

Effectiveness of Process Improvement Initiatives Towards Improved Tax Compliance

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Abstract

This study explores the effectiveness of improvement initiatives within the Bureau of Internal Revenue (BIR) and their impact on tax compliance. Employing a quantitative-correlational analysis, data were collected from 278 BIR National Office employees using a custom-designed questionnaire. Google form links were sent to the respondents for one week. Emails were sent for follow-up. Questionnaires were subjected for reliability and validity tests via pilot testing. Results indicate that BIR employees moderately agree on the effectiveness of initiatives aimed at manual and online payment systems, while they strongly agree on the improvements in audit procedures. However, current policies regarding manual filing, online filing, and auditing are less favorably assessed. Despite this, employees view taxpayers as generally compliant across different tax processes. The analysis reveals statistically significant relationships between current policies and improvement initiatives, though these relationships have minimal practical impact. Notably, improvement initiatives related to manual payment, online payment, and computerized audit processes are shown to significantly enhance tax compliance. To address the identified gaps, proposed initiatives include refining payment systems, modernizing online processes, and advancing audit practices. Recommendations for stakeholders include focusing on refining payment systems and policies, advocating for necessary policy reforms, engaging taxpayers to provide feedback and participate in new initiatives, supporting the development of digital tax infrastructure, and conducting further research to evaluate the long-term effects of these improvements. Implementing these recommendations is expected to improve tax compliance and administrative efficiency within the BIR, thereby strengthening overall tax administration and fostering a more effective and responsive tax system.

Keywords: Tax compliance, improvement initiatives, Bureau of Internal Revenue (BIR), quantitative analysis, audit procedures