

Philippines E-PESO

SHORT-TERM CONSULTANT REPORT

BY: MARITNESS D. MACHA

ASSIGNMENT FEBRUARY 26, 2020 TO JANUARY 15, 2021

January 21, 2021

Consultant Name: Maritess D. Macha

Dates: February 26, 2020 to January 15, 2021

Destination(s): Remote/Bureau of Internal Revenue Office

I. Purpose of Assignment/Scope of Work:

In line with the increasing demand to computerize the filing of tax returns and payment of taxes due, the Bureau of Internal Revenue (BIR) seeks to provide faster, reliable and more convenient electronic services to the taxpaying public, including registering and authorizing third party tax software providers (TSPs) to submit their clients' e-tax filing and payment. The consultant shall develop the e-payments backend module, test and refine the modules through the development and testing phase, conduct User Acceptance Testing (UAT), deploy the module, and complete technology transfer. The consultant shall also develop TSP tools for five (5) additional eBIR forms.

2. Deliverables

| Deliverable Number | Deliverable | Summary |
|---------------------------|--|--|
| 1. | Systems Requirements Specification (SRS) Document The SRS shall include the functional and technical requirements needed to complete the tasks | SRS document – To be sent electronically to cbalingit@epeso.org.ph copied to tcontreras@epeso.org.ph |
| 2. | Development and deployment ePayments Backend Modules, including posting of data and reports generation. | <ol style="list-style-type: none">1. Generate CBR File processing<ul style="list-style-type: none">• Fix the searching of 5 digits of Branch code to gather the correct RDO code.2. CRDC jobs for DBP and Union Bank<ul style="list-style-type: none">• Modified fields, values and script of properties to create new CRDC job for DBP and Union Bank. |
| 3. | User Acceptance Testing (UAT) Plan and Pre-UAT demonstration Plan for testing the ePayments backend including test scenarios, triage process, defect management and acceptance criteria *Includes demonstration of backend processes and sign- | UAT Plan – to be sent electronically to cbalingit@epeso.org.ph copied to tcontreras@epeso.org.ph Location of Pre-UAT demonstration TBD |

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| | off from BIR to proceed with UAT | |
| 4. | <p>UAT Result Report and Pilot Roll-out Plan</p> <p>*Conduct of UAT *UAT Report *Pilot Roll-out Plan *Sign-off from BIR to proceed with pilot</p> | <p>UAT Result Report and Pilot Roll-out Plan – to be sent electronically to cbalingit@epeso.org.ph copied to tcontreras@epeso.org.ph</p> |
| 5. | <p>Pilot Testing Result Report</p> <p>Installing and running the applications in the production environment for 20 working days</p> <p>Testing and Production deployment report</p> | <p>Pilot Testing Result Report – to be sent electronically to cbalingit@epeso.org.ph copied to tcontreras@epeso.org.ph</p> |
| 6. | <p>Technology Transfer – including code walkthrough</p> <p>Technical Documentation</p> <p>Training</p> <p>Updated operations Manual and User’s Manual</p> | <p>Technical documentation and training materials</p> <p>to be sent electronically to cbalingit@epeso.org.ph copied to tcontreras@epeso.org.ph</p> |
| 7. | <p>On-site support</p> <p>Issue and resolution log</p> | <p>Incident log</p> <p>Documentation of fixes/response</p> |
| 8. | <p>TSP tools and documentation for 5 forms</p> | <p>TSP tools (executable files, objects, libraries, source code and documentations) for 5 forms :</p> <ol style="list-style-type: none"> 1. 1604C 2. 1604F 3. 1701(v2018) 4. 1702EX(v2018) 5. 1701A(v2018) |

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| <p>9.</p> | <p>Additional Task under ePayments: Development and deployment of ePayments Front-End modules, including new table and export data.</p> | <p>Update Online ePayment Inquiry Facility.</p> <ol style="list-style-type: none"> a. Added input block <ul style="list-style-type: none"> o Coll Date Range : Collection Date from and Collection Date To o Changes in searching transaction number to input only the part of it. o Changes the hard coded Status in dropdown list, to get the value from the new table(add new table for this item) <ul style="list-style-type: none"> ▪ Script for adding tables and data b. Added output block : <ul style="list-style-type: none"> o Branch(separate branch code from TIN), o Bank_Name-Code, o BCS_Number, o Coll RPT c. Fix previous issue exporting files using IE and Edge d. Resolved the issues in Payment where the process flag '1' not changing to '2' - Changes in codes table data and cbr cut off number of days value. |
| <p>10.</p> | <p>Other Additional Tasks: Development and deployment including sql script</p> | <ol style="list-style-type: none"> 1. Fixes on the issues raised during production for eBIRForms Offline Package ver 7.6 covering the following Income Tax Returns <ol style="list-style-type: none"> a. 1702EXv2018 b. 1702RTv2018 2. Creation of SQL file to fix the data Issue from 1Y to 2Y 3. Pagibig issues: <ol style="list-style-type: none"> a. Resolved the issues in Pagibig where the process flag '1' not changing to '2' - Changes in codes table data and cbr cut off number of days value. b. Directory Mapping for the issue Pagibig uploader encountered null error. 4. Investigation why the following occurred: <ol style="list-style-type: none"> a. Discrepancy of Data in CBR and CRDC data b. 2x uploaded Collection in UBP |

5. Notable Take Away Message

E-PESO is continuously assisting the BIR implement digital payment channels to cater to taxpayers that are not mandated to use the Electronic Filing and Payment System (eFPS). These are mostly micro and small taxpayers which include sole proprietors, self-employed individuals and professionals which represent over 90% of the tax filers. With the assistance of E-PESO, the BIR has launched GCash in 2016, online card payment (credit card and ATM/debit card) through Development Bank of the Philippines' (DBP) Pay Tax Online and Landbank's LinkBiz Portal in 2017, PESONet via Landbank's LinkBiz Portal and online payment via Union Bank of the Philippines in 2019, and PayMaya in early 2020. Transitioning tax payments to digital channels is part of the BIR's digital transformation drive.

Since the introduction of eFPS and the integration of online banking services of both Authorized Government Depository Banks (AGDBs) and Authorized Agent Banks (AABs), the BIR has been collecting bulk of its tax revenues through digital payments. The eFPS facility is complemented by new digital payment channels servicing non-eFPS tax filers. By the end of 2019, total tax revenue collected from digital payment channels (eFPS and new channels) amount to Php1.831 trillion, up by 12% from 2018. The share of digital payments in tax revenue collection was sustained at 84% in 2019, although transaction volume share increased to 17%. The 2020Q3 (January to September 2020) tax revenue collection is showing an uptrend with digital payments increasing its share to 86% as well as a significant jump in digital payment transaction share to 29%. This is primarily caused by the COVID-19 pandemic which limited the mobility of taxpayers due to the ECQ.

There is significant opportunity to grow digital payments and further increase the share of digital payments in total tax revenue collection of the BIR. With the 'new normal' being envisioned by the GPH and the business sector, digital payments will be the norm when making payments, including paying taxes. As of 2020 Q3, 78% of tax filers are already filing electronically, which is significantly up from 58% by the end of 2019. Also, the share of e-filing has jumped from 86% by the end of 2019 to 94% in the first nine months of 2020. We expect this trend to continue until the end of 2020. Expanding the digital payment options further and making the taxpayer experience more convenient and seamless, including accrediting tax filing software developed by TSPs, will push the transition of all e-filers to digital payment, thus drive transition of tax payment transactions higher than the peak 29% share noted as of 2020 Q3.