

# GMA accepts BIR chief's resignation

President Arroyo has accepted the resignation of Bureau of Internal Revenue (BIR) chief Sixto Esquivias IV.

Quoting Finance Secretary Margarito Teves, Press Secretary Cerge Remonde said Esquivias quit for health reasons.

Remonde said Esquivias' replacement

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Esquivias

would be announced today.

However, Executive Secretary Eduardo Ermita said the former BIR chief admitted that he did not perform well.

Ermita maintained that the President should now be given the chance to make changes as she sees it best.

Speculations had been going early on that the poor tax collection effort of the BIR and other reasons were working against Esquivias.

In the first nine months of this year, the BIR has fallen short of its revenue collection target by P39.2 billion.

Senior deputy commissioner Joel Tan-Torres said the bureau would most likely miss its full-year collection target of P798.5 billion because of the recent storms that hit the country.

Aside from his failure to meet revenue targets, Esquivias was also criticized for supposedly not turning over the Large Taxpayer's Unit of the BIR to the Presidential Adviser on Revenue Enhancement (PARE) Narciso Santiago Jr., husband of President Arroyo's ally Sen. Miriam Defensor-Santiago.

Earlier this year, the President expanded PARE's powers to include the investigation of

cases in the Large Taxpayer's Unit and initiate the filing of charges against violators of tax laws.

This move was opposed by the private sector, particularly the Tax Management Association of the Philippines, Financial Executives Institute of the Philippines, Philippine Chamber of Commerce and Industry, and Philippines Institute of Certified Public Accountants.

The organizations said the issuance would expose large taxpayers to double investigation and that the power given to the PARE would be a "mere redundancy" that can "disrupt a business enterprise's operations" and hurt its "bottom line."

Esquivias took over the BIR on Nov. 3, 2008.

He replaced Lillian Hefti who quit in October last year also because of health reasons.

A taxation lawyer and a taxation professor at the University of the Philippines Diliman campus, Esquivias was with the BIR for 23 years until he resigned in 2000.

He rose from the ranks, starting as an examiner to his last position as deputy commissioner. He is a graduate of

the Ateneo Law School.

He also served as consultant to Sen. Juan Ponce Enrile and former senator Ralph Recto on various tax issues.

## Torres to take over

Tan-Torres is expected to head the bureau until Mrs. Arroyo names a new BIR chief.

"I have to wait for formal instructions on that," said Tan-Torres, a former partner at the Sycip Gorres & Velayo auditing firm.

He said that in the absence of a new BIR chief, it's going to be "business as usual" at the agency.

Executive Order 827, issued by Arroyo last Aug. 14, created the position of senior deputy commissioner.

The EO states that the senior deputy commissioner would head the agency in the absence of the commissioner.

His other duties include conducting regular assessments of the public's perception of the BIR activities, formation of a Tax Academy or Training Institute, conducting enforcement activities directed on major transactions that have significant tax potential and initiating practical internationally accepted tax administration trends and practices.

Esquivias maintained his

silence on the issue, surprising even ranking officials at the agency including his deputies.

"I will wait for him to convene the mancom (management committee) to announce his decision," said BIR deputy commissioner Nelson Aspe.

An BIR insider said Esquivias had been absent for three days because of high blood pressure.

"There are human limitations. It was probably because of the pressure," said the BIR source.

The BIR has not been meeting its revenue goals reportedly because of weak economic activities and rampant corruption in the agency.

From January to September this year, the BIR collected P557 billion, short by P39.2 billion of its target for the nine-month period.

In September alone, the BIR collected P56.2 billion, just slightly higher than the P55.8 billion in the same period last year.

For the whole year, the BIR is tasked to collect P798.5 billion but officials said it would be impossible for the agency to meet this as businesses damaged by typhoons ("Ondoy") and "Pepeng" have been seeking tax deductions.

— Marvin Sy, Iels González