

# BIR Officials Amass Unexplained Wealth

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VIDEO PRESENTATION

For the past six months, a team of PCIJ researchers led by PCIJ contributor Tess Bacalla, has been doing a lifestyle check on BIR personnel. The research yielded a wealth of information on the grand houses and expensive vehicles of BIR officials and employees who earn only a modest income. We found, from a check of 25 officials at various levels, that many of them cannot explain how they acquired their assets, including shares in businesses and companies.

One BIR regional director, for example, lives in a big house in posh Ayala Alabang, yet he earns less than P300,000 a year. Parked in his garage on the day PCIJ visited were a Ford Expedition, a Toyota Land Cruiser and a brand new BMW. A Revenue District Officer whose annual salary is P270,000 has two weekend houses in Calamba and lives during the week in a Greenhills condominium.

We found that BIR postings are so lucrative that many BIR personnel petition the Civil Service Commission to change their birth records so they can advance their dates of birth and delay their retirement. We found 24 such applications for a change in birth records from 1989 to the first quarter of 2001 alone.

The three-part series concludes by looking at the breakdown in the system of checks and balances in the BIR and the lack of transparency, oversight and accountability that contribute to making the bureau one of the most corrupt government agencies.



*Lucien Sayuno, Makati regional director of the BIR lives in this house in posh Ayala Alabang Village. Parked in his garage are a Ford Expedition, a Toyota Land Cruiser, and a brand new BMW. [PCIJ Photo]*

LIKE MANY of its neighbors, the house at 266 Cuenca St. in posh Ayala Alabang Village looks like a multimillionaire's home. Expensive orchids adorn its landscaped front lawn while the house itself is imposing, the use of the best materials evident.

Recently seen parked in its garage were luxury vehicles, including a white Land Cruiser, a blue Ford Expedition and a new blue BMW.

The occupants of 266 Cuenca, however, are not movie stars or business moguls. Instead, it is the home of a government official whose annual salary is less than P300,000.

Lucien E. Sayuno, former regional director of San Pablo City and the recently appointed Makati regional director of the Bureau of Internal Revenue (BIR), lives there, as do his wife Amelita, and their two children. They also own a house in Dasmariñas, Cavite. According to records at the Securities and Exchange Commission, they own businesses that include the Agricultural Services, Inc., La Immaculada Trading Corp., and Limtra Homes Development Corp.

Not too long ago, Amelita Sayuno also put up the Summit Rural Bank in Lipa, Batangas, says one of her distant relatives. She and her husband, said a friend who knows them well, have a lavish lifestyle that includes frequent trips abroad.

Such a lush life is not unusual in the BIR, which gives rise to the popular perception that it is a cesspool of corruption. According to the World Bank, half of every peso that can be collected is lost to corruption. The Department of Finance also says that the total annual tax leakage adds up to about P240 billion.

While there are those who openly display their extravagant way of life, the more circumspect BIR officials and personnel try to hide their ill-gotten wealth. But these, too, are well known to BIR insiders. Says one: "*Walang sikreto sa BIR.* (There are no secrets here)." A Makati-based businessman who has frequent dealings with tax personnel scoffs that their lifestyles are "totally disproportionate to their salaries."

In the course of six months, a team of PCIJ researchers did a search of assets of about 25 BIR officials and employees — including assistant commissioners, regional directors, assistant regional directors, examiners and division chiefs — across the country. These are some of the most lucrative BIR posts because they deal directly with taxpayers, especially during tax audits, which present opportunities for extortion or collusion. Examiners exercise a great deal of discretion when it comes to tax assessments and are therefore prone to corruption.

Individuals in these positions were chosen for scrutiny based on information culled from more than a dozen informants, including officials of the bureau. Not all of those investigated, however, had a reputation for being "notoriously corrupt"; some were chosen based on the availability of documents attesting to their assets.

The PCIJ team looked for land and corporate records and checked vehicle registrations as well as their annual Statements of Assets and Liabilities (SALs). The investigation shows that the bureau that repeatedly admonishes people to be honest about their annual tax declarations has officials who have no qualms about underreporting their own assets and net worth and using dummies to hide their ownership of lucrative properties.

BIR postings are so lucrative and BIR officials so used to tampering official records that they try to delay retirement by "correcting" — pushing forward — their dates of birth. The PCIJ's research uncovered that from 1989 to the first quarter of 2001 alone, 24 BIR personnel have petitioned the Civil Service Commission to change their birth records.

Anyone who wants to run a lifestyle check on BIR officials and employees need only to go to the parking lots of the bureau's main and branch offices. There one would find cars that cost way beyond the annual salary of an official of the bureau, much less one of its personnel. A staff member of a Metro Manila district office also observes, "They change cars so often."

Driving in Luxury

Cars Used by BIR Officials

CAR MODEL	PLATE NO.	BENEFICIAL OWNER	REGISTERED OWNER
Nissan Patrol	WES 202	Edwin Abella BIR Reg'l Director, Quezon City	Sulpicio S. Bulanon Jr. 1817 Jordan Plains Subd., Quezon City (listed address of Abella in his SALs)
Suzuki Grand Vitara	XAH 435	Ditto	Merrick Abella (son of Abella) 24 Xavierville, Loyola Heights, Quezon City
Nissan Cefiro	UUW 742	Ditto	Elizabeth S. Buendia 152 Road 8, Pag-asa, Quezon City
BMW	AMS 101	Lucien E. Sayuno BIR Reg'l Director, Makati City	Limtra Dev. Corp. Zone 4, Dasmariñas, Cavite
BMW	WAM 807	Ditto	Marie Rachel D. Meneses c/o Metrocor and Holdings, G&F, Makati City
Honda Accord	EPM 168	Danilo A. Duncano BIR Reg'l Director, Quezon City	Daniel Anthony P. Duncano 2618 JP Rizal, New Capital Estate, Quezon City
Mitsubishi L200	WHL 897	Corazon P. Pangcog Asst. Reg'l Director, Valenzuela City	Alberto P. Pangcog (husband) B2 L23 Lagro Subd., Quezon City
Honda CR-V	WAY 786	Ditto	Alberto P. Pangcog 9 Ricardo St., Carmel 1 Subd., Quezon City
Honda CR-V	XEH 459	Ditto	Ditto
BMW	MPV 343	Flordeliza P. Villegas Revenue District Officer, Cabanatuan City	Charito P. Sico 8 Ma. Elena St., Carmel 1 Subd., Quezon City

It is telling though that when residents of the BIR Village in Fairview, Quezon City, were told that they only had to present their car registrations to get a gate pass, many complained. "*Umalma* (They raised a howl)!" laughs a BIR insider recounting the story. The idea was promptly set aside, because most of the car registrations were not in the residents' names.

Lucien Sayuno, in a written reply to PCIJ's query, denied owning the Ayala Alabang home and a fleet of expensive vehicles. But records at the Land Transportation Office show that the spanking new BMW in his garage, which has a vanity plate "AMS 101" (after his wife's initials) and is worth over P1.5 million, is registered in the name of Limtra Development Corp., a Sayuno company.

Not quite in his 50s, Lucien Sayuno is still years away from retirement. But he is among the BIR officials whose SALs contain incomplete information. Not one of the companies recorded by the SEC as belonging to him and his wife, for instance, appears in his SAL.

Neither does the Ayala Alabang house, which the village guard calls the Sayuno residence. In addition, the telephone book lists Amelita Sayuno's address as 266 Cuenca St. And when Lucien Sayuno went overseas in 1998, he wrote down the same address in his immigration form.

Land records show that the house is registered in the names of Minerva C. Castillo, wife of Bacoor, Cavite mayor Jessie Castillo, and Elsie H. Mercado (now Sosa), younger sister of Amelita and a resident of Lipa.

Sayuno says the Castillos are "family friends." He failed to say, though, that Minerva Castillo is also a business partner, being one of the stockholders of the Sayunos' Agricultural Services Credit, Inc. Based on the company's general information sheet filed last year with the SEC,

Minerva's address is 13 Malvar St., Ayala Alabang, Lucien Sayuno's 126 P. Campos St., Dasmariñas, Cavite, and Amelita's Mataas na Lupa, Lipa City.

Like Sayuno, most of the BIR officials and personnel who replied to written queries from the PCIJ denied owning valuable pieces of property, many of which are in the multimillion range. Novaliches revenue district officer (RDO) Ernesto Kho, though, had a unique explanation for continuing to list his old Tondo address in his SAL despite having moved to another house in upscale New Manila, Quezon City in 1983.

According to Kho, brother of Masbate governor Antonio Kho, his "superior" instructed him to stick to his old address to avoid complications. But, he says, his true address is reflected in his income tax returns.

Kho has a declared net worth of only P947, 231. This, however, appears to be an underdeclaration, considering his wife and children's business interests, as well as the family's properties. Based on his 2001 SAL, Kho owns nine pieces of real estate, most of which are in Masbate. SEC records also show several companies where his wife and/or his children are listed as incorporators; two of these were not included in his SAL.

One of the smallest declared net worth encountered by the PCIJ was that of Nieto Racho, who had a paltry P198,758 in 1998 and P203,758 in 1999. But Racho, chief for the Special Investigation Division of the Revenue District Office in Talisay, Cebu, left out key items in his SALs.

For instance, the papers of Angelsons Lending and Investors filed with the SEC in April 1999 list Racho and his wife Lourdes among the firm's officers, incorporators, and stockholders, all of whom are surnamed Racho and carry the same middle initial as Nieto. Racho never reported this company, which has its office in Tagbilaran City, in his 1999 SAL.

On November 9, 2002, DYHP Balita Action Team of the Radio Mindanao Network wrote then BIR Commissioner Rene Bañez about Racho's bank deposits totaling P5.8 million. Attached to the letter were certifications from three banks that said the BIR official had deposits with them of more than P1 million each. One of the banks said Racho had P2.93 million in his account.

Asked to explain himself, Racho replied by saying the same issue was already being investigated by the Office of the Ombudsman-Visayas. He asked that any administrative investigation be withheld pending the resolution of the case with the Ombudsman's Office. The case, however, is still in the preliminary investigation stage.



*Rosemarie Ragasa, the BIR revenue district officer for Taguig-Pateros, is said to own this vacation home in Calamba. [PCIJ Photo]*

In the meantime, Taguig-Pateros RDO Rosemarie Ramos Ragasa told the PCIJ that she still had "to complete the documents needed" to answer queries about the choice properties she is said to own. Ragasa, a widow who has an annual salary of about P250,000, is acknowledged by residents of the Maria Makiling Greenheights subdivision in Calamba,

Laguna, as part-owner of two houses there.

One of the houses is really grand: a white mansion with a roof deck and swimming pool on a sprawling piece of land. The visitor enters it through a winding, concrete driveway with a tiled design and which leads to a rotunda decorated with a white fountain. The other house, painted sunshine yellow, is more modest. Both are commonly referred to as the "BIR houses," even by the subdivision's guards. A neighbor says the white house is refurbished every year.

One of Ragasa's acquaintances says the BIR officer and her constant companion Victor Manlongat visit the properties almost every weekend. "She's very luxurious," said a retired BIR official who has personally witnessed Ragasa's lifestyle.

A check with the City Assessor's Office in Calamba yielded no property declarations in the name of Ragasa or Manlongat, a retired BIR employee. But three parcels of land that correspond to Ragasa's alleged Greenheights properties show that they belong to two couples who share the same surname: Artemio and Josefina M. Mercado, and Josefino and Violeto G. Mercado.

There is no Maria Makiling Greenheights property listed in Ragasa's SALs. In her earlier years in the BIR, Ragasa's listed address was 615 Boni Avenue, Mandaluyong. After her contractor-husband died, it became Sto. Niño, Meycauayan, Bulacan. A check with the City Assessor in Meycauayan, however, showed no records of real property tax payment in her name.

On weekdays, Ragasa is said to stay at a condominium in Richbelt Towers on Annapolis St., Greenhills, an upmarket residential area in San Juan. The monthly rental of a three-bedroom apartment there is about P32,000. The going rate for condominiums in the area ranges from P35,000 to 40,000 per square meter. When the PCIJ called her there, the woman who answered the phone said, "Dati ho dito s'ya nakatira pero hindi na ngayon (She used to live her but not anymore)." Ragasa, however, never declared Richbelt Towers as her address in any of the records that are in her 201 employment file at the BIR.

BIR insiders say, however, that Edwin Abella, formerly Assistant Commissioner of the Large Taxpayers Service and recently appointed regional director of Quezon City, easily beats many of them when it comes to property ownership. He has a house in 1817 Job St., Jordan Plains, Novaliches — his listed address — but his mother-in-law, who now lives there reportedly with a sister-in-law and her family, says "he only comes here on weekends."

He has another house Xavierville Avenue in Quezon City that has its own security guard. When visited by PCIJ, the house was being refurbished.

Widely known in the BIR as a cockfighting enthusiast, Abella owns a cock farm in Norzagaray, Bulacan. The property is known as Strike Eagle Farm, but Abella's SALs indicate it only as "pasture" land. Someone who has visited the property, though, says the only animals he saw there were fighting cocks. A senior tax examiner in the national office also confirms that some of his BIR colleagues frequent Abella's cock farm.

Abella's declared net worth has grown steadily from P3.8 million in 1999, to P4.3 million 2000, P4.6 million in 2001, to P8.4 million in 2002. In a faxed reply to PCIJ's queries, however, Abella said his total income for 2001 was actually a mere P902,000, derived not only from salaries from the BIR and the University of the Philippines (where he teaches at the College of Law), but also from lecture fees as a reviewer in various law schools, honoraria from lectures in seminars, "plus a modest income from agricultural products."

In 2002, his "sweepstake winnings" added to his family income, said Abella. "While I was able to purchase properties during my stint with the BIR, these properties acquired were all within my legal means," Abella wrote.

His name, however, has been dragged in a number of controversial tax-related cases and issues in the bureau. One of these was the Joaquin O. Ramirez estate tax return case, which became the subject of an investigation by the bureau in 1989 and 1991. It was also the target of a privileged speech delivered by then former Senator Ernesto Maceda, who denounced the case as an example of anomalies in the BIR.

The estate tax case involved some P344 million in tax deficiencies that arose from the "the fraudulent estate tax return" filed by Marisol T. Ramirez, daughter of the late Joaquin Ramirez. The amount covered a 50-percent statutory surcharge for filing a fraudulent estate tax return and a 20 percent interest covering three years.

The P344-million tax deficiency assessed was eventually reduced to P1.6 million, upon the recommendation of Abella and fellow revenue examiner Felix Sumbillo, both of whom took on the case despite the absence of a Letter of Authority authorizing them to do so. At the time Abella and Sumbillo were revenue examiners for the BIR's banks, financing and insurance division.

An anti-graft case was consequently filed by a private individual with the National Bureau of Investigation against the BIR officials and employees involved in the processing and investigation of the Ramirez estate tax return. The case remains unresolved.

This mansion with a swimming pool at Maria Makiling Greenheights subdivision in Calamba is said to be owned by Rosemarie Ragasa, a BIR revenue district officer whose annual salary is P250,000. [PCIJ Photo]

AT THE Bureau of Internal Revenue, some officials and even lower-ranking personnel have been trying to appear younger than they really are. Between 1989 and the first quarter of 2001, in fact, 24 BIR personnel filed a petition with the Civil Service Commission for a change of their birth records.

This has nothing to do with vanity. Rather, bureau officials seem reluctant to let go of their posts at the mandatory retirement age of 65. The requests for the change in the birth records, if approved, would mean that the petitioners' stay at the BIR would be extended by one to five years.

Unfortunately, indications are that such reluctance has less to do with the desire to serve the public but more with the addiction to lifestyles that can be afforded only by those who rake in millions of pesos a year.

Like most government officials and personnel, the top monthly salaries at the BIR do not go beyond five figures. Thus, if a tax bureaucrat relies on just salary alone, it is unlikely he or she will be able to accumulate very much. Says retired BIR assistant commissioner Rizalina Magalona, who is well known in the bureau for her honesty: "Even P1 million (net worth) for us (in government) is big."

Yet several BIR officials are declaring net worths in the millions, while some personnel are now under official investigation for their alleged unexplained wealth. In most cases, these are personnel who deal directly with the taxpayers.

Take Beverly S. Milo, chief of the assessment division in Revenue District 8, Baguio City, who had a declared net worth of only P45,100 in 1990, when she joined the BIR as a revenue accountant. By 2001, this had grown to P2.6 million, which according to her detractors, may be an understatement.

At the very least, a preliminary investigation conducted by the BIR national office showed Milo as having "a massive increase in net worth for the years 1997 and 1998, and a decrease in 2001." It was further noted that she was appointed OIC of the Assessment Division on 1996.

The investigation was prompted by an anonymous complaint on Milo's allegedly having amassed numerous properties since she became a bureau employee. But Milo has denied all allegations against her, saying they are "malicious imputations which are intended to destroy not only me but also my family, friends and relatives."

Percival T. Salazar, Assistant Commissioner for Enforcement Service, had a declared net worth of P2.3 million in 2000 and P2.5 million in 2001. His asset statements for both years listed four properties-two in Novaliches, one in San Fernando, Pampanga, and another in Babac, Davao.

Salazar wrote the PCIJ that these are "well within my financial capacity income." He added that his wife has had her own source of livelihood since their marriage in 1958, "in the forms of rentals and agricultural income." Both of Salazar's 2000 and 2001 SALs, however, listed only one business in his SAL - Printing Phoenix Phils., where his wife is a stockholder.

In his 2000-2001 SALs, Salazar also described his Novaliches properties as residential in nature. A visit to his address in San Bartolome, Novaliches, however, revealed a three-story commercial building (although the third floor appeared to be the family's residence) that had a "For Rent" sign on it.

Salazar was also reported to have another property in Tungko, San Jose del Monte, Bulacan, consisting of a house and a mango orchard. But the BIR official denied this, saying that a "check with the Assessor's Office in Bulacan" would prove him right.

True enough, there was no record of Salazar owning property there. But a friend of the Salazars insisted that the family does own property in Tungko. A Tungko resident also said she was privy to the Salazars acquisition of the property, detailing how Salazar and his wife Remedios purchased two hectares of land in 1994 for P80 per square meter. Some time later, she said, the Salazars bought another parcel of land, measuring 2.5 hectares for P100 per square meter, in the same area. Total: P4.1 million.

Salazar, who is the president of the BIR Revenue Employees' Association or BIREA, explained that he has four children working in China and one in the United States. "They all remit part of their earnings for family projects," he wrote in a letter to PCIJ.

Former assistant commissioner Magalona says that a relatively higher net worth can still be grossly underdeclared, especially for someone known for having expensive hobbies. She cites the case of a former revenue district officer in Makati who signed up for membership with the Subic Yacht Club. At the time, she recounts, the membership fee was about P1 million.

Arnel A. Bernardo, formerly chief of the Tax Fraud division in BIR and now technical assistant to the regional director of Zamboanga, is a multimillionaire. He has the biggest declared net worth-P12.4 million in 1999 that leaped to P21 million in 2001 - among those whose SALs were obtained and examined by the PCIJ.

His cash on hand and bank deposits amounted to P3.6 million in 1999 and a whopping P10.4 million in 2001. His personal properties jumped from P5.3 million in 1999 to P12.1 million two years hence. No businesses appear in his SALs for 1999 and 2001, even though he listed his wife's occupation as "businesswoman."

Bernardo, who receives an annual salary of P269,000, has a three-story residential and commercial building in Sampaloc, Manila. "My net worth is a matter of record, and therefore something I never intended to hide," he said in a letter to PCIJ. "If I am confident to declare it for the public to know and verify, rest assured that the sources of whatever assets my wife and I presently have are completely legal."

Critics of the BIR say that given the amount of wealth being amassed by those working there, it is no wonder that many do not want to retire, at least not at the mandatory age.

David Alarcon, revenue district officer of Paco-Sta. Ana-Pandacan-San Andres, said though that all he was doing was rectifying a typo on an information slip when he petitioned the CSC to correct his birth record, and change the date from December 1, 1934 to December 1, 1939.

The information slip that contained what Alarcon said was the wrong date became the basis for his being included in the retirement list of BIR personnel for 1999. But because the CSC granted his petition, he will retire next year yet.

Alarcon claimed that "all my scholastic records" from Grade One to college and other records "clearly indicate that my date of birth is December 1, 1939."

But in a 2001 memorandum to then BIR Commissioner Rene Bañez, Inspection Service Assistant Commissioner Linda Simple pointed out that for years, Alarcon himself was writing different birth dates in official documents.

Observed Simple: "In an affidavit executed on January 4, 1960, Alarcon stated that his date of birth was December 1, 1935. In his Sworn Statements of Assets, Liabilities and Networth for 1961, he indicated that he was born on December 1, 1937. In his Personal Data Sheet (PDS) dated January 3, 1973, his date of birth was December 1, 1935, while [in] his PDS for 1996 . . . he stated that he was born on December 1, 1939."

The PCIJ also obtained a copy of a certification from the Land Transportation Office, dated January 30, 2003, that indicated Alarcon's birth date as December 1, 1935.

Another interesting case is that of Juanito Valdecantos, chief revenue officer III with the BIR's Taxpayers Assistance Service. In a transcript of the judicial hearing on the reconstitution of his birth record, Valdecantos was quoted as saying that his court petition to have his date of birth changed from June 26, 1935 to June 26, 1938 had been prompted by a requirement for him by the Department of Foreign Affairs to submit a birth certificate every time he traveled abroad. He said he tried to secure a certificate of live birth from his hometown, only to find out that records had been burned during the war.

Valdecantos said that two of his neighbors told him that his real birth year was 1938 and not 1935, something which they swore to in an affidavit. One of those neighbors turned out to be Gervacio Perez, father of Lema P. Valdecantos, the widow of Juanito Valdecantos's brother.

Lema is now reportedly Valdecantos's live-in partner. (A 1999 passport application for a child surnamed Valdecantos listed the parents as Juanito and Lema Valdecantos.)

Yet when Juanito Valdecantos applied for a renewal of his passport in July last year, he wrote down June 26, 1935 as his birthday. The same is true of a certification issued to him by LTO on February 7, 2003, which carries his original date of birth.

Going by his 1935 birth date, Valdecantos should have retired three years ago. Instead, he will retire next month, thanks to his rectified record of birth.

But the case of Aguinaldo L. Miravalles, acting regional director of Tuguegarao, Cagayan, is even more curious. Miravalles, who had a declared net worth of P4.38 million in 1999, is the former RDO of Calocan City. In 1992, the CSC granted his petition to have his birth record changed from December 16, 1934 to December 16, 1938.

In his petition, Miravalles had said that he could get neither a birth certificate from the civil registrar in his hometown nor a baptism certificate. He then decided to secure an affidavit from his godparents, "who willingly certified that as far as they could remember, I was really born on December 16, 1938."

The PCIJ has a record from the National Archives certifying that Miravalles was born on December 15, 1932, which would make him 70 this year, way beyond the mandatory retirement age of 65. If he were born in 1935, he would be 68. But because the CSC granted his 1992 petition, the BIR considers Miravalles eligible for retirement only by December 16 this year.

On top of this, Miravalles does not even have civil service eligibility and is therefore not qualified to take his post. The CSC has issued a certification saying so, even if his Personal Data Sheet at the BIR claims he is eligible for the civil service. (Miravalles refused to answer PCIJ's questions.)

In her memorandum to Bañez, Simple quoted Atty. Raquel Buensanita of the CSC's Legal Affairs Office as saying that the granting of requests for change of birth records at the Commission is "pro forma, and does not usually take much time. She said that if the request is accompanied by the requisite documents, the Legal Affairs Office will immediately draft a Resolution for the approval and signature by the Chairman and two Commissioners or at least by any two Commissioners."

Simple then proposed specific measures to "prevent unwarranted requests of revenue officers and employees" for correction of records of birth.

One such measure is to require the parties concerned to notify the BIR before filing their petition in court "so that it can coordinate with the Office of the Solicitor General or Fiscal's Office for any possible opposition." Another is to direct them to furnish the BIR with their request for correction "so it can submit its comment/opposition if the request appears unwarranted as shown by documents on file with the Bureau."

To date, not one of Simple's suggested measures have been adopted. Says a high-ranking BIR official: "Everything is status quo."

In Calamba, this place is known as the 'BIR house' because its beneficial owner is Rosemarie Ragasa, a BIR revenue district officer whose friends describe her lifestyle as 'luxurious.' [PCIJ Photo]

IN HER 38 years at the Bureau of Internal Revenue, Rizalina Magalona, whose last post was that of assistant commissioner, had an unsullied reputation as a public official. Until her retirement in 1999, she lived in a modest apartment in Quezon City. She managed to buy a car only after she had left the bureau, using a portion of her retirement benefits.

Other than the car, the little property she calls her own she inherited from her parents, like the ancestral home in Iloilo, where she now lives. At the time of her retirement, Magalona's net worth was considerably less than P1 million.

But BIR insiders themselves admit that Magalona is a rarity in one of the two government agencies that the public associates most with graft and corruption.

That corruption in the BIR remains unchecked may in part be due to the failure of its top officials to enforce established checks and balances. Another reason is the insidious system of "booty-sharing," which, by keeping practically everyone happy, means lower risks of having whistleblowers.

In a study on the BIR published in the Philippine Journal of Public Administration in 1979, Leonor Magtolis-Briones wrote that "when an employee makes a killing," he usually shares his loot with his "less enterprising officemates (and even with his bosses) through blowouts, celebrations and even direct dole outs."

Two decades later, insiders say not much has changed — except perhaps the amounts involved. In the BIR's regional office in Valenzuela, for instance, insiders say some of the personnel each get a weekly allowance ranging from P200 to P500 — sometimes even more.

To be sure, there could be a perfectly good reason for such generosity. But both Nestor S. Valeroso, acting regional director for Valenzuela and Corazon C. Pangcog, assistant regional director, deny they are showering their staff with cash. Valeroso said, "There is no such happening in my office."

Yet BIR insiders also say that last December, Valeroso and Pangcog gave each member of their staff P1,000, contained in what looked like a pay envelope, but one made out of light yellow linen paper. The envelope also sported a traditional Christmas design, aside from the two officials' pictures and signatures and their holiday greetings. BIR officials, including RDOs and regional directors are also known to hold excessive celebrations, especially on their birthdays.

One insider says, however, that the parties nowadays are no longer as lavish as they were a few years ago. Yet judging from the latest birthday bash of Valeroso, who reportedly turned 51 last February 26, there is still little evidence of penny-pinching going on.

For almost the whole day, Valeroso was feted by friends and BIR employees, who feasted on a catered buffet lunch. Gifts also came pouring in, including at least four roasted pigs (down from about seven the previous year, said a member of Valeroso's staff) and a big box of fruit from Caloocan City RDO Eduardo T. Bajador, who emceed a special show put together for the celebrator.

Aside from birthdays of officials, BIR employees also look forward to summer, when they not only get to go to the beach, but are also able to gorge themselves on an abundant supply of food and drink and vie for generous cash prizes in the games. At their office's outing in Subic last year, for instance, Valeroso's staff competed for prizes that ranged from P300 to P500.

Not one member of the staff was asked to contribute a single centavo. The government did not have to fork over any money for the outing either. The people who combine their "resources" to make extravagant celebrations in BIR's premises possible took care of all the expenses.

Indications are that such festivities at the BIR may be curbed, if not stopped altogether, if only its chief made monitoring of the bureau's own people among its top priorities.

One BIR official, however, echoes some observers' sentiments in saying that current BIR Commissioner Guillermo Parayno is too "short-term" in his approach to the problems ailing the agency.

"*Puro siya* press release," says the official, who also expressed dissatisfaction with Parayno's seeming preoccupation with collection-related activities at the expense of other programs requiring his attention.

The BIR chief, however, told the PCIJ that he is putting in place programs that "although mainly intended to enhance revenues also address corruption through the use of information technology." These include computerizing the data on large taxpayers, electronic transmission of tax payments and an automated tax verification system, which allows for easy validation of tax identification numbers or TINs.

The BIR, however, has yet to act on a draft memorandum that would authorize the post-audit or "revalida" after almost six years of its nonenforcement. The draft was submitted for approval in October 2002, but Parayno has yet to sign it. He said, however, that the revalida will be among the projects that will be implemented this year.

"As a management tool, revalida is the most feared, in fact the only, check-and-balance mechanism, to the wild and nefarious activities of Revenue Officers (ROs), supervisors, revenue district officers, and . . . need we mention the rest?" Magalona said in a 2002 report she prepared as the BIR consultant of Agile, a USAID-funded agency.

"Revalida and continuing management performance audits are strong deterrents to the proliferation of unreported and prescribed cases for which collections may no longer be effected," she added. "Only through an in-depth review/audit of tax dockets submitted by ROs, as what is done in a 'revalida,' can one get the real picture of the quality or lack of it, of the field examinations conducted."

"Clearly," Magalona also observed, "revalida is unable to take off because it appears not to be among the priorities of the BIR-the Internal Audit Division where it is expected to be institutionalized is in total disarray due to gross mismanagement and in fact fails to perform even its simplest functions."

The draft memorandum on the revalida, however, is not the only proposal gathering dust on Parayno's desk. Similarly on the back burner is a draft revenue administrative order (RAO) authorizing the issuance of revenue bulletins that will regularly update taxpayers on tax-related laws, regulations and rulings that are inconsistent with, or have been superseded by, other issuances. A lack of knowledge of these laws and policies makes taxpayers vulnerable to harassment by BIR personnel.

Another is a draft memorandum order seeking to provide "no-ruling areas." Such a memorandum will prevent unnecessary requests for rulings by providing taxpayers with appropriate guidelines. Tax rulings, say insiders and former bureau personnel, have been a source of tax leakages in the BIR, given the agency's power to interpret tax laws, which has either been abused or applied improperly.

Both past and present BIR officials and personnel, however, agree that corruption in the agency could also be traced to a host of outside factors.

These include the failure of the Congressional oversight committee to fully exercise its functions, as mandated by the Tax Code of 1997. The committee has the power to monitor the BIR's tax administration system, particularly the conduct of tax audits. It is composed of the chairpersons of the Committee on Ways and Means of the Senate and House of Representatives and four additional members from each house, who are designated by the House Speaker and the Senate President.

According to the Congressional and Planning and Budget Office (CPBO), a revenue audit would ensure that taxes are properly "assessed, collected, and accounted for."

It describes the Committee's function this way: "The oversight function stipulated in RA 8424 (or the 1997 Tax Reform Act) is an attempt by Congress to make a more conscious effort to monitor and ensure the proper implementation of tax reforms/programs."

Another unused anti-corruption tool is the Commission on Audit (COA) Resolution No. 95-208, which asserts COA's power to audit not only government expenditures but also revenues. Almost a decade after it was issued, the resolution remains unenforced. During his term, President Joseph Estrada signed Executive Order No. 38, which directed the BIR and the Department of Finance to work with COA to enforce the resolution.

Former Audit Commissioner Sofronio Ursal, the resolution's proponent, clarified that COA would not audit the taxpayer but would review the procedures followed by the BIR's assessing and collecting officers. This makes it very similar in principle to the proposed revalida.

Some BIR insiders believe the COA cannot conduct a review audit of the BIR because the commission does not have the capability to do so.

Former BIR Commissioner Efren I. Plana, who launched an anti-corruption campaign during his stint in the BIR in the 1970s, sees it differently. He points out that during his stint as BIR chief, "I even asked for the help of COA."

"I do not believe," he adds, "in the BIR being an independent republic."