Prospects of withholding agencies in income tax filing challenges of contract-of-service personnel in selected national government agencies: An input to compliance framework

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Abstract

This study examined the income tax filing challenges experienced by Contract-of-Service (COS) personnel and assessed the effectiveness of withholding agencies in addressing these challenges. It focused on the variables of demographic profile, income tax filing challenges, and the effectiveness of withholding agencies. The study was conducted among Contract-of-Service (COS) in selected National Government Agencies in Los Baños, Laguna during the academic year 2025–2026, aiming to provide an input to a compliance framework that enhances tax compliance behavior. The study determined the respondents' demographic profile, level of tax filing challenges, and perceived effectiveness of withholding agencies. It also examined the relationships among these variables and tested the hypothesis that no significant relationships exist between them. Statistical tools such as frequency, percentage, weighted mean, standard deviation, and Pearson's correlation coefficient were used at a 0.05 level of significance. The study employed a descriptive-correlational research design. A total of 315 Contract-of-Service personnel were selected using stratified random sampling from various government agencies in Los Baños, Laguna. Data were collected through a researcher-made questionnaire consisting of three parts: demographic profile, tax filing challenges, and effectiveness of withholding agencies. The instrument was validated and administered printed forms and online platforms, ensuring confidentiality and voluntary participation. Findings revealed that Contract-of-Service personnel generally demonstrate adequate understanding of tax obligations but experience moderate challenges in technical aspects such as tax computation, penalties, and procedural processes. Awareness of filing deadlines was found to be moderate, particularly in identifying exact due dates and policy updates. Meanwhile, respondents showed relatively good familiarity with required tax forms, especially electronic filing systems. The study also found that withholding agencies are perceived as effective in providing guidance, issuing tax certificates, and communicating updates. Most importantly, a significant relationship exists between income tax filing challenges and the effectiveness of withholding agencies, indicating that stronger institutional support improves tax understanding and compliance. In conclusion, demographic factors have minimal influence on tax filing challenges, while the effectiveness of withholding agencies plays a crucial role in improving compliance. Strengthening institutional support is essential in reducing tax-related difficulties among Contract-of-Service personnel.

Keywords: Tax compliance, withholding agencies, contract-of-service personnel, tax education, filing challenges

1. Introduction

In the Philippines, the Bureau of Internal Revenue (BIR) expects every person who earns including those hired under Contract-of-Service (COS) arrangements in government agencies to file and pay their tax returns accurately and on time. Contract-of-Service (COS) personnel play an important role in the operations of government agencies, yet they often struggle with meeting their tax obligations. Unlike regular employees whose taxes are automatically withheld and filed by their respective agencies, COS personnel are personally responsible for the quarterly and annual filing of their income taxes. However, many of them lack sufficient knowledge about tax filing requirements, applicable forms and deadlines. This results in non-compliance, accumulation of penalties, and the opening of cases with the Bureau of Internal Revenue (BIR).

These lapses not only affect the financial standing of the personnel but also hinder them from obtaining BIR clearances needed for various transactions such as change in employment status, business registration, and recognition from the Civil Service Commission. The research problem centers on the challenges encountered by the Contract-of-Service personnel in ensuring proper income tax filing. Despite the existing guidelines from the BIR, gaps remain in the process, such as unclear responsibilities between agencies and personnel, inconsistent issuance of Certificates of Tax Withheld (BIR Form 2307), and limited awareness of filing procedures. These ongoing challenges show a clear need for interventions that address the gaps and promote awareness, compliance, and accountability among COS personnel.

This study aims to explore these challenges and assess how withholding agencies perform their responsibilities in assisting COS personnel. The main goal is to develop a compliance framework that can enhance efficiency and adherence to tax regulations. This study can serve as a vital support system by providing structured assistance on income tax filing. Practical demonstrations, step-by-step guidance, and compliance strategies that can equip personnel with the necessary skills and confidence to fulfill their obligations.

Through careful analysis and the design of tailored compliance measures, this study intends to enhance both the financial well-being of COS personnel and the operational effectiveness of withholding agencies. The findings can serve as the basis for a sustainable intervention program that promotes tax awareness, ensures compliance, and reduces the risks of penalties and legal complications.

1.1. Background of the Study

Taxation is the process or means by which the sovereign, through its lawmaking body, raises income to defray the necessary expenses of the government (Ballada, W., & Ballada, S., 2021). The taxation is the lifeblood of the government whereas the infrastructures and other government projects were funded through our taxes. The self-employed individuals and professionals (SEPs) along with Contract of Service (COS) personnel in government agencies are identified as a "hard to-tax" group by the Bureau of Internal Revenue (Maquiling, R., Manolong, D., Naong, T., & Sumaylo, M., 2023) because of the irregularity of their income and the challenge in monitoring compliance.

The Contract-of-Service personnel are those workers who were hired on a contractual basis to meet the daily operational needs. They are usually engaged in specific projects of other services for government agencies. Since the treatment for them is the “no employee-employer relationship” they are responsible to file and pay for their quarterly and annual taxes independently.

Most of the contract-of-service personnel who work under a Government Agency are not aware of the weight of the compliance in quarterly and annual income tax filing resulting in the increase in number of open cases and penalties from the Bureau of Internal Revenue. The personnel usually knew about their penalties when they needed the clearance from the BIR for different purposes such as change of employer, opening of business and receiving awards from Civil service commission, etc.

Failure to file income tax returns (ITRs) by contract-of-service personnel not only results in immediate penalties but also carries significant long-term implications. Accumulated penalties for late filing, such as surcharges of 25% or up to 50% in cases of neglect or fraudulent intent, along with 12% interest per annum and possible compromise penalties, can substantially increase the future tax liability of the individual. Moreover, non-compliance may lead to violations of the National Internal Revenue Code (NIRC), potentially resulting in criminal charges, fines, or imprisonment depending on the severity and intent behind the failure to file. Additionally, the absence of an official ITR can serve as a lack of proof of income, which is crucial as evidence of legitimate financial capacity for various legal and financial transactions. Failure to submit the required tax documents also creates administrative red flags within the Bureau of Internal Revenue, which may lead to further scrutiny, audits, or penalties. These consequences underscore the importance of timely and accurate tax compliance, especially for contract-of-service personnel who often lack the guidance and support.

Contract-of-service personnel often encounter challenges in income tax filing, particularly regarding the complexity of forms and the procedures involved. Their failure to comply with the said income tax filing may lead to penalties, which can cause more problems for those individuals whose income is unstable. Unlike the regular/permanent employees, the filing of their income tax return is being done by the accounting office, which the COS personnel often do not receive the same guidance and assistance. The study aims to develop strategies in income tax filing that will help the contract-of service personnel to minimize the risk of paying penalties, to aid and fulfill their tax compliance at the same time, by enhancing their knowledge about income tax filing and its penalties.

1.2. Theoretical Framework

The study is grounded by the Slippery-Slope framework of tax compliance, which distinguishes between enforced (deterrence-based) and voluntary (co-operation-based) compliance. Kirchler, Hoezl, and Wahl (2008) argue that taxpayers' behavior is shaped by two complementary forces: legitimacy (belief that the tax system is fair) and power (the threat of sanctions)

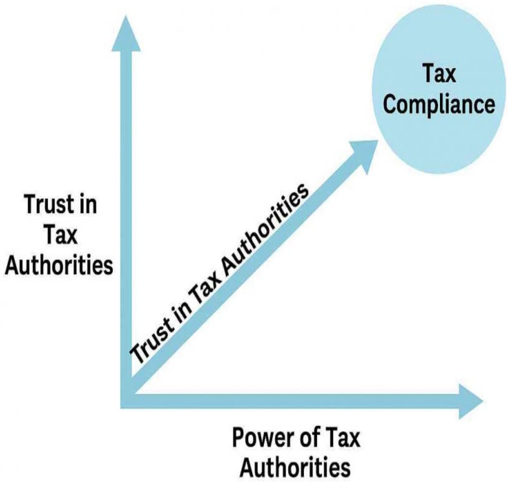


Figure 1. Slippery Slope Framework

The above framework represents the two (2) dimensional matrixes: the power of tax authorities (x-axis) and the trust in tax authorities (y-axis). The diagonal or slope shows that, through separate processes, authority and trust may both influence tax compliance.

In the context of Contract-of-Service (COS) personnel in government agencies**,** this framework is relevant because they are employed to operate in a unique position. Despite working for public institutions, they are not classified as regular government employees, hence they are not eligible for automatic tax withholding and filing assistance. Rather, like self-employed individuals, they are required to voluntarily register, file, and pay their taxes. Therefore, in addition to personal characteristics like income, education, and tax understanding, their compliance also relies on institutional trust and agency support, especially when it comes to receiving timely BIR Form 2307 certificates from their respective agencies.

Song and Yarbrough (1978, p.443) define tax compliance as self-assessment and willingness to follow tax regulations as the concept of tax compliance is when an individual accomplished their respective tax obligations by filing their Income tax return whether from business or compensation. The Individuals who are free and independently file taxes have a low percentage of compliance because the government regulations are more focused on the large taxpayers who earns millions and billions of pesos annually, which resulted in unconventional tax collection in the Philippines (Angeles 2021)

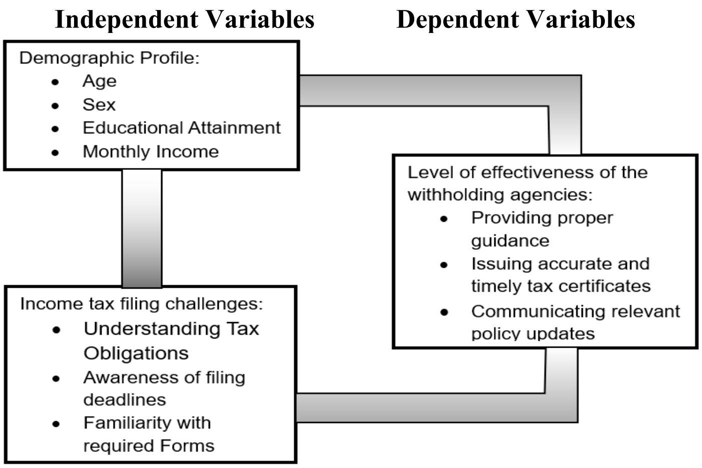
Tax penalties in the form of fines affect taxpayer compliance (Rahmayanti, N., Sutrisno T., Prihatiningtias, Y., 2020). Penalties and fines serve as a warning to remind taxpayers of the consequences of failing to fulfill their tax obligations. Taxpayers are more motivated to file accurately and on time when they are aware that failure to comply could result in financial loss or legal issues. In this sense, penalties not just serve to punish mistakes but also promote appropriate tax behavior.

Therefore, the taxpayer must understand the functions, regulations, registration, procedure for paying taxes, and tax rates. (Maquiling, R., Manolong, D., Naong, T., & Sumaylo, M., 2023) Understanding the tax system is not limited to simply knowing that taxes must be paid. It also involves understanding the general purposes and functions of taxes, the rules that control compliance, the registration process, the payment process, and the appropriate use of tax rates. This supports the notion that "knowledge is a driver of compliance" as the taxpayers are less likely to make mistakes, feel unsure, or avoid compliance when they are well-informed in these areas. Instead, they gain confidence in carrying out their responsibilities and are more motivated to cooperate and comply willingly. Thus, the Slippery-Slope Framework strengthens the study's conceptual model by explaining how both institutional trust (agency support, tax awareness) and enforcement mechanisms (penalties, legal obligations) influence the tax filing behavior of COS personnel.

1.3. Conceptual Framework

This study is designed to explore how the level of understanding and awareness affects the income tax filing compliance of Contract-of-Service (COS) personnel in a selected government agency. It aims to understand how different factors contribute to whether COS personnel file their taxes on time, correctly, and completely.

The research focuses on several key aspects: the independent variable such as the respondents' income tax filing challenges in understanding tax obligations, awareness of filing deadlines, and familiarity with required forms. The dependent variable of the study is the effectiveness of the withholding agencies, particularly in providing proper guidance, issuing accurate and timely tax certificates and communicating relevant policy updates.



1.4. Statement of the Problem

This study aimed to determine the challenges experienced by Contract-of-Service (COS) personnel in selected National Government Agencies in Los Baños, Laguna in relation to the filing of their income tax return, in accordance with the provisions of the National Internal Revenue Code (NIRC) of 1997, as amended. Specifically, it sought answer to the following questions:

1.What is the respondent's demographic profile in terms of:

1.1 Age
1.2 Sex
1.3 Educational Attainment
1.4 Monthly Income

2. What is the level of challenges of Contract-of Service personnel in terms of:

2.1 Understanding of tax obligations
2.2 Awareness of filing deadlines
2.3. Familiarity with required forms

3. What is the level of effectiveness of the withholding agencies in terms of:

3.1 Providing proper guidance
3.2 Issuing accurate and timely tax certificates
3.3 Communicating relevant policy updates

4. Is there a significant relationship between the demographic profile of the respondents and the level of Income tax filing challenges of Contract-of-Service personnel with respect to the cited variables?
5. Is there a significant relationship between the demographic profile of the respondents and the level of effectiveness of the withholding agencies with respect to the cited variables?
6. Is there a significant relationship between the level of Income tax filing challenges of the Contract-of-Service personnel and the level of effectiveness of the withholding agencies with respect to the cited variables?
7. What plan may be proposed based on the results of the study?

1.5. Hypotheses

There is no significant relationship between the demographic profile of the respondents and the level of Income tax filing challenges of Contract-of-Service personnel with respect to the cited variables.

There is no significant relationship between the level of Income tax filing challenges of the Contract-of-Service personnel and the level of effectiveness of the withholding agencies with respect to the cited variables.

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1.6. Significance of the Study

This study is significant as it aims to guide and improve the tax compliance and filing challenges faced by Contract-of-Service (COS) personnel. To help them understand their income tax filing responsibilities and the legal requirements involved in the process. This study may provide insights to the challenges and difficulties they face in complying with income tax regulations. Through the researcher's initiative and effective intervention based on the study, Contract-of-Service personnel can be better equipped to comply and reducing their chances of paying penalties due to late filings, incorrect filings, or non-compliance.

This study is significant in addressing a gap in existing literature, as there is limited to no available research that specifically focuses on the tax compliance challenges of Contract-of-Service personnel within government agencies. While previous studies have examined tax compliance in general and large taxpayers, the unique situation of COS personnel who are treated as self-employed individuals but operate within government institutions remains underexplored. Hence, this study contributes new knowledge by focusing on this specific group and their distinct compliance context.

For the Government Agencies the findings of this study can give them information about the challenges faced by the Contract-of-Service personnel. It will enable them to give assistance to those individuals leading them to improved compliance rates. This study may also help the government agencies in designing a more comprehensive and streamlined process or system that will also lead to both employee and agency compliance. Even though, the Contract-of-Service personnel has no employee-employer relationship the agency must provide necessary assistance as it is part of the agency's delivery of public service.

For future researchers and other Government Institutions, this study can provide information and may serve as reference for further studies of similar goal. This can be used as a data for comparison in tax compliance challenges of different sectors of government and various groups of taxpayers.

Finally, the result of the study may help the researcher to understand if there is a significant relationship between the level of challenges faced by the COS personnel and the effectiveness of withholding agencies. The findings will serve as an empirical foundation for policy recommendations that support both administrative efficiency and taxpayer empowerment.

1.7. Scope and limitation of the Study

The study focuses on the Income Tax Filing Challenges of Contract-of-Service personnel working in selected National Government Agencies within the Municipality of Los Baños, Laguna. The respondents were randomly selected COS personnel from the following institutions located in Los Baños, Laguna: the Bureau of Fisheries and Aquatic Resources (BFAR), Bureau of Plant Industry (BPI), Department of Environment and Natural Resources - Ecosystems Research and Development Bureau (DENR-ERDB), Department of Science and Technology - Forest Products Research and Development Institute (DOST-FPRDI), Department of Science and Technology - Philippine Council for Agriculture, Aquatic and Natural Resources Research and Development (DOST-PCAARRD), PhilRice-Los Baños, University of the Philippines Los Baños (UPLB), and the University of the Philippines Open University (UPOU).

The primary focus of the study was to assess both the role and effectiveness of withholding agencies and to identify specific tax filing challenges encountered by COS personnel. The research aimed to understand how these agency-related factors impact the compliance and tax filing practices of COS personnel.

However, the findings of this study were limited to Contract-of-Service personnel working in selected government agencies within Los Baños, Laguna. Therefore, the result may limit the generalizability in other municipalities, provinces, regions or sectors. The challenges faced by the Contract-of-Service workers in Los Baños, Laguna may not fully represent the experiences of all Contract-of-Service personnel working under the government agencies with tax filing responsibilities and may also differ from those in other provinces or in national government offices.

1.8. Review of Related Literature and Studies

This chapter provides the related literature and studies that are valuable to this study.

1.8.1. Related Literature

There are numerous taxation studies that have examined the connection between age and tax compliance, with different findings. According to CPBRD Policy Brief (2025), older individuals typically earn higher incomes than younger people due to their work experience. The higher income the individual earns, the higher the tax responsibilities which support better compliance given their financial capacity. Similarly, Pelaka et al. (2023) found tax compliance increases between 20 and 70 years, while after these years it is decreasing. This suggests that the pattern isn't linear and may change as people earn more or become more motivated at different ages as older individuals may demonstrate better compliance due to greater work experience and familiarity with tax processes, while younger COS personnel may still be developing their understanding of tax obligations.

However, Kumi et al. (2023) showed a mixed reaction on the influence of age on tax compliance behavior indicating that the relationship between age and tax compliance is not simple or direct. Whereas Afif and Setiawan (2019), Ekpo and Beredugo (2023), and Nugroho and Sulistyawati (2019) argue that age does not significantly impact tax compliance, this questions whether age should be viewed as a primary factor in determining tax compliance. This implies that age alone may not be a strong determinant of compliance, as their tax behavior may depend more on awareness, and familiarity with filing procedures rather than their age group.

On the other hand, Ikhsan et al. (2023) affirm that demographic characteristics revealed that age affects tax compliance. It highlights that age contributes to compliance behavior, but it interacts with other factors such as income, awareness, and their understanding. That et al. (2022) found that age is significantly related to both education and compliance behavior, highlighting the importance of taxpayers aged 14 to 34 as key contributors to the personal income tax base. Irnanda et al. (2022) further support that there is a significant effect between age and tax compliance. This indicates that age may influence compliance when combined with factors such as educational attainment and tax awareness, rather than acting as an independent predictor.

In relation to COS personnel, whose ages vary widely from young graduates entering government service to older workers, meaning their experience in handling personal tax responsibilities may also differ significantly. As That et al. (2022) suggested, tax authorities and policymakers should consider different ages when formulating policies and compliance strategies to better accommodate taxpayer diversity. Some studies emphasize that older individuals generally earn more and may comply better due to experience and financial stability, but some also suggest compliance peaks during middle age and decline later. These variations highlight the need for tax policies that address the diverse behaviors of different age groups.

Moreover, existing literature also suggests that other demographic factors, such as gender, may influence tax behavior. For instance, Lopez-Luzuriaga et al (2023), indicate that women are more likely to pay taxes than men because women are typically more diligent in paying their taxes. The notion that gender influences tax behavior is further supported by Yiman and Asmare's (2020) as observed that there is a significant variation in behaviour between men and women regarding tax compliance, with women being found to be more compliant than men. This suggests that female COS workers may exhibit more careful and responsible tax filing practices that may lead to fewer errors and more timely compliance compared to their male workers.

D'Attoma et al. (2019) examined whether gender differences in tax compliance where the findings show that women declare a significantly higher percentage of their incomes than men in all countries, indicating recurring trends of increased compliance among women worldwide. Damayanti et al, (2020) also noted that women consider the positive and negative impacts of tax burdens (including tax fines) if they do not pay taxes, which may explain their more cautious and compliant behavior. Similarly, among COS personnel, such cautious behavior may influence more accurate filing and timely compliance, especially given their direct responsibility for managing tax obligations.

In contrast, some studies argue that gender does not influence tax behaviour; Rahmawati and Dwijayanto (2021) and Garuba and Erichie (2022) both concluded that tax compliance is not affected by gender, highlighting the inconsistency in empirical findings. Additionally, Yesaya and Imas (2020) conducted a study where results show that gender and trust in government have a significant impact on the perception of fairness and the compliance decision. Twesige, et al (2024) observed that male taxpayers' compliance is influenced by fairness of tax system, tax rates, economic factors and tax penalties. This implies that among COS personnel, tax compliance may not solely depend on gender but may also be shaped by external factors such as trust in government, perceived fairness, and economic conditions, making gender influence inconclusive.

1.8.2. Related Studies

According to the study of Java and Guevarra (2024), the majority of self-employed individuals and professionals are sole proprietors engaged in service-oriented activities, with nearly half earning an annual income of Php 250,000 and below. This income distribution highlights the predominance of small-scale earners within the self-employed sector. Similarly, Paco and Quezon (2022) observed a high level of tax awareness among micro and small enterprises with findings showed that educational attainment, penalties, and tax awareness are statistically significant predictors of tax compliance. Pascual and Plata (2022) emphasized that taxpayers who possess adequate knowledge of tax regulations, filing procedures, and compliance requirements are more likely to fulfil their tax obligations accurately and on time. Their findings further suggested that institutional support and continuous tax education play a significant role in improving voluntary tax compliance among self-employed individuals and other non-regular taxpayers.

Further, self-employed individuals exhibit high tax compliance (Java and Guevarra, 2024), especially in registering their self-employment with the Bureau of Internal Revenue using BIR Form 1901. However, compliance was comparatively lower for ongoing duties like keeping records during the mandatory retention term, suggesting that continuous record-keeping responsibilities present more difficulties than initial registration. This pattern aligns with the findings of Paco and Quezon (2022), who discovered that micro and small businesses typically adhere to BIR laws to a significant degree.

A study conducted among self-employed individuals in Davao City (Maquiling et al, 2023) found that taxpayers are generally compliant in terms of administrative requirements and the submission of tax returns. The results suggest that compliance behavior is largely shaped by external structures and support systems rather than individual characteristics or income level. This finding is relevant to Contract-of-Service personnel, who are similarly classified as self-employed for tax purposes. Higher compliance rates are seen in structured businesses with accounting personnel and online BIR platforms (Paco and Quezon, 2022); this conclusion also applies to COS employees who are self-employed under RMC 51-2018.

The study of Calcetas, et al (2023), the high tax compliance intention observed among self-employed individuals in Nasugbu suggests that self-employed individuals, similarly Contract-of-Service personnel classified as self-employed under RMC 51-2018, are likely to comply when they recognize the benefits associated with proper tax filing.

Umali (2024) discovered that Cabuyao City has a high degree of tax compliance; nonetheless, the study highlights that increasing tax literacy might not be enough to improve compliance. Taxpayer behavior is greatly influenced by elements like the ease of filing taxes and the penalty for non-compliance. Contract-of-Service (COS) employees, who are categorized as self-employed, are affected by this conclusion. It implies that increasing awareness, strengthening institutional support, streamlining filing processes, and enforcing compliance measures are all necessary to improve COS compliance.

Renoria (2024), indicates in a study that majority indicated just 2–7% of respondents correctly identified 6–7 deadlines, and roughly 13% showed moderate awareness. These findings highlight that most self-employed taxpayers have insufficient knowledge of filing deadlines, which can lead to unintentional non-compliance. This highlights that tax education programs and institutional advice contribute to raising awareness of tax duties and ensuring timely filing and payment of taxes for Contract-of-Service (COS) personnel, who are categorized as self-employed.

1.9. Synthesis

The reviewed literature shows that socioeconomic factors such as income and education, and demographic factors such as age and gender, and cognitive factors such as tax knowledge and understanding have an impact on tax compliance. Studies consistently show that educational attainment, income level, tax knowledge and tax awareness contribute to a taxpayers' capacity and willingness to comply with their tax obligations.

However, findings on demographics such as gender and age remain inconsistent, suggesting that these factors do not independently determine compliance behavior and might vary depending on the situation. Taxpayer behavior is also influenced by institutional factors like fines, penalties, and the support and assistance from withholding agencies. This implies that compliance is not solely dependent on personal characteristics but is shaped by a combination of internal and external factors.

Moreover, literature highlights the significant role of institutional factors, particularly the effectiveness of withholding agencies in improving the COS personnels' compliance. The provision of proper guidance, timely and accurate issuance of tax certificates, and clear communication of policy updates help reduce filing challenges and enhance taxpayer understanding.

Despite the extensive literature on tax compliance, no existing studies specifically examine Contract-of-Service (COS) personnel in Philippine government agencies. Prior research focuses on Self-Employed Professionals (SEPs), entrepreneurs, and Micro, Small and Medium Size Enterprise (MSME) that operate independently and outside government organizational structures or the jurisdiction of the Civil Service Commission (CSC). This gap highlights a critical area in public administration research. Unlike SEPs, COS personnel function within government institutions, engaged through short-term contracts, rely on their agencies for the issuance of BIR Form 2307, and face unique administrative limitations due to "no employer–employee relationship" rule. This study addresses this gap by examining the tax filing challenges of Contract-of-Service personnel and the role of withholding agencies in supporting their compliance.

2. Research Methodology

This chapter consists of research design, population and sampling techniques, research instruments, research procedures and statistical treatment of data.

2.1. Research Design

This research utilized a descriptive research design employing correlational methods and stratified random sampling technique with the use of a questionnaire as a tool in gathering the data from contract-of-service personnel in selected National Government Agencies within the Municipality of Los Baños, Laguna.

Data were collected through questionnaires aimed at describing respondents' characteristics and examining relationships between variables such as tax understanding, withholding agencies' effectiveness, and challenges faced by Contract-of-Service personnel.

This design was chosen because it enabled the researcher to explain existing conditions, provide a realistic profile of the respondents, and determine the direction and strength of correlations between variables. The correlational component of the design focused on examining the relationships between important variables such as tax understanding, the challenges faced by Contract-of-Service personnel, and the effectiveness of withholding agencies. Meanwhile, the use of a stratified random sampling technique ensured that the sample from the different national government agencies involved was accurately represented.

2.2. Population and Sampling Techniques

This study utilized stratified random sampling technique to ensure that the sample accurately represented the overall population of Contract-of-Service personnel in the selected National Government

Agencies within the Municipality of Los Baños, Laguna.

The respondents of this study were Contract-of-Service (COS) in selected National Government Agencies within the Municipality of Los Baños, Laguna. These workers were hired through short-term contracts to perform specific tasks or projects that required skills or expertise. Unlike regular government employees, COS personnel were not granted permanent positions or standard civil service benefits. Their employment was focused on completing assigned deliverables within a set period, reflecting the temporary and project-based nature of their work.

The Contract-of-Service (COS) respondents were drawn from the following national government agencies located in Los Baños: the Bureau of Fisheries and Aquatic Resources – Los Baños (BFAR-LB); Bureau of Plant Industry – Los Baños Center (BPI); Department of Environment and Natural Resources – Ecosystems Research and Development Bureau (DENR-ERDB); Department of Science and Technology – Forest Products Research and Development Institute (DOST-FPRDI); Department of Science and Technology – Philippine Council for Agriculture, Aquatic and Natural Resources Research and Development (DOST-PCAARRD); Philippine Rice Research Institute – Los Baños (PhilRice-LB); University of the Philippines Los Baños (UPLB); and the University of the Philippines Open University (UPOU).

Table 1. Population and Sample Size

NAME OF THE AGENCY	POPULATION SIZE	SAMPLE SIZE
Bureau of Fisheries and Aquatic Resources (BFAR)	90	19
Bureau of Plant Industry – Los Baños Center (BPI)	7	2
Department of Environment and Natural Resources - Ecosystems Research and Development Bureau (DENR-ERDB)	186	40
Department of Science and Technology - Forest Products Research and Development Institute (DOST-FPRDI)	100	21
Department of Science and Technology - Philippine Council for Agriculture, Aquatic and Natural Resources Research and Development (DOST PCAARRD)	156	33
PhilRice-Los Baños	148	32
University of the Philippines Los Baños (UPLB)	698	148
University of the Philippines Open University (UPOU)	96	20
Total	1481	315

In Table 1, the sample size was computed using Yamane's Formula, expressed as:

$$n = \frac{N}{1 + N(e)^2}$$

where:
n= sample size,
N= total population of respondents in the identified government agencies

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e= margin of error (0.05 for 95% confidence level).

The total population consisted of 1,481 Contract-of-Service personnel across eight (8) selected agencies and using a margin of error of 0.05 with a 95% level of confidence, this resulted in an overall sample size of 315 respondents. To ensure fair representation, the sample was proportionally allocated to each agency based on its size.

2.3. Research Instrument

The research instruments for this study consisted of a researcher-made survey questionnaire specifically designed to gather data from Contract-of-Service (COS) personnel employed in selected national government agencies within the Municipality of Los Baños, Laguna. The questionnaire was carefully constructed and developed based on the study's conceptual framework, existing tax regulations, and standard functions of withholding agencies to ensure alignment with the study objectives.

The instrument was composed of three parts intended to capture relevant information. The first part focused on the background information of the respondents, such as age, sex, educational attainment, and income. This information provided a foundation for interpreting the data across various demographic groups.

The second part of the questionnaire measured respondents' level of understanding regarding their income tax obligations, their awareness of tax filing deadlines, and their familiarity with the specific forms they were required to accomplish. This part was presented using a Likert-scale format to assess the extent to which respondents understood filing procedures, knew the appropriate forms (such as BIR Forms 1701, 1701A, 2307, etc.), and were aware of filing deadlines. This part aimed to determine the degree of tax literacy among COS personnel and identify possible gaps that might contribute to filing challenges.

The third part of the instrument focused on respondents' perceptions of the withholding agencies' effectiveness in fulfilling their roles, particularly in providing clear guidance on tax matters, issuing accurate and timely tax certificates, and communicating relevant policy updates. The items in this section were aligned with the standard duties of agencies and were intended solely to gather feedback for service improvement. The statements did not imply any deficiency or non-compliance on the part of the withholding agencies.

The questionnaire was developed using a formative measurement model, wherein each indicator contributed a distinct and essential dimension to the constructs under study, rather than reflecting a single underlying trait. In this model, the items collectively formed the overall concept of tax understanding, familiarity with requirements, and withholding agencies' effectiveness. To ensure the quality of the instrument, its content was subjected to expert validation for clarity, relevance, and alignment of each item with the study's objectives. The experts' feedback guided the refinement of the questionnaire to enhance its accuracy and appropriateness.

In addition to the survey questionnaire, a Participation Briefer/Information Sheet and consent form were included. The sheet provided a clear explanation of the study, the voluntary participation, procedures, duration, confidentiality, and the researcher's information along with the Consent Form and the respondents' rights, such as the freedom to decline or withdraw at any time without incurring any consequences. These documents were provided to maintain ethical research standards and ensure that participants are well-informed prior to their involvement in the study.

2.4. Research Procedure

The study followed a systematic process that began with the preparation of the research instruments and the identification of the target agencies and respondents. After the questionnaires were constructed and validated, the researcher sought formal permission through a written request to the Selected National Government Agencies within the Municipality of Los Baños, Laguna for the conduct of the study and to administer the questionnaire in relation to data collection. The questionnaires were countersigned by the

Thesis Adviser; hence they were considered authentic sources of data for the research being conducted.

Prior to the distribution of the questionnaire, a Participant Briefer and an Informed Consent Form were provided to all prospective respondents. The Participant Information Sheet contained the title of the study, participants, procedures, duration, confidentiality, and the researcher's information. It also outlined how the data was treated with confidentiality and used solely for academic purposes. The Consent Form was given together with the Participation Briefer; the participants provided their consent attesting to their voluntary participation in the study.

The questionnaire was distributed either in printed form or via Google Forms, depending on the preference and accessibility of each agency. Respondents were given sufficient time to accomplish the instrument, ensuring they provided thoughtful and accurate responses. The researcher ensured confidentiality of the data collected and made sure that the respondents understood the purpose of the study and the voluntary nature of their participation.

The researcher also recognized that respondents' level of awareness might affect their honesty and effectiveness in answering the questionnaire; thus, the respondents were given the option to remain anonymous. The researcher personally retrieved the completed questionnaires, after which the data were tallied, presented in tabular form, analyzed and interpreted, and the results were presented in the research findings.

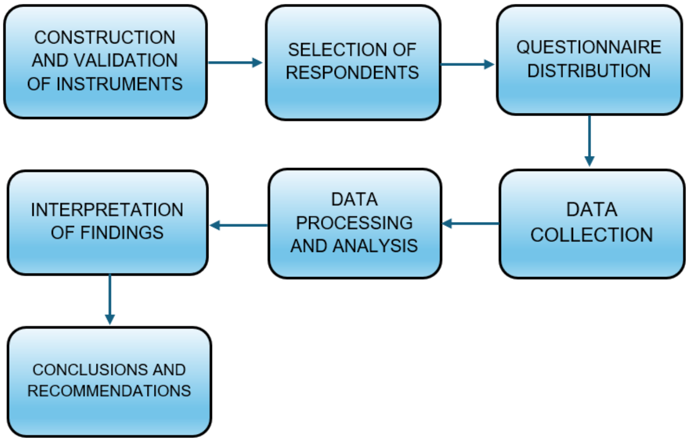

Figure 3. Research Procedure

2.5. Statistical Treatment

The researcher used the following statistical tools: frequency, percentage, weighted mean, and standard deviation.

Frequency and percentage were utilized in this research to describe the respondents' profile, while the weighted mean was used to determine the level of awareness on various aspects such as familiarity with tax forms, deadlines, penalties, and the perceived importance of tax obligations.

Although age and monthly income are ordinal due to grouped categories, they were treated as interval variables by assigning numerical codes, as the categories are ordered and suitable for Pearson correlation analysis.

Pearson's correlation coefficient was used to assess the strength and direction of the relationship between the independent variables, such as demographic factors and the challenges faced by Contract-of-Service personnel and the dependent variable, which is the level of effectiveness of withholding agencies.

Table 2. Correlation Range

r	Interpretation
<0.20	Slight; almost negligible relationship
0.20 – 0.40	Low correlation, definite but small relationship
0.40 – 0.70	Moderate correlation, substantial relationship
0.70 – 0.90	High correlation, marked relationship
>.90	Very High correlation, very dependable relationship

Source: Guilford's (1973) Rule of Thumb for Interpretation of Correlation Coefficient

Correlation was interpreted using the values in Table 2 based on Guilford's (1973) Rule of Thumb for Interpretation of Correlation Coefficient. Pearson product-moment correlation coefficient was used to determine the relationship between the effectiveness of withholding agencies and the level of Income tax filing challenges of Contract-of-Service personnel in terms of timeliness, accuracy, correctness of payments, and overall satisfaction.

Table 3. Five Point Likert Scale for Understanding, Awareness & Familiarity

Rating Scale	Numerical Values	Verbal Interpretation		
		Understanding	Awareness	Familiarity
5	4.21-5.00	Very High Understanding	Highly Aware	Very Familiar
4	3.41-4.20	High Understanding	Aware	Familiar
3	2.61-3.40	Moderate Understanding	Moderately Aware	Moderately Familiar
2	1.81-2.60	Low Understanding	Slightly Aware	Slightly Familiar
1	1.00-1.80	Very Low Understanding	Not Aware	Not Familiar

Source: Adapted and modified from Scribbr (2023)

Table 4. Five Point Likert Scale for Effectiveness

Rating Scale	Numerical Values	Descriptive Value/Verbal Interpretation
5	4.21-5.00	Very Effective
4	3.41-4.20	Effective
3	2.61-3.40	Moderately Effective
2	1.81-2.60	Slightly Effective
1	1.00-1.80	Not Effective

Source: Adapted and modified from Scribbr (2023)

The understanding of tax obligations, awareness of tax filing deadlines, familiarity with the required forms, and effectiveness of the withholding agencies were measured using the values in Tables 9 and 10, with a five-point Likert scale to quantify the responses.

The verbal interpretation for understanding of tax obligations was categorized as Very High Understanding, High Understanding, Moderate Understanding, Low Understanding, and Very Low Understanding. This reflects the level of respondents' comprehension of tax responsibilities, including procedures, computation, and penalties, where higher responses indicate greater understanding.

For awareness of filing deadlines, the interpretation was classified as Highly Aware, Aware, Moderately Aware, Slightly Aware, and Not Aware. This describes the extent to which respondents are informed about tax schedules, deadlines, and required filing periods.

In terms of familiarity with required forms, the scale included Very Familiar, Familiar, Moderately Familiar, Slightly Familiar, and Not Familiar. This indicates respondents' level of knowledge and ability to identify, understand, and properly accomplish the necessary tax forms.

For the effectiveness of withholding agencies, the verbal interpretation consisted of Very Effective, Effective, Moderately Effective, Slightly Effective, and Not Effective. This reflects respondents' perception of how well withholding agencies provide guidance, issue accurate tax certificates, and communicate relevant policy updates.

3. Results and Discussion

This chapter presents the presentation, analysis and interpretation of data.

The research focused on the Prospects of Withholding Agencies in Income Tax Filing Challenges of the Contract-of-Service Personnel in selected National Government Agencies.

Data collected during the conduct of the study, together with their corresponding analyses and interpretations, as well as the statistical treatment of the results were presented and discussed as follows:

Table 5. Profile of the Respondents in Terms of Age

Age	Frequency	Percentage
20-29	161	51.1
30-39	116	36.8
40-49	21	6.7
50 and above	17	5.4
Total	315	100

Table 5 presents the age distribution of the respondents. The majority belong to the 20–29 age group, comprising 161 or 51.1% of the total respondents. This was followed by those aged 30–39, accounting for 36.8%. Meanwhile, 6.7% fell under the 40–49 age group, while 5.4% were aged 50 years and above. The results indicated that most Contract-of-Service personnel in the selected agencies are relatively young professionals.

The findings indicated that a large proportion of Contract-of-Service personnel were in the early stages of their careers, which may have influenced their level of tax awareness and compliance behavior. According to the CPBRD Policy Brief (2025), younger taxpayers were still developing their financial responsibilities and tax awareness compared to older individuals who generally possessed greater work experience and financial obligations. Similarly, Pelaka et al. (2023) found that tax compliance tended to increase as individuals gain more work experience and financial responsibility over time. This meant that younger COS personnel were still in the process of developing familiarity with tax obligations and filing procedures.

However, previous studies had noted that the relationship between age and tax compliance was not always consistent. Ekpo and Beredugo (2023), as well as Nugroho and Sulistyawati (2019), reported that demographic factors such as age did not significantly influence compliance behavior in certain contexts.

Table 6. Profile of the Respondents in Terms of Sex

Sex	Frequency	Percentage
Male	142	45.1
Female	173	54.9
Total	315	100

Table 6 presents the distribution of respondents according to sex. Out of 315 respondents, 173 or 54.9% were female, while 142 or 45.1% were male, indicating a slight predominance of female respondents.

A difference of 9.8 percentage points suggested that although females outnumbered males, the distribution remained relatively balanced, ensuring representation from both groups. This implied that the data gathered reflected the perspectives of both male and female Contract-of-Service (COS) personnel.

The findings further indicated that while female respondents (54.9%) slightly outnumbered male respondents (45.1%), gender differences did not consistently affect tax compliance behavior. This finding supported the findings of Afif and Setiawan (2019), which indicated that demographic characteristics such as gender did not always have a significant effect on tax compliance. Rahmawati and Dwijayanto (2021) and Garuba and Erichie (2022) both concluded that tax compliance is not affected by gender, highlighting the inconsistency in empirical findings.

Table 7. Profile of the Respondents in Terms of Educational Attainment

Educational Attainment	Frequency	Percentage
Elementary Graduate	2	0.6
High School Graduate	14	4.4
College Undergraduate	38	12.1
Bachelor’s Degree Graduate	255	81.0
Master’s Degree Graduate	6	1.9
Doctorate Degree Graduate	0	0
Total	315	100

Table 7 presents the distribution of respondents according to educational attainment. The majority were Bachelor’s Degree graduates, comprising 81.0% of the total respondents. This was followed by College Undergraduates (12.1%), High School graduates (4.4%), Master’s degree holders (1.9%), and Elementary Graduates (0.6%). Notably, there were no respondents with a Doctorate Degree (0.0%). The results indicated that most Contract-of-Service personnel possessed a college-level educational background.

Regarding educational attainment, the findings indicated that the majority of respondents were Bachelor’s degree holders (81.0%), suggesting that most Contract-of-Service personnel possessed a relatively high level of education. According to Nadia & Pravitasari (2022) and Salawati et al. (2021), higher educational attainment improves taxpayers' understanding of tax systems and improved their ability to comply with tax obligations due to greater familiarity with procedures and documentation requirements. Similarly, Kwok (2025) explained that education strengthened the capacity of taxpayers to comprehend tax regulations, which might contribute to improved compliance behavior.

Table 8. Profile of the Respondents in Terms of Monthly Income

Monthly Income	Frequency	Percentage
Below ₱10,000	0	0
₱10,001 – ₱20,000	47	14.9
₱20,001 – ₱30,000	122	38.7
₱30,001 – ₱40,000	114	36.2
₱40,001 and above	32	10.2
Total	315	100

Table 8 presents the distribution of respondents according to monthly income. The majority of respondents earned ₱20,001–₱30,000, representing 38.7% of the total respondents. This was followed by those earning ₱30,001–₱40,000 (36.2%), ₱10,001–₱20,000 (14.9%), and ₱40,001 and above (10.2%). Notably, there were no respondents reporting a monthly income below ₱10,000 (0.0%). The findings indicated that most Contract-of-Service personnel fell within the middle-income bracket.

These results further indicated that most respondents fell within the ₱20,001–₱30,000 (38.7%) and ₱30,001–₱40,000 (36.2%) income ranges, suggesting that Contract-of-Service personnel generally belong to the middle-income group. According to Oviedo and Guzman (2020), income level influences an individual's ability to comply with tax obligations, as higher income provides greater financial capacity to meet tax requirements.

Table 9. Level of Income Tax Filing Challenges of Contract-of Service personnel in terms of Understanding of tax obligations

Indicators	Mean	Standard Deviation	Remarks
1. I am aware of my responsibilities and duties as a taxpayer.	4.43	0.73	Very High Understanding
2. I know the types of taxes I am required to pay.	3.85	0.93	High Understanding
3. I understand how to compute my tax liabilities.	3.15	1.04	Moderate Understanding
4. I understand the consequences of not filing or paying taxes on time.	4.30	0.78	Very High Understanding

5. I understand how penalties and interest are computed for late filing or payment.	3.09	1.19	Moderate Understanding
6. I know where to access accurate information about tax guidelines and procedures.	3.50	0.88	High Understanding
7. I am familiar with the step-by-step procedures for tax registration, filing, payment, and closing.	3.36	0.96	Moderate Understanding
General Weighted Mean	3.67		
Standard Deviation	0.69		
Verbal Interpretation	High Understanding		

Legend: 4.21-5.00 Very High Understanding, 3.41-4.20 High Understanding, 2.61-3.40 Moderate Understanding, 1.81-2.60 Low Understanding, 1.00-1.80 Very Low Understanding

Table 9 presents the level of challenges of Contract-of-Service (COS) personnel in terms of understanding of tax obligations, as interpreted using the five-point Likert scale.

The results showed that respondents agreed that they understand their responsibilities and duties as taxpayers, which garnered the highest mean (4.43), indicating a high level of understanding. They also agreed that they understood the consequences of not filing or paying taxes on time (4.30), knew the types of taxes they were required to pay (3.85), and knew where to access accurate tax information (3.50).

Despite these strengths, several indicators fell within the moderate range, particularly in understanding how to compute tax liabilities (3.15), how penalties and interest are computed (3.09), and familiarity with step-by-step procedures for tax registration, filing, payment, and closure (3.36).

These results indicate that while respondents demonstrated a high level of understanding and general knowledge of tax responsibilities, they experienced moderate challenges in technical and procedural aspects of taxation, particularly in computation and compliance processes.

Thus, although the overall interpretation reflects a high level of understanding, the presence of moderate scores in technical areas highlights underlying challenges that may affect accurate and timely tax compliance.

The findings were aligned with the studies of Purnamasari & Sudaryo (2022); Maquiling et al. (2023), which emphasized that tax knowledge and understanding significantly affected compliance. However, the moderate responses regarding tax computation and penalties indicated moderate gaps in technical knowledge, which support the findings of Mbilla et al. (2020) and Kurniawan (2020) that education and formal tax training influence the ability to correctly file and pay taxes.

Table 10. Level of Income Tax Filing Challenges of Contract-of Service personnel in terms of Awareness of filing deadlines

Indicators	Mean	Standard Deviation	Remarks
1. I clearly understand the tax filing and payment deadlines.	3.65	1.01	Aware
2. I know that different types of taxes I am required to file have different deadlines.	3.29	1.07	Moderately Aware
3. I am aware of whether my tax obligations are filed monthly, quarterly, or annually.	3.65	0.99	Aware
4. I am aware of the updates or changes in tax policies related to filing deadlines.	2.72	1.18	Moderately Aware
5. I can identify the exact calendar due dates for my tax requirements.	3.11	1.08	Moderately Aware
General Weighted Mean	3.28		
Standard Deviation	0.92		
Verbal Interpretation	Moderately Aware		

Legend: 4.21-5.00 Highly Aware, 3.41-4.20 Aware, 2.61-3.40 Moderately Aware, 1.81-2.60 Slightly Aware, 1.00-1.80 Not Aware

Table 10 presents the level of income tax filing challenges of Contract-of-Service (COS) personnel in terms of awareness of filing deadlines. The general weighted mean of 3.28 fell within the 2.61–3.40 range, which was interpreted as Moderately Aware, indicating a moderate level of awareness among respondents. The results showed that respondents were aware of the tax filing and payment deadlines (3.65) and whether their tax obligations were filed monthly, quarterly, or annually (3.65).

However, several indicators fell within the moderate awareness range, including knowledge that different types of taxes had different deadlines (3.29), the ability to identify exact calendar due dates (3.11), and awareness of updates or changes in tax policies related to filing deadlines (2.72). Notably, the lowest mean score was observed in awareness of policy updates, suggesting that respondents were less informed about changes in tax regulations, which might have contributed to confusion or missed deadlines.

These results indicated that while Contract-of-Service personnel demonstrated basic awareness of filing schedules, there were still notable gaps as they experienced moderate difficulty in fully understanding and keeping track of specific deadlines and updates. Overall, Contract-of-Service personnel were only moderately aware of filing deadlines (3.28), particularly in identifying exact due dates and monitoring policy changes. This finding was consistent with Renoria (2024) and Java and Guevarra (2024), who reported that self-employed taxpayers, including Contract-of-Service personnel categorized as self-employed under RMC 51-2018, often lacked full knowledge of deadlines, leading to unintentional non-compliance.

Furthermore, this supported the argument of Moridu et al. (2022) that tax awareness alone did not guarantee full compliance; institutional support and procedural guidance were equally important.

Table 11. Level of Income Tax Filing Challenges of Contract-of Service personnel in terms of Familiarity with required forms

Indicators	Mean	Standard Deviation	Remarks
1. I know the types of documents generally required for filing tax returns.	3.35	0.91	Moderately Familiar
2. I am familiar with the contents and purpose of different tax forms.	3.26	0.85	Moderately Familiar
3. I know how to correctly fill out the necessary tax forms.	3.59	0.87	Familiar
4. I know which forms apply to my specific tax situation.	3.17	0.93	Moderately Familiar
5. I understand the instructions and fields in each tax form.	3.48	0.88	Familiar
6. I am familiar with the electronic (eBIR) versions of required tax forms.	3.88	0.83	Familiar
General Weighted Mean	3.46		
Standard Deviation	0.74		
Verbal Interpretation	Familiar		

Legend: 4.21-5.00 Very Familiar, 3.41-4.20 Familiar, 2.61-3.40 Moderately Familiar, 1.81-2.60 Slightly Familiar, 1.00-1.80 Not Familiar

Table 11 presents the level of income tax filing challenges of Contract-of-Service personnel in terms of familiarity with required forms. The general weighted mean of 3.46 fell within the 3.41–4.20 range, which was interpreted as familiar, indicating that respondents generally demonstrated familiarity with the required tax forms.

Among the indicators, the highest mean score was observed in familiarity with electronic (eBIR) filing of tax forms (3.88), followed by the ability to correctly fill out necessary tax forms (3.59) and understanding the instructions and fields in each form (3.48), all interpreted as familiar. These results suggested that respondents were relatively confident in handling tax forms, particularly in digital formats.

However, several items fell within the moderate range, including knowledge of required documents (3.35), familiarity with the contents and purpose of different tax forms (3.26), and identification of forms applicable to their specific tax situation (3.17). These results indicated areas where respondents experienced moderate uncertainty in fully understanding and identifying the appropriate forms, particularly in more specific and situational requirements. While respondents were generally aware of tax forms, their ability to determine which forms were appropriate for specific transactions or income situations appeared to be less developed.

Thus, while the overall results reflect a high level of familiarity, the presence of moderate scores in some areas highlights underlying gaps in practical and situational knowledge. These gaps may lead to errors in form selection, incorrect completion, or reliance on external assistance, which can contribute to challenges in accurate tax filing and compliance.

These findings were consistent with the studies of Augustine (2024) and Salawati et al. (2021), which emphasized that familiarity with forms and processes enhanced taxpayers' confidence and facilitated compliance. However, moderate responses in certain areas suggested that while Contract-of-Service personnel might have conceptually understand forms, they still required guidance for proper completion, echoing Maquiling et al. (2023) and Tan et al. (2021), who argued that self-employed taxpayers often relied on procedural support to comply correctly. This further implied that continuous guidance and capacity-building initiatives were necessary to strengthen their competence in tax filing.

Table 12. Level of Effectiveness of the Withholding Agencies in terms of Providing proper guidance

Indicators	Mean	Standard Deviation	Remarks
1. The agency provides instructions that are clear and easy to understand.	3.67	0.88	Effective
2. The agency offers assistance and support whenever needed.	4.04	0.87	Effective
3. The agency provides guidance in a timely and accessible manner.	3.91	0.90	Effective
4. The agency's guidance covers all necessary steps to fulfill tax obligations.	3.72	0.84	Effective
General Weighted Mean	3.83		
Standard Deviation	0.77		
Verbal Interpretation	Effective		

Legend: 4.21-5.00 Very Effective, 3.41-4.20 Effective, 2.61-3.40 Moderately Effective, 1.81-2.60 Slightly Effective, 1.00-1.80 Not Effective

Table 12 presents the level of effectiveness of withholding agencies in providing proper guidance to Contract-of-Service (COS) personnel. The weighted mean of 3.83, interpreted as effective, indicated that respondents generally perceived the guidance provided by the agencies as effective. Specifically, Contract-of-Service personnel agreed that the agencies provided instructions that were clear and easy to understand (3.67), offered assistance and support whenever needed (4.04), provided guidance in a timely and accessible manner (3.91), and covered all necessary steps to fulfill tax obligations (3.72). These findings suggested that withholding agencies played a significant role in assisting Contract-of-Service personnel with tax compliance by providing accessible, comprehensive, and supportive guidance. The relatively high mean scores across all statements highlighted that Contract-of-Service personnel recognized the agencies' efforts in facilitating proper understanding and completion of tax-related requirements.

The Contract-of-Service personnel agreed that agencies provided clear, timely, and comprehensive guidance (3.83). This supported the claims of Respicio & Co. (2024) and Verceles (2022), who argued that proper guidance from Withholding Agencies was critical for taxpayers, particularly Contract-of-Service personnel, who had to navigate complex procedures without formal employer support. The study suggested that accessible instructions, procedural support, and timely assistance reduced errors and encouraged compliance, which was reflected in the positive perceptions reported in the table.

Table 13. Level of Effectiveness of the Withholding Agencies in terms of Issuing accurate and timely tax certificates

Indicators	Mean	Standard Deviation	Remarks
1. The agency provides tax certificates (BIR Form 2307) that are complete and accurate in terms of income and tax withheld.	4.09	0.81	Effective
2. The agency releases tax certificates (BIR Form 2307) within a reasonable time.	4.00	0.85	Effective
3. The agency ensures that tax certificates (BIR Form 2307) contain the correct and updated taxpayer's information.	4.06	0.78	Effective
4. The process for requesting and receiving tax certificates (BIR Form 2307) is efficient and follows the agency's official procedures.	4.05	0.82	Effective
General Weighted Mean	4.05		
Standard Deviation	0.75		
Verbal Interpretation	Effective		

Legend: 4.21-5.00 Very Effective, 3.41-4.20 Effective, 2.61-3.40 Moderately Effective, 1.81-2.60 Slightly Effective, 1.00-1.80 Not Effective

Table 13 presents the level of effectiveness of withholding agencies in issuing accurate and timely tax certificates for Contract-of-Service (COS) personnel. The general weighted mean of 4.05, interpreted as effective, indicated that respondents perceived the agencies' performance in this area as effective. Specifically, Contract-of-Service personnel agreed that the agencies provided tax certificates (BIR Form 2307) that were complete and accurate in terms of income and tax withheld (4.09), released certificates within a reasonable time (4.00), ensured that the information on the certificates was correct and updated (4.06), and implemented an efficient process for requesting and receiving certificates following official procedures (4.05). These results suggested that withholding agencies played a critical role in supporting COS personnel's compliance by ensuring the accuracy, timeliness, and reliability of tax documents, which were essential for the proper filing of income tax returns. The consistent agreement across all items underscored the agencies' effectiveness in fulfilling their responsibility to provide accurate tax certificates.

Table 13 demonstrates that agencies were effective in issuing accurate and timely tax certificates (BIR Form 2307). This corresponded with Umali (2024) and Respicio & Co. (2024), who highlighted that the withholding agencies served as critical enablers of tax compliance among Contract-of-Service personnel, and that the availability of accurate tax documentation was crucial for self-employed taxpayers' compliance. By providing complete and updated certificates efficiently, withholding agencies helped Contract-of-Service personnel fulfill filing requirements correctly and avoid penalties. Furthermore, this efficiency may have contributed to reducing the administrative burden on COS personnel as it also implied that strengthening coordination between withholding agencies and personnel could further enhance compliance outcomes and overall efficiency in the tax filing process.

Table 14. Level of Effectiveness of the Withholding Agencies in terms of Communicating relevant policy updates

Indicators	Mean	Standard Deviation	Remarks
1. The agency provides regular and clear tax policy updates.	3.77	0.80	Effective
2. The agency provides updates promptly according to official schedules.	3.81	0.79	Effective
3. Tax policy updates include all relevant information needed for compliance.	3.84	0.76	Effective
4. The agency uses accessible and reliable communication channels for updates.	3.77	0.84	Effective
General Weighted Mean	3.80		
Standard Deviation	0.71		
Verbal Interpretation	Effective		

Legend: 4.21-5.00 Very Effective, 3.41-4.20 Effective, 2.61-3.40 Moderately Effective, 1.81-2.60 Slightly Effective, 1.00-1.80 Not Effective

Table 14 presents the level of effectiveness of withholding agencies in communicating relevant policy updates to Contract-of-Service (COS) personnel. The general weighted mean of 3.80, interpreted as effective, indicated that respondents generally perceived the agencies as effective in providing necessary policy information. Specifically, Contract-of-Service personnel agreed that the agencies provided regular and clear tax policy updates (3.77), delivered updates promptly according to official schedules (3.81), included all relevant information necessary for compliance (3.84), and used accessible and reliable communication channels (3.77). These findings suggested that withholding agencies played a significant role in keeping Contract-of-Service personnel informed about tax regulations, which was essential for timely and accurate compliance. The consistent agreement across all statements demonstrated that communication from the agencies was considered both reliable and useful.

These findings further indicate that withholding agencies communicated relevant policy updates (3.80) effectively, ensuring that Contract-of-Service personnel stayed informed about changes in tax regulations. Studies by Maquiling et al. (2023) showed that compliance among self-employed individuals was strongly influenced by support systems and external structures. They also emphasized that regular and accessible communication regarding tax policies increased taxpayer awareness and understanding, which in turn strengthened voluntary compliance.

Table 15. Test of relationship between respondent's profile and the level of Income tax filing challenges of Contract-of-Service personnel

Profile Characteristics	Income tax filing challenges						Decision
	Understanding of tax obligations		Awareness of filing deadlines		Familiarity with required forms		
	r	*p-value*	*r*	*p-value*	*r*	*p-value*	
Age	-.05	.344	-.03	.636	-.03	.650	Accept Ho
Sex	.10	.074	.08	.176	.08	.180	Accept Ho
Educational Attainment	.11*	.043	.09	.099	.07	.200	Partially Reject Ho
Monthly Income	.06	.310	.01	.926	.05	.400	Accept Ho

**Level of significance @ 0.05, df=313*

Table 15 presents the test of relationship between respondents' profile characteristics and the level of income tax filing challenges among Contract-of-Service (COS) personnel, specifically in terms of understanding of tax obligations, awareness of filing deadlines, and familiarity with required forms.

For age, the correlation coefficients (*r*) were negative across all three dimensions (-005, -.03, -.03) with p-values greater than .05. This indicated that age had no significant relationship with any of the income tax filing challenges.

In terms of sex, there were slight correlation coefficients (*r* = .10, .08, .08) and all p-values were greater than .05. This meant that sex was not significantly related to any of the three dimensions of tax filing challenges.

For educational attainment, a significant relationship was observed only with understanding of tax obligations (*r* = .11, p = .043), indicating a slight positive correlation coefficient, which was less than the .05 level of significance. This result implied that respondents with higher educational attainment tended to have a better understanding of their tax responsibilities.

Lastly, monthly income showed slight correlation coefficients across all dimensions (*r* = .06, .01, .05) with p-values greater than .05 (p = .310, .926, .400). This indicated that monthly income had no significant relationship with income tax filing challenges.

The results revealed that most profile characteristics (age, sex, and monthly income) did not significantly influence income tax filing challenges. However, educational attainment exhibited a slight positive correlation and was significantly related to understanding of tax obligations, resulting in a partial rejection of the null hypothesis. This meant education had only a small influence on the understanding of tax obligations.

The above-mentioned results supported the findings of Afif and Setiawan (2019) and Nugroho and Sulistyawati (2019), who argued that age and gender did not significantly impact tax compliance. However, the significant relationship between educational attainment and understanding of tax obligations confirmed the assertions of Nadia and Pravitasari (2022) and Mbilla et al. (2020) that education enhanced tax knowledge and improved compliance capability. This also supported the study of Paco & Quezon, (2022) in which similar findings showed that educational attainment are statistically significant predictors of tax compliance.

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Table 16. Test of Relationship between Respondent's Profile and the Level of Effectiveness of the Withholding Agencies

Profile Characteristics	Effectiveness of the Withholding Agencies						Decision
	Providing proper guidance		Issuing accurate and timely tax certificates		Communicating relevant policy updates		
	r	*p-value*	*r*	*p-value*	*r*	*p-value*	
Age	.03	.592	.05	.424	-.02	.796	Accept Ho
Sex	-.06	.263	-.09	.132	-.094	.096	Accept Ho
Educational Attainment	.08	.174	.06	.260	.05	.381	Accept Ho
Monthly Income	.09	.108	.21*	< .001	.09	.099	Partially Reject Ho

**Level of significance @ 0.05, df=313*

Table 16 presents the test of relationship between respondents' profile characteristics and the level of effectiveness of Withholding Agencies in terms of providing proper guidance, issuing accurate and timely tax certificates, and communicating relevant policy updates.

For age, there were slight correlation coefficients (*r* = .03, .05, -.02) with p-values greater than .05, which indicated no significant relationship across all dimensions.

In terms of sex, the correlations were slight and negative (*r* = -.06, -.09, -.09) with p-values above .05. This showed that sex was not significantly related to the perceived effectiveness of Withholding Agencies.

For educational attainment, there were slight correlations across all dimensions (*r* = .08, .06, .05) and these were not statistically significant (p-values > .05). This indicated that educational level did not significantly affect respondents' perceptions.

However, monthly income showed a different result. While it had no significant relationship with providing proper guidance (p = .108) and communicating policy updates (p = .099), it had low level of relationship with issuing accurate and timely tax certificates (*r* = .21, p < .001). This indicated a definite but small relationship, suggesting that respondents with higher income tended to perceive better effectiveness in the issuance of tax certificates. Thus, the null hypothesis was rejected for this dimension but was accepted for the others, indicating a partial rejection for monthly income.

In Table 16, the results further showed that demographic characteristics generally did not significantly affect the perceived effectiveness of Withholding Agencies, which reinforced the idea that institutional factors were more influential than personal attributes, as supported by Appah and Duoduo (2023) and Maquiling et al. (2023). The only exception was monthly income, which was significantly related to the issuance of accurate and timely tax certificates, which suggested that individuals with higher income were more engaged in monitoring tax-related documents, consistent with the findings of Fernandes et al. (2021) and Kurnia et al (2020) as that income level partially positively affects taxpayer compliance.

Table 17. Test of relationship between Income Tax Filing Challenges and the Level of Effectiveness of the Withholding Agencies

Income Tax Filing Challenges	Effectiveness of the Withholding Agencies						Decision
	Providing proper guidance		Issuing accurate and timely tax certificates		Communicating relevant policy updates		
	r	*p-value*	*r*	*p-value*	*r*	*p-value*	
Understanding of tax obligations	.41*	< .001	.31*	< .001	.44*	< .001	Reject Ho
Awareness of filing deadlines	.46*	< .001	.33*	< .001	.46*	< .001	Reject Ho
Familiarity with required forms	.50*	< .001	.40*	< .001	.46*	< .001	Reject Ho

**Level of significance @ 0.05, df=313*

Table 17 presents the test of relationship between income tax filing challenges and the level of effectiveness of withholding agencies in terms of providing proper guidance, issuing accurate and timely tax certificates, and communicating relevant policy updates.

For understanding of tax obligations, the correlation coefficients ranged from r = .31 to .44, indicating low (.20-.40) to moderate (.40-.70) levels of relationship with all three dimensions of withholding agencies' effectiveness. This suggested that as the effectiveness of agencies increased, respondents' understanding of tax obligations also improved.

Similarly, awareness of filing deadlines showed a low to moderate correlation (r = .33 to .46). This implied that effective guidance, timely issuance of tax certificates, and proper communication of updates contributed to better awareness of filing deadlines among Contract-of-Service personnel.

For familiarity with required forms, the correlations were moderate (r = .40 to .50), with the highest observed correlation (r = .50) between familiarity with required forms and the provision of proper guidance. This indicated that when withholding agencies provided clear and comprehensive guidance, respondents were more likely to become familiar with the required tax forms.

The results showed that all computed p-values were < .001, which were less than the .05 level of significance. This indicated that all relationships were statistically significant, leading to the rejection of the null hypothesis (H_0) across all variables.

Most importantly, Table 17 revealed a significant moderate positive relationship between income tax filing challenges and the effectiveness of withholding agencies across all dimensions. This validated the conceptual framework of the study, which asserted that institutional support through proper guidance, timely issuance of tax certificates, and effective communication played a crucial role in addressing tax filing difficulties. This finding is further supported by the study of Augustine (2020) which indicate that institutional factors significantly affect individual tax compliance behavior and tax revenue generation, highlighting the importance of effective systems, transparency, and support mechanisms in improving compliance.

The results were also strongly aligned with the study of Purnamasari and Sudaryo (2022), Remali and Jalil (2021), and Tan et al. (2021), which emphasized that tax knowledge, awareness, and compliance improved when taxpayers received adequate support and clear instructions from authorities. Furthermore, this finding reflected the Slippery Slope Framework, where increased institutional trust and support mechanisms

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enhanced voluntary compliance.

PROPOSED COMPLIANCE FRAMEWORK

Title: COSync Tax Framework

Objectives

- To simplify tax compliance processes for Contract-of-Service personnel by providing a clear and synchronized guide on registration, tax rate selection (8% or graduated), filing, and payment.
- To enhance awareness of filing deadlines (quarterly, and annual) to ensure timely submission and avoid penalties.
- To bridge the gap between Contract-of-Service personnel and withholding agencies through a synchronized institutional support mechanism.
- To serve as an input to a compliance framework that can be adopted by national government agencies to improve tax compliance behavior of Contract-of-Service personnel.

Overview

The COSync Tax Framework is a structured guide designed to address the income tax filing challenges experienced by Contract-of-Service (COS) personnel by strengthening the coordination between COS personnel and withholding agencies. The term "COSync" combines Contract-of-Service and synchronization, emphasizing the need for alignment between taxpayer responsibilities and institutional support form withholding agencies.

The framework is anchored on the idea that Contract-of-Service personnel, who are treated as self-employed individuals for tax purposes, often encounter difficulties in understanding tax obligations, complying with filing deadlines, and accomplishing required tax forms. These challenges may lead to errors, delays, or non-compliance if not properly addressed.

The framework operates through a synchronized process, where Contract-of-Service personnel are guided step-by-step from registration to filing and payment including choosing between the 8% tax rate and graduated income tax rates.

Furthermore, to ensure accessibility and wider utilization, the COSync Tax Framework may be integrated into the Citizen's Charter, posted through official agency websites, social media platforms, or internal communication channels, and made available through QR codes for easy access by Contract-of-Service personnel. This allows users to conveniently view the framework anytime and anywhere. Additionally, the framework may be made accessible through direct coordination with the researcher or designated focal persons for further guidance and clarification.

The framework aims to reduce tax-related challenges and promote better compliance behavior among Contract-of-Service personnel. Ultimately, the COSync Tax Framework serves as a practical input to a broader compliance strategy that National Government Agencies can adopt to improve tax administration and taxpayer support.

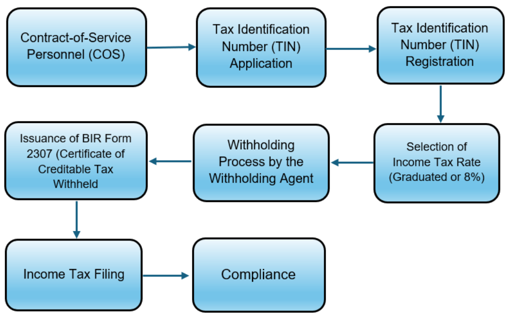


Figure 4. Structured Compliance Process

The figure presents the process flow of tax compliance for Contract-of-Service (COS) personnel. It begins with the identification of COS workers, followed by their application and registration for a Tax Identification Number (TIN). After registration, COS personnel select their applicable income tax rate, either the graduated rate or the 8% income tax rate. This selection is formalized through the submission of Annex B-2, officially known as the Income Payee's Sworn Declaration of Gross Receipts/Sales, which is filed annually to inform the withholding agent of the chosen tax scheme.

The withholding agent then facilitates the withholding process and issues BIR Form 2307 (Certificate of Creditable Tax Withheld at source). This document serves as a basis for income tax filing, ultimately leading to tax compliance. The framework highlights the sequential and interconnected roles of both COS personnel and withholding agencies in achieving proper tax compliance.

Tax Identification Number (TIN) Application & Registration (FIRST TIME APPLICANTS)

Step 1: Accomplish BIR Form 1901
Step 2: Prepare a valid government issued ID, latest Contract of Service
Step 3: Go to your assigned Revenue District Office (RDO) based in your place of residence
Step 4: Submit all requirements and secure your TIN.
Step 5: Choose your Tax rate whether 8% or graduated income tax rate
Note:

- **Do NOT apply for new TIN if you already have one (TIN is unique and lifetime)**
- **You may apply for a TIN (first-time registration) through BIR Online Registration and Update System (ORUS)**

ORUS ACCOUNT CREATION

(THIS PROCEDURE CAME FROM BIR RDO 056)
Step 1: Access ORUS by clicking the icon **"ORUS"** in the **BIR** website www.bir.gov.ph. Alternatively, you may enter the following URL in your browser: https://orus.bir.gov.ph
Step 2: Select **<New Registration>**
Step 3: Select the appropriate **User Type:** As a Non-Individual or As an Individual
Step 4: A description of the user type and the requirements is then shown. Click **<Create an Account>** button.
Step 5: Read and agree to the Terms of Service and User Agreement.
Step 6: Select whether you are a Taxpayer or a Tax Agent. If "Taxpayer" is selected, user needs to select if the taxpayer has an existing TIN or not.
Step 7: Create an ORUS account by filling up all required fields. (*)
Step 8: Upon clicking the **<Register>** button in Account Creation, user will receive a pop-up message on account verification. To exit, click **<Close>** button.
Step 9: User will receive an email to verify your account.
Step 10: Once user clicks on the **"VERIFY YOUR ACCOUNT"** link sent on email, it will be redirected to the ORUS page. Click on the **<OK>** button to be redirected to login.
Step 11: Click **<Login>** button at the upper-right side of the screen or the button.
Note:

- **The email address is required and is checked/verified by the BIR**

  through BIR Form S1905. You cannot complete ORUS registration unless the email address is successfully verified.

ORUS AVAILMENT OF 8% INCOME TAX RATE OPTION
(THIS PROCEDURE CAME FROM BIR RDO 056)
Step 1: After logging in, click the **<Update Information>** button.
Step 2: Click the **<Correction/Change/Update of Registration>** from the choices in the **<Update of Registration>** dropdown menu.
Step 3: Click the **<Update Information>** to proceed to update information of the business.
Step 4: Select which Office to update information for. Users may select which office to update information for; either for **<Head Office>** or **<Branch>.** To proceed, click **<Validate> button.**
Step 5: Once the user selected and office, I will display business details of the taxpayer including the TIN, RDO Code, and Business Address. To proceed in the availment of 8%, click the **<Information to Update>** button.
Step 6: Click the **<Availment of 8% Tax Rate Option>** button from the dropdown menu.
Step 7: Read the information about the Availment of the 8% Income Tax Rate Option. Tick the circle to confirm the availment of 8% income tax rate option, then click **<Continue>** button.
Step 8: Tick all the 3 boxes for the Agreement of Services, then click **<Submit Application>**
Step 9: Pop out message will appear – **"Confirmation"** providing the ARN and details.
Note:

- **If Contract-of-Service personnel do NOT choose income tax rates. It will be automatically subject to the graduated income tax rates under the National Internal Revenue Code of 1997.**

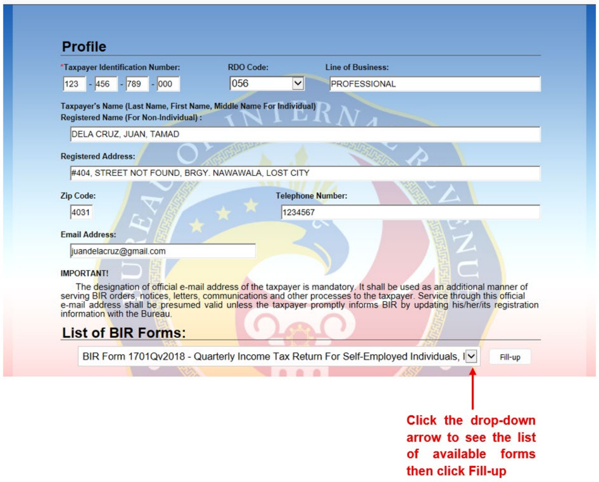
FILING DEADLINE

- 1st Quarter – May 15
- 2nd Quarter – August 15
- 3rd Quarter – November 15
- Annual Filing – April 15

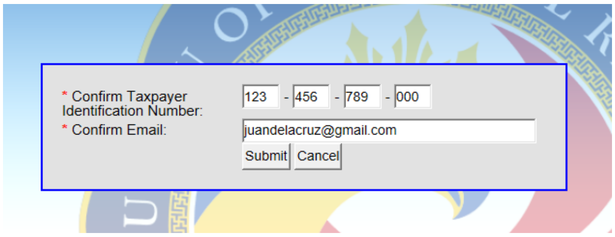
TAX FILLING PROCESS

For Quarterly Tax Filing
Step 1: Secure BIR Form 2307 (Certificate of creditable tax withheld) from the Accounting Office
*Note: Make sure the details in the BIR form 2307 (Certificate of Creditable Tax withheld) are complete and correct (e.g. TIN, Payee Name, Period, Gross income and tax withheld)
Step 2: Download and install the latest eBIRforms in BIR website (https://www.bir.gov.ph/ebirforms)
Step 3: Open the downloaded eBIRforms app and install.
Step 4: Input the necessary details needed in the "Profile" based on your Certificate of Registration (if any) and/or BIR Form 1905/1901 whichever is available.

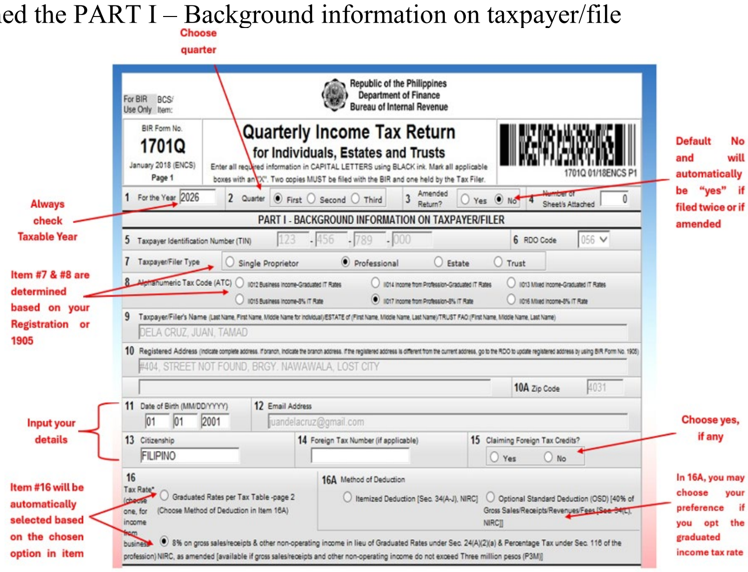
Step 5: Fill up the profile and choose the BIR Forms from the list
*Since we are filing for quarterly you may choose the BIR Form 1701Qv2018 – Quarterly Income Tax Return for Self-Employed Individuals, Estate and Trusts (NEW)



Step 6: Verify TIN and email, then click submit



Step 7: Accomplished the PART I – Background information on taxpayer/file



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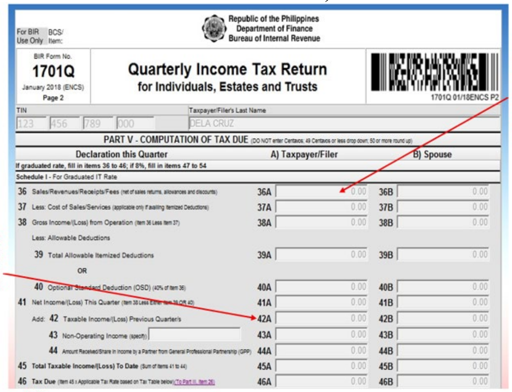
Step 8: Click "Next "to proceed with page 2

Step 9: Part V – Schedule I (For Graduated Income Tax Rate)



For BIR Use Only BCS/ Item:

Republic of the Philippines
Department of Finance
Bureau of Internal Revenue

BIR Form No. **1701Q** January 2018 (ENCS) Page 2

Quarterly Income Tax Return for Individuals, Estates and Trusts

1701Q 01/18ENCS P2

TIN 123 456 789 000 — Taxpayer/Filer's Last Name DELA CRUZ

PART V - COMPUTATION OF TAX DUE (DO NOT enter Centavos; 49 Centavos or less drop down; 50 or more round up)

Declaration this Quarter		A) Taxpayer/Filer		B) Spouse
If graduated rate, fill in items 36 to 46; if 8%, fill in items 47 to 54				
Schedule I - For Graduated IT Rate				
36 Sales/Revenues/Receipts/Fees (net of sales returns, allowances and discounts)	36A	0.00	36B	0.00
37 Less: Cost of Sales/Services (applicable only if availing Itemized Deductions)	37A	0.00	37B	0.00
38 Gross Income/(Loss) from Operation (Item 36 Less Item 37)	38A	0.00	38B	0.00
Less: Allowable Deductions				
39 Total Allowable Itemized Deductions	39A	0.00	39B	0.00
OR				
40 Optional Standard Deduction (OSD) (40% of Item 36)	40A	0.00	40B	0.00
41 Net Income/(Loss) This Quarter (Item 38 Less Either Item 39 OR 40)	41A	0.00	41B	0.00
Add: 42 Taxable Income/(Loss) Previous Quarter/s	42A	0.00	42B	0.00
43 Non-Operating Income (specify)	43A	0.00	43B	0.00
44 Amount Received/Share in Income by a Partner from General Professional Partnership (GPP)	44A	0.00	44B	0.00
45 Total Taxable Income/(Loss) To Date (Sum of Items 41 to 44)	45A	0.00	45B	0.00
46 Tax Due (Item 45 x Applicable Tax Rate based on Tax Table below)(To Part II, Item 26)	46A	0.00	46B	0.00

The amount to be input here is the total amount reflected in your BIR Form 2307 or your income for the quarter you're filing)

e.g. 3[rd] Quarter filing, the amount to input is the total of the 1[st] and 2nd Quarter

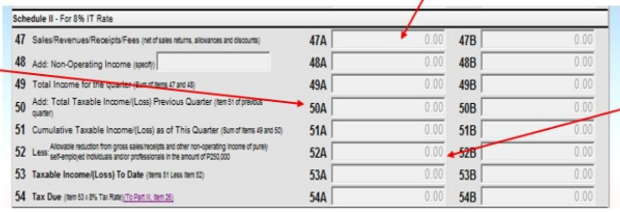
Note:

- If you opt OSD the item 40A will be automatically computed while if you choose the Itemized Deduction, you must input amount in 39A and attached receipts and records of your expenses.
- For item 42A, please take note of the quarter you are filing, the amount here is accumulated depending on the period you are filing.
- 45A & 46A are automatically computed once you input the amount in 36A & 42A

Step 10: Part V – Schedule II (For 8% Income Tax Rate)

The amount to be input here is the total amount reflected in your BIR Form 2307 or your income for the quarter you're filing)

e.g. 3[rd] Quarter filing, the amount to input is the total of the 1[st] and 2nd

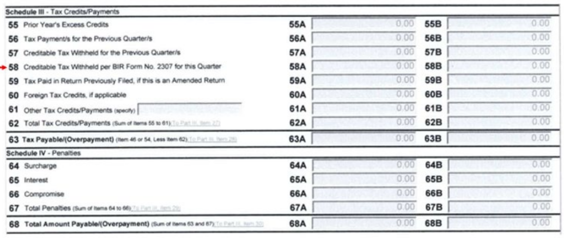


Schedule II - For 8% IT Rate				
47 Sales/Revenues/Receipts/Fees (net of sales returns, allowances and discounts)	47A	0.00	47B	0.00
48 Add: Non-Operating Income (specify)	48A	0.00	48B	0.00
49 Total Income for the quarter (Sum of Items 47 and 48)	49A	0.00	49B	0.00
50 Add: Total Taxable Income/(Loss) Previous Quarter (Item 51 of previous quarter)	50A	0.00	50B	0.00
51 Cumulative Taxable Income/(Loss) as of This Quarter (Sum of Items 49 and 50)	51A	0.00	51B	0.00
52 Less: Allowable reduction from gross sales/receipts and other non-operating income of purely self-employed individuals and/or professionals in the amount of P250,000	52A	0.00	52B	0.00
53 Taxable Income/(Loss) To Date (Items 51 Less Item 52)	53A	0.00	53B	0.00
54 Tax Due (Item 53 x 8% Tax Rate)(To Part II, Item 26)	54A	0.00	54B	0.00

Input 250,000 here

Step 11: Part V – Schedule III (Tax Credits/Payment) & Schedule IV (Penalties)

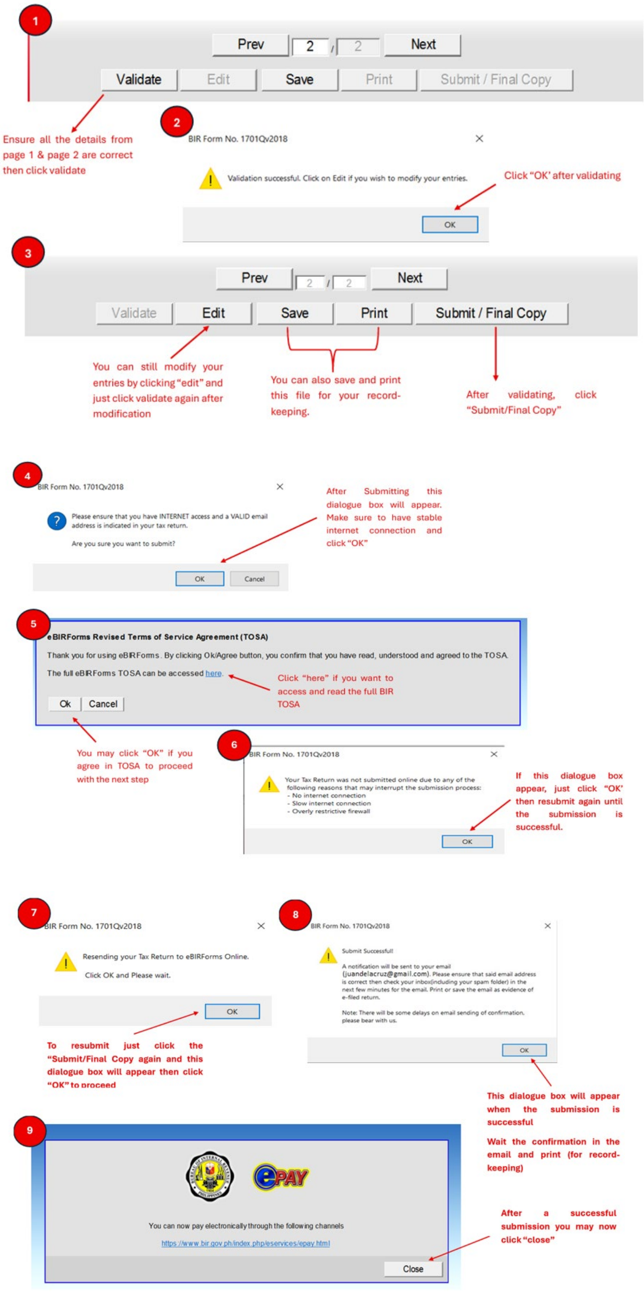
The amount to be input here is the total tax reflected in your BIR Form 2307



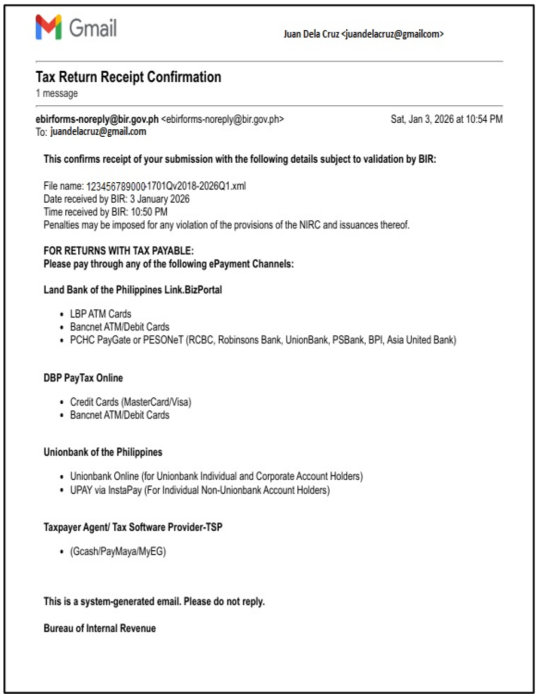
Schedule III - Tax Credits/Payments				
55 Prior Year's Excess Credits	55A	0.00	55B	0.00
56 Tax Payment/s for the Previous Quarter/s	56A	0.00	56B	0.00
57 Creditable Tax Withheld for the Previous Quarter/s	57A	0.00	57B	0.00
58 Creditable Tax Withheld per BIR Form No. 2307 for this Quarter	58A	0.00	58B	0.00
59 Tax Paid in Return Previously Filed, if this is an Amended Return	59A	0.00	59B	0.00
60 Foreign Tax Credits, if applicable	60A	0.00	60B	0.00
61 Other Tax Credits/Payments (specify)	61A	0.00	61B	0.00
62 Total Tax Credits/Payments (Sum of Items 55 to 61)(To Part III, Item 27)	62A	0.00	62B	0.00
63 Tax Payable/(Overpayment) (Item 46 or 54, Less Item 62)(To Part III, Item 28)	63A	0.00	63B	0.00
Schedule IV - Penalties				
64 Surcharge	64A	0.00	64B	0.00
65 Interest	65A	0.00	65B	0.00
66 Compromise	66A	0.00	66B	0.00
67 Total Penalties (Sum of Items 64 to 66)(To Part III, Item 29)	67A	0.00	67B	0.00
68 Total Amount Payable/(Overpayment) (Sum of Items 63 and 67)(To Part III, Item 30)	68A	0.00	68B	0.00

- Total Tax Credits/Payment (#62) & Total Amount Payable (#68) will be automatically computed based on the amount you input
- When the total amount payable (#68) appears as a negative amount (–), it does not mean the taxpayer has a liability. It indicates an excess payment or overpayment.

Step 12: Validate, submit/final copy and print



Step 13: Confirmation Receipt (proof of successful filing)



Gmail Juan Dela Cruz <juandelacruz@gmailcom>

Tax Return Receipt Confirmation
1 message

ebirforms-noreply@bir.gov.ph <ebirforms-noreply@bir.gov.ph> Sat, Jan 3, 2026 at 10:54 PM
To: **juandelacruz@gmail.com**

This confirms receipt of your submission with the following details subject to validation by BIR:

File name: 123456789000-1701Qv2018-2026Q1.xml
Date received by BIR: 3 January 2026
Time received by BIR: 10:50 PM
Penalties may be imposed for any violation of the provisions of the NIRC and issuances thereof.

FOR RETURNS WITH TAX PAYABLE:
Please pay through any of the following ePayment Channels:

Land Bank of the Philippines Link.BizPortal

- LBP ATM Cards
- Bancnet ATM/Debit Cards
- PCHC PayGate or PESONeT (RCBC, Robinsons Bank, UnionBank, PSBank, BPI, Asia United Bank)

DBP PayTax Online

- Credit Cards (MasterCard/Visa)
- Bancnet ATM/Debit Cards

Unionbank of the Philippines

- Unionbank Online (for Unionbank Individual and Corporate Account Holders)
- UPAY via InstaPay (For Individual Non-Unionbank Account Holders)

Taxpayer Agent/ Tax Software Provider-TSP

- (Gcash/PayMaya/MyEG)

This is a system-generated email. Please do not reply.

Bureau of Internal Revenue

Step 14: Payment of Tax due

- You may pay your tax due thru PayMaya, MyEG, Land Bank of the Philippines, UnionBank, and Development Bank of the Philippines.
- After the successful payment, screenshot or print the copy of receipt and attached it with the filed 1701Q.
- Keep all your hard copies in a safe and dry place. You will use these documents when closing your Registration.

For Annual Filing

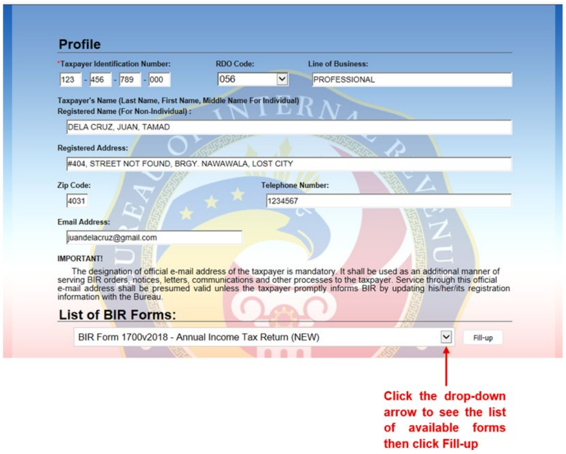
Step 1: Secure BIR Form 2307 (Certificate of creditable tax withheld) from the Accounting Office
*Note: Make sure the details in the BIR form 2307 are complete and correct (e.g. TIN, Payee Name, Period, Gross income and tax withheld)

Step 2: Download and install the latest eBIRforms in BIR website (https://www.bir.gov.ph/ebirforms)

Step 3: Open the downloaded eBIRforms app and input the necessary details needed based on your Certificate of Registration (if any)

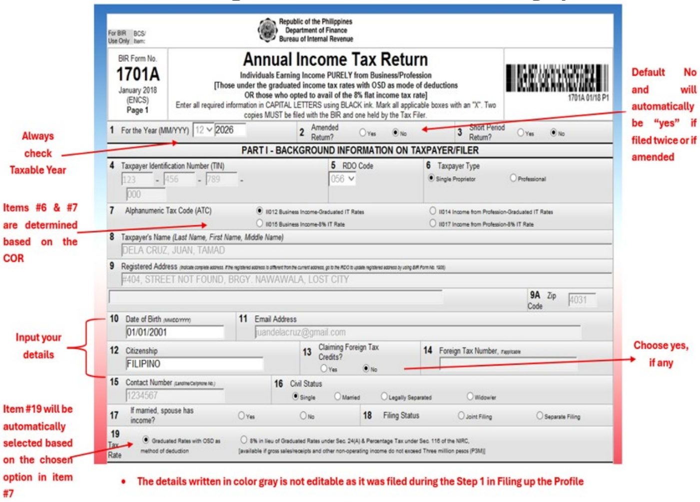
Step 4: Input the necessary details needed in the "Profile" based on your Certificate of Registration (if any) and/or BIR Form 1905/1901 whichever is available.

Step 5: Fill up the profile and choose the BIR Forms from the list

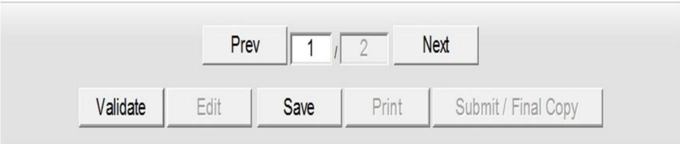


Step 6: Verify TIN and email, then click submit

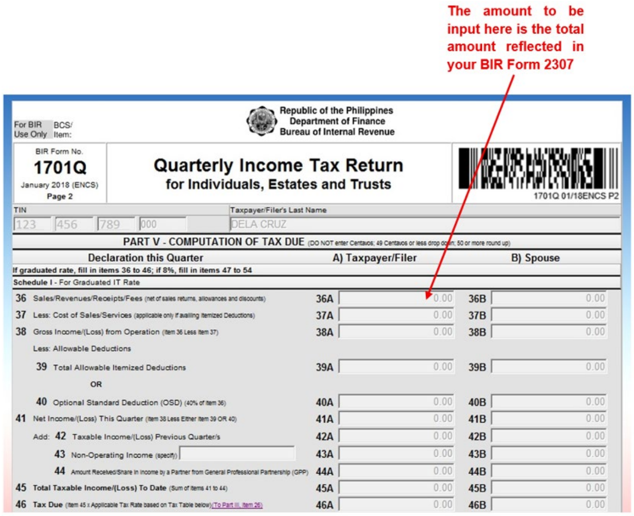
Step 7: Accomplished the PART I – Background information on taxpayer/filer



Step 8: Click "Next "to proceed with page 2

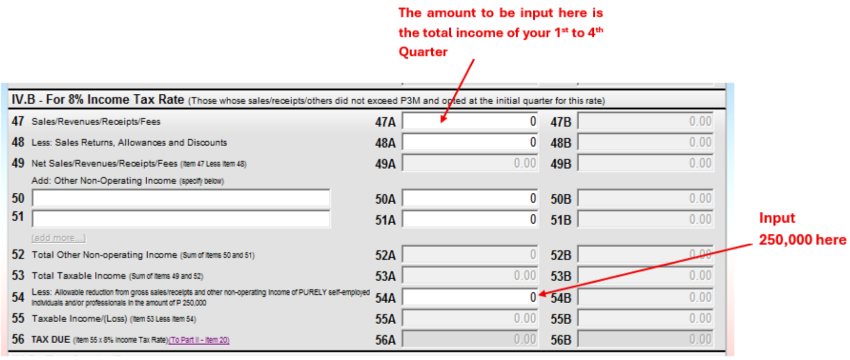


Step 9: Part IV A – For Graduated Income Tax Rates

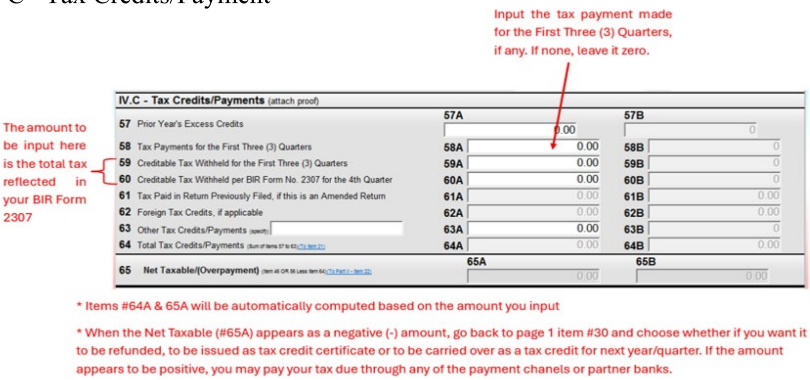


Note: In Graduated Income Tax Rates, the allowable deduction up to the tax due is automatically computed when you input your income in item # 36A.

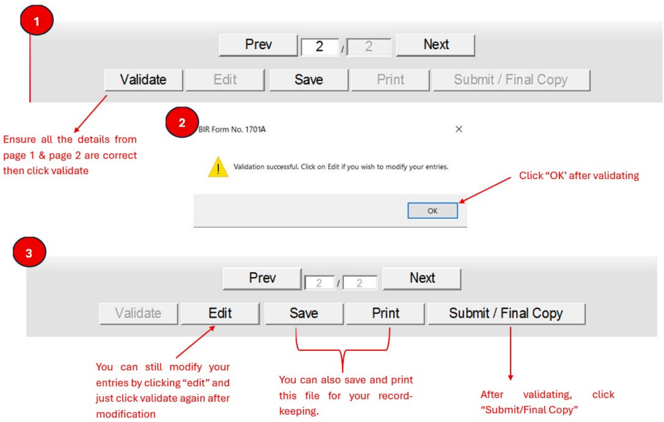
Step 10: Part IV B – For 8% Income Tax Rates

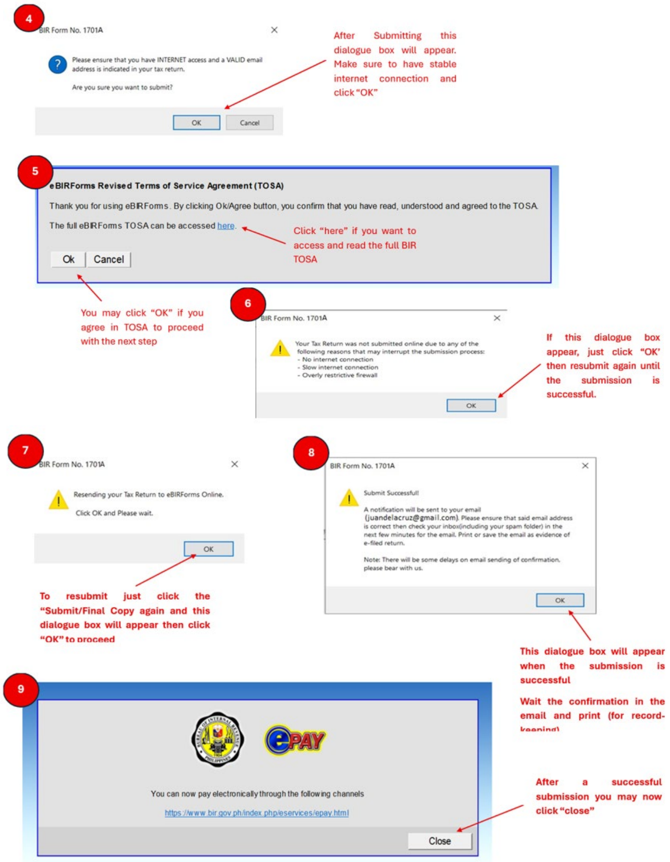


Step 11: Part IV. C –Tax Credits/Payment

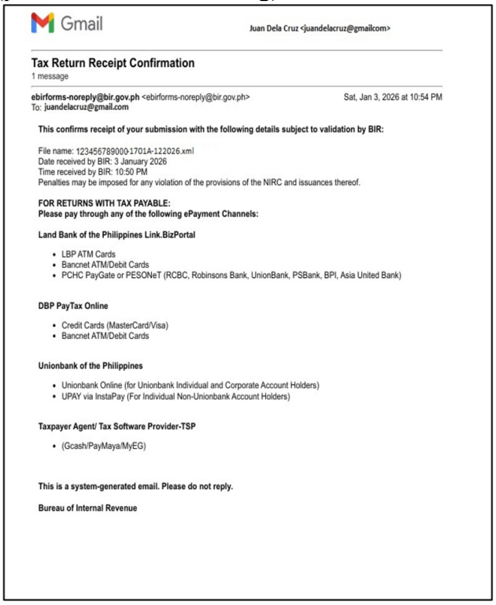


Step 12: Validate, submit/final copy and print





Step 13: Confirmation Receipt (proof of successful filing)



Gmail

Juan Dela Cruz <juandelacruz@gmailcom>

Tax Return Receipt Confirmation

1 message

ebirforms-noreply@bir.gov.ph <ebirforms-noreply@bir.gov.ph> Sat, Jan 3, 2026 at 10:54 PM

To: **juandelacruz@gmail.com**

This confirms receipt of your submission with the following details subject to validation by BIR:

File name: 123456789000-1701A-122026.xml
Date received by BIR: 3 January 2026
Time received by BIR: 10:50 PM
Penalties may be imposed for any violation of the provisions of the NIRC and issuances thereof.

FOR RETURNS WITH TAX PAYABLE:
Please pay through any of the following ePayment Channels:

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- LBP ATM Cards
- Bancnet ATM/Debit Cards
- PCHC PayGate or PESONeT (RCBC, Robinsons Bank, UnionBank, PSBank, BPI, Asia United Bank)

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- Unionbank Online (for Unionbank Individual and Corporate Account Holders)
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Taxpayer Agent/ Tax Software Provider-TSP

- (Gcash/PayMaya/MyEG)

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- After the successful payment, screenshot or print the copy of receipt and attached it with the filed 1701Q.
- Keep all your hard copies in a safe and dry place. You will use these documents when closing your Registration.

Table 18. Proposed Action Plan

The proposed action plan was developed based on the findings of the study, particularly the moderate

Proposed Action Plan for Enhancing Tax Compliance among Contract-of-Service Personnel

Area	Identified Issue (Findings)	Proposed Intervention	Responsible Unit	Time Frame	Expected Outcome
Understanding of Tax Obligations	Moderate Level of Understanding: • Computation of tax liabilities (3.15) • Computation penalties and interest on late filing and payment (3.09) • step-by-step procedures for registration, filing, payment and closure (3.36)	Conduct tax orientation and hands-on training on basic tax computation and filing procedures (step-by-step guide, sample computations)	Accounting Office	Quarterly	Enhanced ability to compute taxes accurately.
Awareness of Filing Deadlines	Moderate Level of Awareness: • Tax type deadlines (3.29) • Exact calendar due dates (3.11)	Utilize and disseminate the official Tax Calendar of the Bureau of Internal Revenue through reminder systems and memoranda (email, group chat, bulletin posting)	Accounting Office	Monthly / Quarterly	Improved awareness of deadlines and reduced late filing.
	• Updates or changes in tax policies related to filing deadlines (2.72)	Strengthen dissemination of tax policy updates (email blasts, group chats, memorandum updates)	Accounting Office / HR	As needed	Timely awareness of tax changes.
Familiarity with Required Forms	Moderate Level of Familiarity: • Type of documents required for filing (3.35) • Purpose and contents of different tax forms (3.26). • Identifying correct forms for specific situation (3.17).	Provide Simplified Tax Guide / Manual (BIR forms 1701, 1701Q, 2307)	Accounting Office	Semi-annual	Improved accuracy in selecting and completing forms.
Access to Tax Information	Need for easier access to guidance	Create Helpdesk / Focal Person System for COS tax concerns	Accounting Office / HR	Ongoing	More efficient resolution of tax-related concerns.
Use of Electronic Systems	Need to maximize familiarity with eBIR	Conduct eBIR Filing Demonstration and Workshop	Accounting Office / BIR Representative	Semi-annual	Increased efficiency in tax filing.
Withholding Agency Support System	Significant relationship between tax filing challenges and effectiveness of withholding agencies	Strengthen institutional support through an integrated tax assistance system	Accounting Office / HR	Ongoing	Reduced tax filing challenges and improved compliance among COS personnel.

levels of challenges experienced by Contract-of-Service (COS) personnel in understanding tax obligations, awareness of filing deadlines, and familiarity with required forms. While the COSync Tax Framework provides a structured and synchronized guide to improve tax compliance, the results of the study indicated that certain practical and operational gaps still existed, which required targeted interventions beyond the framework.

These gaps include the need for clearer guidance, continuous support, and improved access to tax information, which may not be fully addressed by the framework alone. Thus, the action plan complements COSync Framework by translating it into specific and actionable interventions such as tax orientations, simplified guides, reminder systems, and helpdesk support.

Overall, the action plan serves as an implementation support to the COSync framework, ensuring that identified issues are directly addressed and that tax compliance among COS personnel is further improved.

4. Summary, Conclusions, and Recommendations

This chapter presents the summary, findings and conclusions for clarification of the study**.**

4.1. Summary of Findings

This study examined the relationship between the Demographic Profile, Income Tax Filing Challenges, and the Effectiveness of Withholding Agencies among Contract-of-Service (COS) personnel in Selected National Government Agencies. The following are the key findings:

4.1.1. Respondents' Demographic Profile

The demographic profile of the respondents reveals that the majority of Contract-of-Service (COS) personnel belong to the younger age group, with most aged 20–29 years (51.1%), while the least represented are those aged 50 and above (5.4%). In terms of sex, there is a slightly higher proportion of female respondents (54.9%) compared to males (45.1%). Regarding educational attainment, the findings show that most respondents are Bachelor's degree graduates (81.0%), whereas only a minimal number have elementary-level education (0.6%), and no respondents possess a doctorate degree (0.0%). In terms of monthly income, the majority fall within the ₱20,001–₱30,000 bracket (38.7%), while no respondents reported earnings below ₱10,000 (0.0%). Overall, the results indicate that COS personnel are predominantly young, college-educated individuals with mid-range income levels, reflecting a workforce that is relatively educated but economically within middle-income bracket.

4.1.2. Level of Challenges of Contract-of-Service Personnel

The findings indicate that Contract-of-Service (COS) personnel experience low to moderate levels of income tax filing challenges. In terms of understanding of tax obligations, respondents showed a high level (3.67), with the highest in awareness of taxpayer responsibilities (4.43) and consequences of non-compliance (4.30), while lower levels were observed in computing tax liabilities (3.15) and penalties (3.09). For awareness of filing deadlines, respondents demonstrated a moderate level (3.28), with higher awareness of filing schedules (3.6508) and lower awareness of policy updates (2.72). Meanwhile, familiarity with required forms was high (3.46), with the highest in the use of electronic forms (3.88) and lower familiarity in identifying applicable forms (3.17). The results suggest that while Contract-of-Service (COS) personnel possess adequate knowledge and familiarity with tax processes, certain technical and updated aspects remain areas of moderate challenge.

4.1.3. Level of Effectiveness of the Withholding Agencies

The findings show that withholding agencies are perceived to be highly effective across all areas. In terms of providing proper guidance, a high level was observed (3.83), with the highest in offering assistance and support (4.04) and the lowest in ensuring guidance covers all necessary steps (3.72). For issuing accurate and timely tax certificates, the level was also high (4.05), with the highest in providing complete and accurate certificates (4.09) and the lowest in timely release (4.00). Meanwhile, for communicating relevant policy updates, a high level was likewise recorded (3.80), with the highest in providing complete information (3.84) and the lowest in using accessible communication channels (3.77). The results indicate that withholding agencies are consistently effective in supporting Contract-of-Service personnel, although minor areas for improvement remain in timeliness and communication coverage.

4.1.4. Relationship between Demographic Profile and Income Tax Filing Challenges

The results revealed that age, sex, and monthly income have no significant relationship with income tax filing challenges in terms of understanding tax obligations, awareness of filing deadlines, and familiarity with required forms. This indicates that these demographic factors do not significantly influence the level of difficulty experienced by Contract-of-Service personnel in filing their taxes. However, educational attainment was found to have a significant but slight positive relationship with understanding of tax obligations (r = .11, p = .043), suggesting that higher educational levels slightly improve respondents' comprehension of their tax responsibilities. Overall, the null hypothesis was accepted for most variables, except for educational attainment, which led to a partial rejection.

4.1.5. Relationship between Demographic Profile and Effectiveness of Withholding Agencies

The findings showed that age, sex, and educational attainment are not significantly related to the perceived effectiveness of withholding agencies in providing proper guidance, issuing accurate and timely tax certificates, and communicating relevant policy updates. This implies that respondents' perceptions of agency effectiveness are generally consistent regardless of their demographic characteristics. However, monthly income (r = .21, $p < .001$) exhibited a significant low correlation with the issuance of accurate and timely tax certificates, indicating that respondents with higher income tend to perceive better efficiency in this aspect. Thus, the null hypothesis was largely accepted, with partial rejection in terms of monthly income.

4.1.6. Relationship between Income Tax Filing Challenges and Effectiveness of Withholding Agencies

The results demonstrated a statistically significant moderate positive relationship between all dimensions of income tax filing challenges and the effectiveness of withholding agencies. Specifically, better provision of proper guidance (r = .41 to .50, $p < .001$), issuance of accurate and timely tax certificates (r = .31 to .40, $p < .001$), and effective communication of policy updates (r = .44 to .46, $p < .001$) are associated with improved understanding of tax obligations, greater awareness of filing deadlines, and higher familiarity with required forms. All computed p-values were less than .05, leading to the rejection of the null hypothesis. This indicates that the effectiveness of withholding agencies plays a crucial role in reducing tax filing challenges among Contract-of-Service personnel.

4.2. Conclusions

Based on the findings of the study, it can be concluded that demographic characteristics such as age, sex, and monthly income do not significantly influence the income tax filing challenges experienced by Contract-of-Service (COS) personnel.

Furthermore, the perceived effectiveness of withholding agencies is not significantly affected by most demographic variables, implying that respondents evaluate agency performance similarly regardless of their profile. The only exception is monthly income, which shows a significant slight relationship with the issuance of accurate and timely tax certificates, indicating that individuals with higher income may be more attentive to or reliant on such documents.

Notably, the variables used to measure the effectiveness of withholding agencies such as providing proper guidance, issuing accurate and timely tax certificates, and communicating relevant policy updates represent only the standard duties and basic functions of withholding agencies. While the findings indicate that these functions are being performed and are significantly related to reducing tax filing challenges, they may not be sufficient to fully address the tax education needs of Contract-of-Service personnel.

Most importantly, the study reveals a significant moderate positive relationship between income tax filing challenges and the effectiveness of withholding agencies. This confirms that when withholding agencies provide proper guidance, issue accurate and timely tax certificates, and communicate relevant policy updates effectively, the level of tax filing challenges among Contract-of-Service personnel is reduced. Hence, institutional support plays a crucial role in enhancing tax understanding, awareness, and compliance.

Overall, the findings validate the study's conceptual framework, emphasizing that while demographic factors have limited influence, the effectiveness of withholding agencies is a key determinant in addressing tax filing challenges and improving compliance among Contract-of-Service personnel.

4.3. Recommendations

Given the findings and conclusions of the study, the following recommendations are proposed:

1. It is recommended that withholding agencies may implement orientation programs for newly hired Contract-of-Service personnel, focusing on basic tax responsibilities, filing procedures, and compliance requirements to strengthen early-stage tax awareness.

2. It is recommended that withholding agencies may provide regular tax training workshops, simplified computation guides, and updated tax reference materials to improve technical knowledge and reduce errors in filing.

3. It is recommended that withholding agencies may further enhance their services by improving the timeliness of tax certificate issuance and expanding communication channels (e.g., email alerts, group chats, and digital platforms) to ensure faster and more accessible support.

4. It is recommended that withholding agencies' interventions may be standardized and applied uniformly to all Contract-of-Service personnel, rather than targeting specific demographic groups to enhance their understanding of tax obligations and improve compliance.

5. It is recommended that withholding agencies may maintain uniform service delivery standards for all Contract-of-Service Personnel. Agencies may strengthen their institutional support mechanisms through structured guidance systems, continuous communication, and accessible assistance programs.

6. It is recommended that withholding agencies may adopt a structured support system, such as the proposed Tax Framework, which integrates guidance, timely issuance of tax certificates, and consistent communication to further reduce tax filing challenges and improve compliance among Contract-of-Service personnel.

7. Future researchers may explore other factors influencing tax compliance among Contract-of-Service personnel, such as institutional trust, perceived fairness of the tax system, and behavioral attitudes, to further strengthen the understanding of compliance beyond knowledge and awareness variables.

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