NATIONAL TAX RESEARCH CENTER

Quality Management System Manual

Conforms to ISO 9001:2015

December 19, 2016

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<th>Description</th>
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<tbody>
<tr>
<td>AFB</td>
<td>Administrative and Financial Branch</td>
</tr>
<tr>
<td>AFPCES</td>
<td>Armed Forces of the Philippines Commissary and Exchange Service</td>
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<tr>
<td>ASAP</td>
<td>As soon as possible</td>
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<tr>
<td>BIR</td>
<td>Bureau of Internal Revenue</td>
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<td>BOC</td>
<td>Bureau of Customs</td>
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<td>BPCR</td>
<td>Branch Performance Commitment and Review</td>
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<td>COA</td>
<td>Commission on Audit</td>
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<td>CSC</td>
<td>Civil Service Commission</td>
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<td>DBM</td>
<td>Department of Budget and Management</td>
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<td>DO</td>
<td>Department Order</td>
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<td>DOF</td>
<td>Department of Finance</td>
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<td>DTI</td>
<td>Department of Trade and Industry</td>
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<tr>
<td>e-FPS</td>
<td>Electronic Filing and Payment System</td>
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<td>e-NGAS</td>
<td>Electronic New Government Accounting System</td>
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<tr>
<td>EO</td>
<td>Executive Order</td>
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<td>ES</td>
<td>Executive Staff</td>
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<tr>
<td>FIRB</td>
<td>Fiscal Incentives Review Board</td>
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<td>GAA</td>
<td>General Appropriations Act</td>
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<td>GAM</td>
<td>Government Accounting Manual</td>
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<td>GOCC</td>
<td>Government-Owned and/or -Controlled Corporation</td>
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<td>GSIS</td>
<td>Government Service Insurance System</td>
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<td>HR</td>
<td>Human Resource</td>
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<td>ICT</td>
<td>Information and Communications Technology</td>
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<td>IPCR</td>
<td>Individual Performance Commitment and Review</td>
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<td>IQA</td>
<td>Internal Quality Audit</td>
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<td>IS</td>
<td>International Standard</td>
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<td>IT</td>
<td>Information Technology</td>
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<td>JLETC</td>
<td>Joint Legislative-Executive Tax Commission</td>
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<td>MFO</td>
<td>Major Final Output</td>
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<tr>
<td>MO</td>
<td>Memorandum Order</td>
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<tr>
<td>NEDA</td>
<td>National Economic and Development Authority</td>
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<td>NGA</td>
<td>National Government Agency</td>
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<td>OJT</td>
<td>On-The-Job Training</td>
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<td>ONAR</td>
<td>Office of the National Administrative Register</td>
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<td>OPCR</td>
<td>Office Performance Commitment &amp; Review</td>
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<td>PAWIM</td>
<td>Procedures and Work Instructions Manual</td>
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<td>PCB</td>
<td>Planning and Coordinating Branch</td>
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<td>PD</td>
<td>Presidential Decree</td>
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<td>PHIC</td>
<td>Philippine Health Insurance Corporation</td>
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<td>PNPSSS</td>
<td>Philippine National Police Service Store System</td>
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### List of Acronyms

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<th>Acronym</th>
<th>Description</th>
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<tr>
<td>PS-DBM</td>
<td>Procurement Service – Department of Budget and Management</td>
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<td>PX Marts</td>
<td>Procurement Services</td>
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<tr>
<td>QMR</td>
<td>Quality Management Representative</td>
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<tr>
<td>QMS</td>
<td>Quality Management System</td>
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<tr>
<td>RA</td>
<td>Republic Act</td>
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<tr>
<td>RIPs</td>
<td>Relevant Interested Parties</td>
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<td>RMIC</td>
<td>Records Management and Improvement Committee</td>
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<td>SO</td>
<td>Special Order</td>
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<td>SPMS</td>
<td>Strategic Performance Management System</td>
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<td>SRTSB</td>
<td>Special Research and Technical Services Branch</td>
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<td>URS</td>
<td>Unified Reporting System</td>
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<td>WP</td>
<td>Work Program</td>
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The National Tax Research Center (NTRC) develops and implements a Quality Management System (QMS) that conforms to ISO 9001:2015 QMS principles and requirements. Its adoption of the International Standard demonstrates its commitment to consistently provide quality products and services that exceed client expectations.

The top management fully supports and commits the effective implementation of the QMS including its continual improvement to ensure conformity to client needs and applicable statutory and regulatory requirements.

This NTRC QMS Manual describes the processes and their interactions to achieve intended results in accordance with the Quality Policy and strategic direction of the Center. It provides information on the policies, systems and procedures being adopted to ensure the effective operation and control of the processes. Monitoring, evaluation and analysis of these processes, as well as, the conduct of internal quality audit seek to determine and consequently correct and prevent nonconformities of its products and services.

The Manual aims to:

a. Describe the NTRC QMS and serve as guide for implementation by all officials and employees of the Center;
b. Define authorities and responsibilities of the personnel involved in the management and operation of the QMS; and
c. Serve as reference material to clients and relevant interested parties about the NTRC QMS.

The adoption of this QMS shall help the NTRC improve its overall performance in fulfilling its mandate, vision and mission.
2.1 History

Tax research in the Philippines was institutionalized with the enactment of Republic Act (RA) No. 2211 (May 15, 1959) creating the Joint Legislative Executive Tax Commission (JLETC). Providing technical support to the Commission Proper was a Technical Staff which was formally organized on April 1, 1960.

When martial law was declared in 1972, the commission proper of the JLETC was dissolved. Recognizing, however, the vital role of a tax research institution in the overall economic development thrust of the New Society, then President Ferdinand E. Marcos through the recommendation of the Presidential Reorganization Committee, decreed the conversion of the JLETC's Technical Staff to the NTRC. On December 6, 1972, by virtue of Presidential Decree (PD) No. 74, the NTRC was organized as a purely single-headed agency under the administrative supervision of the National Economic and Development Authority (NEDA).

More than a decade after, in another wave of government reorganization brought about by the ascendancy of Ms. Corazon Aquino to the presidency in 1986, the NTRC was made an attached agency of the Department of Finance (DOF) by virtue of Executive Order (EO) No. 127 (January 30, 1987).

2.2 Mandate

Pursuant to PD 74, the NTRC is mandated to conduct continuing research in taxation to improve the tax system and raise the level of tax consciousness among our people to achieve a faster rate of economic growth and to bring about more equitable distribution of wealth and income.

Specifically, the NTRC performs the following functions:

1. Conducts research on taxation for the purpose of improving the tax system and tax policy;
2. Provides comments/position papers on revenue proposals coming from Congress and other government offices and the private sector;
3. Recommends such reforms and revisions as may be necessary to improve revenue collection and tax administration;
4. Provides technical assistance to Congress and the DOF pertaining to taxation through studies, revenue estimates of tax proposals, and drafting of bills, among others;
5. Publishes and sends tax guides and tax information materials to officials of the executive and legislative branches of government as well as the private sector;
6. Serves as Secretariat to the Fiscal Incentives Review Board (FIRB) which acts upon application for tax subsidy of government-owned and/or -controlled corporations (GOCCs) and commissaries;
7. Serves as Secretariat to the Task Force on the Revision of Fees and Charges which provides technical assistance and monitors the revision of fees imposed by national government agencies (NGAs); and
8. Serves as Consultant to the Executive and Technical Committees on Real Property Valuation of the BIR on the revision of zonal values for tax purposes.

2.3 Vision

- To be recognized as a premier tax research institution;
- To be a more motivated and committed team of professionals that will continue to provide high quality research and technical assistance in taxation and other fiscal related matters to the DOF and other branches of the executive, legislature, local government units, the private sector and international institutions; and
- To be using state-of-the-art technology for information systems and processes.

2.4 Mission

We are the government institution dedicated to promoting a tax system that will ensure a fair distribution of the tax burden among the Filipino taxpayers. We are committed to recommend necessary improvements in the tax system by conducting continuing quality research on taxation and to provide responsive staff support to fiscal policy makers.

We are also committed to provide opportunities for professional growth and to promote the well-being of our personnel.
The NTRC adopts the following definition of terms within its QMS. Where no definition is provided, the NTRC typically adopts the definitions provided in *ISO 9000: Quality Management System – Fundamentals and Vocabulary*.

**Branch** – refers to a division (e.g. Direct Taxes Division is named as Direct Taxes Branch).

**Center** – refers to the National Tax Research Center.

**Congress** – refers to the House of Representatives and Senate of the Philippines.

**Certificate of Entitlement to Subsidy (CES)** – refers to the accountable document issued by the FIRB certifying to the amount of subsidy that is granted in favor of qualified GOCCs/AFPCES/PNPSSS/PX Marts, as well as its type, scope and effectivity.

**Citizen’s Charter** – refers to service standards of all government agencies including departments, bureaus, offices, instrumentalities, or government-owned and/or controlled corporations, or local government or district units which should be posted at the main entrance of offices or at the most conspicuous place, and in the form of published materials written in English, Filipino, or in the local dialect, that detail: (a) the procedure to obtain a particular service; (b) the person/s responsible for each step; (c) the maximum time to conclude the process; (d) the document/s to be presented by the customer, if necessary; (e) the amount of fees, if necessary; and (f) the procedure for filing complaints [RA 9485 (June 2007)].

**Commissaries** – refer to the AFPCES, PNPSSS and PX Marts which are eligible to apply for tax subsidy pursuant to the provisions of the annual GAA.

**Executive Staff** – refers to the Executive Director, Deputy Executive Director, Chiefs and Assistant Chiefs of branches/units.

**Fees and charges** – refer to levies imposed on direct recipients of public goods and services by agencies and GOCCs in the exercise of their mandated regulatory and service delivery function. These shall not include among others, premium payments made to GOCCs involved in life, general, or health insurance or pre-need services and price of books, publications and reference materials sold by the government.

**FIRB** – refers to the principal decision-making authority in the tax subsidy process. Pursuant to PD 776 and MO 23, it is an inter-agency body comprised of the heads of the following agencies: DOF, as Chairperson; and DTI, NEDA, DBM, BIR, BOC, and NTRC, as members.
FIRB Resolutions – refer to signed documents containing the considerations (whereas clauses) and actions taken (dispositive portions) relative to the grant of tax subsidy.

FIRB Secretariat – refers to the NTRC which prepares the studies as well as administrative details corresponding to all requests or applications for the availment of tax subsidy.

FIRB Technical Committee – refers to a committee composed of the representatives of FIRB member-agencies which reviews the studies on the tax subsidy requests and submits its recommendations to the FIRB.

Government Instrumentality – refers to any agency of the national government, not integrated within the department framework, vested with special functions or jurisdiction by law.

Office of the National Administrative Register (ONAR) – created pursuant to the Administrative Code of 1987. It serves as the repository of all administrative issuances by the different agencies of the Philippine Government.

Product – refers to tax studies, comments and evaluation of tax bills, assessment of tax laws and issuances and publications.

Revision of Fees Committee – refers to the committee formed by the heads of NGAs or GOCCs in charge of the rationalization of their fees.

Secretariat to the Task Force – refers to the NTRC which monitors the compliance of fee collecting agencies to the rationalization of fees (EO 218 s. 2000).

Task Force on Fees and Charges – composed of representatives from the DOF (chairperson), DBM (co-chairperson), BTr, NTRC, and the COA as members, which is responsible for the monitoring of compliance with issuances on the rationalization of fees.

Tax Research – refers to an in-depth investigation of the different facets of taxation and tax administration as they relate to the promotion of the public welfare and the socio-politico-economic objectives of the society as a whole, for the purpose of coming up with needful tax policy recommendations.

Tax Subsidy – refers to a grant or aid provided by the FIRB to concerned GOCCs or Commissaries to answer for their tax obligations for a given year/period.

Taxes – refers to a financial charge or other levies imposed upon a taxpayer by a state or its instrumentalities for public purpose.

Technical Branches – refer to Planning and Coordinating Branch, Direct Taxes Branch, Indirect Taxes Branch, Economics Branch, Fiscal Incentives Branch, Special Research and Technical Services Branch, Tax Statistics Branch and Local Finance Branch of the NTRC.

Top Management – refers to the Executive Director and Deputy Executive Director.
4.1 The NTRC and its Context

The NTRC takes into consideration and identifies external and internal issues relevant to its purpose and its strategic direction that affect its ability to achieve the intended results of its QMS.

These issues with associated risks and opportunities positively and/or negatively affect the effective, efficient and timely delivery of NTRC products and services in accordance to its mandate. The issues and the QMS processes to monitor/review the risks and opportunities are presented in Annex 1.

4.2 Needs and Expectations of Relevant Interested Parties

The NTRC identifies the relevant interested parties (RIPs) and their requirements that are significant to its QMS. The RIPs have an impact on its ability to consistently provide products and services that meet client, and applicable statutory and regulatory requirements.

The NTRC RIPs and the QMS processes to address their specific requirements are presented in Annex 2.

Except as otherwise provided, the details of the QMS processes mentioned thereat are in the Procedures and Work Instructions Manual (PAWIM).

4.3 Scope of the NTRC Quality Management System

The NTRC QMS covers all the core processes, as well as all interfacing management and support processes and activities within the NTRC as indicated in the Process Map.

Based on its identified issues of concern, requirements of its RIPs, and in consideration of its products and services, the NTRC has determined the scope of its QMS, as follows:

“Provision of tax research studies, technical assistance and tax information”

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Phone: 527-2064
Fax: 527-2071

Email Address: info@ntrc.gov.ph
www.ntrc.gov.ph

The NTRC QMS covers all Clauses of ISO 9001:2015 Standards.
4.4 Quality Management System and Its Processes

4.4.1 NTRC QMS-PDCA Cycle (Figure 1)

The NTRC employs a Plan-Do-Check-Act (PDCA) cycle to ensure the development, continual improvement and control of its QMS. The NTRC PDCA cycle can be briefly described as follows:

**Plan:** The NTRC establishes the objectives of the QMS and its processes, the resources crucial to the delivery of quality products and services in keeping with its client’s needs and expectations and in accord with NTRC policies. It is also at this stage when potential risks and opportunities are identified and addressed.

**Do:** The NTRC implements and puts into effect what has been planned.

**Check:** The NTRC monitors and measures its processes, conducts internal quality audit, match the resulting products and services against planned activities, checks if client requirements are met; and report the findings.

**Act:** The NTRC takes action based on the results of the monitoring, evaluation and audit to improve its performance.

The clients together with relevant interested parties are crucial factors in the NTRC QMS. The requirements and issues of concern are taken into consideration in the planning activities of the Center. Their feedback and satisfaction are taken as inputs for the continual improvement of its processes, products and services.
Figure 1: NTRC PDCA Cycle

Quality Management System

CONTEXT OF THE ORGANIZATION
(refer to item 4.1)

CLIENT REQUIREMENTS, NEEDS AND EXPECTATIONS

RELEVANT INTERESTED PARTIES
(Refer to item 4.2)

QMS RESULTS
- Quality Tax Studies
- Timely and Responsive Technical Assistance
- Enhanced Public Awareness on Taxation
- Increased Efficiency in Financial Management
- Continual Improvement of Products, Services and Processes

CLIENT SATISFACTION

NTRC PRODUCTS & SERVICES
- Tax Studies
- Position Paper on Tax Bills
- Assessment on Tax Laws and Issuances
- Evaluation of Tax Subsidy Applications
- Technical Advisory Services on Fees
- Publications
4.4.2 NTRC QMS Process Map (Figure 2)

The NTRC adopts a process approach for its QMS. It identifies its processes and manages each of these discretely, thereby reducing the potential for nonconformity of the products and services being offered for its clients.

Figure 2: NTRC QMS Process Map
The NTRC QMS Process Map is divided into four (4) groups of processes namely:

- **Management Processes** – those that are needed for the oversight and governance of the NTRC QMS.

- **Core Processes** – those that are necessary to be able to deliver products and services according to its client needs and expectations.

- **Support Processes** – those that are needed to manage the resources necessary to ensure the satisfactory performance of its core processes.

- **Outsourced Processes** – services of external providers which are not available within the NTRC.

The Management Processes include Strategic Planning and Control, Monitoring and Evaluation, and External Relations Management. Strategic planning identifies and considers all the external and internal issues affecting the NTRC, the risks and opportunities arising therefrom and laying out plan of action to effectively manage them. Monitoring and evaluation are done through the adoption of the SPMS, conduct of internal quality audit and compliance reporting to concerned authorities (e.g., COA, CSC, DBM). External relations management involves establishing and managing harmonious relationships with clients and other relevant interested parties.

The Core Processes include the provision of Research Services, Technical Assistance and Tax Information Dissemination. The provision of Research Services follow the procedures on conducting tax studies, position paper on bills and other tax proposals, and assessment of laws and issuances. Technical assistance is rendered by serving as Secretariat to the Fiscal Incentives Review Board and to the Task Force on Fees and Charges. Technical Assistance can also be in the form of serving as resource person in public hearings conducted on tax and non-tax proposals. Tax information dissemination is carried out through publication of NTRC Tax Research Journals, Guide to Philippine Taxes, and other information materials. The Management and the technical branches are responsible for the implementation of the Core Processes.

The Support Processes provide the necessary administrative and logistic support to the operations of the Core Processes. They involve HR Management, Financial Management, General Services, Information Services and Other Services. The AFB provides support services.

Technical branches and the AFB report feedback to the management for proper monitoring and implementation of appropriate actions. The reports are used for continual improvement of the processes, products and services.
The engagement of external providers on the provisions of office space, printing services, vehicle maintenance and communication services are integral to the core processes of the NTRC. Other outsourced services are sought as it may deem necessary.

The NTRC QMS Process Map shows the overall relationship between management processes, core processes, support processes and outsourced processes that are aligned with its mandate, vision and mission to ensure delivery of quality products and services that meet client requirements.

4.4.3 Process Controls and Objectives

The NTRC implements SPMS which focuses on linking individual performance vis-à-vis the Center’s organizational vision, mission and strategic priorities. It is envisioned as a technology composed of strategies, methods and tools for ensuring fulfillment of the functions of the NTRC and its personnel as well as for assessing their accomplishments. It is a mechanism that ensures that each employee contributes to the attainment of the objectives that it has set to achieve the strategic plan.

The NTRC SPMS is prepared and administered to:

a. Concretize the linkage of individual performance with the Center’s Mandate and Program Thrust, and the Organizational Performance Indicator Framework;

b. 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 measures; and

c. Link performance management with other human resource systems and ensure adherence to the principle of performance-based tenure and incentive system.

4.4.4 Outsourced Processes

The NTRC engages the services of external providers as may be deemed necessary. Each of these outsourced services is covered by a contract to ensure that both parties, the NTRC and the Outsourced Service Provider, are aware of their responsibilities and should abide by the terms and conditions mutually agreed upon. Their performance is monitored through their monthly accomplishment reports.

The type and extent of control applied to the outsourced process take into consideration the:

a. Potential impact of the outsourced process on the NTRC’s capability to provide products and services that conform to the requirements;

b. Degree to which the control for the process is shared; and

c. Capability of achieving the necessary control through the purchasing contract requirements. The types of controls corresponding to the outsourced products and services are in Annex 3.
5.1 Leadership and Commitment

5.1.1 General

The NTRC management provides leadership and commitment to the development and implementation of its QMS and continual improvement of its effectiveness by:

a. Taking accountability of the effectiveness of the QMS;
b. Ensuring that the Quality Policy and the Quality Objectives are compatible with the context and strategic direction of the Center;
c. Ensuring the integration of the QMS requirements into its processes, as deemed appropriate;
d. Promoting the use of process approach and risk based-thinking;
e. Ensuring that the resources needed for the QMS are available;
f. Communicating the importance of effective quality management and conforming to the QMS requirements;
g. Ensuring that the QMS achieves its intended results;
h. Engaging, directing and supporting persons to contribute to the effectiveness of the QMS; and
i. Promoting continual improvement.

5.1.2 Client Focus

The NTRC adheres to high quality standards it sets in catering to the needs and requirements of its clients [DOF, Congress, GOCCs, NGAs, private sector, international institutions, and the general public] by extending timely and quality technical assistance in the form of tax studies, researches, statistical backup, and comments on Senate and House Bills.

This is accomplished by ensuring that:

a. Client needs and applicable statutory and regulatory requirements are determined, understood and consistently met;
b. The risks and opportunities that can affect conformity of services and the ability to enhance client satisfaction are determined and addressed; and

The focus on enhancing client satisfaction is maintained.
5.2 Quality Policy

The management has developed the Quality Policy that governs day-to-day operations to ensure quality of its products and services. The Quality Policy is released, communicated and implemented throughout the Center.

**NTRC QUALITY POLICY**

*The NTRC is a leading tax research institution that conducts continuing quality research on taxation and other fiscal-related matters. The NTRC is committed to improve the tax system and raise the level of tax consciousness among the Filipino people.*

To achieve this, we shall endeavor to:

- Provide timely, relevant, quality tax studies and responsive technical assistance to fiscal policy makers;
- Publish and disseminate tax journals and guides, brochures and other tax information materials;
- Adhere to the highest standards of professionalism through continuous competency enhancement and employee empowerment;
- Provide our personnel with a working environment that is conducive to achieving our commitments and harnessing their fullest potential;
- Use appropriate technology for information systems and processes; and
- Continually improve the effectiveness of the NTRC QMS.

5.3 Organizational Roles, Responsibilities and Authorities (Figure 3)

The top management assigns responsibilities and authorities for all relevant roles in the NTRC. These are communicated through the NTRC Organizational Chart and the Quality Management Structure.

The NTRC is headed by the Executive Director assisted by the Deputy Executive Director. The Office of the Executive Director exercises supervision and control over nine branches, as follows: Planning and Coordinating Branch, Administrative and Financial Branch, Direct Taxes Branch, Indirect Taxes Branch, Fiscal Incentives Branch, Special Research and Technical Services Branch, Local Finance Branch, Economics Branch, and Tax Statistics Branch. The NTRC organizational structure, as well as, the functions of the branches and sections are described in the NTRC Operations Manual.
In addition, the overall QMS responsibilities and authorities are assigned as follows:

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<thead>
<tr>
<th>Responsibility</th>
<th>Assigned To</th>
</tr>
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<tbody>
<tr>
<td>Ensuring that the QMS conforms to applicable standards.</td>
<td>Quality Management Chairperson</td>
</tr>
<tr>
<td>Ensuring that the integrity of the QMS is maintained when changes are planned</td>
<td>Quality Management System Core Team</td>
</tr>
<tr>
<td>and implemented</td>
<td></td>
</tr>
<tr>
<td>Ensuring that the processes are delivering their intended outputs</td>
<td>Quality Management Representative</td>
</tr>
<tr>
<td>Reporting on the performance of the QMS and providing opportunities for its</td>
<td>Quality Management Representative</td>
</tr>
<tr>
<td>improvement</td>
<td></td>
</tr>
<tr>
<td>Ensuring the promotion of client focus throughout the organization</td>
<td>Deputy Quality Management Representatives</td>
</tr>
</tbody>
</table>

The Quality Management System Core Team was created and is tasked to oversee the implementation of the NTRC QMS.

Figure 3. Quality Management System Core Team

The functions, duties and responsibilities of the QMS Core Team are contained in Special Order (SO) No. 7-2016 dated August 31, 2016 as revised by SO No. 103-2016 dated November 16, 2016.
6.1 Actions to Address Risks and Opportunities

The NTRC considers risks and opportunities when taking actions within the QMS, as well as, when implementing or improving the QMS. Risks and opportunities are identified as part of the “Context of the Organization” defined in Annex 5 – Matrix on Issues, Risks, Opportunities and Action Plans.

Risks and opportunities are managed in accordance with the abovementioned document. This document defines how risks are addressed in order to minimize their occurrence and impact, and how opportunities are handled to take advantage of their benefits.

6.2 Quality Objectives and Plans to Achieve Them

As part of the adoption of the process approach, the NTRC utilizes the process objectives from the OPCR and BPCR as the main quality objectives for the QMS (Annex 6 – Quality Objectives and Plans).

The process objectives are:

a. Consistent with the Quality Policy;
b. Measurable;
c. Aligned with applicable requirements;
d. Relevant to conformity of products and services and to enhancement of client satisfaction;
e. Monitored;
f. Communicated; and
g. Updated as appropriate.

6.3 Planning of Changes

Changes to the QMS and its processes are carried out in a planned manner per NTRC Quality Objectives and Plans.
7.1 Resources

7.1.1 General

The NTRC determines and provides the resources needed to:

a. Implement and maintain the QMS and continually improve its effectiveness; and
b. Meet client requirements and enhance satisfaction.

Resource allocation is done with consideration of the capability and constraints on existing internal resources, as well as needs related to client expectations.

Resources and their allocation are assessed during management reviews.

7.1.2 People

The Management provides necessary staffing for the effective operation of the QMS, as well as its identified processes in accordance with the rules and regulations of the DBM and CSC and following the Procedure on Recruitment, Selection and Placement (refer to PAWIM).

7.1.3 Infrastructure

The NTRC determines, provides and maintains the infrastructure needed to achieve conformity to product and service requirements. Infrastructure includes:

a. Workspace and associated facilities;
b. Process equipment, hardware and software;
c. Information and communication technology; and
d. Service vehicles.

The maintenance of infrastructures is defined in the Repair and Maintenance Management (refer to PAWIM) to ensure that the preservation of the equipment is monitored effectively.

7.1.4 Environment for the Operation of Processes

The NTRC provides a clean, safe and well-lit working environment. It manages the work environment needed to achieve conformity to product and service requirements. It implements pest control schedule, housekeeping schedule and the formation of emergency response team.

Human and physical factors are considered to the extent that they directly impact on the quality of products and services rendered by the Center.

7.1.5 Monitoring and Measuring Resources

HR examination tools are subject to review, modification or revision to maintain the integrity and reliability of examination results.
The IPCR, BPCR, and OPCR are used to measure the actual performance as against planned targets of individuals, branches, and the NTRC.

7.1.6 Organizational Knowledge

The NTRC determines the knowledge necessary for the operation of its processes and to achieve conformity of products and services. These include knowledge and information obtained from:

a. Internal sources, such as existing studies, survey results, and in-house training, among others; and
b. External sources such as local and foreign scholarships, seminars, conferences, and information gathered from clients, experts or external providers.

When addressing changing needs and trends, the NTRC considers its current knowledge and determines how to acquire or access necessary additional knowledge.

7.2 Competence

Staff members performing work affecting product and service quality are competent on the basis of appropriate education, training, skills and experience. A Learning and Development Plan (refer to PAWIM) is established annually to ensure enhancement of the skills, knowledge and competence of the employees. These trainings and learning development plans maximize the potentials of the employees to perform their duties. Training of the personnel include mandatory supervisory development courses, in-house seminars, required trainings for technical and administrative staff provided by other agencies, professional development seminars, and local and foreign scholarship grants.

7.3 Awareness

Training and subsequent communication ensure that the staff are aware of:

a. The Quality Policy;
b. Quality Objectives;
c. Their contribution to the effectiveness of the QMS, including the benefits of improved performance; and
d. The implications of not conforming with the QMS requirements.

To ensure that the QMS is communicated to its employees, the management conducts Orientation Seminar on QMS and PAWIM including the Five Mandatory Procedures.

7.4 Communication

The top management ensures that internal communication takes place regarding the effectiveness of the QMS and its processes. Internal communication methods include the:

a. Use of corrective action processes to report nonconformities or suggestions for improvement;
b. Use of the results of analysis of data;
c. Meetings (periodic, scheduled and/or unscheduled) to discuss aspects of the QMS;
d. Use of the results of the internal quality audit process;
e. Internal emails; and
f. Memoranda to employees.

7.5 Documented Information

The QMS documentation includes both documents and records. Documents are controlled following the Procedure for Control of Documents. Records are controlled following the Procedure for Control of Records (refer to Five Mandatory Procedures).

Documents required for the QMS are controlled in accordance with SO No. 7-2016 dated August 31, 2016 as revised with SO No. 103-2016 dated November 16, 2016 on Record Management Improvement.
8.1 Operational Planning and Control

The NTRC plans, implements and controls the processes needed to meet the requirements of the clients for the provision of products and services and adopts and implements actions to address risks and opportunities.

Planning is accomplished through:

a. Determining the requirements for the provision of tax studies, technical assistance and tax information dissemination;

b. Establishing criteria for the processes and acceptability of tax studies, technical assistance and tax information dissemination;

c. Identifying the resources needed to achieve conformity to the requirements of the products and services provided;

d. Implementing control of the processes in accordance with established criteria; and

e. Determining, maintaining and retaining documented information to the extent necessary to have confidence that the processes have been carried out as planned and to demonstrate conformity to the requirements of the abovementioned products and services.

Outsourced processes and the means by which NTRC controls them are defined in the contracts with service providers. (refer to item 4.4.3. Matrix of Control of Outsourced Processes)

8.2 Requirements for Products and Services

8.2.1 Client Communication

The NTRC effectively communicates with clients through:

a. Submission of tax studies, maintenance of website, e-mails, among others;

b. Handling of enquiries, contracts or orders, including changes;

c. Client feedback relating to products and services, including client complaints; and

d. Handling or safekeeping of client property.

8.2.2 Determining the Requirements Related to Products and Services

Upon receipt of requests for tax studies, technical assistance and publications, the NTRC determines the:

a. Requirements specified by the client, including those for delivery and post-delivery activities;

b. Requirements not stated by the client but necessary for specified or intended use, where known;

c. Statutory and regulatory requirements related to delivery of the above products and services; and

d. Any additional requirements as determined by the NTRC.
8.2.3 Review of Requirements Related to Products and Services

Once requirements are determined, the NTRC reviews the same prior to its commitment to supply tax research studies, technical assistance and publications. This review ensures that the NTRC has the capability and capacity to meet:

a. All requirements specified by the client, including those for delivery and post-delivery activities;
b. Other requirements not stated by the client, but which the NTRC knows as being necessary;
c. All related statutory and regulatory requirements; and
d. Any contract or order requirements differing from those previously expressed.

8.2.4 Changes to Requirements for Products and Services

The NTRC updates all relevant information and documents when the requirements are changed, and ensures that all concerned staff are notified through meetings, office circulars, assignment sheets, briefings, e-mail messages, among others.

8.3 Design and Development of New Products and Services

For new designs (such as survey designs or special project designs), the NTRC ensures the translation of client needs and requirements into detailed design outputs. These address performance, reliability, testability, as well as regulatory and statutory requirements. This process ensures:

a. Design planning is conducted;
b. Design inputs (requirements) are determined;
c. Design outputs are created under controlled conditions;
d. Design reviews, verification and validation are conducted; and
e. Design changes are made in a controlled manner.

These activities are performed during project design.

8.4 Control of Externally Provided Processes, Products and Services

The NTRC ensures that purchased products and services, as well as, outsourced services contracted conform to specified purchase requirements through the Inspection and Acceptance Report.

The NTRC evaluates and selects external providers based on their ability to supply services in accordance with its requirements and the provisions of the Procurement Law (RA 9184). Criteria for selection, evaluation and re-evaluation are established.

Purchases are made via the release of formal purchase orders and/or contracts which clearly describe what is being purchased. Received products or services are then verified against requirements to ensure compliance therewith. Suppliers who provide nonconforming products or services are requested to conduct formal corrective action.
These activities are further defined in the Work Instruction on Procurement of Supplies, Materials and Equipment (refer to PAWIM) and the Work Instruction on Quality Control of Procured Goods and Services (refer to PAWIM).

8.5 Product and Service Provision

8.5.1 Control of Product and Service Provision

To control the provision of its products and services, the NTRC considers, as applicable, the following:

a. Availability of documents or records that define the characteristics of products and services as well as the results to be achieved;
b. Availability and use of suitable monitoring and measuring resources;
c. Implementation of monitoring and measurement activities;
d. Use of suitable infrastructure and environment for the operation of processes;
e. Appointment of competent persons, including any required qualifications;
f. Validation and revalidation of special processes, if applicable;
g. Implementation of actions to prevent human error; and
h. Implementation of release, delivery and post-delivery activities.

8.5.2 Identification and Traceability

Where appropriate, the NTRC identifies and monitors its products and services by suitable means. Such identification includes the status of the products and services with respect to monitoring and measurement requirements. Unless otherwise indicated as nonconforming, pending review, or some other similar identifier/control mechanisms, all products and services shall be considered conforming and meeting client’s requirements.

The NTRC monitors its products and services by coding, routing slip, assignment sheet, logbooks controlled by the PCB and concerned branches.

8.5.3 Property Belonging to Clients or External Providers

The NTRC exercises care with the client or external provider property while it is being used or under its control. Upon receipt, such property is identified, verified, tested, protected and safeguarded. If any of such property is lost, damaged or otherwise found to be unsuitable for use, this is reported to the client or supplier and records are maintained. This activity is defined in greater detail in the contracts with clients or external providers.

8.5.4 Preservation of Products

The NTRC preserves its studies and other information materials to ensure conformity to client requirements. This preservation includes identification, handling, packaging, storage (hard copy and digitized), and protection. Preservation also applies to the constituent parts of a product such as annexes, statistics, information tables, matrices, methodologies, among others.
The Records Management Improvement Committee (RMIC) defines the methods for preservation of products.

8.5.5. Post-Delivery Activities

As applicable, the NTRC documents “post-delivery activities” through **Acknowledgement Letters / Receipts** and feedback mechanism.

Post-delivery activities are conducted in compliance with the QMS defined herein. In determining the extent of post-delivery activities that are required, the NTRC considers:

- a. Statutory and regulatory requirements;
- b. Nature and intended use of its products and services;
- c. Client requirements; and
- d. Client feedback.

8.5.6 Control of Changes

The NTRC reviews and controls both planned and unplanned changes to processes to the extent necessary to ensure continuing conformity with all the requirements indicated in ISO 9001:2015.

8.6 Release of Products and Services

The NTRC sets in the **Work Programs, Assignment Sheets and Routing Slips**, the deadlines for completion and delivery of its products and services and other specifications in conformity with its client requirements. Reviews are conducted and revisions are made at appropriate stages to ensure that the requirements have been met. Approval of top management or any authorized official is required before products are released or services are delivered.

8.7 Control of Nonconforming Outputs

The NTRC ensures that products and services or other process outputs that do not conform to client requirements are identified and controlled through corrections, revisions, and updates. Suspension of delivery may be undertaken to prevent unintended use.

The controls for such nonconformities are defined in the **Control of Nonconforming Products and Services (refer to Five Mandatory Procedures)**.
9.1 Monitoring, Measurement, Analysis and Evaluation

9.1.1 General

Monitoring and measurement of the processes through the SPMS ensure that the Executive Staff evaluates the performance and effectiveness of the QMS. This guarantees that timely and appropriate interventions are undertaken to keep the program on track and ensure that its objectives or goals are met in the most effective manner.

The results of the performance evaluation/assessment serve as inputs in the planning of future programs and activities. These also aid in identifying and providing the kinds of interventions needed based on the developmental needs identified, and the basis for rewards and incentives.

Supervisors play a critical role at this stage. Their focus is to provide an enabling environment to improve team performance; and manage and develop individual potentials. This is discussed fully in the NTRC SPMS.

9.1.2 Client Satisfaction

It is the primordial goal of the NTRC to come up with quality researches, assessments/comments and information dissemination materials in taxation. As such, a Feedback Mechanism is developed to gather information on client satisfaction so that necessary steps shall be undertaken to address competency-related performance gaps.

Feedbacks such as citations and the favorable responses received by the NTRC are some of the measures of client satisfaction.

The NTRC continuously evaluates and monitors the performance of the Center and responds accordingly to ensure client satisfaction.

9.1.3 Analysis and Evaluation

Mid-year and year-end planning and assessments are conducted for the purpose of discussing NTRC performance. To ensure complete and comprehensive review, all branches submit monthly accomplishment reports to the PCB. Supervisors are also expected to keep documented evidence on the outputs of employees, which are used as basis in assessing/determining employees’ contribution to the major final output (MFO). The results of the assessments also serve as basis for the planning of programs to be implemented, formulation of policies and objectives, and continual improvement of the Center’s performance. The schedules of Planning and Assessment can be found in the NTRC SPMS Calendar.
Part of the employees' evaluation is the competency assessment vis-à-vis the competency requirements of the job. The results of the assessment shall be discussed by the top management and supervisors. The discussion focuses on the strengths, competency-related performance gaps and the opportunities to address these gaps, career paths and alternatives. Appropriate developmental interventions are implemented by the Center in coordination with the HR Division. An **Annual Learning and Development Plan** is prepared to improve the performance of the employees.

### 9.2 Internal Quality Audit

The NTRC conducts internal quality audits (IQA) at planned intervals to determine whether the QMS conforms to the requirements of the International Standard. Audits are also intended to ensure that the QMS has been effectively implemented and maintained.

These activities are defined in the **SO No. 7-2016 dated August 31, 2016 as revised by SO No. 103-2016 dated November 16, 2016** stating the duties and responsibilities of the internal quality audit team.

### 9.3 Management Review

The top management reviews the QMS, at planned intervals, to ensure its continuing suitability, adequacy and effectiveness. The review includes assessing opportunities for improvement, and the need for changes, including the Quality Policy and Quality Objectives.

The frequency of management review, agenda (inputs), outputs, required members, actions taken and other review requirements are defined in the documented procedures in the NTRC **Operations Manual and the SPMS**.

The Executive Staff conducts mid-year and year-end assessment meetings to monitor and evaluate the degree of compliance to the NTRC Programs, Activities and Projects. This phase aims to monitor, assess and analyze the performance of the Center towards the attainment of its goals and objectives with the end view of strengthening the culture of commitment and accountability. When necessary and based on the results of the IQA, the NTRC QMS may be revised and updated during said meetings.
10.1 General

The NTRC uses the QMS to improve its processes, products and services. Such improvements aim to address the needs and expectations of clients, as well as, other relevant interested parties, to the extent possible.

The NTRC determines, collects and analyses appropriate data to demonstrate the suitability and effectiveness of the QMS. To continually improve the effectiveness of NTRC QMS, the results of analysis are used to evaluate the:

- Conformity of products and services;
- Degree of client satisfaction;
- Performance and effectiveness of the QMS;
- Effectiveness of planning;
- Effectiveness of actions taken to address risks and opportunities;
- Performance of external providers;
- Conformity to requirements indicated in the MFOs and SPMS; and
- Audit findings, nonconformities and actions taken.

Annual performance and periodic management reviews are implemented to determine opportunities for further improvement to ensure the effectiveness of the QMS and prioritizing corrective action for nonconformities.

10.2 Nonconformity and Corrective Action

The NTRC takes corrective actions to eliminate the causes of nonconformity in order to prevent recurrence. Likewise, the NTRC takes preventive actions to eliminate the causes of potential nonconformities of its products and services.

These activities are done through the use of the Request for Action Form, and are defined in Corrective Action Procedure (refer to Five Mandatory Procedures).

10.3 Continual Improvement

Through the process of Management Review, the NTRC works to continually improve the suitability, adequacy and effectiveness of the QMS. This includes seeking opportunities for improvement.
Annex 1.
Issues with Associated Risks and Opportunities that Affect the Delivery of NTRC Products and Services

Annex 2.
NTRC Relevant Interested Parties and Their Requirements

Annex 3.
Matrix of Control of Outsourced Processes

Annex 4.
Issues, Risks, Opportunities and Action Plans

Annex 5
Quality Objectives and Plans

Annex 6
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