoring and Coaching

During the performance monitoring and coaching phase, the performance of the Offices and every individual shall be monitored at various levels: i.e., the Commissioner, PMS/PPD, Head of Office, Division Head and Individual, on a regular basis.

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[2] *MFOs are goods and services that a department/agency is mandated to deliver to external clients through the implementation of programs, activities and projects (per DBM published Organizational Indicator Framework (OPIF) Book of outputs for 2011).*

[3] *Core functions are these performed by the Office which are inherent in its mandates.*

[4] *STOs refer to activities that provide technical and substantive support to operations and projects of the agency (Guidebook on the Strategic Performance Management System).*

[5] *GAS refer to activities that deal with the provision of overall administrative management support to the entire agency operation (Guidebook on the Strategic Performance Management System).*

[6] *OPES points refers to the time within which an output will be produced by an average performer.*

[7] *This shall be used for Office Performance Contracts of Groups, Services, Divisions, Revenue District Offices and other office units that may be identified.*

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RECEIVED
3:05 pm
MAR 30 2023
RECORDS MGT. DIVISION

Supervisors and coaches play a critical role at this stage. Their focus is on the critical function of managers and supervisors as coaches and mentors in order to provide an enabling environment/intervention to improve team performance and manage and develop individual potentials.

Monitoring and evaluation mechanisms should be in place to ensure that timely and appropriate steps can be taken to keep a program on track and that its objectives or goals are met in the most effective manner (**Annex D, E, and F**). Also, a very vital tool of management at this stage is an information system that will support data management to produce timely, accurate and reliable information for program tracking and performance monitoring/reporting.

3. Performance Review and Evaluation
(Office Performance and Individual Employee's Performance)

This phase aims to assess both Offices and individual employee's performance level based on performance targets and measures as approved in the Office and individual performance commitment contracts.

The results of assessment of Office and individual performance shall be impartial owing to scientific and verifiable basis for target setting and evaluation.

A. Office Performance Assessment

The PMS/PPD shall consolidate, review, validate and evaluate the initial performance assessment of the Heads of Offices based on reported Office's accomplishments against the success indicators. The result of the assessment shall be submitted to the PMT for calibration and recommendation to the Commissioner. The Commissioner shall determine the final rating of offices/units.

An agency performance review conference shall be conducted annually by the PMS/PPD for the purpose of discussing the Office assessment with concerned Heads of Offices. This shall include participation of the Finance Service/ Budget Division as regards budget utilization. To ensure complete and comprehensive performance review, all Offices shall submit a quarterly accomplishment report to the PPD using the prescribed format (**Annex G**) based on the SPMS calendar[8] (**Annex H**).

Any issue/appeal/protest on the Office assessment shall be articulated by the concerned Head of Office and decided by the Commissioner during this conference, hence the final rating shall no longer be appealable/contestable after the conference.

The PMS/PPD shall provide each Office with the final Office Assessment to serve as basis of offices in the assessment of individual staff members.

B. Performance Assessment for Individual Employees

The immediate supervisor shall assess individual employee performance based on the commitments made at the beginning of the rating period. The performance rating shall be based solely on records of accomplishment; hence, there is no need for self-rating.

The BIR SPMS puts premium on **major final outputs** towards realization of organizational mission/vision. Hence, rating for planned and/or intervening tasks shall always be supported by reports, documents or any output as proof of actual performance. In the absence of said bases of proofs, a particular task shall not be rated and shall be disregarded. The supervisor shall indicate qualitative comments, observations and recommendations in the employee's IPCR form including competency assessment[9] and critical incidents[10] which shall be used for human resource development purposes such as promotion and other interventions.

[8] *The timetable for the preparation, review and approval of performance targets, standards, and ratings.*

[9] *Competencies are observable, measurable and vital behavioral skills, knowledge and personal attributes that are translations or organizational capabilities deemed essential for success. Competency shall be identified for a particular position or job family.*

[10] *Record of events, happenings or actual information affecting the overall accomplishments of the employee during the particular rating period.*

305 pm
RECORDS MGT. DIVISION

Employee's assessment shall be discussed by the supervisor with the concerned ratee prior to the submission of the employee's IPCR form to the Head of Office/Division Chief/RDO. The Head of Office/Division Chief/RDO shall determine the final assessment of performance level of the individual employees in his/her Office based on proof of performance. The final assessment shall correspond to the adjectival description of Outstanding, Very Satisfactory, Satisfactory, Unsatisfactory or Poor.

The Head of Office/Division Chief/RDO may adopt appropriate mechanisms to assist him/her distinguish performance level of individuals, such as but not limited to peer ranking and client feedback

The average of all individual performance assessment shall not go higher than the **collective performance assessment of the Office.**

The Head of Office/Division Chief/RDO shall ensure that the employee is notified of his/her final performance assessment. The Summary List of Individual Ratings (Annex I) with the attached IPCRs are submitted to the PD/AHRMD within the prescribed period. Head of Office/Division Chief/RDO shall maintain copies of the final IPCRs of employees under his/her jurisdiction for monitoring and reference purposes.

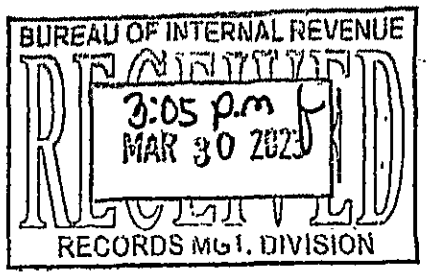
At the end of every evaluation period (June and December), on the prescribed date based on SPMS calendar, the employee's IPCR Forms shall be accomplished in triplicate: one copy, together with the scanned and soft copies, for the Personnel Division, one copy for the office concerned, and one copy for the Employee, using the BIR SPMS Mechanics on Rating Individual Performance.

4. **Performance Rewarding and Development Planning**

Part of the individual employee's evaluation is the competency assessment vis-à-vis the competency requirements of the job. The result of the **Competency Assessment and Development Plan (Annex J)** will be used to craft the **Individual Development Plan (Annex K)** which must be outlined and monitored to measure progress and shall be discussed by the Head of Office/Division Chief/RDO and supervisors with the individual employee at the end of each rating period. The discussion shall focus on the strengths, competency-related performance gaps and opportunities to address these gaps, career paths and alternatives. The result of the competency assessment shall be treated independently of the performance rating of the employee. Appropriate development interventions shall be made available by the Head of Office and supervisors in coordination with the PD/AHRMD using **ANNEX L** or the **Summary List of Individual Development Plan.**

The result of the performance evaluation/assessment shall serve as inputs to the:

a. Head of Office/Division Chief/RDO in identifying and providing the kinds of interventions needed, based on the developmental needs identified;
b. PD/AHRMD in consolidating and coordinating developmental interventions that will form part of the HR Plan and the basis for rewards and incentives;
c. BIR PMT in identifying potential PRAISE Awards nominees for various awards categories; and
d. BIR PRAISE Committee in determining top performers of the agency who will qualify for awards and incentives.



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5. Rating Period

Performance evaluation shall be done **semi-annually.** Rating Period of the SPMS shall be done every six (6) months ending on June 30 and December 31 of every year. In cases of a shorter or longer period, however, the minimum appraisal period is at least three (90) days while the maximum shall not be longer than one (1) calendar year.

The three dimensions of performance or accomplishments are efficiency, quality, and timeliness. 1.) Quantity or Efficiency (Q) means the extent to which targets are accomplished using the minimum amount of time or resources. 2.) Quality or Effectiveness (E) means getting the right things done. It refers to the degree to which objectives are achieved as intended and the extent to which issues are addressed with a certain degree of excellence. 3.) Timeliness (T) measures if the targeted deliverables were done within the scheduled or expected timeline.

VII. BIR SPMS RATING SCALE

Various rating scales may be used for specific sets of measures. However, in general, there shall be five-point rating scale (1 to 5), 5 being the highest and 1, the lowest.

1. DETAILED DESCRIPTION ON THE RANGES OF THE RATING SCALE FOR MAJOR FINAL OUTPUTS FOR GENERAL FUNCTIONS

The following shall be the detailed descriptions for the ratings for general functions:

RATING		DESCRIPTIONS		
Numerical	Adjectival	Quality (Q) / Effectiveness	Efficiency (E) / Quantity	Timeliness (T)
5	OUTSTANDING	Performance was exceptional in terms of quality, technical skills, creativity, and initiative, showing mastery of the task. Accomplishments were made in more than expected. All aspects of work assignment thoroughly covered.	Performance Exceeded expectations by 30% and above of the planned targets.	Task accomplished within 1/2 of the time required to finish it.
4	VERY SATISFACTORY	All goals objectives and targets were achieved above the established standards. Output delivered in accordance with prescribed guidelines, clearly presented and well organized; with one (1) or two (2) minor errors in the execution of work assignment; results still very good.	Performance Exceeded expectations by 15% to 29% of the planned targets.	Task accomplished within 2/3 of the time required to finish it.
3	SATISFACTORY	Performance met expectations and in accordance with instructions. Output delivered within prescribed guidelines, with three (3) to five (5) minor errors or deficiencies; partial/minor revision needed.	Performance met 100% to 114% of the planned targets.	Task accomplished on the deadline.
2	UNSATISFACTORY	Output delivered, with more than five (5) errors or deficiencies; Major revision is needed. Help/assistance from supervisors/peers required to overcome errors.	Performance only met 51% to 99% of the planned targets and failed to deliver one or more critical aspects of the target.	Task partially completed at the deadline.
1	POOR	Performance was consistently below expectations, and/or reasonable progress toward critical goals was not made. Output not acceptable; haphazard or careless execution of work; needs total revision.	Performance failed to deliver most of the targets by 50% and below.	Task not yet begun at expected date of completion.

2. RATING SCALE FOR MAJOR FINAL OUTPUTS WITH DEFINED / FIXED OUTPUT REQUIRING 100% PERFORMANCE

The rating scale to be used for MFOs requiring 100% performance of the target and the maximum performance level of accomplishment can no longer go beyond 100%, shall be the following:

RATING		DESCRIPTIONS		
Numerical	Adjectival	Quality / Effectiveness (Q)	Efficiency/ Quantity (E)	Timeliness (T)
5	OUTSTANDING	Performance was exceptional in terms of quality, technical skills, creativity, and initiative, showing mastery of the task.	100%	Task accomplished within 1/2 of the time required to finish it.
4	VERY SATISFACTORY	All goals, objectives and targets are achieved above established standards; with one (1) or two (2) minor errors in the execution of work assignment; results still very good.	90%-99%	Task accomplished within 2/3 of the time required.
3	SATISFACTORY	Performance met expectations and in accordance with instructions, with three (3) to five (5) minor errors or deficiencies. Minor revisions needed.	80%-89%	Task accomplished on the deadline.
2	UNSATISFACTORY	Output delivered, with more than five (5) errors or deficiencies. Major revision is needed. Help/ assistance from supervisors/peers required to overcome errors.	70%-79%	Task partially completed on the deadline.
1	POOR	Performance was consistently below expectations.	60%-69%	Task not yet begun at expected date of completion.

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30 MAR 2023
3:05 pm

3. COLLECTION PERFORMANCE RATING SCALE

For Officials and employees, especially for those whose performance are directly related to the attainment of collection targets, collection performance is considered only as one variable from which they are evaluated, among other tasks that they perform. It should be emphasized that other activities/functions being performed are components of and are contributory to the attainment of collection targets. Actual collection is considered equivalent with other assigned activities that are being performed, whereas it should be their primary focus.

The performance of the Deputy Commissioner – Operations Group, Assistant Commissioners (ACIRs) / Head Revenue Executive Assistants (HREAs) under the Large Taxpayers Service /Assessment Service /Collection Service, Regional Directors, Assistant Regional Directors, Revenue District Officers (RDOs), Assistant Revenue District Officers (ARDOs) and Revenue Officers who are assigned with collection targets or goals shall be rated **principally by their attainment of their assigned goals.** The ratings shall be based on the following rating scale:

RATING		DESCRIPTIONS
Numerical	Adjectival	
5	OUTSTANDING	Exceed the goal
4	VERY SATISFACTORY	Meets the goal or short by not more than 1%
3	SATISFACTORY	Short of goal by more than 1% but not more than 4%
2	UNSATISFACTORY	Short of goal by more than 4% but not more than 7.5%
1	POOR	Short of goal by at least 7.5% or more[11]

To get a rating better than the above, the ratee/ rater should be able to cite an extra ordinary performance or a very significant KPI other than collection. This is in addition to compliance with other requirements, such as, but not limited to no prescribed cases. However, a ratee may get a rating lower than the above if his performance on the other KPIs so warrant.

4. RATING SCALE FOR AGING OF ISSUED LETTER OF AUTHORITY (LA)

Based on Section 13 of the National Internal Revenue Code (NIRC) of 1997, as amended, under Authority of a Revenue Officer, it states that a revenue officer assigned to perform an assessment function may, pursuant to a Letter of Authority, examine taxpayers within the jurisdiction to collect the correct amount of tax, or to recommend the assessment of any deficiency tax due. Under **Revenue Memorandum Order (RMO) No. 69-2010,** report of Investigation / verification of cases covered by eLAs other than VAT claims for Refund / Credit shall be submitted by the Revenue Officer within 180 days. Thus, the Revenue Officers (Assessment) should be evaluated not only on actual collection from the disposition of the LAs.

Revenue Officers who are assigned with LAs shall be rated on the Aging of issued Letters of Authority, following the prescribed rating scale:

RATING		DESCRIPTIONS
Numerical	Adjectival	
5	OUTSTANDING	120 days or less
4	VERY SATISFACTORY	More than 120 days but not exceeding 240 days
3	SATISFACTORY	More than 240 days but not exceeding 479 days
2	UNSATISFACTORY	More than 479 days but not exceeding 719 days
1	POOR	More than 719 days

[11] *Based on Republic Act No. 9335 or the Attrition Act of 2005, wherein shortfall of 7.5% or more shall be rated as Poor.*

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MAR 30 2023
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5. RANGE AND ROUNDING OFF OF OVERALL POINT SCORES

In determining the final equivalent adjectival rating of the employee, the range of overall point scores is converted as follows:

RATING	
NUMERICAL	ADJECTIVAL
5.00	Outstanding
4.00 - 4.99	Very Satisfactory
3.00 – 3.99	Satisfactory
2.00 – 2.99	Unsatisfactory
1.00 – 1.99	Poor

For the uniform procedures on the rounding off of computed scores, the computed numerical ratings shall use two decimal places rather than rounding off the computed score to whole numbers. And to standardize the rating process, ratings shall be rounded off in the following manner: ratings shall be rounded up if last digit is from 5-9 while with numbers 1-4 shall all be rounded down.

At the end of the rating period, the Supervisor shall rate each work/activity by comparing the work targets against the actual work/activity performed. The Q, E and T standards earlier set shall be used in giving each accomplishment a numerical point rating. Add all the point scores under Q, E and T for each work/activity done by each rater and divide by the number of entries to get the respective Average Point Scores (APS). Then add all the APS to get each respective Total Equivalent Point Score.

VIII. PROCEDURES

The following shall be the Raters in the implementation of the BIR SPMS in the Office level:

OFFICE	RATER
Office of the Deputy Commissioners, PMS, PMIS, LTS and PED	Chief of Staff, Office of the Commissioner
Services	Respective Deputy Commissioners
Regional Offices	Deputy Commissioner, Operations Group
Divisions under the Service	Assistant Commissioner
Regional Divisions/Revenue District Offices	Respective Regional Directors

For the Individual level, the following shall be the Raters:

NATIONAL OFFICE		REGIONAL OFFICE	
Ratee	Rater	Ratee	Rater
Staff	Section Chief	Staff	Section Chief
Section Chief	Asst. Div. Chief	Section Chief	Asst. Div. Chief/ ARDO
Asst. Div. Chief	Division Chief	Asst. Div. Chief/ ARDO	Division Chief/ RDO
Service Staff	HREA	ORD Staff	Asst. Reg'l Director
Division Chief	ACIR	Division Chief/ RDO	Regional Director
CIR's & DCIR's Staff	Chief of Staff		

* In the absence of the assigned rater, the prescribed Hierarchy of Raters shall be followed.

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1. The Deputy Commissioners/ Assistant Commissioners/ Regional Directors/ Division Chiefs/ Revenue District Officers shall:
   a. Prepare and submit the Index of Success Indicators (Office and Individual) to their respective Raters (Office Level) for approval after the conduct of the annual planning session;
   b. Develop standard performance measures, targets and rating scales for equitable evaluation of office and individual performance;
   c. Accomplish the OPCR forms for approval of their Raters at the start of the rating period; and
   d. Monitor the submission of the Quarterly Office Accomplishment Report to the PPD.

2. The PMS/PPD shall:
   a. Monitor the submission of the approved OPCR and schedule the review/evaluation of Office Commitments by the PMT before the start of a performance period;
   b. Receive and review the following documents prepared and submitted by all offices in the National and Regional levels:
      * Office Index of Success Indicators
      * Office Performance Commitment and Review (OPCR) forms
      * Office Accomplishment Report
   c. Consolidate, review, validate and evaluate the initial performance assessment of the Heads of Offices/Deputy Commissioners based on the reported Office accomplishments against the success indicators;
   d. Conduct an annual BIR Performance Review Conference for the purpose of discussing the Office Assessment with concerned Heads of Offices; and
   e. Forward to the National Office PMT for indorsement to the Commissioner the results of the evaluation.

3. The PD/AHRMD shall:
   a. Receive and review the Individual Index of Success Indicators submitted by offices; and
   b. Monitor the submission of the IPCR Forms.

The following shall be the schedule of submission of required reports/documents:

ACTIVITY	SUBMIT TO	DEADLINE OF SUBMISSION
Submission of OPCR (performance plan)	PPD	January 15/ July 15
Submission of OPCR (performance evaluation)	PPD	February 25/ August 25
Submission of Office Accomplishment Report	PPD	Every 10th of the month after the quarter
Submission of IPCR (performance plan)	Head of Office	January 10/ July 10
Submission of IPCR (performance plan)	PD/AHRMD	January 15/ July 15
Submission of IPCR (performance evaluation)	Head of Office	February 25/ August 25
Submission of IPCR (performance evaluation) and Summary List of Individual Performance Ratings*	PD/ AHRMD	February 28/ August 31

**The AHRMD shall furnish copies of signed IPCRs and Summary List of Performance Ratings in hard, soft and scanned copies to the PD a week after the submission of the regional documents to their office.*

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MAR 30 2023
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IX. MECHANISM OF APPEAL

1. Office performance assessment as discussed in the performance review conference shall be final and not appealable. Any issue/appeal on the initial performance assessment of an Office shall be discussed and decided upon during the performance review conference.
2. Individual employees who feel aggrieved or dissatisfied with their final performance ratings can file an appeal with the PMT within ten (10) days from the date of receipt of notice on their final performance evaluation rating from the Head of Office. An office/unit or individual employee, however, shall not be allowed to protest the performance ratings of other office/unit or employees. Ratings obtained by other office/unit or employees can only be used as basis or reference for comparison in appealing one's office or individual performance rating.
3. The PMT shall decide on the appeals within one month from receipt thereof.
4. Appeals lodged at any PMT shall follow the hierarchical jurisdiction of various PMTs in an agency. For example, the decision of the Regional Office PMT is appealable to the National Office PMT.
5. The decision of the National Office PMT may be appealed to the Commissioner.
6. Officials or employees who are separated from the service on the basis of Unsatisfactory or Poor performance rating can appeal their separation to the CSC or its regional office within 15 days from receipt of the order or notice of separation.

X. SANCTIONS

1. Unless justified and accepted by the PMT, non-submission of the Office Performance Commitment and Review form to the PMT, and the Employees' Individual Performance Commitment and Review form to the PD/ HRMU within the specified dates shall be a ground for:
   a. Employees' disqualification for performance-based personnel actions which would require the rating for the given period such as promotion, training or scholarship grants and performance enhancement bonus, if the failure of the submission of the form is the fault of the employees.
   b. An administrative sanction for violation of reasonable office rules and regulations and simple neglect of duty for the supervisors or employees responsible for the delay or non-submission of the office and individual performance commitment and review report.

2. Failure on the part of the Head of Office to comply with the required notices to their subordinates for their unsatisfactory or poor performance during a rating period shall be a ground for an administrative offense for neglect of duty.

XI. REPEALING CLAUSE

All revenue issuances and/or portions thereof that are inconsistent herewith are hereby repealed, revoked, amended or modified accordingly.

XII. EFFECTIVITY

The **BIR Enhanced SPMS** shall become effective only upon the approval of the CSC Regional Office concerned and its subsequent amendments shall likewise be submitted to the CSC Regional Office for approval.

ROMEO D. LUMAGUI, JR.
Commissioner of Internal Revenue
003938

Date

CSC Action:

APPROVED

JUDITH A. DONGALLO-CHICANO
Director IV

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Date

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