2016 Tax Reforms and Developments

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NATIONAL TAX RESEARCH CENTER
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HIS Excellency
The President of the Republic
of the Philippines
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Thru: The Secretary of Finance

SIR:

I have the honor to submit the 2016 Annual Report of the National Tax Research Center (NTRC). This report briefly presents the studies conducted by the NTRC, as well as the various technical assistance rendered by this office to different government and private entities including some international bodies. A brief description of the training programs and activities of the staff during the year is also presented.

Very truly yours,

TRINIDAD A. RODRIGUEZ
Executive Director

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INTRODUCTION

The year 2016 saw the smooth transition of government to the new administration of President Rodrigo Roa Duterte. With the promise of real positive change, the new administration began its work towards the attainment of more inclusive and sustainable growth by pursuing the Tax Reform for Acceleration and Inclusion (TRAIN). This will make the Philippine tax system simpler, fairer, and more efficient to promote investments, job creation and poverty reduction.

During the year, the Philippine economy remained robust as Gross Domestic Product (GDP) in real terms grew by 6.9%, higher than 6.1% posted in 2015. On the other hand, Gross National Income (GNI) accelerated by 6.7%, from previous year's growth of 5.8%, as net primary income (NPI) which shared 16.7% of the total GNI increased by 5.6% in 2016 from 4.6% in 2015.

The industry sector, which comprised 28.3% of total GNI, was the top driver of the economy with 8.4% growth in 2016 from 6.4% in 2015. Major contributors to the sector were manufacturing; construction; electricity, gas & water supply; and mining & quarrying. The service sector, which shared 47.7% of total GNI, yielded a 7.5% growth from 6.9% the previous year. Meanwhile, agriculture, hunting, forestry and fishing (AHFF) sector which accounted for 7.3% of total GNI, dropped by 1.3% from a year ago's growth of only 0.1%. The contraction in the AHFF sector can be attributed to the devastating effects of typhoons "Karen" and "Lawin" which pulled down agriculture and fishery production in the last quarter of the year.

The national government (NG) revenue remained stable as it grew from PhP2,108.9 billion in 2015 to PhP2,195.9 billion in 2016. Of the total NG revenue, 90.2% or PhP1,980.4 billion came from tax revenues and 9.8% or PhP215.5 billion, from non-tax revenues. The revenue effort or the ratio of total revenue to GDP at current prices slightly slowed down from 15.8% in 2015 to 15.2% in 2016. On the other hand, the tax effort or the ratio of tax revenue to GDP at current prices was almost static from 13.6% to 13.7% for the same period.

The Bureau of Internal Revenue (BIR), the government's main tax collecting agency, contributed PhP1,567.2 billion or 71.4% of the total NG revenues in 2016, higher by 9.3% from 2015 collection of PhP1,433.3 billion.

Said collection accounted for 96.7% of PhP1,620 billion revenue target for 2016.

On the other hand, the Bureau of Customs (BOC), the second biggest revenue-generating agency of the government, collected PhP396.4 billion in 2016 or 18.1% of the total NG revenues. This was 7.9% higher than previous year's collection of PhP367.5 billion but short of its revenue goal by PhP12.6 billion or 3.1%.

Other government collecting agencies such as the Bureau of Immigration (BI); Bureau of Fire Protection (BFP); Department of Environment and Natural Resources (DENR) and the Land Transportation Office (LTO), among others, collected PhP16.8 billion or less than 1% of the total NG revenues in 2016.

Non-tax revenues, which contributed 9.8% to total NG revenues, decreased from PhP293.3 billion to PhP215.5 billion or by 26.6% from 2015 to 2016. The negative performance was due to decreases in BTr income, other non-tax revenues and proceeds from privatization by 7.5%, 13.0% and 98.9%, respectively. On the other hand, fees and charges performed well among non-tax revenue sources as it grew by 9.4%.

For the year 2016, the National Tax Research Center (NTRC), in accordance with its mandate conducted continuing research on taxation as a basis for tax policy formulation/legislation aligned to the key result area (KRA) of Rapid, Inclusive and Sustained Economic Growth. Thus, in support to the administration's TRAIN, it has been providing tax studies and other technical inputs to the Department of Finance (DOF) and both houses of Congress.

The NTRC conducted the following major studies, among others: The Philippine Experience with Tax Amnesties; Lifting of the Philippine Bank Secrecy Law; Revenue Performance of the BIR Large Taxpayers Service: 2006-2015; Income Tax Profile of Self-Employed Individuals and Professionals; Profile of Compensation Income Taxpayers; Comparative Excise Taxation of Motor Vehicles in ASEAN Countries; A Review of the Excise Tax on Petroleum Products; A Review of the Documentary Stamp Tax on Small Town Lottery; Review of the Philippine Initial Public Offering Tax; Feasibility of Imposing a Tax on the Emissions of Carbon Dioxide in the Philippines; Tax Contribution of Women Engaged in Business and Practice of Profession; Gender, Tobacco and Taxation: Cigarette Usage Behavior of Men and Women in the Philippines; A Comprehensive Review of the Philippine Travel Tax; Profile of the Philippine Real Estate Industry and its Contribution to the Philippine Economy; and Taxation of Pawnshops in the Philippines and in the ASEAN Region.

The NTRC also provided technical assistance to Congress through the submission of tax studies, concept papers, notes, revenue estimation/simulation on various priority measures; and attendance to public hearings and meetings.

The NTRC evaluated 77 Senate and House Bills and other tax proposals coming from Congress as well as from other government agencies and the private sector. Some of these bills have already been passed into laws such as RA 10754 or “An Act Expanding the Benefits and Privileges of Persons With Disability (PWD)”; RA 10747 or “An Act Promulgating a Comprehensive Policy in Addressing the Needs of Persons with Rare Disease”; RA 10771 or “An Act Promoting the Creation of Green Jobs, Granting Incentives and Appropriating Funds Therefor”; RA 10801 or “An Act Governing the Operations and Administration of the Overseas Workers Welfare Administration”; RA 10816 or “An Act Providing for the Development and Promotion of Farm Tourism in the Philippines”; and RA 10817 or “An Act Instituting the Philippine Halal Export Development and Promotion Program, Creating for the Purpose the Philippines Halal Export Development and Promotion Board, and for Other Purposes”.

As the Secretariat to the Fiscal Incentives Review Board (FIRB), the NTRC processed and evaluated the applications for tax subsidy by government-owned and controlled corporations (GOCCs) for consideration of the FIRB Technical Committee and the Board Proper. A total of five (5) Certificates of Entitlement to Subsidy (CES) and five (5) FIRB Resolutions were issued by the Board during the year.

As the Secretariat to the Task Force on the Revision of Fees and Charges, the NTRC monitored the compliance of national government agencies (NGAs) in the revision of fees and charges pursuant to Administrative Order (AO) No. 31 s. 2012. It prepared Report on the Collection from Fees and Charges of NGAs; Update on the Compliance of NGAs with AO 31; Revenue Performance and Status of Revision of Top Fee Collecting Agencies; and TESDA’s Rationalization of Fees. It conducted the Seminar on the Fees and Charges Imposed by Top 10 Collecting Agencies. The NTRC also monitored and rendered technical assistance to various government agencies in the revision of fees and charges.

As a consultant to the Executive Committee on Real Property Valuation (ECRPV) and Technical Committee on Real Property Valuation (TCRPV) pursuant to Department of Finance Order No. 6-2010 (March 12, 2010) and BIR Revenue Memorandum Order No. 41-2010 (April 23, 2010), the NTRC reviewed/attended public hearings on the proposed zonal values of properties within the jurisdiction of Revenue District Offices. Zonal values of real properties located in various areas of the country have been reviewed for tax purposes.

The NTRC also provided technical support to the Working Group of the Development Budget Coordination Committee/Executive Technical Board (DBCC/ETB) and the DOF Gender and Development (GAD).

As part of its information dissemination, the NTRC published the NTRC Tax Research Journal, issued on a bi-monthly basis for the year 2016; 2015 NTRC Annual Report; Guide to Philippine Taxes; Various Public Finance and Other Related Statistics; and NTRC flyers. The NTRC likewise gave an orientation on the mandated functions of the Office and recent developments on taxation to the students of Bachelor of Science in Public Administration of the Lyceum of the East, Aurora Province.

The NTRC continued the enhancement of its computerization program which is aimed at improving its technical, administrative support and service delivery. In compliance with Joint Memorandum Circular No. 2014-01 dated January 22, 2014 by the Office of the Presidential Spokesperson (OPS), Department of Budget and Management (DBM), and Presidential Communications Development and Strategic Planning Office (PCDSPO), the NTRC migrated its website to the government portal or the IGOV. Also, the NTRC introduced its enhanced website which features the NTRC's tax studies and latest information and development on Philippine taxation.

In line with its commitment to provide quality products and services that meet client satisfaction and applicable statutory and regulatory requirements, the NTRC sent some of its officials and staff to international and local study grants, seminars and conferences to keep them abreast of the latest trends and developments on taxation. Also, members of the NTRC Executive Staff attended local seminars/workshops, team building sessions and performance evaluation in furtherance of their professional development and leadership training. Selected officials and employees also attended the Workshop on the Development of ISO 9001:2015: Quality Management System (QMS) Requirements and Documentation and Development of ISO 9001:2015 Aligned Quality Manual.

This annual report summarizes the work undertaken by the NTRC during the year under review in its effort to make the tax system a more effective tool of the government for inclusive growth and development, viz:

Chapter I	-	discusses the implications of tax, tariff and other reform measures legislated and adopted during the year.
Chapter II	-	presents the highlights of basic studies undertaken during the year, together with their objectives, findings and recommendations.
Chapter III	-	describes the various technical assistance rendered in the form of researches, studies, comments and similar undertakings to Congress and other government agencies, regional and international bodies, and the private sector.
Chapter IV	-	dwells on staff development and similar activities through participation of NTRC officials and employees in study grants, seminars, conferences and other activities here and abroad.

CHAPTER 1

IMPLICATIONS OF TAX LEGISLATIONS AND ISSUANCES PROMULGATED IN 2016

A. Features

RA 10744
An Act Providing for the Creation and Organization of Credit Surety Fund Cooperatives to Manage and Administer Credit Surety Funds to Enhance the Accessibility of Micro, Small and Medium Enterprises, Cooperatives and Non-Government Organizations to the Credit Facility of Banks and for Other Purposes (Lapsed into law on February 6, 2016)

Republic Act (RA) No. 10744, otherwise known as the "Credit Surety Fund Cooperative Act of 2015" recognizes the need to foster national development, promote inclusive growth, and reduce poverty by promoting the growth of micro, small and medium enterprises (MSMEs) that facilitate local job creation, production and trade in the country. Moreover, it affirms the State's declared policies to foster the creation and growth of cooperatives as a practical vehicle for promoting self-reliance for the attainment of economic development and social justice and to strengthen the cooperative movement in the Philippines by empowering the Cooperative Development Authority (CDA) and providing it with the necessary powers and resources to fulfill its mandate. Pursuant to these policies, the State shall encourage and assist in the creation and organization of

Credit Surety Fund (CSF) Cooperatives which shall be primarily tasked with administering their respective CSF. The CSF is designed to provide MSMEs, cooperatives, and nongovernment organizations (NGOs) with more inclusive access to bank credit, thereby enhancing their sustainability and growth.

The Act provides that CSF Cooperatives registered with the CDA shall enjoy the tax privileges of cooperatives under RA 9520, otherwise known as the "Philippine Cooperative Code of 2008", provided, that the members of the CSF Cooperatives which are not cooperatives shall be subject to regular taxes under the National Internal Revenue Code (NIRC), as amended, and other tax laws. (Section 9)

Articles 60 and 61 of RA 9520 provides the following incentives, among others, to cooperatives duly registered with CDA:

1. Cooperatives that do not transact any business with non-members or the general public shall not be subject to any taxes and fees imposed under the internal revenue laws and other tax laws.

2. Cooperatives transacting business with both members and non-members shall not be subjected to tax on their transactions with members. In relation to this, the transactions of members with the cooperative shall not be subject to any taxes and fees, including but not limited to final taxes on members' deposits and documentary tax.

3. Cooperatives with accumulated reserves and undivided net savings of not more than Ten million pesos (PhP10,000,000.00) shall be exempt from all national, city, provincial, municipal or barangay taxes of whatever name and nature. Such cooperatives shall be exempt from customs duties, advance sales or compensating taxes (now value-added tax) on their importation of machineries, equipment and spare parts used by them and which are not available locally as certified by the Department of Trade and Industry (DTI). All tax-free importations shall not be sold nor the beneficial ownership thereof be transferred to any person until after five (5) years, otherwise, the cooperative and the transferee or assignee shall be solidarily liable to pay twice the amount of the imposed tax and / or duties.

4. Cooperatives with accumulated reserves and divided net savings of more than Ten million pesos (PhP10,000,000.00) shall pay the following taxes at the full rate: (a) Income Tax; (b) Value-Added Tax; (c) All other taxes unless otherwise provided herein; and (d) Donations to charitable, research and educational institutions and reinvestment to socioeconomic projects within the area of operation of the cooperatives may be tax deductible.

B. Implications

Micro, small and medium enterprises (MSMEs) in the country encounter difficulties in obtaining loans from banks due to paucity of acceptable collaterals and credit worthiness. The Credit Surety Fund of Cooperative will help MSMEs, non-governmental organizations, and cooperatives obtain loans, which they can utilize for capital in their operations. The Fund shall serve as a security for the loans of MSMEs from banking institutions by providing a surety cover in lieu of acceptable collaterals. With the CSF program, cooperatives will be able to provide its members broader access to credit from banks. Capital requirements of their MSME members that cannot be catered due to finite funding sources, can now be subsidized by lending banks through the CSF program. The CSF program will also accord potential enhancement support through trainings and seminars which are important in the conduct of credit operations in their cooperatives.

The Cooperative Law of the Philippines promotes the development of cooperatives around the country to increase their role in nation-building. No less than the Constitution has declared that cooperatives are instruments for social justice and economic development. It must be emphasized that not only cooperatives which are dealing with their members are tax exempt but also those dealing with non-members or the general public if their accumulated reserves and undivided net savings do not exceed PhP10 million. But before cooperatives can avail of the tax exemptions under the law, they must first be issued a Certificate of Tax Exemption (CTE) by the BIR and must also secure a Certificate of Good Standing (CGS) from the CDA, for which they are required to provide certain documentary requirements.

A. Features

RA 10747
An Act Promulgating a Comprehensive Policy in Addressing the Needs of Persons with Rare Disease (March 3, 2016)

RA 10747 exempts from payment of taxes and duties the donations intended for researches on rare diseases, maintenance of a Rare Disease Registry and purchase of orphan drugs or orphan products for use solely by patients with rare diseases **(Section 22)**.

B. Implications

The incentives provided by RA 10747 will encourage research and development studies on rare diseases. Moreover, the maintenance of a Rare Disease Registry which shall include data on rare diseases in the Philippines may be utilized in formulating policies, identifying program interventions and designing researches to address the needs of patients with rare disease. Also, the exemption from taxes and duties of importation of affordable orphan drugs and products would make them affordable to patients with rare disease and would be a great factor in the reduction of rare disease-related death cases.

RA 10747 is a reiteration of Section 105 (l) of the Tariff and Customs Code of the Philippines (TCCP) which provides that imported articles donated to, or for the account of, any duly registered relief organization, not operated for profit, for free distribution among the needy, upon certification by the Department of Social Welfare and Development (DSWD) or the Department of Education (DepEd), as the case may be, are eligible items for conditionally-free importation.

The importation of donated medicines, food stuff and capital equipment are among those covered in the said provision. The additional condition that said importations are subject to the evaluation and documentation requirements for clearance by either the DSWD for relief goods or materials, Food and Drugs Administration (FDA) for medicines and the National Economic and Development Authority (NEDA) for certain equipment before its tax exemption can be processed by the Revenue Operations Group (ROG) of the Department of Finance (DOF) is a sound safeguard against unjustified tax-free importation.

A. Features

RA 10754
An Act Expanding the Benefits and Privileges of Persons With Disability (March 23, 2016)

RA 10754 further amends Section 32 of RA 7277, as amended, otherwise known as the "Magna Carta for Persons with Disability (PWD)", by granting at least twenty percent (20%) discount and exempting from value-added tax (VAT), if applicable the following sale of goods and services for the exclusive use and enjoyment or availment of PWDs **(Section 1)**:

a. Fees and charges relative to the utilization of all services in hotels and similar lodging establishments; restaurants and recreation centers;

b. Admission fees charged by theaters, cinema houses, concert halls, circuses, carnivals and other similar places of culture, leisure and amusement;

c. Purchase of medicines in all drugstores;

d. Medical and dental services including diagnostic and laboratory fees such as, but not limited to, x-rays, computerized tomography scans and blood tests, and professional fees of attending doctors in all government facilities, subject to the guidelines to be issued by the DOH, in coordination with the Philippine Health Insurance Corporation (PhilHealth);

e. Medical and dental services including diagnostic and laboratory fees, and professional fees of attending doctors in all private hospitals and medical facilities, in accordance with the rules and regulations to be issued by the DOH, in coordination with the PhilHealth;

f. Fare for domestic air and sea travel;

g. Actual fare for land transportation travel such as, but not limited to, public utility buses or jeepneys (PUBs/PUJs), taxis, Asian utility vehicles (AUVs), shuttle services and public railways, including

Light Rail Transit (LRT), Metro Rail Transit (MRT) and Philippine National Railways (PNR); and

h. Funeral and burial services for the death of the PWD: *Provided*, That the beneficiary or any person who shall shoulder the funeral and burial expenses of the deceased PWD shall claim the discount under this rule for the deceased PWD upon presentation of the death certificate. Such expenses shall cover the purchase of casket or urn, embalming, hospital morgue, transport of the body *to* intended burial site in the place of origin, but shall exclude obituary publication and the cost of the memorial lot. x x x

RA 10754 also provides that business establishments can claim the discounts on certain goods and services as tax deductions for income tax purposes.

RA 10754 also further amends Section 33 of RA 7277, by providing that PWDs who are within the fourth civil degree of consanguinity or affinity to the taxpayer, regardless of age, who are not gainfully employed and chiefly dependent upon the taxpayer, shall be treated as dependents under Section 35(b) of the NIRC, as amended, and as such, individual taxpayers caring for them shall be accorded the privileges granted by the Code insofar as having dependents under the same section are concerned.

B. Implications

RA 10754 further expands the privileges and benefits presently enjoyed by PWDs under RA 7277, as amended by RA 9442. The privilege of using the discount as a tax deduction from the gross income is intended to encourage the active participation of entities providing goods and services to PWDs. Based on 2010 data, out of the 92.10 million population, 1.44 million or 1.57% are PWDs[1].

The additional discounts and VAT exemption granted by RA 10754 to PWDs generally parallel those available to senior citizens. Parenthetically,

[1] Philippine Statistics Authority (National Statistics Office) 2010 Census. It may be noted that the 2015 Census does not contain the subject information on PWDs.

the same problems being encountered by the government in the case of senior citizens are likely to crop up in the case of the PWDs. In this light, there is a need to ensure that the privileges and benefits are only enjoyed by the intended beneficiaries.

Moreover, RA 10754 effectively amends Section 35 (B) of the NIRC, as amended, by allowing individual taxpayers caring for PWDs to claim an additional exemption of twenty-five thousand pesos (PhP25,000) for income tax purposes. However, the total number of qualified dependents must not exceed four (4). Worth noting is the fact that this provision is likewise available under the Foster Care Act [RA 10165 (June 11, 2012)].

The Implementing Rules and Regulations (IRR) of RA 10754 was already circulated by Bureau of Internal Revenue (BIR) via Revenue Memorandum Circular (RMC) 135-2016 (December 28, 2016).

A. Features

RA 10771
An Act Promoting the Creation of Green Jobs, Granting Incentives and Appropriating Funds Therefor (April 29, 2016)

RA 10771 grants the following incentives to business enterprises that generate and sustain "green jobs" **(Section 5)**:

a. Special deduction from the taxable income equivalent to 50% of the total expenses for skills training and research development expenses, which is over and above the allowable ordinary and necessary business deductions for said expenses under the NIRC, as amended;

b. Tax and duty-free importation of capital equipment, provided that the capital equipment is actually, directly and exclusively used in the promotion of "green jobs" of the business enterprise.

The law provides that the above incentives will be in addition to fiscal and non-fiscal incentives already granted or provided for under existing laws, orders, issuances and regulations of the government.

B. Implications

"Green jobs," as defined in RA 10771, refers to employment that contributes to preserving or restoring the quality of the environment, be it in the agriculture, industry or services sector. In this light, RA 10771 aims to encourage business enterprises to generate and sustain green jobs by providing incentives, in addition to fiscal and non-fiscal incentives already granted or provided under existing laws, orders and regulations.

The provision on the additional special deduction on the taxable income equivalent to 50% of the total expenses for skills training and research development expenses is in accord with the rule that the expense will be considered "necessary" where the expenditure is appropriate and helpful in the development of the taxpayer's business.

It is likewise worth noting that activities for the benefit of the environment are included in the country's 2014 Investment Priorities Plan (IPP)[2] (e.g. charging stations for e-vehicles, industrial waste treatment, exploration and development of energy sources, and power generation plants). Such activities, as well as those covered by the Mandatory Inclusions under the IPP [e.g., Industrial Tree Plantation (PD 705), Renewable Energy (RA 9513) and Tourism Act (RA 9593)] may register with the BOI for the availment of fiscal incentives provided under EO 226 (Omnibus Investment Code of 1987). Such fiscal incentives include, among others, the following: (a) income tax holiday (ITH); (b) additional deduction on labor expense (ADLE); (c) tax and duty exemption on imported capital equipment; (d) tax credit on domestic capital equipment; and (e) additional deduction for necessary and major infrastructure works.

The duty-free importation of capital equipment enables green jobs registered individuals and enterprises to lower their cost of doing business and thus be more competitive in the world market.

[2] The 2014 IPP is valid for three years, i.e., up to 2016, subject to annual review.

A. Features

RA 10800
An Act Converting the Tarlac College of Agriculture in the Municipality of Camiling, Province of Tarlac into a State University to be known as the Tarlac Agricultural University and Appropriating Funds Therefor (Approved on May 10, 2016)

RA 10800 converts the Tarlac College of Agriculture (TCA) in the Municipality of Camiling, Province of Tarlac into a state university to be known as the Tarlac Agricultural University.

Section 18 of the Act provides that the importation of economic, technical and cultural books and publications, which are for economic, technical, vocational, scientific, philosophical, historical or cultural purposes made by the University, upon certification by the Commission on Higher Education (CHED), shall be exempt from customs duties in accordance with the provisions of the Tariff and Customs Code of the Philippines (TCCP) (now the CMTA), as amended. Furthermore, all grants, bequests, endowments, donations and contributions made to the University, to be used actually, directly and exclusively by the University, shall be exempt from the donor's tax and the same shall be allowed as deduction from the gross income of the donor for purposes of computing the taxable income of the donor, in accordance with the provisions of the National Internal Revenue Code of 1997, as amended.

B. Implications

The exemption from customs duties on the importation of economic, technical and cultural books and publications, which are for economic, technical, vocational, scientific, philosophical, historical or cultural purposes made by the University, upon certification by the CHED and in accordance with the provisions of the TCCP is already in place pursuant to the 1987 Philippine Constitution and existing laws and directives.

The Philippines, being a signatory to the United Nations Educational, Scientific and Cultural Organization (UNESCO) Florence Agreement[3]

[3] This refers to the Agreement on the Imposition of Educational, Scientific, and Cultural Materials signed by the President of the Philippines on August 2, 1952. (Source: DOF Department Order No. 57-2011)

undertakes not to apply customs duties or other charges on, or in connection with, the importation of books, publications and documents and certain educational, scientific and cultural materials which are the products of another Contracting State, to advance mutual knowledge and understanding of people through all means of mass communication, promote free flow of ideas by word and image and to achieve the widest possible dissemination of diverse forms of self-expression.

Moreover, to ensure adequate supply of affordable and quality books, RA 8047[4], otherwise known as the "Book Publishing Industry Development Act" provides for applicable fiscal and non-fiscal incentives for book development which include: (a) duty-free importation of books and raw materials used in book publishing; and (b) exemption from VAT of books, magazines, periodicals, newspapers, among others. A later issuance, Executive Order (EO) No. 885, series of 2010[5] likewise lifted the tariffs on educational materials including technical and scientific books which was further affirmed via DOF Department Order (DO) No. 57-2011[6]. The importation of books is likewise exempted from the VAT pursuant to Section 109(R) of the NIRC of 1997, as amended.

The proposed exemption from the donor's tax of all grants, bequests, endowments, donations and contributions made to the University, to be used actually, directly and exclusively by the University, is consistent with the provisions of Section 4(4), Article XIV of the 1987 Philippine Constitution which provides that all grants, endowments, donations, or contributions used actually, directly, and exclusively for educational purposes shall be exempt from the tax. It is likewise consistent with Section 101(A)(3) and (B)(2) of the NIRC of 1997, as amended, which provide that gifts in favor

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[4] Entitled, "An Act Providing for the Development of the Book Publishing Industry Through the Formulation and Implementation of a National Book Policy and a National Book Development Plan," approved on June 7, 1995.

[5] Entitled, "Modifying the Nomenclature and the Rates of Duty on Imported Educational, Technical, Scientific and Historical or Cultural Books under Section 104 of the Tariff and Customs Code of 1978 (Presidential Decree No. 1464), As Amended," issued on June 3, 2010.

[6] Guidelines which govern the clearance procedures for book importations. Issued on December 9, 2011.

of an educational institution, among others, shall be exempt from the donor's tax provided that not more than thirty percent (30%) of said gifts shall be used by such donee for administration purposes. The proposed deductibility of the aforementioned grants, bequests, endowments, donations and contributions from the gross income of the donor for purposes of computing the taxable income of the donor, is likewise in accordance with the provision under Section 34(H)(2)(a) of the NIRC of 1997, as amended.

A. Features

RA 10801 exempts the Overseas Workers Welfare Administration (OWWA) and all its assets and properties, all contributions collected and all accruals thereto and income or investment earnings therefrom as well as all supplies, equipment, papers or documents from any tax, assessment, fee, charge, or customs or import duty (Section 56).

RA 10801
An Act Governing the Operations and Administration of the Overseas Workers Welfare Administration (May 10, 2016)

All benefit payments made by the OWWA shall likewise be exempt from all kinds of taxes, fees or charges, and shall not be liable to attachments, garnishments, levy or seizure by or under any legal or equitable process, either before or after receipt by the person or persons entitled thereto, except to pay any debt of the member to the OWWA. No tax measure of whatever nature enacted shall apply to the OWWA, unless this section is expressly, specifically and categorically revoked or repealed by law and a provision is enacted to substitute or replace the exemption referred to herein. Any tax assessment imposed against the OWWA shall be null and void.

B. Implications

RA 10801 clarified that the OWWA is a national government agency (NGA) vested with the special function of developing and implementing welfare programs and services that respond to the needs of its member-OFWs and their families. The said law likewise endowed the OWWA the power to administer a trust fund called the OWWA Fund[7]. It further provided that the OWWA, being a chartered institution, shall not fall under any of the following categories: government instrumentalities with corporate powers (GICPs), government corporate entities (GCEs), government financial institutions (GFIs) and/or government-owned or -controlled corporations (GOCCs). **(Section 4)**

When the law classified the OWWA as an NGA, the intent of the lawmakers to exempt it from all taxes, assessment, fee, charge, or customs or import duties is clear since it is a basic principle that the government cannot tax itself. Properties of the national government are not subject to tax, otherwise it will result in the absurd situation of the "government taking money from one pocket and putting it in another".[8] Moreover, under Section 32 (B) (7) (b) of the National Internal Revenue Code (NIRC), as amended, any income derived by an NGA from the exercise of its governmental functions is exempt from income tax.

Under RA 10801[9], the OWWA is now at par with its counterpart employee welfare-oriented institutions, the HDMF, GSIS and the SSS, which enjoy outright income tax exemption privileges pursuant to RAs 9679, 8291 and 8282, respectively and Section 27(C) of the NIRC, as amended.

[7] The OWWA Fund is a private fund held in trust by the OWWA. Being a trust fund, no portion thereof or any of its income, dividends or earnings shall accrue to the general fund of the National Government. Neither shall any amount or portion thereof be conjoined with government money, nor revert to the National Government. In the same manner, it is exempted from the "one fund doctrine" of the government (Section 37 of RA 10801).

[8] Cited in Board of Assessment Appeal of Laguna vs. Court of Tax Appeals (GR No. 18125, May 31, 1963).

[9] The OWWA and all its assets and properties, all contributions collected and all accruals thereto and income or investment earnings therefrom, as well as supplies, equipment, papers or documents from any tax, assessment, fee, charge, or customs or import duty. All benefit payments made by the OWWA shall be exempt from all kinds of taxes, fees or charges, and shall not be subject to attachments, garnishments, levy or seizure by or under any legal or equitable process whatsoever, either before or after receipt by the person or persons entitled thereto, except to pay any debt of the member to the OWWA. No tax measure of whatever nature enacted shall apply to the OWWA, unless this section is expressly, specifically and categorically revoked or repealed by law and a provision is enacted to substitute or replace the exemption referred to herein. Any tax assessment against the Fund shall be null and void **(Section 56 of RA 10801)**.

RA 10816
An Act Providing for the Development and Promotion of Farm Tourism in the Philippines (May 16, 2016)

A. Feature

RA 10816 grants farm tourism operators and practitioners an option to avail of incentives under existing laws **(Section 8)**.

B. Implications

RA 10816 defines farm tourism as the practice of attracting visitors and tourists to farm areas for production, educational, and recreational purposes which involves any agricultural or fishery-based operation or activity and may also provide a venue for outdoor recreation and accessible family outings. This is in line with the present thrust of the country, is that of being agriculture-based to foster organic technologies and sustainable agriculture. (Section 3)

As may be gleaned from the above provision, farm tourism operators and practitioners may avail of the applicable tax incentives under RA 10068 or Organic Agriculture Act of 2010 namely, (a) exemption from the payment of duties on the importation of agricultural equipment, machinery and implements as provided under the amended Agriculture and Fisheries Modernization Act, (b) zero-rated VAT on transactions involving the sales/purchase of bio-organic products, whether organic inputs or organic produce and (c) ITH for seven (7) years, starting from the date of registration with the concerned investment promotion agency for organic food and organic input producers.

Being an endeavor geared towards boosting tourism industry, the fiscal incentives under RA 9593 may likewise find application to farm tourism operators and practitioners that may opt to register under the Tourism Infrastructure and Enterprise Zone Authority (TIEZA), to wit:

a. ITH from the start of business operations up to six (6) years. This ITH may be extended if the enterprise undertakes a substantial expansion or upgrade of its facilities prior to the expiration of the first 6 years or;

b. 5% GIE in lieu of all other national and local taxes, license fees, imposts and assessments, except real estate taxes and such fees as may be imposed by the TIEZA; or a

c. Tax deduction equivalent to a reasonable percentage, not exceeding sixty percent (60%) of the cost of environmental protection or cultural heritage preservation activities, sustainable livelihood programs for local communities, and other similar activities.

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A. Feature

RA 10817
An Act Instituting the Philippine Halal Export Development and Promotion Program Creating for the Purpose the Philippine Halal Export Development and Promotion Board, and for Other Purposes (May 16, 2016)

RA 10817 mandates the Board of Investments (BOI), the Philippine Economic Zone Authority (PEZA), and other investment promotion agencies (IPAs) to promote the growth of Halal industries in the different economic zones and strategic locations in the country. In this regard, they shall, as their charters allow, grant fiscal and non-fiscal incentives to attract investments in pioneering and essential industries to increase exports of Halal products or as raw materials or ingredients in the production of Halal products **(Section 13)**.

B. Implications

RA 10817 entitles enterprises engaged in Halal exportation to register with the BOI, PEZA or other IPAs in order to avail of the fiscal incentives thereunder. Such a provision merely emphasizes the conveyance of support to the Philippine Halal Industries.

Fiscal incentives offered by the concerned IPAs include, among others, the following: (a) ITH; (b) ADLE (c) tax and duty exemption on imported capital equipment; (d) tax credit on domestic capital equipment; and (e) additional deduction for necessary and major infrastructure works.

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A. Features

RA 10846
An Act Enhancing the Resolution and Liquidation Framework for Banks, Amending for the Purpose Republic Act No. 3591, as Amended, and Other Related Laws (Approved on May 23, 2016)

RA 10846 amends RA 3591 and other related laws, by enhancing the resolution and liquidation framework for banks. Specifically, the law provides that:

a. The receiver or the corporation or any of its duly authorized agents acting as receiver of a closed bank, is authorized to adopt and implement, without need of consent of the stockholders, board of directors, creditors or depositors of the closed bank, any or a combination of the two (2) modes of liquidation, namely: (a) conventional liquidation; and (b) purchase of assets and/or assumption of liabilities. (Section 26)

b. The placement of a bank under liquidation shall, among others, have the effect of non-liability of the closed bank for the payment of penalties and surcharges arising from late payment or non-payment of real property tax (RPT), capital gains tax (CGT), transfer tax and similar charges. [Section 13(e)]

c. The approval of the President of the Philippines, upon the recommendation of the Department of Finance, the Philippine Deposit Insurance Corporation (PDIC) is authorized to issue bonds, debentures, and other obligations, both local or foreign, as may be necessary for purposes of providing liquidity for settlement of insured deposits in closed banks in the Act (Section 41). Provided, That the Board of Directors shall determine the interest rates, maturity and other requirements of said obligations: Provided, further, That the Corporation may provide for appropriate reserves for the redemption or retirement of said obligation.

d. All notes, debentures, bonds, or such obligations issued by the PDIC shall be exempt from taxation both as to principal, and interest, and shall be fully guaranteed by the Philippine Government. Such guarantee, which in no case shall exceed two (2) times the Deposit Insurance Fund as of date of the debt issuance, shall be expressed on the face thereof. (Section 41)

B. Implications

The provision under the Act which make closed banks not liable to the payment of penalties and surcharges arising from late payment or non-payment of RPT, CGT, transfer tax and similar charges is deemed reasonable as the banks are already financially distressed. Subjecting them to such taxes while they are in liquidation will further compound their financial problems and in meeting their obligations to their depositors.

The exemption from taxation both as to principal and interest of notes, debentures, bonds, or such obligations issued by the PDIC is likewise deemed appropriate as such issuances are meant to provide liquidity for the settlement of insured deposits in closed banks, to facilitate the implementation of bank resolution under Section 23 of RA 10846 (new Section 11 of RA 3591), as well as for financial assistance. The taxes that should have been imposed on these financial instruments may be used by the PDIC instead to raise funds for the settlement of closed banks' financial obligations.

RA 10865
An Act Converting the Mayor Hilarion A. Ramiro Sr. Regional Training and Teaching Hospital in the Province of Misamis Occidental into a Medical Center to Be Known as the Mayor Hilarion A. Ramiro Sr. Medical Center
(Approved on June 23, 2016)

A. Features

RA 10865 converts the Mayor Hilarion A. Ramiro, Sr. Regional Training and Teaching Hospital (MHARSRTTH) in the Province of Misamis Occidental into a medical center to be known as the Mayor Hilarion A. Ramiro Sr. Medical Center (MHARSMC), and shall be under the supervision of the Department of Health (DOH).

The law provides that any donation or bequest made to the MHARSMC shall be exempt from the donor's tax and the same shall be considered as allowable deduction from the gross income of the donor, in accordance with the provisions of the National Internal Revenue Code of 1997, as amended: Provided, that such donation shall not be disposed of, transferred or sold. (Section 9)

B. Implications

The MHARSMC is categorized as a government hospital, it being under the supervision of the DOH and its funding to be sourced initially from the current year's appropriations of the DOH, and thereafter, to be included in the annual General Appropriations Act.

The provision exempting any donation or bequest made to the MHARSMC from the donor's tax is consistent with Section 101(A)(2) and (B)(1) of the NIRC of 1997, as amended, which provide that gifts or donations made by a resident or non-resident not a citizen of the Philippines to or for the use of the National Government or any other entity created by any of its agencies which is not conducted for profit, or to any political subdivision of the said government are exempt from donor's tax.

Allowing such donations, on the other hand, as deduction from gross income in the computation of the income tax of the donor, is consistent with Section 34(H)(2)(a) of the NIRC of 1997, as amended, which states that "donations to the Government of the Philippines or any of its agencies or political subdivisions, including fully-owned corporations exclusively to finance, to provide for, or to be used in undertaking priority activities in education, ***health***, youth and sports development, human settlements, science and culture, and in economic development according to a National Priority Plan determined by the National Economic and Development Authority (NEDA) xxx" shall be deductible in full from the income of the donor.

A. Features

RA 10919
An Act Establishing the University of Science and Technology of Southern Philippines, Providing for the Purpose the Amalgation of the Mindanao University of Science and Technology and the Misamis Oriental State College of Agriculture and Technology, and Appropriating Funds Therefor
(Lapsed into law on July 21, 2016)

RA 10919 also known as the "University of Science and Technology of Southern Philippines Act" adheres to the declared policy of the State to establish, maintain, and support a complete, adequate and integrated system of higher education relevant to the needs of the people and society, with primary focus on research and development for science and technology.

The Act applies to and covers all colleges and units, academic or nonacademic, of the Mindanao University of Science and Technology (MUST) and the Misamis Oriental State College of Agriculture and Technology (MOSCAT), now collectively known as the University of Science and Technology of Southern Philippines (USTSP), including the MUST campuses in Cagayan de Oro City, Jasaan, Misamis Oriental, and Alubijid, Misamis Oriental and the MOSCAT campus in Claveria, Misamis Oriental, the former Balubal Community College in Balubal, Cagayan de Oro City, and all other USTSP campuses that shall be established in the future. The main campus of the USTSP shall be in Alubijid, Misamis Oriental. The general mandate of the USTSP is to provide advance education, higher technological, professional and advance instruction in mathematics, science, technology, engineering, agriculture, and advance research and extension work in human resource development in critical science and technology skills and competencies required for regional competitiveness.

To strengthen industry linkages with the academe, Section 28 of the Act provides for the designation of the Alubijid and Claveria Campuses as Science and Technology (S&T) Parks for the long-term development of the academic and research facilities of the University in strong partnership with the industries. In this connection, Section 29 of the Act provides that industries willing to locate their operations in the University S&T Parks and to participate in the academic and research activities of the University may import duty-free items in connection with the joint academic and research activities as certified by the University's Board of Regents. Furthermore, any expenditure incurred by the industry participants in connection with such collaborative projects shall be considered as allowable deductions from the gross income in the computation of the income tax of the industry participants, in accordance with the provisions of the NIRC of 1997, as amended.

Section 50 of the Act also provides for the following tax exemptions:

a. All grants, bequests, endowments, donations and contributions made to the University to be used actually, directly and exclusively by the University shall be exempt from the donor's tax and the same shall be allowed as allowable deduction from the gross income of the donor for purposes of computing the taxable income of the donor in accordance with the provisions of the NIRC of 1997, as amended. Valuation of assistance other than money shall be based on the acquisition cost of the property. Such valuation shall take into consideration the depreciation value of the property in case the property has been used;

b. Importation of economic, technical, vocational, scientific, philosophical, historical and cultural books, supplies and materials duly certified by the Board, including scientific and educational computer and software equipment, shall be exempt from customs duties in accordance with the provisions of the Tariff and Customs Code of the Philippines, as amended; and

c. The educational services rendered by the University shall be exempt from the value-added tax in accordance with Section 109(H) of the NIRC of 1997, as amended.

B. Implications

The provision under the Act exempting from the donor's tax all grants, bequests, endowments, donations and contributions made to the University to be used actually, directly and exclusively by the University is consistent with the provisions of the 1987 Philippine Constitution which provides that all grants, endowments, donations, or contributions that are used actually, directly, and exclusively for educational purposes shall be exempt from tax.

Furthermore, Section 101(A)(3) and (B)(2) of the NIRC of 1997, as amended, provides for the exemption from the donor's tax of donations made by resident and nonresident citizens to educational institutions. In addition, Section 34(H) of the NIRC of 1997, as amended, provides that donations made to the government or to any of its agencies or political subdivisions, including government-owned corporations to exclusively finance, provide, or be used in undertaking priority activities in education, among others, according to a National Priority Plan determined by the National Economic Development Authority (NEDA), in consultation with appropriate government agencies, including its regional development councils and private philanthropic persons and institutions, are allowed to be fully deductible from the gross income in the computation of the income tax of the donor.

It is worth noting though that the tax exemption of donations and its deductibility from the gross income of the donor is already being accorded to the MUST per RA 9519 and under Batas Pambansa Bilang 402 in the case of the MOSCAT.

As regards exemption from the VAT of educational services rendered by the University, the same is consistent with the provision under Section 109(H) of the NIRC of 1997, as amended, which provides that educational services rendered by private educational institutions, duly accredited by the Department of Education, the Commission on Higher Education, the Technical Education and Skills Development Authority and those rendered by government educational institutions are exempt from the VAT.

As regards the exemption from customs duties of the importation of economic, technical, vocational, scientific, philosophical, historical and cultural books, supplies and materials, including scientific and educational computer and software equipment, the same is also a reiteration of the tax incentive accorded to MUST under RA 9519.

The incentives to enterprises that will locate to the University S&T Parks may be likened to the fiscal incentives accorded by the PEZA to PEZA-Registered Economic Zone Enterprises which include IT enterprises registered in I.T. Parks; although those provided under the Act are not as numerous as those granted by PEZA. However, while the PEZA requires for the registration of both the I.T. Parks and the I.T. enterprises/locators, before fiscal incentives may be granted, which include, among others, exemption from the payment of import duties and taxes on imported machinery and equipment and raw materials, RA 10919 has no such provision on registration. It is necessary therefore that the IRR of the law set guidelines on the registration and administration of enterprises in the S&T Parks for better implementation of this provision of the law.

CHAPTER 2

MAJOR STUDIES AND OTHER RESEARCHES

1. A Comprehensive Review of the Philippine Travel Tax

The paper reviews the Philippine travel tax, and the allocation of proceeds to different government agencies and the utilization of said share on tourism-related programs and activities to serve as input to fiscal policy makers.

The travel tax is a levy imposed by the national government on all the citizens, permanent resident aliens, and non-immigrant aliens who have stayed in the Philippines for more than one year and are travelling to other countries. Since its inception in 1956, pursuant to Republic Act 1478[10], it has become one of the most reliable sources of funding for the government. It was originally imposed to curtail unnecessary foreign travels and to conserve foreign exchange. Later, the tax was used to generate needed funds for tourism-related programs and projects.

At present, the Tourism Infrastructure and Enterprise Zone Authority (TIEZA or formerly the PTA) is the government agency

[10] Entitled "An Act to Create a Board of Travel and Tourist Industry, Defining its Powers, Duties and Responsibilities, And For Other Purposes"

mandated by law to collect the travel tax. The airlines, shipping companies, and travel agencies operating in the Philippines are delegated to collect said tax upon the issuance of the tickets. For tickets issued outside the Philippines or for internet-booked tickets, the passengers are required to pay directly to the TIEZA Travel Tax Offices or at the Travel Tax Counters at major international airports.

The travel tax has undergone various amendments since it was first imposed in 1956. Under RA 1478 effective June 15, 1956, the tax imposed was based on passage cost. It was amended by RA 6141 effective November 4, 1970 which changed the tax base from passage cost to passage class. Since then the travel tax rates were classified into first class and economy class passage. Standard reduced rates for individuals who are 12 years old and below and privileged reduced rates for contract workers, their spouses and dependents 21 years of age and below with approved contracts, among others were introduced in subsequent amendatory laws. The present travel tax rates are PhP2,700.00 for first class, PhP1,620.00 for economy class, half of these rates for standard reduced rates and PhP400.00 and PhP300.00, respectively for privileged reduced rates for dependents of Overseas Filipino Workers (OFWs).

There was no exemption provided on the initial imposition of the travel tax in 1956. It was only in 1970 with the passage of RA 6141 that an exemption was given to Filipino Muslim pilgrims to Mecca for the first time, as well as to crew members on duty aboard ships, and airlines flying international routes. In 1977, Presidential Decree (PD) 1183 exempted officials and employees of the Philippine Government, officials of United Nations and of its agencies, and personnel of multinational companies with regional headquarters at, but not engaged in business in, the Philippines, among others from the payment of travel tax.

Subsequent laws expanded the list of exemption to include personnel, including their dependents, of multinational companies with regional headquarters in the Philippines, bonafide students, officials of foreign governments with relations with the Philippine Government, OFWs, balikbayans and their families and exporters joining international trade fairs and exhibitions.

Meanwhile, EO 589 (December 8, 2006) exempted exporters joining international trade fairs, exhibitions, selling missions from paying the travel tax.

The travel tax collection is dependent on the number and frequency of Filipino passengers leaving the country. From 2000 to 2014, the number of international departing continuously grew from 1.2 million to almost 3 million. In 2014, of the total departing passengers of almost 3 million, 2.6 million passengers or 86% were taxable while the remaining 421,673 passengers or 14% were exempt. Of the taxable passengers, 2.4 million passengers or 92% paid the full travel tax, 119,066 passengers or 5% paid the standard reduced travel tax, and 91,543 passengers or 3% paid the privileged reduced rates.

Travel tax collection was generally on an uptrend from PhP1.65 billion in 2000 to PhP3.85 billion in 2014 except for some years. The highest growth of 23% was recorded in 2005 while a significant decline of 10% was noted in 2003 which was brought about by the Severe Acute Respiratory Syndrome (SARS) scare abroad and international terrorism that hindered Filipinos from travelling abroad.

The creation of the Board of Travel and Tourist Industry (BTTI) in 1956 by virtue of RA 1478 paved the way for the imposition of the travel tax, 50% of the proceeds of which was allocated to the BTTI while the remaining 50% accrued to the General Fund of the government. In 1973, the Philippine Tourism Authority (PTA) was created by virtue of PD 189 to replace the BTTI. Subsequent amendatory laws were issued which revised the allocation scheme of the tax. The most recent amendment was provided in RA 9395 or "The Tourism Act of 2009". It created the TIEZA in replacement of the PTA and retained 50% of the proceeds from the travel tax, 40% to the Higher Education Development Fund (HEDF) and 10% to the National Commission for Culture and the Arts (NCCA).

TRAVEL TAX COLLECTION ALLOCATION: 2000 – 2014
(Amounts in Million PhP)

Year	Total Collection	PTA/TIEZA	NPDC	CHED	NCCA	BTr
2000	1,652.3	480.4	2.0	660.9	165.2	343.7
2001	1,624.9	504.4	2.0	650.0	162.5	306.0
2002	1,603.4	529.6	2.0	641.3	160.3	270.1
2003	1,440.1	556.1	2.0	576.1	144.0	161.9
2004	1,697.2	583.9	2.0	678.9	169.7	262.7
2005	2,094.2	613.1	2.0	837.7	209.4	431.9
2006	2,364.8	643.8	2.0	946.5	236.4	536.1
2007	2,743.6	740.8	2.0	1,095.0	279.7	626.0
2008	2,861.6	774.6	2.0	1,144.6	286.2	654.2
2009	2,767.6	1,000.1	2.0	1,103.4	277.4	384.7
2010	3,204.4	1,602.2	-	1,281.8	320.4	-
2011	3,332.8	1,666.4	-	1,333.1	333.3	-
2012	3,496.4	1,748.2	-	1,398.6	349.6	-
2013	3,692.0	1,846.0	-	1,476.8	369.2	-
2014	3,851.9	1,926.0	-	1,540.8	385.2	-

Note: With the enactment of RA 9593 on May 12, 2009, the travel tax collection is allocated only to TIEZA (50%), CHED (40%) and NCCA (10%).
Source of basic data: Revenue Department, TIEZA

TIEZA's main financial support is its allocation from the collection of the travel tax. The TIEZA does not receive any budgetary appropriation from the government. If there were instances when TIEZA was included in the Annual General Appropriations Act (GAA), these were only meant to ensure budgetary appropriation for particular tourism infrastructure projects. From its total travel tax allocation, on the average, 55% was used for infrastructure projects/capital outlay, and 45% for administrative expenses. On the average, 85% of its revenues from 2012-2013 came from the travel tax. Without the travel tax, TIEZA would not be able to effectively carry out its mandate of supervising the Tourism Enterprise Zones (TEZs) and tourism infrastructure projects in the country.

The 40% share from the travel tax is directly remitted by TIEZA to the Bureau of the Treasury (BTr) under the special account of the CHED.

In 2014, the travel tax contributed PhP 1.5 billion to its HEDF. The HEDF is mainly utilized for institutional development, research and development, rationalization of programs, standards, and guidelines, and for scholarship programs.

The NCCA's 10% share on travel tax is directly remitted by the TIEZA to the BTr under the NCCA-NEFCA Account. The NEFCA fund reached PhP385 million in 2014. Its share is mainly used for programs for the promotion of Philippine arts and culture.

Tourism is among the top priorities of the Philippine government in view of its potential in boosting the country's economy. Under the Philippine Development Plan (PDP)[2] 2011-2016, tourism infrastructure is identified as one of the projects that the government need to undertake to enhance the country's competitiveness as a tourist destination. With TIEZA intensifying and establishing more tourism infrastructure projects throughout the country, more tourists will be enticed to visit the country, thus will lead to higher visitor receipts. It may be noted that total visitor receipts reached PhP227 billion in 2014. With the Department of Tourism's (DOT) target of 10 million foreign tourist arrivals this year, the availability of quality tourism infrastructure projects and programs is a prerequisite to attain such goal.

2. Comparative Excise Taxation of Petroleum Products in ASEAN Countries

The paper presents a survey of the excise taxation of petroleum products in member-countries of the Association of the Southeast Asian Nation (ASEAN).

The taxation of petroleum products in the ASEAN countries can be generally classified into three: (1) *specific tax* wherein taxes imposed is based on weight or volume capacity or any other physical unit of measurement; (2) *ad valorem tax* based on selling price or other specified value of the good and; (3) *mixed*, which is a combination of both specific tax and ad valorem tax.

[11] A plan based on President Aquino's "Social Contract with the People" with the vision of achieving inclusive growth, creating employment opportunities, and reducing poverty.

Among the ten (10) member-countries of the ASEAN, five (5) countries are imposing the excise tax or excise duty, namely, Philippines, Lao PDR, Singapore, Thailand and Vietnam while two (2) countries are imposing excise tax-like structure namely, specific tax on certain merchandise and services tax of Cambodia and commercial tax of Myanmar. On the other hand, Indonesia, Malaysia, and Brunei do not impose excise taxes on petroleum products.

Among the seven (7) countries which levy excise taxes, four (4) impose ad valorem tax rates. These are Lao PDR with excise tax rates ranging from 5% to 25%; Myanmar with two-tiered rates of 8% or 10%; Vietnam, 10% excise tax on all kinds of gasoline, naphtha, reformate components and other components for mixing gasoline; and Cambodia with 20% tax on certain kinds of petroleum.

In Lao PDR, gasoline is taxed at an average of 23% while diesel, aviation fuel and vehicle fuel are taxed at 10%. In Myanmar, a tax rate of 10% is imposed on gasoline, diesel oil or jet fuel and 8% on natural gas.

The Philippines and Singapore use specific tax rates which vary depending on the type of petroleum product. The tax base is per liter or per kilogram for the Philippines and per decaliter (equivalent to 10 liters) for Singapore. Singapore is imposing higher tax rates when converted to Philippine Peso, ranging from SGD 0.20/decaliter to SGD 7.10/decaliter or PhP6.71/liter to PhP23.81/liter compared to Philippines with PhP0.00/liter to PhP5.35 per liter/kilogram. For instance, regular gasoline in Singapore has an average excise tax of PhP18.78/liter while the Philippines has an excise tax of PhP4.35/liter. Thus, the excise tax of regular gasoline in Singapore is more than four times the excise tax being imposed in the Philippines.

Thailand is the only ASEAN country, which has mixed impositions (ad valorem or specific rate), of which the tax rate depends on the excise tax that will produce the highest value. The ad valorem rate, which is based on the value of the product, ranges from 0% to 36% while the specific tax rate ranges from Baht 0.00 to Baht 7.00 or PhP0.27 to PhP9.33 per liter/kilogram. Thailand has the highest ad valorem tax of 36%, which is a tax levied on naphtha, reformate, pyrolysis, gasoline and other fluids with similar properties; and natural gas fluids and similar products. For diesel, Thailand imposes specific tax rates of Baht 5.04 or Baht 5.31 equivalent to PhP6.72 or PhP7.08 per liter, while the Philippines imposes no tax on diesel. As can be seen, the Philippines has lower taxes on petroleum products compared to its neighboring countries.

3. *Gender, Tobacco and Taxation: Cigarette Usage of Men and Women in the Philippines*

The paper discusses gender-related perceptions on smoking, the causes and effects of cigarette smoking in men and women and how taxation policies and tobacco control programs can help curb smoking.

Cigarette smoking has long been viewed as an activity associated with men, at least in the Philippine context. Recently, however, female smoking caught the interest of health advocates due to the escalation in smoking incidences. Cigarette smoking is one of the country's most potent killers causing several diseases and causing people's deaths regardless of age and sex. Data from the Department of Health (DOH) revealed that about 10 Filipinos die every hour because of smoking.

In early times, women smoked less compared to men because of the norm that smoking in men connotes power, making it a symbol of masculinity, whereas smoking in women signals promiscuity. Recently, it has been observed that in Western countries, the gap between the smoking prevalence in men and women is narrowing.

Male smoking incidence in the Philippines exceeded the global average of 36% with smoking prevalence of 44.7% in 2013. The same is also depicted for female smoking incidence at a higher rate of 7.8% against the global average of 7%. The smoking incidence of the total population was 25.4%, which was higher than the 21% worldwide average.

On the other hand, in the ASEAN region in 2013, the Philippines ranked second in adult male smoking prevalence next to Indonesia and first in females. Singapore has the lowest adult male and female smoking prevalence. It is worth noting that adult female smoking prevalence in the Philippines is twice as much as the regional average.

With regard to youth smokers, the Global Youth Tobacco Survey (GYTS) reported that 27.5% of Filipino students aged 13 to 15 years old have already smoked cigarettes and that about 13.7% of the respondents currently use tobacco products constituting 18.8% of boys and 9.3% of girls.

The Philippines has the fifth highest male youth smoking incidence rate in the ASEAN region which is lower than the country's adult male smoking incidence. It tied at second place with Malaysia for youth smoking incidence for females next to Brunei.

Women and men have different psychological patterns that influence their behavior. The same is evident in their motivation to smoke cigarettes. Men are found to smoke when they are experiencing positive emotions while women smoke to contradict any negative feelings they harbor. Men are also more prone to smoke in public places with their peers, whereas women, smoke in hidden places. Women are known to smoke to control weight, and to relieve stress. Men start to smoke with similar reasons in lesser frequencies. However, men tend to be more dependent on nicotine compared to women, which is most likely the primary influencing factor on cigarette addiction for men.

Tobacco smoking leads to several common and unique consequences on men and women including cancer, fertility and reproductive problems, and eventually to death.

According to The Tobacco Atlas, the Philippines experienced 71,850 tobacco-induced deaths in 2010, which comprised 19.6% of deaths of men and 9.4% of deaths of women. Congruent with smoking prevalence rates, more deaths occur in both men and women in the Philippines compared with other middle-income countries.

Generally, higher taxes are being imposed to lower the consumption of cigarettes for health reasons and to generate revenue. Current tax policies worldwide are neutral to all kinds of smokers i.e. whether new or old; children, teenagers or adults; lower-class, middle-class or upper-class; men or women; although they may affect males and females; and adults and the youth differently.

Men are found to be more price- sensitive compared to women thus higher excise taxes would certainly be more effective to men than women. On the other hand, women are more likely to cease smoking through warnings in relation to pregnancy and family.

With regard to the youth, regardless of gender, the government's imposition of a minimum cigarette price can curb smoking since they are just beginning to smoke. However, for long-term smokers and people of higher socio-economic classes, price floor policies will have little effect.

Some countries employ a mix of taxation and warning labels coupled with advertising limitations and age restrictions in drafting tobacco control policies. As gathered, the number of countries that impose taxes on cigarettes reached 163 out of 182 with exceptions to members of the Gulf Cooperation Council (GCC). In addition, there are at least 77 countries that mandated graphic warning labels in 2012, which include Thailand, Australia, Uruguay, Brunei, Canada, Nepal, which are known to have adopted the largest labels. Age restrictions and advertisement regulations are also employed to restrain the market reach of tobacco products.

RA 10351 (approved on December 19, 2012) or the Sin Tax Reform Law as implemented by Revenue Regulation (RR) No. 17-2012 simplified the excise tax structure of sin products by increasing the tax rates and gradually shifting the excise taxation of fermented liquors and cigarettes to unitary tax system by 2017 with primary objectives of generating revenues to fund the universal health care program (UHCP) of the government and discouraging consumption of sin products, thus, improving the general well-being of the people.

It is worth noting that cigarettes packed in 20s declined by 1.5 billion packs or 26.02% in 2013 and by 595 million packs or by 14.07% in 2014. Declines in the volume of removals (VOR) of cigarettes packed in 5s, 10s and 30s were also noted. Over-all there was a decline in the VOR by 15.52% in 2013 and 19.56% in 2014.

In 2013, the first year of the implementation of the Sin Tax Reform Law, actual collections significantly grew to PhP 105.14 billion or 85% higher than the previous year. Substantial excise tax collections were maintained in 2014 where the actual collections of PhP 119.86 billion went beyond the PhP 105.17 billion target. In addition, the reported collections in the first half of 2015 already exceeded half of its goal, thus sustaining the possibility of surpassing the year-end target.

Based on the foregoing, the Sin Tax Reform Law succeeded in meeting its objectives of generating revenue for health funding and decreasing consumption of tobacco products, most particularly in children, both male and female.

4. Income Tax Profile of Self-Employed Individuals and Professionals

The paper presents an income tax profile of self-employed individuals and professionals (SEPs) which could serve as input in assessing various tax proposals and/or formulating other reform measures to improve collection from this group of taxpayers.

Compared to compensation income earners (CIEs) who contributed 86% to total individual income tax collection, the SEPs shared only about 14% (including withholding tax at source) during the last decade. Also, NTRC tax gap estimates in 2010-2014[3] showed on the average a 55% tax leakage among this so-called “hard-to-tax-group” of taxpayers.

The profile utilized sample BIR Form 1701 tax returns filed in 2013 from the BIR Integrated Tax System (ITS) and Electronic Filing and Payment System (eFPS) database. The sample covered a total of 214,507 SEPs, 89% of whom are single proprietors and 11% are professionals.

By industry, majority of the single proprietors (41%) were engaged in wholesale and retail trade; followed by real estate, realty, and business activities (16%); transport, storage, and communications (11%); other community, social, and personal service activities (7%); and manufacturing (6%). The remaining single proprietors were engaged in other industries. On the other hand, almost half (47%) of professionals

[12] National Tax Research Center, Estimate of the Individual Income Tax Gap: 2010 – 2014, September 11, 2015.

were in medical, dental and other health services; 12% were insurance agents and brokers; 9% in market research and public opinion polling; 7% into legal activities; 6% in real estate activities; 6% in accounting, bookkeeping and auditing activities and the rest in other types of profession.

Almost half of single proprietors had gross income of PhP150,000 and below; 32% over PhP150,000 to PhP500,000; 10% more than PhP500,000 to PhP1 million; and 13% over PhP1 million. Among the professionals, about 25% had gross income of PhP150,000 and below; 34% over PhP150,000 to PhP500,000; 17% more than PhP500,000 to PhP1 million; and 23% over PhP1 million.

Among single proprietors, over one-third (35%) incurred net losses or has zero net taxable income (NTI) brought about by any of the following: (1) cost of sales/services (COS) were greater than the declared sales/revenues/receipts/fees; (2) amount of business deductions were greater than gross income; (3) allowable deductions plus personal & additional exemptions (PAE) and premium deduction were greater than gross income. Among professional tax filers, 4,222 or 18% incurred net losses or had zero net taxable income for the same reasons.

Among single proprietors, 51% did not claim any COS and 49% were with COS. On the average, COS ranged from 41% to 66% of sales/revenues/receipts/fees of the sample single proprietor tax filers.

For professional tax filers, about 83% were without COS while 17% were with COS. For all types of profession, the proportion of taxpayers without COS was relatively higher than those with COS. COS declared by professional tax filers by profession/activity on the average ranged from 37% to 79% of receipts/fee.

Among single proprietors, 73% claimed itemized deductions while 22% opted for optional standard deduction (OSD) and 5% did not claim any business deductions. For professionals, 57% chose itemized deductions and 38%, OSD while 4% did not claim any. By gross income bracket, preference for itemized deduction by single proprietors increased as gross income went up. Conversely, the low-income earners preferred the OSD. Preference for itemized deduction was also increasing among professionals with gross income of PhP4 million and above.

In terms of the ratio of deductions to gross income, on the average, about half of gross income was claimed as deductions by single proprietors. For professionals, 44% on the average is claimed as deductions. However, there were tax filers who claimed 100% of their gross income as deductions, contributing nothing in income tax.

The ratio of tax due to sales/revenues/receipts/fees or the effective tax rate (ETR) of taxable single proprietors was low at 1.55% while for professionals, it was higher at 10.46%. By net taxable income (NTI) bracket, the ETR of single proprietors with NTI of PhP500,000 and below was less than 1%; and those with NTI of over PhP500,000 reached 2.16%. In the case of professionals, the ETR on average was at 3% for those with NTI of PhP500,000 and below and 13.23% for those with NTI of over PhP500,000.

Based on the data presented, one-third of SEP tax filers are exempt as they incurred net loss or have zero NTI. On the other hand, the other two-thirds who were taxable had very low ETRs, hence, they did not sufficiently contribute to tax collection.

In view of this lingering problem concerning SEPs, there are various proposals that are filed in Congress which include the imposition of a flat rate on small SEPs or provision for an OSD that will no longer require them to keep books of accounts. Also, attention should be focused on high profile SEPs. Due diligence in collecting taxes will definitely bring about improved collection from this sector.

5. *Taxation of Pawnshops in the Philippines and in the ASEAN Region*

The paper examines the taxes imposed on pawnshops in the Philippines and how they compare with the ASEAN member-countries to serve as inputs to fiscal policymakers in any future attempt to reform the taxation of the sector.

Pawnshops play an important role in the country's economic growth and development. They widen the sources of microcredit and address the immediate and short-term financial needs of low to middle-income households that banks would not be able to provide. They are engaged in the business of lending money on personal property delivered as security for loans.

The country's pawnbroking industry was officially regulated in 1973 by then Central Bank (CB), now the Bangko Sentral ng Pilipinas (BSP), pursuant to Presidential Decree (PD) No. 114, or the "Pawnshop Regulatory Act". Currently, pawnshops are governed by an updated manual of regulations, contained in BSP Circular 656[4], as amended. They can be established either as single proprietorships, partnerships or corporations within the restrictions of the law.

The BSP has been implementing a market-oriented interest rate policy wherein market demand and supply dictate the interest rate level. However, the interest rate shall not be iniquitous, unconscionable, or contrary to morals, if not against the law as may be determined by the Court. Presently, the interest rate imposed by most pawnshop operators in the country ranges between 3% to 4% per month, with loans payable in one month but can be renewed for a maximum of three months. As observed, the interest rates imposed by pawnshops are high compared to those imposed by other financial institutions pursuant to BSP Circular 799[5]. They also collect a service charge equivalent to 1% of the principal loan but not to exceed PhP5.00.

Pawnshops are likewise covered by Republic Act (RA) No. 9160, as amended by RA 9194, otherwise known as the "Anti-Money Laundering Act" (AMLA) which mandates pawnshops to adhere to the requirements of the said law, e.g., Customer Identification Requirements-Know-Your-Customer (KYC) Rule, maintain and safely store all records/ files containing the full and true identity of the owners or holders of the accounts involved in the covered transactions and all other identification documents for five (5) years from the transaction dates, among others.

The number of pawnshops increased from 14,333 in 2008 to 17,652 in 2013. However, in 2014, the number went down to 17,422 as some were

[13] "Manual of Regulations for Non-Bank Financial Institutions – Pawnshops", June 2, 2009.

[14] "Rate of Interest in the Absence of Stipulation", July 1, 2013

delisted from the BSP's registry of pawnshops pursuant to BSP Circular Letter 2014-043 due to voluntary closures and non-compliance of some pawnshops in submitting necessary reports and in paying the required fees to the BSP. Of the 17,422 pawnshops during the year, 5,847 or 34% were head offices and 11,575 or 66% were branch offices.

From 2008 to 2014, the total pledge loans in the pawnbroking industry moved erratically with the highest increase noted in 2012 when the amount grew from PhP 14.5 billion in 2011 to PhP 22.3 billion. On the other hand, the lowest drop was recorded in 2011 when the amount declined to PhP 14.5 billion from PhP 17.2 billion in 2010.

Through the years, pawnshops have likewise diversified into the business of remittance, money changing, bills payment collection services, and in providing facilities in the sale of microinsurance products to households. Thus, they not only provide loans but also offer to remit, transfer money on behalf of any person/entity, engage in the business of buying and/or selling of foreign currencies, serve as bills payment centers, and microinsurance agents. In 2014, out of 17,422 pawnshops, 6,776 or 39% were engaged in these corollary businesses; mostly in both money changing and remittance business.

The taxation of pawnshops has undergone many changes. Pawnshop operators used to pay a fixed business tax of PhP400.00 beginning in 1914 via Act 2339[6], which was increased to PhP500.00 per RA 6110[7] in 1969, and to PhP1,000.00 pursuant to PD 1457[8] in 1978. However, with the issuance of Executive Order (EO) 273, or the Value Added Tax (VAT) Law, fixed business taxes including those imposed on pawnshops, were abolished except the percentage tax on lending investors. Thus, upon the effectivity of EO 273 on January 1, 1988, pawnshop operators ran their businesses without paying any form

[15] "An Act Revising and Consolidating the Laws Relative to Internal Revenue", otherwise known as the "Internal Revenue Law of 1914", February 27, 1914.

[16] "An Act Amending Certain Provisions of the National Internal Revenue Code, As Amended", August 4, 1969.

[17] "Amending Certain Sections of the National Internal Revenue Code of 1977, As Amended, And For Other Purposes", June 11, 1978.

of business tax to the national government. In fact, BIR Ruling 06-90 and VAT Ruling Nos. 067-90, 022-90, and 226-90, formally declared that pawnshops were not subject to any business tax, i.e., VAT, lending investor's tax or percentage tax imposed on NBFIs.

The issuance of Revenue Memorandum Order (RMO) 15-91, however, subjected pawnshops to the 5% lending investor's tax based on gross income pursuant to then Section 116 of the Tax Code, as amended and was reiterated by Revenue Memorandum Circular (RMC) Nos. 43-91 and 47-92. In 1994 per RA 7716, or the Expanded VAT Law, pawnshops were made liable to the 10% VAT imposed on banks and NBFIs under then Section 102 of the Tax Code, as amended. This was reinstated by RA 8241 in 1997, although the levy, collection and assessment of the VAT on services rendered by banks, NBFIs, finance companies, and other financial intermediaries not performing quasi-banking functions, were made effective January 1, 1998. In the same vein, RA 8424, or the Tax Reform Act of 1997, likewise imposed a 10% VAT on pawnshops but the levy, collection and assessment thereof were again deferred until December 31, 1999. This was further deferred by RA 8761 until December 31, 2000. The levy, collection and assessment of the VAT on banks, NBFIs, finance companies, and other financial intermediaries not performing quasi-banking functions were finally made effective beginning January 1, 2003 under RA 9010. However, pursuant to RA 9238[9], which took effect on January 1, 2004, and with the issuance of RR 10–2004 on October 18, 2004, pawnshops were considered NBFIs subject to gross receipts tax (GRT) under Section 122 of the NIRC of 1997, as amended, at a rate of 5%. In view thereof, the BIR issued RMC 73-2004 subjecting all sales of services and goods of pawnshops to the GRT commencing January 1, 2005.

Aside from the GRT, the taxes applicable to pawnshop operators are the income tax/minimum corporate income tax (MCIT) and documentary stamp tax (DST). Taxes on pawnshops with corollary businesses (e.g. Foreign Exchange Dealer/Money Changer, Remittance Agent, Bills Payment Collection Agent) are likewise subject to the GRT and DST. Local taxes imposed on pawnshops include the real property tax (RPT) and business tax.

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[18] Lapsed into law on February 5, 2004.

Total tax payments made by pawnshops increased from PhP635 million in 2010 to PhP1.36 billion in 2012. On the average, PhP554 million (45%) was paid as percentage tax, PhP391 million (32%) as income tax and PhP287 million (23%) as DST annually from 2010 to 2013. Available data show that pawnshops posted varying but generally increasing effective tax rates (ETRs) ranging from 4% to 9% from 2010 to 2013.

The income tax is a common imposition on pawnshops in all ASEAN member-countries. However, VAT on pawnbroking services, including interests and other revenues from the sale of pawned articles is only imposed in Vietnam. Other countries exempt the same from the VAT and instead charge an equivalent business tax, like GRT for the Philippines, Commercial Tax for Myanmar, Business Turnover Tax for Cambodia, and Specific Business Tax (SBT) for Thailand. Meanwhile, Singapore collects a 15% final tax on interest, fees, and payments in connection with any loan or indebtedness. The DST or Stamp Duty is another type of tax that is common in three ASEAN member-countries (Philippines, Brunei Darussalam, and Thailand). Myanmar and Indonesia, on their part, exempt pawn or pledge from the SD. Meanwhile, in Islamic ASEAN member-countries like Brunei Darussalam, Indonesia, and Malaysia wherein the imposition of interest is not practiced in pawnbroking business only minimal safekeeping fees are collected.

6. *Tax Contribution of Women Engaged in Business and Practice of Profession*

The paper examines the engagement of women in business or practice of profession and their contribution to government income tax revenue.

Based on the country's 2015 Gender Statistics on Labor and Employment (GSLE), 50.7% of women 15 years old and over were economically active in 2014 as against 78.6% of men or around 28% gender gap which has barely narrowed from 30% in 2008. According to the same source, the number of self-employed individuals and professionals (SEPs) representing one third of the total employed persons in the country averaged around 12 million annually from 2008 to 2014. Of the number, around 36% of SEPs were women and 64% were men or a gap of 28%.

By industry, men dominated in transportation and storage (98%); fishing (96%); construction (95%); mining and quarrying (86%); and agriculture, hunting and forestry sector (82%). Meanwhile, larger proportion of women was engaged in accommodation and food services (73%); wholesale and retail trade (70%); real estate (68%); education (68%); and human health and social works (66%). Seemingly, women pursued businesses that men were less inclined to choose. Also, the choice of industry is usually based on the characteristics inherent in the respective person or gender.

According to the BIR, a total of 579,349 SEPs filed income tax return in 2013 which represents only 27% of the total number of BIR registered SEPs as of December 2013. Of the tax filers, 50.02% were male and 49.98% were female, or almost an equal ratio. However, relative to the number of male and female SEPs based on the GSLE data, it is shown that the proportion of women SEPs who filed income tax return is higher which indicates that women SEPs were more compliant in paying their income tax.

The number of tax filers decreased as the number of dependents increased for both male and female SEPs. However, the decrease was more pronounced in the number of female SEP taxpayers, implying that the participation of women in entrepreneurial activities is constrained by the responsibility of taking care of children. This is especially true in the Philippines where women, in general, prioritize family over anything else. As a result, female SEPs generate lesser income than male SEPs. Accordingly, male SEPs contributed more income tax than their female counterpart. It is estimated that 65% of the PhP35.10 billion total income tax collection (including withholding tax at source) from SEPs in 2013 came from men and the remaining 35% from women SEPs.

Data show that women are still far behind men in entrepreneurship and consequently, in income tax contribution. Nevertheless, their number is significant enough indicating the desire of women to practice their skills or profession and/or to provide additional family income. This only proves that women are becoming important players in various sectors of the economy.

7. *Feasibility of Imposing a Tax on the Emissions of Carbon Dioxide in the Philippines*

The paper explores the feasibility of imposing a carbon tax on selected priority sectors as a mechanism for reducing carbon emissions in the country. Moreover, the paper provides information on the tax practices in other countries to reduce carbon emissions.

The Philippines is tagged as one of the world's most vulnerable countries to climate change. There is therefore an urgent need to control the levels of carbon dioxide (CO_2), to address the distressing effects of climate change not only to the environment but also to human health.

Available data from the Department of Energy (DOE) show that the country's CO_2 emissions recorded an annual average of 69 Mt from 2000-2014. Majority of the CO_2 emissions came from electricity generation sector (41%) followed by transportation (34%) and industry (15%) sectors. In terms of CO_2 emissions by type of fuel, majority or 58% came from the use of oil, followed by coal (34%) and natural gas (8%).

From 1999 to 2008, several laws concerning climate change were passed. These include RA 8749 (Clean Air Act), RA 9003 (waste minimization and resource conservation), RA 9136 (promotion of the utilization of indigenous and new and renewable energy resources in power generation), RA 9275 (prevention, control and abatement of pollution of the country's water resources), RA 9367 (development and utilization of indigenous renewable and sustainable sources, clean energy sources as well as mitigation of toxic and greenhouse gas (GHG) emissions), and RA 9513 (promotion of the development of renewable energy resources which include biomass, solar, wind, hydro, geothermal and ocean energy sources), among others.

RA 9729, otherwise known as the "Climate Change Act of 2009" was the landmark law that was passed by the government to address climate change. Under the law, the Climate Change Commission was created to ensure the mainstreaming of climate change into government policies, plans and programs. Moreover, the Commission is the lead policymaking body charged with coordinating, monitoring and evaluating programs and action plans of the government relating to climate change in the country.

The latest action of the government to address the impact of climate change was the enactment of RA 10771 or the "Philippine Green Jobs Act of 2016" which encourages and provides incentives to industries that produce goods and render services that benefit the environment, conserve natural resources and ensure the sustainable development of the country and its transition into a green economy.

Reducing GHG emission, specifically CO_2, can be done through market-based approaches that put price on carbon discharges. The imposition of a tax on CO_2 emissions can reduce the use of environmentally harmful substances and the amount of waste generated. The said approach can help correct the market failure that exists in fossil fuel prices which exclude environmental and social costs in the market prices. It is worthy to mention that fuel taxes and the removal of fossil fuel subsidies and incentives, among others, can be considered as indirect ways of pricing carbon. At present, manufactured oils and other fuels in the country are subject to the excise tax ranging from PhP0.00 to PhP4.35 per liter and to 12% value-added tax (VAT).

There are two main types of carbon pricing: (1) emission trading system (ETS) and (2) carbon tax. The ETS, otherwise known as the cap-and-trade system, caps the total level of GHG emission and allows industries with low emission to sell their extra allowances to larger emitters. By creating supply and demand for emission allowances, an ETS establishes a market price for GHG emission. On the other hand, the carbon tax is a market-based policy instrument that can be used to achieve cost-effective reduction in emission. The tax directly sets a price on carbon by defining a tax rate on the carbon content of fossil fuels. The economic rationale for creating a price on CO_2 emission is to correct the underlying market failure in burning fossil fuels and other activities that emit CO_2 and to encourage the development of new technologies that reduce pollution.

The carbon tax may be initially imposed on the country's main sources of CO_2 emissions on transportation and electricity generation sectors. Thereafter, other sectors may likewise be subjected to the carbon tax.

The carbon tax can be levied at any point in the energy supply chain. However, for administrative simplicity, it may be levied at a point where there are relatively few entities subject to tax. Most proposals suggest the tax may be better applied to upstream suppliers (firms engaged in exploration and production of coal) than to "midstream" (electric utilities). Based on the country's CO_2 emissions outlook from 2015-2030, the government may generate estimated revenue amounting to an annual average of PhP12.20 billion to PhP121.97 billion, covering the same period under certain assumptions.

The revenue that could be generated from imposing the carbon tax could be used to finance environment-related programs and projects of the DENR. The fund may also be used to improve and upgrade the facilities of DENR, particularly, those that are used in monitoring air quality of the country.

The carbon tax is already being implemented in some countries, especially those in the European Union as early as 1990s. Several European countries that impose carbon tax include Finland, Norway, Sweden, Denmark, Switzerland, Ireland, Iceland, France, and the United Kingdom (UK); Costa Rica, Chile and Mexico in Latin America; British Columbia, Canada; Japan and South Africa.

8. *Lifting of the Philippine Bank Secrecy Law for Tax Fraud Cases*

The paper discusses the bank secrecy law, and other relevant laws in the Philippines and other selected countries. It provides valuable information on the perceived benefits of the proposed lifting of the country's bank secrecy law and the need to give it utmost priority in order to prevent domestic and offshore tax evasion and consequently increase tax collection.

Bank secrecy (or bank privacy) is a legal principle in some jurisdictions under which banks are not allowed to provide the authorities personal and account information of their customers unless certain conditions apply. In all the countries in the world, only three, namely the Philippines, Lebanon and Switzerland still have restrictive banking laws making it hard for the government to go after tax evaders and money launderers. However, the Swiss government is trying to open up to join the rest of the world in lifting its bank secrecy laws.

The Bank Secrecy Law in the Philippines was put in place in 1955 pursuant to RA 1405[10]. It provides for a confidentiality rule for all types of bank deposits except upon written permission of the depositor, in case of impeachment, upon order of the court in cases of bribery or dereliction of duty of public official or where the deposit is the subject of litigation. In 1981, the law was amended by PD 1792[11] to allow the examination of bank records when authorized by the Monetary Board or when the examination is made by an independent auditor hired by the bank itself for audit purposes only.

In 2001, the Anti-Money Laundering Council (AMLC) was created pursuant to RA 9160[12] as amended by RA 9194[13] and authorized to inquire into or examine any particular deposit or investment with any banking institution or non-bank financial institution upon order of any competent court in cases of violation of said law, when it has been established that there is probable cause that the deposits or investments are related to an unlawful activity or a money-laundering offense. In the area of taxation, under Section 6(F) of the NIRC of 1997, as amended by RA 10021[14], the Commissioner of Internal Revenue has the authority to inquire into the bank deposits and other related information held by the financial institutions of

[19] An Act Prohibiting Disclosure of or Inquiry Into, Deposits with Any Banking Institution and Providing Penalty Therefor (Approved, September 9, 1955)

[20] Amending RA 1405 (Approved, January 16, 1981)

[21] An Act Defining the Crime of Money Laundering, Providing Penalties Therefor and For Other Purposes (Approved, September 29, 2001)

[22] An Act Amending RA 9160, Otherwise Known as the Anti-Money Laundering Act of 2001 (Approved, March 7, 2003)

[23] An Act to Allow the Exchange of Information by the Bureau of Internal Revenue of Tax Matters Pursuant to Internationally-Agreed Tax Standards, Amending 6(F), 71 and 270 of the National Internal Revenue Code of 1997, as Amended, and for Other Purposes (July 27, 2009)

a decedent to determine his gross estate; and a specific taxpayer subject of a request for the supply of tax information from a foreign tax authority pursuant to an international convention or agreement on tax matters; and any taxpayer who has filed an application for compromise of his tax liability by reason of financial incapacity, among others.

As mentioned, there are few countries that impose some form of Bank Secrecy Law. The Swiss Federal Act on Banks and Savings Bank, also known as the Banking Law of 1934 governs the regulations of banks in Switzerland where privacy is strictly enforced. Said law strictly limits any information shared with third parties, including tax authorities, foreign governments or even Swiss authorities, except when requested by a Swiss judge's subpoena in cases of severe criminal acts, such as identifying a terrorist's bank account or tax fraud. However, with international standards taking on an increasingly important role with regard to the disclosure of banks of client information to tax authorities since 2009, administrative assistance in the case of tax evasion has been part of Swiss double-taxation agreements in accordance with the Organization for Economic Co-operation and Development (OECD) standard. Further, in October 2013 the Swiss government resolved to sign the Council of Europe and OECD's convention on administrative assistance in tax matters that will align Swiss bank practices with those of other countries and in effect end the special secrecy that clients of Swiss banks had enjoyed in the past.

The Lebanese Banking Secrecy Law of 1956 provides inhibition from disclosing an information about the bank's client names, funds, or personal matters to any party, be it an individual or a public authority, whether administrative, military or judicial, except when authorized in writing by the concerned client, his/her heirs or legatees, or in case the client is declared bankrupt, or there is a lawsuit involving banks and their clients over banking operations. While Lebanon has retained its banking secrecy laws, it however, adopts measures to fight money laundering.

Singapore, on the other hand, has bank secrecy provisions comparable to those in Switzerland. New regulations for private banks in Singapore, however, could threaten the city states' status as an offshore financial hub and hurt its competitiveness against other offshore havens such as Hong Kong or Dubai. Starting July 1, 2014, any bank in Singapore suspected of facilitating tax evasion or having inadequate controls will be punished with fines, criminal cases and possible loss of license to operate in Singapore. It agrees to automatically share bank data with other jurisdictions preventing offshore tax evasion.

Meanwhile, the United States' Bank Secrecy Act of 1970 (BSA) requires financial institutions (FIs) to assist government agencies to detect and prevent money laundering. Specifically, the Act requires FIs to keep records of cash purchases of negotiable instruments, file reports of cash transactions exceeding $10,000 (daily aggregate amount), and to report suspicious activities that might signify money laundering, tax evasion or other criminal activities.

It is worth noting that the BIR's authority to inquire into bank deposit accounts is limited to decedents to determine their gross estate, taxpayers who have filed application for compromise of their taxes due to financial incapacity and to taxpayers who are subject of exchange of information on request. The lack of access to the information on bank accounts for tax purposes has led to inaccurate tax assessments, weak evidence in tax evasion prosecution, and inability of tax authority to determine the true tax liability of taxpayers.

The BIR under the past administration stressed the need to lift the bank secrecy law for tax purposes to bring the Philippines in line with countries establishing the single and consistent global standard in tracking tax fraud would allow the BIR to assess tax liabilities and properly enforce administration & judicial remedies and ensure satisfaction of judgment. It would also increase taxpayer compliance as it would be a global defense against tax evasion.

Since, existing bank secrecy laws make it tough for the BIR to go after tax evaders and money launderers. It would often seek court intervention, an additional process that requires resources without a clear return of investment.

The amendment of Bank Secrecy Laws should be viewed positively as an opportunity for the Philippines to effectively combat both domestic and global tax evasion, money laundering, and other financial crimes, foster harmonious international relations, and to finally comply with world standards on transparency. However, Filipinos should be assured that with the strict standards for confidentiality, the information gathered are secure and will only be used for the intended purpose.

9. Revenue Performance of the BIR Large Taxpayers Service: 2006 – 2015

The paper reviews the profile of the "large taxpayers" and assesses the revenue performance of the Large Taxpayers Service (LTS) of the BIR from 2006 to 2015 with the end view of making recommendations therefrom.

The BIR LTS serves as a one-stop shop for the country's so called "large taxpayers". Initially, there were 1,000 selected large taxpayers based on the criteria relating to the amount of taxes paid or payable set under Republic Act (RA) No. 7646[15] in 1993. At present, there are 2,320 large taxpayers under the jurisdiction of the LTS. Considering that the bulk of the Bureau's collection comes from the LTS, it is of great importance to continuously monitor the performance of this Office.

RA 7646 initially set the criteria in selecting large taxpayers (LTs). Corporate taxpayers were classified as LTs if they meet any or a combination of the criteria based on amount of taxes paid or payable. In 1998, the initial set of criteria was expanded to include threshold amounts on percentage tax and documentary stamp tax paid or payable via Revenue Regulations (RR) No. 1-98. Moreover, annual gross sales/ receipts and total net worth were included in determining LTs.

In 2010, via RR 17-2010 the thresholds for taxes paid for the VAT and percentage tax were doubled and the magnitude of annual gross purchases was included among the criteria. Moreover, top corporate taxpayers listed and published by the Securities and Exchange Commission (SEC) were automatically classified as large taxpayers. A list of other automatic classification criteria was also provided.

[24] An Act Authorizing the Commissioner of Internal Revenue to Prescribe the Place for Payment of Internal Revenue Taxes by Large Taxpayers, amending for this Purpose Certain Provisions of the National Internal Revenue Code, as Amended (approved February 24, 1993).

From 1,000 selected large taxpayers in 1993, the number expanded to 1,500 in 1998 via RR 1-98 which provides for the LTs continuous expansion until such time that 85% of the Bureau's total collection has been captured and monitored. For the period under review, available data show that there were 1,308 LTs in 2006 and 1,453 in 2007. The number was reduced to 1,108 LTs in 2008 due to the transfer of 489 LTs to their respective Revenue District Offices (RDOs) in compliance with Revenue Memorandum Order (RMO) No. 25-2008. In 2009, however, this order was reversed by RMO 1-2009 resulting in the expansion of the number of taxpayers in the LTS to 1,522. In 2010, the number of LTs was again reduced to 1,196 with the exclusion of inactive LTs in the count. Since then, the number increased annually until the count reached 2,128 in 2014 and 2,320 in 2015 as a result of the expanded coverage and automatic classification of taxpayers belonging to certain categories.

By implementing office, over half of the LTs were lodged at the Regular LT Division while the rest were under the jurisdiction of the Excise LT Division and LT District Offices (LTDO) in Makati and Cebu.

By industry, the bulk of the large taxpayers came from four industry groups, namely manufacturing, wholesale and retail trade, financial intermediation and real estate and renting activities. The rest were from other industries.

The LTS collection grew from PhP341 billion in 2006 to PhP882 billion in 2015 or by 159% within the 10-year period. The LTS posted varying shares to total BIR collection ranging from 52% in 2006 to 62% in 2013. The significant increase in the number of the large taxpayers beginning 2011 contributed to the bigger share of the LTS collection to total BIR collection.

By implementing office, on the average, 54% of the collection came from Regular LT, 38% from Excise LT and the remaining 8% from the LTDO in Makati and Cebu.

By type of tax, over half (54%) of the collection, on the average, were from the income tax; followed by the VAT, 20%; excise tax ,15%; and the rest from the percentage tax and other taxes. It is observed that from a 17.2% share of excise taxes to total LTS collection, it went down to 11.1% in 2012. Its share to total LTS collection however went up to 15.7% in 2013 and further to 16.4% in 2014 due to the implementation of RA 10351 or the Sin Tax Law.

In terms of attaining its collection goal, the LTS posted continuous shortfalls from 2006 to 2015, collecting only 84.0% (in 2015) to 99.1% (in 2011) of collection targets.

By industry, the collection was contributed by large taxpayers from two industries, namely manufacturing with 35.8% and financial intermediation with 19.8%. Transport and communications (10.8%), electricity, gas and water (8.6%) and real estate and renting (7.8%) while other industries shared the remaining collection. The average collection per large taxpayer ranged from a low PhP261 million in 2006 to a high of PhP387 million in 2014. On the average, PhP337 million is collected per large taxpayer.

Based on 1,477 sample LTs, 138 corporations or 9% of the total taxpayers were reported to have zero net sales/revenues while 47 or 3% had no cost of sales/services (COS). Among the 1,292 LTs with reported COS, 80 declared over 100% of their net sales/revenues as COS resulting in net loss; 510 LTs declared 80% to 99% of their respective net sales/revenues as COS leaving very minimal gross income.

Majority of the LTs claimed itemized deductions and only 6% availed the optional standard deduction (OSD). Among the LTs that claimed itemized deductions, 115 reported no gross income while 1,266 reported gross income.

In terms of composition of the total amount of claimed deductions, the largest portion, (19%) came from salaries and allowances; followed by advertising and promotions, (11%); interest and rental expenses, (7% each); taxes, licenses and depreciation, (6%); and the remaining from other deductions.

Of the 1,477 sample taxpayers, 1,025 incurred net gains; 397 sustained net losses while 55 had breakeven points. A total of 959 LTs were subject to regular corporate income tax (RCIT) while the remaining 518 paid the minimum corporate income tax (MCIT). Of the 518 LTs subject to MCIT, 452 incurred zero or negative net taxable income while 66 registered positive net taxable income but their RCIT is lower than their computed MCIT. The total tax due from the MCIT amounted to PhP3.3 billion which is relatively small considering the tax base (i.e. gross income). This is the result of excessive claim for COS. On the other hand, the tax due from the RCIT amounted to PhP121.9 billion.

The causes of net loss of the 397 taxpayers are: (1) zero net sales/revenues (123 taxpayers); (2) cost of sales/revenues eats up the entire net sales/revenues (67 taxpayers); and (3) allowable deductions are bigger than total gross income (207 taxpayers). Meanwhile, 55 taxpayers recorded zero net taxable income because their net taxable income was offset by net operating loss carried over (NOLCO) from previous taxable years.

The ETR, computed as the ratio of tax due to net sales/revenues, is increasing from 0.4% for corporations with less than PhP10 million taxable income to 4.6% for those with over PhP1 billion taxable income or an overall ETR of 3.2%. In terms of the ratio of tax due to gross income, the ETR ranged from 5.0% to 12.5% or an overall ETR of 11.1%.

A number of LTs despite being classified as such reported net losses caused by their declared COS that almost ate up their entire net sales/revenues leaving almost nil gross income. Although they are required to pay the MCIT, with a very low tax base (i.e. gross income) the computed tax is likewise low.

On the other hand, for LTs with substantial reported gross income, a number claimed large deductions with the same end result of paying very low income taxes. It is to be noted that except for entertainment, amusement and representation expenses and charitable contributions under certain conditions which have prescribed ceilings, all other types of expenses have no caps. In this regard, benchmark ratios by industry may be developed such that any taxpayer exceeding said industry benchmark may be subject to stricter audit. The NOLCO is another area which if left unmonitored may be subject to abuse by some taxpayers, hence, should likewise be counter checked during audit.

10. Review of Market Based Instruments Used for Water Pollution Control in the Philippines and in the ASEAN Region

The paper reviews the market-based instruments (MBIs) for water pollution control in the Philippines and compares them with the practices of ASEAN member states to serve as input to fiscal policymakers for any attempt to rationalize policies and programs for water pollution control.

The Philippines is endowed with rich water resources that are vital for the country's economic development and growth. However, vast portion of the country's water resources faces great threat due to pollution from the effluents of household, industrial/commercial activities and agricultural sites, coupled with poor wastewater treatment infrastructures.

Environmental pollution is a by-product of production and consumption activities of both the industries and the households. It arises due to the absence or inadequate pricing of the environment. To correct for such negative externalities, several governments have implemented command-and-control (CAC) measures and MBI tools.

The CAC measures require polluters to take specific actions to reduce emissions by installing a particular technology or meeting a specific performance (emissions) standard. However, one of the criticisms against CAC measures is that they do not provide the flexibility to take into consideration that different plants face different compliance options and associated costs. Moreover, traditional regulations do not provide an incentive for firms to innovate by going beyond the reductions required by the standard.

On the other hand, MBIs may take the form of taxes/charges/subsidies applied as a proportion of the amount of pollution that a source generates. The principle of an MBI system is to use financial instruments to make pollution costlier to the polluters, thus, persuade them to reduce pollution. While both options can alter individual behavior to abate environmental pollution and reach a socially desirable outcome, studies show that the latter are generally more efficient. Because of this, economists have advocated the use of MBIs to improve environmental issues. Some of the broad classifications of MBIs are emission fees, taxes, fines and penalties, and subsidies.

Although water resources are still abundant in some areas, the country is facing the prospect of water scarcity and incomplete replenishment of groundwater levels. Moreover, the Philippines is vulnerable to a range of environmental problems due to deficiencies in sewage and drainage, wastewater disposal, and water pollution control.

In compliance with the Sagip Ilog Program, the Department of Environment and Natural Resources – Environmental Management Bureau (DENR-EMB) assesses the quality of rivers, or water bodies in general, in the country based on the number of samples meeting the water quality criteria per parameter laid under DENR Department Order (DAO) No. 1990-34. Each parameter was monitored at a frequency prescribed under DENR-EMB Memorandum Circular 2008-08. Among the 19 priority rivers identified in the Sagip Ilog Program, there were only three (3) rivers that posted "good quality water", namely Panique River, Malaguit River and Cagayan de Oro River.

The Philippines, in its effort to protect, preserve and revive the quality of the country's fresh, brackish and marine waters enacted RA 9275 or the "Philippine Clean Water Act (CWA) of 2004" on March 22, 2004 as implemented by DAO 2005-10. The DENR, through the EMB, is the lead agency responsible for the conservation of water quality in the country.

The CWA of 2004 introduced a wastewater discharge fee (WDF) that imposes penalties based on the volume of effluents discharge. The WDF is assessed and levied by the regional offices of the DENR-EMB and the Laguna Lake Development Authority (LLDA).

The DENR-EMB likewise requires owners or operators of facilities that discharge effluents to secure a discharge permit. The discharge permit shall be the legal authorization granted by the DENR-EMB to discharge wastewater.

Moreover, the CWA of 2004 creates an investment scheme for the purpose of encouraging LGUs, water districts, enterprises, or private entities, and individuals to develop or undertake an effective water quality management, or actively participate in any program geared towards the promotion thereof. The tax incentives on wastewater treatment facilities and water treatment and supply aim to channel funds/investment for the development of projects that reduce water environmental hazards and stretch country's water supply.

With the CWA of 2004, the government further amplifies its campaign against water pollution by including wastewater treatment facilities as part of the Board of Investments' (BOI) Investment Priority Plan (IPP) entitled to applicable fiscal and non-fiscal incentives under Executive Order (EO) No. 226. Industrial wastewater treatment and/or adoption of water pollution control technology, cleaner production and waste minimization technology are included under the IPP 2014-2016 which are considered as preferred activities for investment that may be entitled to fiscal incentives consisting of Income Tax Holiday (ITH) for a period of six (6) years for projects with pioneer status and four (4) years for new projects with non-pioneer status and may be extended for another year but shall not exceed eight (8) years; three (3) years for expansion/ modernization project; exemption from duties on imported capital, equipment, spare parts and accessories; tax credits on imported raw materials; tax and duty-free importation of consigned equipment, among others.

Moreover, water supply is one of the eligible projects under the Philippine Public- Private Partnership (PPP) as mandated under RA 7718 wherein investments in excess of PhP1 billion are entitled to the incentives as provided under the Omnibus Investment Code of 1987.

From 2005 to 2014, the total WDF collected by the DENR-EMB and LLDA moved erratically with the highest increase noted in 2007 when the amount grew by 133% from PhP10 million in 2006 to PhP24 million in the following year. On the other hand, the highest recorded drop was in 2012 when the collection totaled to PhP32 million from PhP42 million in 2011. The annual average WDF collection of the DENR-EMB and LLDA stood at about PhP15 million and PhP16 million, respectively.

All ASEAN member states use MBIs to solve their respective water resources issues. While majority of them implement MBIs in the form of fees, fines and penalties, Singapore and Indonesia impose tax. Singapore collects a tax for water conservation while Indonesia is stringent to water utilization as the tax is imposed both on surface and ground water. On the other hand, both Malaysia and Singapore extend government subsidy to projects related to waste management. Singapore adopts direct fund subsidies while Malaysia grants government guarantees and interest subsidies.

For fiscal incentives, different mechanisms are being used by the ASEAN member states. Philippines, Cambodia, Indonesia, Myanmar, Thailand and Vietnam are providing a set of tax incentives to inbound investments. Meanwhile, Indonesia and Vietnam include wastewater infrastructure projects in their PPP scheme, while the Philippines only considers water supply as an eligible PPP project.

Singapore has the highest maximum fine for violation related to water pollution, amounting to, in absolute peso terms, PhP1.72 million for first offense. Said amount is doubled for the second or subsequent offenses at PhP3.45 million. On the other hand, the Philippines imposes fines of PhP10,000 and PhP200,000 per day of violation, and additional fine of between PhP50,000 to PhP100,000 per day of violation for failure to undertake clean-up operations, willfully or through negligence. Likewise, Lao PDR, Thailand and Vietnam, impose fines which are dependent upon the degree of damage on the environment, human life and the cost of clean-up operations from water pollution.

The Philippines has to be aggressive in addressing water pollution to ensure access to adequate quantity of acceptable water quality to meet the needs of the Filipino people. The CWA of 2004 has been enforced for more than a decade now but the objective for its existence has yet to bear fruit. Unlike the income tax and VAT, the imposition of MBIs is not expected to yield huge revenue for the government since these are primarily meant to internalize negative externalities associated with economic activities. However, it is important to realize that an MBI should be part of a wider system of tools that the government needs to work with in order to be successful. These include proper coordination with lead agencies and stakeholders (especially since the implementation of CWA of 2004 involves several government agencies), raising awareness, continuous monitoring and evaluation of programs and projects related to water resources, among others.

Lastly, there is a need to adjust the WDF to inflation as the prevailing rate of PhP5.00 per kilogram is no longer realistic. The same goes for fines which have not been adjusted since 2004, even if the law explicitly authorizes the Pollution and Adjudication Board (PAB) to increase said fines by 10% every two (2) years to compensate for inflation and to maintain the deterrent function of such fines.

11. The Philippine Experience with Tax Amnesties

The paper provides a background on the concept of tax amnesty, discusses its advantages and disadvantages, and presents the country's experience with previous tax amnesties.

Tax amnesties are special provisions that normally involve a one-time opportunity offered to errant taxpayers to settle their previously unpaid taxes without the need to pay penalties and/or face prosecution. Generally, the penalties waived can be civil and criminal, and may include waiver of other collectibles depending on the tax amnesty declaration. The Philippines is not the only country which granted tax amnesties. Tax amnesties have been offered worldwide for a variety of reasons with diverse results. Among the ASEAN member-countries, Indonesia, Malaysia, and Thailand have recently implemented tax amnesty programs. Other countries that implemented tax amnesties are Argentina, Australia, Austria, Belgium, Colombia, Finland, France, Germany, India, Ireland, Italy, Mexico, the Netherlands, New Zealand, Portugal, Russia, South Africa, Spain, Switzerland, Turkey, the United Kingdom, and the United States, among others.

Although the generation of short-run revenue is often the primary motivation, it is not the only benefit and reason for declaring tax amnesty. It is believed to have its positive effect on tax compliance by giving errant taxpayers the opportunity to comply with tax laws and enter the tax system on a clean slate. Tax amnesties also help tax enforcement agencies generate savings by reducing administrative backlog of paperwork and arrears. A tax amnesty can be introduced in the spirit of reconciliation between the government and citizenry and likewise, as a means of increasing the level of public tax consciousness.

Tax amnesties, however, are not without costs or demerits. It is often argued that the revenue generated from tax amnesties is not enough to compensate for their negative impact on post-amnesty voluntary compliance particularly of honest taxpayers who may view the tax amnesty as unfair to them. Moreover, instead of complying with tax laws, errant taxpayers may just look forward to future tax amnesties.

Tax amnesties are not new in the Philippines as several tax amnesties were already granted during the previous administrations starting with PD 23 (October 16, 1972) with the last tax amnesty declaration made via RA 9480 (May 27, 2007).

PD 23, the first tax amnesty proclaimed during the Marcos regime, was issued in consonance with the government policy to give tax evaders the chance to reform and be a part of the New Society since it was believed that tax evaders were willing to comply with their tax obligations but were reluctant to do so because of the civil, criminal and administrative penalties attendant to their tax violations. Inspired by the success of the first tax amnesty law, a series of tax amnesties was declared although revenue-wise, the subsequent tax amnesties did not perform as well as the first one. Nevertheless, its beneficial effects were felt in the form of tax revenues which were otherwise uncollectible and the easing of administrative tax backlogs. The government was able to gradually maintain a taxpayers' inventory which tax authorities found useful in their tax enforcement activities.

On the other hand, although the revenues generated under the Marcos tax amnesty laws seemed to be enough justification for their issuance, there are those who think that such amnesties seriously eroded the confidence of the taxpayers in the government. As noted, tax evaders received immunity practically from 1971 and prior years (first amnesty coverage) up to 1981 (last amnesty coverage). The level of compliance could have been substantially affected by the almost yearly issuance of tax amnesty laws which undermined the efforts of tax enforcement agencies since taxpayers were not encouraged to pay their correct tax obligations in expectation of another tax amnesty to be issued in the future.

Less than a year after the People Power revolt, the government declared a one-time tax amnesty covering unpaid income taxes for the period 1981 to 1985, the first during the Corazon C. Aquino Administration, via EO 41 (August 22, 1986). The objectives of the income tax amnesty, among others, were: (a) to generate more revenue; and (b) to impress upon the taxpayers that after the one-time tax amnesty, the government will rigorously enforce existing laws. It was also seen as a chance for taxpayers to start anew under the Corazon C. Aquino Administration.

In addition to EO 41, EO 42 (August 22, 1986), as amended by EO 104 (December 24, 1986) offered real property tax amnesty for delinquencies as of December 31, 1985 while EO 282 (July 25, 1987) granted tax amnesty on unsettled travel tax assessments from 1974 to December 31, 1986. The amount of taxes collected from tax amnesty under EO 41 alone, netted the government approximately PhP1.01 billion in 1986 and PhP356.3 million in 1987.

Meanwhile, RA 9399 (March 20, 2007) provided that business enterprises already operating within the special economic zones and freeport zones created under RA 7227 (otherwise known as the Bases Conversion and Development Act of 1992), as amended, may avail of the tax amnesty granted on all applicable tax and duty liabilities, inclusive of fines, penalties, interests and other additions thereto, incurred by them or that might have accrued to them.

The law aimed to mitigate the adverse impact of the Supreme Court (SC) decisions invalidating the incentives granted to them and to avoid legal disputes which would arise should the government pursue the collection of deficiency taxes and other impositions that could adversely affect the goals of investment promotion, income and employment generation, and overall economic growth.

RA 9399 also provided that those who availed of the tax amnesty and had fully complied with all its conditions should be relieved of any civil, criminal, and/or administrative liabilities arising from or incident to the non-payment of taxes, duties and other charges covered by the tax amnesty.

On the other hand, RA 9480, otherwise known as the "Tax Amnesty Act of 2007" (May 24, 2007), provided for the grant of amnesty on all unpaid internal revenue taxes for the taxable year 2005 and prior years, with or without assessments duly issued therefor, that remained unpaid as of December 31, 2005. It aimed to persuade delinquent taxpayers to start with a clean slate and increase the tax base to boost revenue. The coverage of RA 9480 was comprehensive in terms of taxpayer eligibility and taxes covered. These included income tax, estate and donor's tax, capital gains tax, VAT, other percentage taxes, excise, and documentary stamp taxes.

RA 9480 also required a disclosure return and authorized a carte blanche review of the books which can lead to other forms of tax assessment. Specifically, the law required the submission of a Statement of Assets, Liabilities and Networth (SALN) and a Tax Amnesty Return.

Aside from the various tax amnesties declared during the previous administrations, the BIR started implementing in 1990 what were considered as "pseudo-tax amnesties" by offering only last priority for audit and not immunity from audit, penalties and prosecution.

The "last priority in audit and investigation" program granted some sort of immunity from investigation and required the taxpayers to correct their 1988 and 1989 income, value-added tax (VAT) and percentage tax returns and pay deficiency taxes of not less than PhP300,000 for the relative last priority and not less than PhP4 million for the absolute last priority. A total of PhP833.2 million was reported to have been collected from the implementation of this modified amnesty scheme.

During the Ramos Administration, the BIR introduced the Voluntary Assessment Program (VAP) which was implemented to give taxpayers with discrepancies in their declared tax bases an opportunity to amend or rectify their tax returns by paying the deficiency taxes and start with a clean slate. Under Revenue Memorandum Order (RMO) 39-96 (December 17, 1996), as amended by RMO 10-97 (March 5, 1997), the VAP (VAP I) initially covered only dealers of petroleum products and purchasers of goods and services from petroleum companies with errors in their tax returns. VAP II expanded VAP I through the issuance of RMO 59-97 (October 27, 1997), which was later amended by RMO 60-97 (October 30, 1997) and 63-97 (November 27, 1997), to include taxable years 1993 to 1996 for income tax on business and compensation income, VAT and other percentage taxes. Other taxes relating to 1996 and prior years for one-time transactions such as estate tax, donor's tax and capital gains tax (CGT) were likewise covered. The collections from VAP I and II reached a total of PhP2.765 billion exceeding the estimated target collection of PhP2 billion.

During the incumbency of President Estrada, the BIR came out with another variation of the amnesty program which it called the Economic Recovery Assistance Payment (ERAP) Program which was implemented by Revenue Regulations (RR) No. 2-99 (February 7, 1999). The ERAP Program granted immunity from audit and investigation of income, VAT and percentage tax returns for the taxable year 1998 provided the taxpayer would pay 20% more than his/her 1997 tax payment. The BIR collected PhP21.186 billion (basic tax plus 20% increment) from 74,745 availers who filed 92,107 tax returns under the program.

The Arroyo Administration issued its own version starting with VAP (RR 8-2001, as amended by RR 10-2001) then the Voluntary Assessment and Abatement Program (VAAP) under RR 12-2002 (September 11, 2002) and RR 17-2002 (October 15, 2002); the Enhanced Voluntary Assessment Program (EVAP) under RR 18-2005 and Improved Voluntary Assessment Program (IVAP) promulgated by RR 18-2006. Collections under the VAP, VAAP EVAP, and IVAP amounted to PhP3.44 billion, PhP7.03 billion, PhP1.88 billion, and PhP1.03 billion, respectively.

The Arroyo Administration also issued EO 399 (January 17, 2005), as amended by EO 422 (April 26, 2005), which instructed the Commissioner of the Internal Revenue (CIR) to establish the "No Audit Program" (NAP) wherein delinquent taxpayers who qualified under the program were exempted from audit and investigation for the applicable taxable year upon voluntary declaration and payment of higher taxes. The program was in force for five (5) taxable years and generated PhP650.94 million.

There are currently several bills filed in Congress proposing for tax amnesty on certain types of taxes with the objectives of improving tax compliance by giving errant taxpayers the opportunity to comply with tax laws and start with a clean slate, reducing administrative backlogs of tax enforcement agencies, increasing the level of public tax consciousness, and consequently, raising additional revenue. If the proposed tax amnesty is pursued, it is important to establish a system that will capture and process information provided in the Tax Amnesty Returns for fiscal policy analysis and future tax policy reforms.

12. Comparative Excise Taxation of Motor Vehicles in ASEAN Countries

The paper presents a survey of the excise taxation of motor vehicles in ASEAN member-countries. It focuses on comparative features of their excise tax structures to serve as input to policy-makers on the tax reforms relative to the taxation of motor vehicles in the country.

All ASEAN member-countries impose the "excise tax", "excise duty" or an equivalent excise tax- like levy on motor vehicles (MV). In particular, the Philippines, Lao PDR, Thailand and Vietnam impose the excise tax while Brunei, Malaysia and Singapore collect the excise duty. Other member-countries have their own unique excise taxes, the Specific Tax on Certain Merchandise and Service Tax in Cambodia, Excise Tariff-Luxury Sales Tax in Indonesia and Commercial Tax in Myanmar.

All ASEAN member-countries impose ad valorem tax rates based on the price or value of the MV. However, the Philippines is the only member-country that imposes marginal tax rates i.e. rates are applied on the excess over a pre-defined threshold amount in the tax schedule (similar to the income tax) while all others directly apply the tax rates to the price or value of the MV.

Brunei imposes a standard rate of 20% based on the value of the MV except for certain types of tractors which are taxed at 15%. Singapore also collects a 20% excise tax except on motorcycles which are taxed at 12%.

Myanmar applies two-tiered rates of 25% and 5% of selling price depending on the type of MV. In particular, light vans, saloons, sedans, light wagons, estate wagons and coupe are taxed at 25% while bicycles, tractors, train engines, ships, vans and buses, cranes and winches cars, among others are taxed at 5%.

Cambodia imposes three-tiered rates of 10%, 20% and 30% of ex-factory selling prices of automobiles based on their tariff headings and engine displacement. The higher the engine displacement, the higher is the excise tax.

Indonesia, Lao PDR, Malaysia, Thailand and Vietnam apply multiple tax rates depending on the type of MV and engine displacement.

In particular, Indonesia imposes rates ranging from 10% to 125%; Lao PDR, from 10% to 150%; Malaysia, 20% to 105%; Thailand, 10% to 50%; and Vietnam, 10% to 60%.

Thailand is the only country that imposes the excise tax based on the carbon dioxide (CO_2) emission rate of each type of MV and engine. The higher the emission rate, the higher the excise tax rate.

Indonesia, on the other hand, considers seating capacity of the MV aside from the type of engine and cylinder in its excise tax structure. In particular, it levies higher tax on MVs used for transporting less than 10 passengers including the driver than on those with 10 up to 15 passengers and exempts MVs with 16 or more seating capacities. Vietnam also considers the seating capacity in its excise tax structure with higher rate imposed on passenger cars of nine (9) seats or less and lower rate on those with 16 to 24 seats.

The Philippines levies a four-tiered excise tax with rates ranging from 2% to 60% depending purely on the manufacturer's or importer's selling price net of the excise and VAT. The Philippines imposes the lowest minimum rate of 2% on taxable MVs compared with 5% or 10% minimum tax rate in other member-countries. On the other hand, Lao PDR imposes the highest tax rate of up to 150% on large vehicles.

In terms of the coverage of the excise tax, the Philippines imposes the tax on "automobiles" which include any four (4) or more wheeled motor vehicle regardless of seating capacity, which is propelled by gasoline, diesel, electricity or any other motive power. Buses, trucks, cargo vans, jeeps/jeepneys/jeepney substitutes, single cab, chassis, and special purpose vehicles are not considered as automobiles; hence, not subject to the excise tax.

Unlike the Philippines which limits its excise tax to any four (4) or more wheeled MVs, eight (8) ASEAN member-countries namely Brunei, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Singapore and Vietnam impose the excise tax on two- wheeled MV such as motorcycles. Like the Philippines, Thailand does not collect the excise tax on motorcycles.

While the Philippines does not subject buses and trucks to the excise tax, Lao PDR and Myanmar include them in the coverage of their respective excise tax structure. Singapore also subjects buses to the tax.

Also, the Philippines does not tax special purpose vehicles unlike Brunei, Indonesia and Singapore. In particular, Brunei imposes the excise tax on crane lorries, concrete mixer lorries, road sweeper lorries, fire fighting vehicles, mobile radiological units while Indonesia imposes the tax on special vehicles made for golf, snow, on the beach, on the mountain and the like. Singapore also subjects to the tax special vehicles designed for travelling on snow, golf cars, ambulance and hearses, among others.

Thailand and Vietnam give preferential rates on eco-friendly automobiles. In particular, Thailand imposes lower rates for eco-cars while Vietnam imposes lower rates on electric cars, cars running on bio-fuel or cars running on gasoline in combination with electricity or bio-fuel.

Motor vehicles are taxed differently in the ASEAN member-countries. Most of them are imposing an ad valorem type of excise taxation depending on the type of motor vehicle and engine displacement. Thailand is observed to inject environmental concerns by considering CO_2 emission of motor vehicles in its excise tax structure. On the other hand, the Philippines has a peculiar excise tax structure similar to income tax.

13. Benefits of Fuel Marking

The paper discusses the benefits of fuel marking, the Philippine experience on its pilot testing of fuel marking program and the estimated costs incurred in fuel marking. It likewise presents fuel marking schemes being adopted by selected countries.

As a tax administration measure, fuel marking was first prescribed in the country by BIR Revenue Regulation (RR) 8-2006 which aimed to ensure that all fuel bioethanol intended for exclusive use as blending component in the production of E-gasoline are actually utilized pursuant to the Fuel Bioethanol Program of the DOE, and in order to preclude any diversion thereof to any other purpose.

The description of the marker dye was prescribed according to the specific requirements as determined by the BIR. In this regard, the BIR and the Bureau of Customs (BOC) were provided with the necessary tool kit in order to determine the authenticity of the marker dye actually blended in the fuel bioethanol.

In 2007, the Department of Finance (DOF) issued Department Order (DO) 23-07[16] which was circulated by the BIR through Revenue Memorandum Circular (RMC) 56-07 mandating the marking of imported kerosene and fuel oils which are entered tax and duty free to prevent the unauthorized diversion. The said DO aimed to curtail smuggling activities by preventing the entry to domestic market of tax-and duty free imported kerosene and fuel oils.

In 2009, DOF DO 12-09[17] was issued to extend the pilot testing of the fuel marking program in Subic, Clark and Batangas.

Subsequent DOs were issued to effectively implement the regularization of the fuel marking program in order to prevent revenue leakages from non-payment of excise tax on products resulting from processing of kerosene including dual purpose kerosene (DPK) and to ensure that no marked kerosene is utilized as Jet A-1 or aviation fuel.

To ensure proper implementation of the mandatory marking of kerosene and diesel prior to their release from all ports of entry, whether or not exempt from duty and/or tax, CMO 29-2010[18] was issued. However,

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[25] Entitled, "Mandating the Marking of Imported Kerosene and Fuel Oils Which are Entered Tax and Duty Free to Prevent the Unauthorized Diversion Thereof Into the Domestic Market and for Other Purposes" (26 July 2006)

[26] Entitled, "Extension of the Pilot Implementation of Department Order (DO) No. 23-2007 As Amended by DO 06-2008, on the Marking of Imported Kerosene and Diesel" (27 February 2009).

[27] Entitled, "Supplemental Instructions to CMO 4-2010 dated January 29, 2010 and Department Order No. 18-2010 dated June 25, 2010 on the Nationwide Implementation of the Mandatory Marking of Kerosene" (10 July 2010).

on September 9, 2014, DOF DO 066-2014[19] was issued suspending DO 23-07, as amended by DO 06-08 upon the recommendation of the BOC and as proposed by the Philippine Institute of Petroleum (PIP) since the adoption of fuel marking entailed cost to the person, entity or taxpayer who owns or to whom the fuel oil is consigned into the country.

In April 2016, the BOC planned to revive the fuel marking scheme which would cost PhP0.05 to PhP0.07 per liter. The BOC noted that fuel marking could generate $300 million (PhP14.89 billion) in revenue which is more than enough to offset the cost of implementation which is estimated at around $25 million (PhP1.24 billion).

It is worthy to note that based on BIR data on the volume of removals (VOR) of petroleum products, the total VOR for 2013, 2014 and 2015 were 11.65 billion, 12.12 billion and 12.67 billion liters, respectively. It is also observed that more than half of the VOR of petroleum products were not subject to excise tax. Based on the VOR of petroleum products from the BIR and the estimated cost of PhP0.07-PhP0.09 per liter, the cost of implementing the fuel marking program on all petroleum products will range from PhP815.64 million to PhP1.14 billion.

In general, fuel marking adopted by various countries aims to prevent fuel fraud and smuggling. Specifically, the following are the benefits to the government: (a) Increase tax receipts (without raising taxes) and sales revenue from increased volumes of official fuel in legal circulation; (b) Enhance control to improve tax compliance and mitigate against tax evasion; and (c) Minimize losses from fuel fraud.

On September 7, 2009, the partnership between the Philippine government and the fuel industry to obstruct smuggled fuel away from the legal market bore fruit, with the forfeiture of 954.5 liters of imported diesel fuel diverted outside the Port of Clark. In this case, the diesel fuel was imported tax and duty-free on condition that it will be sold only within Clark Special Economic Zone. However, the BOC operatives found, through its sampling exercises, that the marked diesel fuel was being held for sale by a certain gas station in San Simon, Pampanga which failed to show evidence that it paid the corresponding taxes and duties to possess such fuel.

[28] Entitled, "Suspension of Department Order (DO) No. 23-07, As Amended, on the Mandatory Marking of Kerosene and Diesel" (09 September 2014).

The illegal diversion of tax-free fuel oils from the Freeport Zones was one of the modus operandi of fuel smugglers. The above case show that a robust fuel-marking program can provide the government with a comprehensive approach that analyzes each stage of the supply chain, beginning with the country's refineries or fuel depots, and extending to the eventual sale of fuel products at the retail level. Fuel marking would result in substantial gains in terms of revenue by curbing fuel adulteration and smuggling.

14. Profile Study of the Philippine Telecommunications Industry

The paper examines the applicable taxes, fees and charges imposed on the industry to serve as inputs to fiscal policymakers for future directions in the telecommunications industry.

The telecommunications industry plays a vital role in nation building and economic development. The industry is recognized as one of the most lucrative and vibrant sectors of the country that contributes immensely to the growth of the economy and to government coffers in terms of taxes paid. In 2015, the industry posted a growth rate of 4% due primarily to the mobile segment which accounted for 62% of overall industry revenues. Being one of the drivers in pump-priming the economy, the government consistently supports the development of the industry to ensure viable, efficient, and reliable telecommunications services in the country.

In March 1995, RA 7925[20] or the "Public Telecommunications Policy Act of the Philippines" was enacted to regulate the telecommunications industry and promote competition among industry players. Moreover, in order to boost the industry, a most favored treatment clause or equality clause was provided in Section 23 of the said Act.

The country's telecommunications industry covers a broad scope which includes related service activities such as transmitting voice, data, text, sound and video. It involves activities such as: (a) wired

[29] "An Act to Promote and Govern the Development of the Philippine Telecommunications and the Delivery of Public Telecommunications Services", approved March 1, 1995.

telecommunications; (b) wireless telecommunications; (c) satellite telecommunications; and (d) other telecommunications activities.

Based on the data from the National Telecommunications Commission (NTC), there were a total of 131 listed telecommunications carriers in the country as of 2014. Of the total, 71 were telephone operators, 28 broadband service operators, 20 satellite operators, 18 public coastal station operators, 14 inter-exchange carrier operators, 12 cellular mobile operators, 11 gateway operators, 10 public coastal operators and 1 international cable operator.

Telecommunication subscribers in the country continuously increased from 87 million in 2010 to 134 million in 2014. Majority (average of 97%) availed of wireless services.

Although competition is highly encouraged, the telecommunications industry in the country is still dominated by only a few giant corporations. In essence, there are only two big companies, the PLDT (owning Smart Communications Inc.) and the Globe Telecom, Inc., that are engaged in the wired and wireless telecommunications services in the country. The dynamics is likely to remain in the coming years, given their strong brand and unassailable scale which make it hard for new entrants to compete effectively.

The PLDT monopolized the wired services sub-sector from 2010 to 2014 averaging 2 million subscribers or about 56% of the total thereof, followed by Innove Communications, Inc. (15%) and BayanTel (11%). On the other hand, Eastern Telecommunications Philippines, Inc. (ETPI), through its affiliate the Telecommunication Technologies Philippines, Inc. (TTPI), had the least number of subscribers averaging only to 17,000 annually or less than 1% of the total wired services subscribers.

On the other hand, wireless telecommunications service subscribers totaled 130 million as of 2014 with the bulk or 41% of them subscribed under Smart Communications Inc., followed by Globe Telecom, Inc. (34%), and Digital Mobile Philippines, Inc. (12%). Although ABS CBN Convergence, Inc. only entered in 2013, its subscribers reached 15 million capturing 11.50% of the total subscribers in 2014. Meanwhile, small players such as Connectivity Unlimited Resource Enterprise, Inc., and Express

Telecommunications Company, Inc. had the least number of subscribers in the same year.

Like any industry undertaking an economic activity, the telecommunications industry is subject to national and local taxes pursuant to the National Internal Revenue Code (NIRC) of 1997, as amended, and the Local Government Code (LGC) of 1991, respectively. They are subject to the corporate income tax (CIT), value-added tax (VAT) or franchise tax, whichever is applicable; documentary stamp tax (DST), and acts as withholding agents for overseas communication tax. They are also subject to local taxes such as the real property taxes, business tax and local franchise tax, among others.

In addition, they also pay the NTC fees and charges such as permit fees, registration fees, clearance and certification fees, licensing fees, supervision and regulation enforcement fees (SREF), spectrum usage fees (SUF), inspection fees, processing fees, fines and penalties, and examination fees.

Recently, the country witnessed considerable number of mergers and acquisitions in the telecommunications industry as the principal means for telecommunications service providers to gain bigger market share. Some of the most significant mergers and acquisitions in the telecommunications industry were Globe Telecom, Inc. and Isla Communications, Inc., PLDT and Digitel Corporation, and PLDT and Smart Communications Inc., among others.

It may, however, be worth mentioning that although RA 7925 has spelled out the provisions on anti-competitive behavior, its implementing rules and regulations is, however, silent on mergers and vertical integration. To ensure that mergers and acquisitions do not create or enhance market power which can damage emerging competition, RA 10667[21] was passed in 2015 to provide for a national competition policy prohibiting anti-competitive agreements, abuse of dominant position, and anti-competitive mergers and acquisitions. The law also provides for the establishment of the Philippine Competition Commission (PCC).

[30] "An Act Providing for a National Competition Policy Prohibiting Anti-Competitive Agreements, Abuse of Dominant Position and Anti-Competitive Mergers and Acquisitions, Establishing the Philippine Competition Commission and Appropriating Funds Therefor", approved July 15, 2015.

The telecommunications industry has been contributing immensely in the overall economic growth of the country. The escalating growth of wireless subscribers is one key indicator proving that the industry is performing remarkably and contributing to government coffers in terms of taxes paid. However, the growing trend of mergers and acquisitions in the telecommunications industry is worth examining as it may reduce competition and possible price manipulation.

15. Analysis of the Revenue Performance of Local Taxes on Real Properties, CYs 2010 – 2014

The paper analyzes the revenue performance of local taxes on real properties from CYs 2010 – 2014 and the degree of utilization of local government units' (LGU) revenue-raising powers to serve as baseline study for potential real property taxation reforms under the Local Government Code (LGC) of 1991, as amended.

In general, LGUs generate revenue from two major sources: local and external. Local revenues comprise those coming from property taxes, business taxes and other locally imposed taxes as well as non-tax revenues from operating economic enterprises and miscellaneous income and capital revenues. Revenues from external sources are obtained from internal revenue allotment (IRA), shares from the proceeds derived from the development and utilization of national wealth, other shares from national taxes provided under special laws, and grants and aids.

Local property taxes are imposed on all forms of real property such as land, buildings, improvements, and machinery. However, real properties owned by the government, charitable institutions, churches, cooperatives and machineries and equipment that are used in the supply and distribution of water and/or generation and transmission of electric power as well as equipment for pollution control and environmental protection are exempted. The property-related taxes include: (a) basic real property tax (RPT); (b) special education fund (SEF) tax; (c) idle land tax (ILT); (d) socialized housing tax (SHT); and (e) tax on the transfer of real property ownership.

From 2010 to 2014, annual average revenue from property taxes comprising of the basic RPT, SEF tax, SHT, transfer tax and ILT was about 10.74% of the average total local government revenues from all sources. On an annual basis, aggregate revenues of said taxes steadily increased from PhP35.43 billion in 2010 to PhP49.12 billion in 2014. The highest recorded growth for the period was 10.52% in 2014 followed by 10.15% in 2012 while the lowest growth was 5.80% in 2013. On the average, local property taxes grew by 8.53% annually which is lower compared to the 8.85% average growth rate of Gross Domestic Product (GDP) at Current Prices for the same period. This indicates that revenue from local property taxes was not able to catch up with the increase in national income.

Among the property taxes, the basic RPT (44.72%) and the SEF tax (46.92%) are the primary sources of revenue accounting for a combined share of 91.64%. Meanwhile, the transfer tax contributed 7.40%, while the SHT and the idle land tax made meager contributions of only 0.22% and 0.74% respectively, to the total.

Revenue from Property Taxes
CYs 2010-2014
(Amounts in Billion Pesos)

Source	2010	2011	2012	2013	2014	Average		
						Amount	Percent (%) Distribution	Growth Rate (%)
Total	**35.42**	**38.13**	**42.01**	**44.45**	**49.12**	**41.83**	**100.00**	**8.53**
1 Real Property Taxes	32.01	35.33	38.84	40.50	44.99	38.33	91.64	8.91
a. Basic	15.57	17.10	19.02	19.78	22.06	18.71	44.72	9.14
b. SEF	16.44	18.22	19.82	20.72	22.93	19.63	46.92	8.69
2 Transfer Tax	2.78	2.60	2.84	3.51	3.75	3.10	7.40	8.30
3 Special Levy/ Socialized Housing Tax	0.00	0.00	0.15	0.19	0.11	0.09	0.22	-100.00
4 Idle Land Tax	0.63	0.21	0.19	0.25	0.27	0.31	0.74	-9.38

Source of Basic Data: Bureau of Local Government Finance (BLGF) Website.

The basic RPT is one of the major sources of LGU revenues, increasing from PhP15.57 billion in 2010 to PhP22.06 billion in 2014 or by 9.14% annually. During the five-year period, the tax contributed an average of PhP18.71 billion per annum or an average of 4.80% of the total LGU revenues. It should be mentioned, that in spite of the noted increases in basic RPT revenue, higher increments could have been amassed if the LGUs schedule of market values (SMV) were updated. It is worthy to note that there are 112 cities[22] and 52 provinces[23] that are still using outdated SMV.

The SEF tax which accounted for about 5.04% of the average total LGU revenues steadily grew from PhP16.44 billion in 2010 to PhP22.93 billion in 2014 or an average growth rate of 8.69%. The tax grew at the rate of 10.81% in 2011 but slowed down to 8.75% and 4.56% in 2012 and 2013, respectively, before it went up again in 2014 at 10.67%.

Revenue from the tax on transfer of real property ownership increased from PhP2.78 billion in 2010 to PhP3.75 billion in 2014 or an annual average collection of PhP3.10 billion. During the five-year period, the tax contributed minimally to the local purse at less than 1% (0.79%) of the total LGU revenues and 7.40% of the total local property tax revenues.

Meanwhile, among the LGUs in the country, only Quezon City and Lapu-Lapu City are imposing and collecting the SHT. In particular, Quezon City raised a total of PhP429 million from 2012-2014 while Lapu-Lapu City collected PhP22 million in 2014. The imposition of the SHT is also an effective and viable means of generating additional revenues for LGUs.

Revenue generated from the ILT dramatically dropped from PhP630 million in 2010 to PhP210 million and PhP190 million in 2011 and 2012, respectively. In 2013, it recovered to record a PhP246 million revenue before it settled to PhP269 million in 2014. The ILT is imposed to encourage urban and rural land development, increase the supply of land for productive use, and prevent land speculation. However, its average contribution to total local revenue remained meager at 0.08% or an annual average of PhP309 million.

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[22] Department of Finance Tax Watch Cities SMV (As of 4 March 2016).

[23] Department of Finance Tax Watch Provinces SMV (As of 13 January 2016).

The insignificant contribution of idle land tax to total local revenue can be attributed to the fact that only the cities of Iloilo, Marikina, Pasig, Tagaytay, Tagum and Trece Martirez, and the province of Cavite have imposed and collected the said tax from 2010-2014. The non-imposition and collection of the tax by most of the LGUs has been attributed to lack of political will to impose the said tax.

LGUs derive its internally-sourced revenues primarily from local property taxes and business taxes. It is noted, however, that the bulk of total revenues come from external sources particularly the Internal Revenue Allotment (IRA).

Externally sourced revenue contributed an average of 67.50% to total local revenues. Specifically, IRA is credited for the biggest chunk of local revenue with an average of 60.13%. The IRA of cities represented less than half (41%) of their total revenue, while the IRA of provinces and municipalities account for about three-fourths of their total revenue.

The RPT is considered the most stable revenue source for local governments. However, the RPT as the primary source of local revenue is underutilized on account of outdated SMVs which are used as the basis of computing the tax liabilities of property owners.

It is noted that only 32 of 144 cities and 28 of 80 provinces have updated SMV which is contrary to the provision of the LGC that requires LGUs to undertake a general revision of real property assessments every three (3) years. Widespread poverty and devastation brought about by calamities such as typhoons and earthquakes, and the constant threat to peace and order in some regions also hamper the growth and productivity of the property tax.

The failure of the LGUs to impose the special levy and the idle land tax hinders the potential of such taxes to contribute substantially to the revenues of the LGUs. The LGUs' dependence on IRA is also one of the underlying factors that impede LGUs from utilizing its revenue raising powers.

CHAPTER 3

TECHNICAL ASSISTANCE TO CONGRESS AND VARIOUS AGENCIES/ INTER-AGENCY GROUPS

Congress of the Philippines

The NTRC provides technical assistance to both houses of Congress by evaluating tax bills and other fiscal proposals referred to it, preparing draft bills and revenue estimates, and rendering technical support during meetings, public hearings and other deliberations on Senate and House Bills.

Among the major proposals with revenue implications referred to and evaluated by the NTRC were:

Senate Bill (SB) No. 50

Promoting Farmer and Fisherfolk Entrepreneurship and Development to be Known as "Sagip Saka Act of 2016"

SB 50 directs the Department of Finance (DOF), Department of Agriculture (DA) and the Department of Trade and Industry (DTI) to grant tax incentives to corporations which will directly purchase agricultural and fishery products from accredited farmers' and fisherfolks' cooperatives and/or enterprises, such as, but not limited to, exemption from value-added tax (VAT) or a tax credit equivalent to 100% of the VAT that would have been paid by said corporations.

The bill proposes that donations and gifts made by private entities in favor of accredited farmers and fisherfolks enterprises/organizations be allowed as tax deduction from the gross taxable income of said entities.

The intention of the bill to promote farmer and fisherfolk entrepreneurship and development is supported as this will improve agricultural productivity needed in achieving food security in the country.

The Philippine Development Plan (PDP) 2011-2016 recognizes the role of the agricultural and fisheries sector in rural development and poverty alleviation. It is to be noted that in the 2014-2016 Investment Priorities Plan (IPP), the Agriculture/Agribusiness and Fishery sector is included as one of the preferred investment areas. Activities included in the IPP can register with the Board of Investment (BOI) and once registered, may avail of the investment incentives granted under Executive Order (EO) No. 226 or the Omnibus Investment Code of 1987.

As to the authority to be granted to the DOF, DA and DTI to provide tax incentives to corporations which will directly purchase agricultural and fishery products from accredited farmers' and fisherfolks' cooperatives and/or enterprises, it is noted that the power to legislate tax incentives/exemptions is vested in Congress. However, such power can be delegated to the executive department pursuant to the principle of subordinate legislation. An administrative issuance for this purpose, in order to be valid, must comply with the following requisites: (a) its promulgation must be authorized by the legislature; (b) it must be promulgated in accordance with the prescribed procedure; (c) it must be within the scope of the authority given by the legislature; and (d) it must be reasonable. Moreover, the tax exemption provision must be clearly and categorically provided under a statute enacted by Congress.

The proposed VAT exemption on the purchase of agricultural and fishery products from accredited farmers' and fisherfolks' cooperatives and/or enterprises may no longer be necessary as such exemption may already claimed under Sections 109(A) and (B) of the National Internal Revenue Code (NIRC) of 1997, as amended.

The proposed deductibility of donations and gifts made by private entities in favor of accredited farmers and fisherfolks enterprises/organizations from the gross income of said entities for income tax purposes is already allowed under Section 34(H)(2)(c) of the NIRC of 1997, as amended which provides that donations to accredited nongovernment organizations (NGOs) shall be deductible in full. Likewise, Sections 101(A)(3) and (B)(2) of the NIRC of 1997, as amended, provide that donations made in favor of NGOs are exempt from the donor's tax provided that not more than 30% of said gifts are used for administration purposes.

It should be noted that there is an ongoing rationalization of fiscal incentives in view of the need to integrate incentive provisions into one framework. Given this initiative, it may be more practical to defer the proposed package of incentives and to align this with the rationalized system of incentives.

SB 77

Providing for Programs that Promote the Welfare and Development of the Philippine National Police and the Armed Forces of the Philippines Personnel Through the Enhancement of Recreational and Health Facilities in the Police and Military Camps and Providing Funds Therefor

SB 77 seeks to provide a lump sum funding that will develop and improve the recreational infrastructure and health facilities in the camps of the Armed Forces of the Philippines (AFP) and Philippine National Police (PNP). This is aimed at promoting a healthier lifestyle among the uniformed personnel of the AFP and the PNP to enhance their performance in the preservation of peace and order and protection of national security. An amount of PhP2 billion is to be appropriated each year for five (5) years to the proposed Uniformed Personnel Health and Wellness Development Funds of both the AFP and PNP.

The bill authorizes the AFP and the PNP to accept donations of real and personal properties of all kinds from private persons to augment the funding or support the realization of its Personnel Health and Wellness Development Plans, subject, to auditing procedures of the Commission on Audit (COA). It further provides that such donations shall be exempt from the donor's tax and shall be allowed as deductions from the gross income of the donor, in accordance with the provisions of the NIRC of 1997, as amended; provided, that the allowable deductions shall be equivalent to 200% of the value of such donation.

The proposed exemption from the donor's tax donations to the AFP and PNP in relation to the proposed Uniformed Personnel Health and Wellness Development Fund is already provided under Section 101 of the NIRC of 1997, as amended. This is aimed at recognizing and encouraging private sector donation to the government. Considering that both the AFP and PNP are government instrumentalities, the proposal is supported.

Further, the proposed deductibility of donations made by private persons to the proposed funds from their gross income is already provided under Section 34(H)(2)(a) of the NIRC of 1997, as amended. However, the provision which sets the allowable deductions at 200% of the value of the donation, is not supported as this will have an impact on government revenues. It is worth noting that Section 34(H)(3) of the NIRC of 1997, as amended, provides that with respect to charitable contribution of property other than money, the valuation shall be based on the acquisition cost of the property. The proposal means that the allowable deduction will be double the acquisition cost; hence, it is not supported.

SB 103

Creating the Mindanao Railway Corporation to Establish the Mindanao Railway System, Authorizing the Issuance of Bonds and Appropriating Funds Therefor, and for Other Purposes

SBs 112 and 137

Creating the Mindanao Railways Corporation, Prescribing its Powers, Functions and Duties, and Providing for the Necessary Funds for its Operation

SB 120

Creating the Mindanao Railways Authority, Prescribing its Powers, Functions and Duties, Amending for the Purpose Republic Act No. 4156 Entitled "An Act Creating the Philippine National Railways, Prescribing its Powers, Functions and Duties, and Providing for the Necessary Funds for its Operation"

SBs 103, 112 and 137 seek to create the Mindanao Railways Corporation (MRC) that will serve as the instrumentality of the government of the Philippines in providing a railroad and transportation system for the whole island of Mindanao. On the other hand, SB 120 seeks to create the Mindanao Railways Authority (MRA), a national government agency attached to the Office of the President to implement the Mindanao Railway Project (MRP).

The bills propose to exempt the MRC or MRA from the payment of all national and local taxes upon their capital, franchises, rights of way, earnings, and all other property owned or operated by them and from all duties on all railways materials, supplies and equipment imported into the Philippines.

The intention of the bills to promote the growth and development of Mindanao Region is laudable and recognized. It is in line with the prevailing growth or industrialization policy of the government to promote industry or investment dispersal to the countryside or less developed areas of the country.

However, there is a need to revisit the broad coverage of the proposed exemptions to be granted to the MRC or MRA since it can give rise to problems/policy issues. A broadly worded provision can be interpreted in many ways and may create opportunities for discretion and leakages/abuses, especially in the absence of an effective and efficient monitoring system. For instance, the tax exemption may not only be restricted to the main function of the MRC or the MRA of establishing and operating a railroad and transportation system but may also cover its auxiliary powers/functions. These exemptions could further erode the potential revenues that the government urgently needs.

Specifically, granting income tax exemption to the MRC runs counter to the provision of Section 27(C) of the NIRC of 1997, as amended, limiting the exemption from income tax to a short list of government corporations in order to make it more revenue productive and an effective fiscal policy tool. Further, granting VAT exemption to the MRC or the MRA is also contrary to the policy of adopting a broad-based VAT for more effective taxation of goods and services.

The proposed exemption of the MRC or the MRA from the RPT also needs to be reconsidered as it constitutes the financial mainstay of LGUs. Such an exemption will impinge on local fiscal autonomy as to dissipate the financial resources of LGUs, and reduce their ability to undertake development projects/initiatives. Furthermore, RA 7160 or the LGC of 1991 removed or lifted all tax exemptions from real property except those specifically retained under Section 234 of the law.

The proposed exemption from national taxes of project and program loans to be obtained by the NG may already be taken cared of by Section 16(a) of RA 10717 or the 2016 General Appropriations Act (GAA). It provides that national internal revenue taxes and import duties payable by national government agencies (NGAs) to the NG arising from foreign donations, grants and loans are deemed automatically appropriated. Thus, the MRA, being a NGA, may avail of the tax subsidy implemented by the Department of Budget and Management (DBM).

On the other hand, the MRC, being a GOCC may avail of tax subsidy administered by the FIRB for GOCCs. Tax subsidy is a more practical alternative to the broad/outright grant of tax exemption. This is favored by the government since it can be quantified and is easier to monitor and thus, adheres to fiscal transparency particularly in the use of government resources.

The proposed exemption of the MRC or the MRA from relevant import dues and fees and charges goes against the cost recovery principle that the cost of providing government services should be recovered in order to improve, expand or sustain the services which can also benefit the MRC or the MRA. Relative to this, the government has already issued Administrative Order (AO) No. 31 which requires the rationalization/upgrading of fees and charges in line with the cost recovery principle.

SB 457

Increasing the Excise Tax on Minerals, Mineral Products and Quarry Resources, Amending for the Purpose Certain Sections of the National Internal Revenue Code of 1997, as Amended

SB 457 seeks to amend Section 151 of the National Internal Revenue Code (NIRC), as amended, by increasing the excise tax rate of minerals, mineral products and quarry resources from two percent (2%) to seven percent (7%) based on the actual market value of the gross output at the time of removal for those locally extracted or produced; or the value used by the Bureau of Customs (BOC) in determining tariff and customs duties, net of excise tax and value-added tax (VAT), in the case of importation.

The bill also proposes to amend the share of local government units (LGUs) with respect to the revenue collected from the excise tax on minerals, mineral products and quarry resources which shall be equally divided between the National Government (NG) and the LGUs where the minerals, mineral products and quarry resources are extracted. This shall be directly remitted to the concerned LGU and set aside and used exclusively as support to the Special Education Fund (SEF).

The proponent asserts that the proposed increase in excise tax on minerals and quarrying activities is intended to compensate for the hazardous effects brought about by these activities to our environment.

The objective of the bill is in line with the principle of sustainable mining under RA 7942, also known as the the Philippine Mining Act of 1995. However, the proposal may have an adverse effect on the goal of the government to revitalize the mining industry.

The proposed increase from 2% to 7% of the excise tax on minerals may not necessarily translate to an increase in excise tax collection. It is to be noted that when higher excise tax rates of 3% and 5% were imposed on non-metallic and metallic minerals in 1991-1994 under EO 273 (July 25, 1987), excise tax collection was on a downtrend.

By imposing a 2% excise tax and 5% royalty tax on mineral products within mineral reserve areas, the Philippines, at present, is in a competitive position with other countries. The proposal to increase the excise tax rate from 2% to 7% plus 5% royalty tax will bring the total tax to about 12%, plus the 12% VAT. Mining firms may resort to cutting down their costs to as low as possible by investing in cheaper technologies which are hazardous to the environment.

The present allocation provides for a 60% share due to the NG and 40% to the LGUs where minerals and other quarry resources are extracted. Under the proposal, the excise tax collected on minerals and other quarry resources will be equally divided between the NG and the LGUs where the minerals and other quarry resources are extracted.

It is worth noting that among the factors that should be considered in the allocation of the revenue collection from excise tax on minerals and other quarry resources between the NG and LGUs are: (a) the magnitude of the functions and services rendered by each level of government; and (b) their respective roles and functions in the administration of the mining industry. The functions and services rendered by the NG far exceed those of the LGUs. Foremost, it is the NG which oversees and supervises the mining industry. Hence, it is only just that the share of the NG be higher than the LGUs. The proposal will also erode the revenue of the NG and may hamper the implementation of its programs and projects.

The proposal that the 50% share of the LGU in the excise tax collection on minerals, mineral products and quarry resources be used to support the local SEF to finance the hiring of new teachers, repair of classrooms, acquisition of chairs and tables, purchase of textbooks, teachers' manuals and teaching aids and other instructional materials is laudable. However, the local School Boards have already the proceeds from the SEF tax to be used for these purposes. Moreover, the proposed earmarking will reduce the discretion of the LGUs to appropriate its share from the excise tax to priority projects and programs.

Lastly, the increase in the revenue share with respect to excise tax from the minerals of the respective LGUs where these are extracted will have repercussions to the Internal Revenue Allotment (IRA) shares of all the LGUs which is based on the formula provided under the LGC because the excise tax collection also forms part of the base of the IRA. This means that an increase in the share from the revenue on the excise tax of the LGUs where the minerals are extracted will result in a proportionate reduction in the IRA base for allocation to all LGUs.

SB 2803

Imposing a Cigarette Floor Price on Tobacco Products to Prevent Access Thereto by the Youth and to Address the Illicit Trade of Tobacco Products to Children

SB 2803 seeks to impose a Minimum Cigarette Price (MCP) of PhP44.00 per pack of 20 sticks or PhP2.20 per stick effective January 1, 2016 and PhP51.00 per pack or PhP2.55 per stick effective January 1, 2017, on all locally-manufactured and imported cigarettes intended for sale.

Consistent with the increase in excise tax of cigarettes under Republic Act (RA) No. 10351, the MCP is proposed to be increased annually by 4% effective January 1, 2018, through a price memorandum or advisory to be issued by the Department of Trade and Industry (DTI) and the Bureau of Internal Revenue (BIR).

The non-compliance with the obligatory MCP will correspond to an imprisonment for at least six (6) months to a maximum of five (5) years and a fine of between PhP50,000.00 to PhP2,000,000.00. The suspension or revocation of business permits and licenses shall also apply to business entities violating the proposed MCP, including the aforementioned penalties.

The bill aims to: (a) prevent the access of smokers, particularly the youth, to cheap and affordable cigarettes; (b) address smuggling of cigarettes which are sold at cheap prices; (c) prevent discounting and price offers below the MCP; and (d) bring in fresh revenues to government as tax evasion is averted and improve VAT collection due to the increase in the prices of cigarettes.

The DTI and BIR shall implement this Act three (3) months from its effectivity, in coordination with the Philippine National Police (PNP), National Bureau of Investigation (NBI), Bureau of Customs (BOC) and local government units (LGUs).

Based on available data from the BIR, the proposed MCP Law will have an impact on all low-priced brands which comprise about 78% of all brands, and 28% of high-priced cigarettes. Imposing a floor price may be a way for the government to intervene with the market. The minimum selling price which is above or higher than the market-driven price will cause consumers to purchase in lesser quantities. Controlling tobacco prices may have a negligible effect on current smokers but can have preventive effect on non-smokers.

It is important to note that by 2017, the excise tax on cigarettes pegged at PhP30.00 will be uniform across all price categories. As gathered, the lowest known retail price per pack of twenty is PhP9.00 exclusive of excise tax and VAT. Once the uniform excise tax rate is implemented, its selling price would be PhP43.68 (i.e. PhP9.00 + PhP30.00 excise tax +PhP4.68 VAT), which is almost equal to the proposed floor price of PhP44.00 in the bill. For the floor price policy to be effective, the floor price must be higher than the average market price. Based on the average 2015 prices, the MCP should not be lower than PhP63.32 by the time the uniform rate is implemented.

Consequently, imposing an MCP would result in an increased VAT collection due to the increase in the VAT base. It should be noted that the excise tax forms part of the VAT base. However, the proposed MCPs of PhP44.00 and PhP51.00 should be reviewed since by the time the uniform excise tax rate on cigarettes will be implemented in 2017, the prescribed MCPs would then be very low and would have very minimal effect. Thus, to start with a high MCP and subjecting it to a regular upward adjustment should be considered.

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SB 2950 and House Bill (HB) No. 5855

Reorganizing and Modernizing the National Bureau of Investigation, and Providing Funds Therefor

SB 2950 and HB 5855 provide for the retention and use of 30% of National Bureau of Investigation (NBI) annual collection from clearance fees and other fees for its modernization and augmentation of its operational expenses.

The fees and charges collected by the NBI consist of clearance fees, the bulk of which are those for travel abroad and for local employment and other minor classifications which presently range from PhP115.00 to PhP415.00. Other fees include bio-laboratory test fee for DNA test, drug test fee and neuro-test fee, among others, which range from PhP40.00 to PhP20,000.00.

As worded, the proposed retention and the use of income provision may be subject to abuse as there was neither any mention that the same shall not be used for salaries/other allowances and benefits in cash or in kind nor of it being subject to auditing requirements, standards and procedures under existing laws.

As a general policy, earmarking of revenue is discouraged by the government because it limits its capability to raise revenues and prioritize them to finance urgent government expenditures. Thus, for transparency and efficiency in fiscal operations and allocation of public resources, all collections should be remitted to the Bureau of Treasury (BTr) and form part of the General Fund. Then, through the budget process, the Agency must justify its needs for funds through regular appropriations.

Allowing the NBI to retain and use certain percentage of its income will give undue advantage to the NBI and would set a precedent for other fee collecting NGAs to also request for the same privilege. This would consequently erode the government revenue base and further complicate/constrain the national budgeting system.

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HB 1005

Amending Section 222 of Republic Act No. 8424, Otherwise Known as the Tax Reform Act of 1997

HB 1005 seeks to amend Section 222 (Exceptions as to Period of Limitation of Assessment and Collection of Taxes) of the NIRC of 1997, as amended. Specifically, the bill proposes, among others, the following:

a. Restricting the exception to the three-year prescriptive period in assessing taxes to "fraudulent returns" and "failure to file a return", thereby, excluding "false returns" from the exception;

b. Negligence, whether slight or gross mistake, carelessness or ignorance resulting in an inaccurate return shall not constitute an exception to the period of limitation of assessment and collection of taxes;

c. Requiring the BIR to establish the existence of fraud based on clear and convincing evidence before it could claim fraud; and

d. Failure of the taxpayer to submit his books and other documents covering periods beyond the period of limitation shall not be considered as an indicia or badge of any fraud.

The bill aims to protect taxpayers from unscrupulous tax authorities who allegedly use Section 222 of the Tax Code, as amended, to harass and extort money from taxpayers.

Under Section 203 of the NIRC, internal revenue taxes shall be assessed and collected by the BIR within three (3) years after the last day prescribed by the law for the filing of the return. After the expiration of the prescriptive period, the government loses the right to assess a tax. Any assessment made beyond this period is invalid, except in cases mentioned under Section 222 of the NIRC as amended, as follows: (1) false return; (2) fraudulent returns with intent to evade tax; and (3) failure to file a return. In these cases, the taxes may be assessed or a proceeding in court for the collection of such taxes may be filed without assessment at any time within 10 years after the discovery of the falsity, fraud or omission.

The bill contends that the exceptions to the 3-year prescriptive period under Section 222 of the NIRC, as amended, have been used to derogate taxpayer's rights to security against prolonged and unscrupulous investigation. Further, the bill contends that the definition of the Supreme Court (SC) of false return, (e.g. "deviation from truth, whether intentional or not"), has open the floodgates for unscrupulous BIR tax authorities who invoke even the slightest inaccuracy in a return to harass and extort money from the taxpayers.

The under-declaration of income and/or overstatement of deductions cannot be equated to mere negligence or slight inaccuracy in tax return. False return is contemplated by law and jurisprudence as a mistake in the filing of return resulting to gross or substantial understatement of income or overstatement of deductions. This is different from fraudulent return with intent to evade tax where there is a design to mislead or deceive on the part of the taxpayer. There must be a clear and convincing evidence before the exemption from the 3-year prescriptive period can be invoked by the BIR. False return could be a case of misinterpretation but can be an indication that the filer could have committed fraud. The difference between misrepresentation and fraud is the intention. Fraud is always intentional while misrepresentation could be unintentional.

By having a clear definition of what constitutes false return, the exception to the period of assessment provided under Section 222 of the NIRC of 1997, as amended, would not be abused by unscrupulous tax authorities. Instead, the discovery of false return should alert tax authorities for a possible fraud. Proving the intent to evade tax by substantial under-declaration of income or the overstatement of deduction could be a daunting task for tax authorities. Thus, the period of 10 years through which assessment could be done is justified. On the other hand, the removal of false returns from the exceptions and shortening the prescriptive period to 3 years will prevent tax authorities from arriving at clear and convincing conclusion that indeed fraud is committed especially in cases where the taxpayer is uncooperative.

It is therefore submitted that the amendment to the prescriptive period be balanced between the proper implementation of the law and the protection of the rights of the taxpayer. Tax authorities should be guided by correct definition of false returns to properly implement Section 222 of the Tax Code. The abuse committed by certain unscrupulous BIR tax authorities cannot be used as a reason to omit such infraction under the Tax Code. Instead, it should be treated as a jump-off point and an impetus to improve on the administration and implementation of the law.

It is also suggested that Section 222 categorically state that negligence, whether slight or gross, carelessness or ignorance resulting to inaccurate return of less than 30% of its correct value shall not constitute an exception to the period of limitation upon assessment and collection of taxes. Further, in such cases, the Tax Code should provide civil penalties for such negligence. There should also be criminal and civil penalties for tax authorities who unscrupulously violate the provisions of the Tax Code in order to protect taxpayers.

HB 1216

Creating the General Santos International Airport Authority to Administer and Operate the General Santos International Airport and Appropriating Funds Therefor

HB 2002

Creating the Davao International Airport Authority to Administer and Operate the Francisco Bangoy International Airport and Appropriating Funds Therefor

HBs 1216 and 2002 seek to establish the General Santos International Airport Authority (GSIAA) and Davao International Airport Authority (DIAA) which shall be under the Department of Transportation and Communications (DOTC).

The bills propose to exempt the Authorities from realty taxes imposed by the NG or any of its political subdivisions, agencies, or instrumentalities. The bills further provide that the exemption shall not extend to any subsidiary which may be organized by the Authorities.

The creation of the airport authorities may impact on the ongoing government's policy to streamline and rationalize the public corporate sector to achieve fiscal effectiveness and efficiency. Also, the creation of the airport authorities will set a precedent for other airports to also propose the setting-up of their own authorities, the end-result of which will be the proliferation of airport authorities.

On the proposed real property tax exemption of the airport authorities, it should be stressed that this is a tax imposed by LGUs, pursuant to RA 7160 or Local Government Code (LGC) of 1991. Such an exemption will encroach on the fiscal autonomy of LGUs and will dissipate their financial resources, rendering them unable to undertake their development projects/initiatives.

Under Section 192 of the LGC, LGUs may grant exemptions, incentives or reliefs under the terms and conditions that may be deemed necessary, through ordinances duly approved by the respective sanggunians. Incidentally, Section 234 of the same Code withdraws the RPT exemption granted to or enjoyed by all natural or juridical persons, including government-owned and controlled corporations (GOCCs).

It is also worth noting that Subic Bay Management Authority (SBMA), Clark International Airport Corporation (CIAC), Poro Point Management Corporation (PPMC), operating arms of the Subic Bay International Airport (SBIA), Clark International Airport (CIA) and San Fernando International Airport (SFIA) created through RA 7227, EO 80 and EO 132, respectively, are not enjoying any tax exemptions.

As a consequence, the grant of RPT exemption to the proposed airport authorities may set a precedent for other similarly-situated airport authorities to clamor for the same treatment.

HB 1905

Amending Section 3 of the National Internal Revenue Code of 1997, as Amended, Establishing a Taxpayer Assistance Service in the BIR and for Other Purposes

HB 1905 seeks to amend Section 3 of the NIRC of 1997, as amended, by inserting a new provision thereto, establishing a Taxpayer Assistance Service under the Office of the BIR Commissioner.

The establishment of the Taxpayer Assistance Service aims to improve the overall tax collection of the BIR by raising tax compliance through accessible professional assistance and services rendered to every taxpayer and facilitating simple and straightforward tax administration.

The objective of the proposal is laudable. Any measure that will result in improved revenue collection without necessarily imposing new tax measures and/or increasing existing taxes is worth exploring.

However, pursuant to the Rationalization Plan under EO 366 as implemented by Revenue Administrative Order 2-2014, envisioned functions of the proposed Taxpayer Assistance Service are already being performed by the Client Support Service and its four (4) divisions under the Office of the BIR Deputy Commissioner – Operations Group.

The Client Support Service is primarily responsible for sustaining and improving the BIR's service to the public by attending to the needs and demands of internal and external stakeholders, providing year-round customer assistance service programs including nationwide tax campaigns in the national, regional, and district offices. It has counterparts in the BIR regional and district offices, named as Client Support Unit and Client Support Section, respectively.

Given the government's thrust to streamline the bureaucracy, the proposed creation of a Taxpayer Assistance Service under the Office of the Commissioner may no longer be necessary as existing service/divisions are already dedicated for the same purpose.

To prevent possible duplication of work and to minimize additional cost of operations, it is suggested that the proposal to improve assistance extended to taxpayers be carried out by empowering and strengthening the already established Client Support Service and its divisions including its counterparts in the regional and district offices.

HB 2143

Establishing the People's Broadcasting Corporation, Abolishing the People's Television Network, Inc., and for Other Purposes

HB 2143 proposes the creation of the People's Broadcasting Corporation (PBC) that will primarily serve as the instrumentality of the government in providing communication and information in nation building.

The bill provides for the transfer of all the powers, functions, assets and liabilities, capital accounts, contracts, and facilities pertaining to the People's Television Network, Inc. (PTNI) and the Bureau of Broadcast Services, and all equipment relating to radio and television broadcasting owned by the government to the PBC. The PBC shall be a GOCC and shall be independent in all matters concerning the content of its output, the times and manner in which this is supplied, and in the management of its affairs, subject to its charter and other laws.

The bill seeks to exempt the PBC from any and all forms of taxes, license fees and customs duties that may be levied on its importation of equipment, apparatus and materials to be actually, directly and exclusively used in its operation, whether purchased from or donated by any foreign government and/or private entity: Provided, that the subsequent importation of the equipment, apparatus, and materials shall be subject to review by the DOF. In the event the equipment, apparatus, and materials are sold to non-tax exempt persons or entities, the buyers shall be considered the exporters and who shall be then subject to tax.

The bill also provides for the exemption from donor's tax gifts and donations of real and personal properties of all kinds to the PBC and the same shall be considered as allowable deductions from the gross income of the donor, pursuant to the NIRC of 1997, as amended.

The intention of the bill to overhaul PTNI into PBC is commendable and is supported. This will improve the communication structure of the government which is a vital tool for participative democracy, promotion of Filipino nationalism, and effective government information dissemination.

Additionally, this initiative aims to reengineer the charter of the state-run television network of the government by rehabilitating PTV stations in other provinces and continue its modernization program in order to replicate international government broadcasting networks. It is to be highlighted that in Philippine Development Plan (PDP) 2011-2016, the modernization of state-run television network is included in the national program to address the infrastructure gaps of the government and further expand the communications services in remote and rural areas.

The proposed tax incentives for the PBC are mere reiteration of the tax incentives granted to the PTNI under RA 7306 (March 26, 1992), as amended by RA 10390 (March 14, 2013), hence, the same are supported. The law exempts the PTNI from all forms of taxes, license fees and custom duties that may be levied on its importation of equipment, apparatus and materials to be used directly by the network. It also grant donor's tax exemption on gifts and donations of real and personal properties of all kinds to the network and the deductibility of the same on gross income of the donor in accordance with the provisions of the NIRC, as amended.

HB 2476

Regulating Public Solicitations and Providing Penalties for Violation Thereof, Repealing for the Purpose Presidential Decree (PD) No. 1564, Otherwise Known as the Solicitation Permit Law

HB 2476, otherwise known as the Public Solicitation Act, seeks to regulate the solicitation of funds from the public. It proposes measures to regulate public solicitation activities under the headship of the Department of Social Welfare and Development (DSWD) in order to protect the public from nefarious solicitation activities and strengthen the monitoring of such and engaging concerned law enforcement agencies and in its implementation.

The bill provides that the Department of Social Welfare and Development (DSWD) may impose reasonable fees and charges corresponding to the cost of preparing the solicitation permit on national and regional public solicitations. The fees are proposed to be remitted to the National Treasury and to be recorded as special account in the General Fund and shall be available to the DSWD through a Special Budget pursuant to Section 35 of EO 292, otherwise known as the Administrative Code of 1987. For provincial and local public solicitations, the governor, city or municipal mayor may impose reasonable fees corresponding to the cost only of preparing the solicitation permit, subject to the provisions of RA 7160, otherwise known as the Local Government Code of 1991, and other existing laws.

The proposed strengthening of the system of regulating the solicitation of funds from the public is supported as it will ensure the protection of the general public from unscrupulous requests for donations.

It is worth noting that the requirement for a solicitation permit was already prescribed as early as 1933 pursuant to Act No. 4075 (enacted on October 27, 1933) and was amended in 1978 pursuant to PD 1564. Likewise, pursuant to AO 170 (July 30, 2002), the DSWD prescribed various fees for the services rendered to the public.

From 2011 to 2015, the DSWD approved 159 national fund raising campaign (NFRC) applications. The total collection from solicitation fees amounted to PhP159,000.00 or an average of PhP31,800.00 annually. It may be noted that the collection was quite minimal considering that the existing rates of fees were imposed way back in 2002 via AO 170. The rates may no longer be realistic given the increase in the costs of goods and services due to inflation. Hence, there is a need to upgrade the rates to realistic levels. It is suggested that in the determination of the rate of fees, the same should be in accord with the provisions of AO 31 (October 1, 2012) as implemented by DOF-DBM-NEDA Joint Circular 1-2013 (January 30, 2013).

The proposal to remit the collection from solicitation permit under a Special Account in the General Fund is not supported. As a general policy, the government discourages the earmarking, retention or use of income by the collecting agency as it runs counter to the government's one fund policy.

It is also worth noting that the budgetary allocations are already provided under the General Appropriations Act (GAA) for DSWD's regulatory services. Hence, the need to retain the collection from solicitation permit as a revolving fund for services rendered may no longer be necessary. Moreover, the collections from the solicitation permit fee is not substantial for it to be set aside as a Special Account in the General Fund.

HB 3482

Exempting Pledge of Personal Property Covering a Loan of Money Not Exceeding Ten Thousand Pesos from Documentary Stamp Tax, Amending for the Purpose Section 199 of the National Internal Revenue Code of 1997, as Amended

HB 3482 seeks to exempt pledge of personal property covering a loan of money not exceeding PhP10,000.00 from the DST thereby amending Section 199 of the NIRC of 1997, as amended.

At present, a contract of pledge is subject to the DST under Section 195 of the NIRC at PhP20.00 when the amount secured does not exceed PhP5,000.00 and an additional PhP10.00 on each PhP5,000.00, or fractional part thereof, in excess of PhP5,000.00. Hence, under the proposed bill, the amount secured not exceeding PhP10,000.00 would be exempted from the DST amounting to PhP30.00.

The proposal may be justifiable considering that loan agreements or promissory notes not exceeding PhP250,000.00 executed by an individual for his purchase on installment for his personal use or that of his family and not for business or resale, barter or hire of a house, lot, motor vehicle, appliance or furniture are exempt from DST under Section 199(d) of the NIRC of 1997, as amended. A two-year installment plan, for instance, will require a monthly amortization of a little over PhP10,000.00.

However, there is a need to reconsider the revenue impact of the proposal. Presently, the pawnshops are the ones paying for the DST with a projected collection of PhP79.28 billion for 2016. The proposal would mean revenue loss of around 2% to 4% thereof which the government has to recoup from other sources and/or resort to borrowing. It is not also certain that its exemption will translate to lower cost on the part of the borrower. Hence, the pawnshop owners will be the one that shall be benefited by the proposal.

Lastly, there is a possibility that the proposed exemption would set a precedent for other sectors undertaking similar transactions, (e.g., agreement to sell, memoranda of sales, certificate of deposit not drawing interest, etc.) to clamor for the same tax privilege. Thus, a status quo is suggested.

HB 3655

Increasing Revenues and to Provide the Foundation for an Effective Implementation of Tax Reforms by Granting an Amnesty on All Unpaid Internal Revenue Taxes Imposed by the National Government for Taxable Year 2015 and Prior Years

HB 3832

Granting Tax Amnesty on All Unpaid Internal Revenue Tax Liabilities for Taxable Period January 2006 to June 2016

HB 4011

Enhancing Revenue Administration and Increasing Revenue Collection by Granting an Amnesty on All Unpaid Internal Revenue Taxes Imposed by the National Government for Taxable Year 2015 and Prior Years

HBs 1889 and 3010

Granting Amnesty in Estate Tax

HBs 3655, 3832, and 4011 propose to grant a tax amnesty which shall cover all national internal revenue taxes, with or without assessments duly issued, that have remained unpaid: (a) as of December 31, 2015, for the taxable year 2015 and prior years under HBs 3655 and 4011; and (b) as of June 30, 2016, for the taxable period January 1, 2006 to June 30, 2016 under HB 3832.

The proposed tax amnesty provided under HBs 3655, 3832, and 4011 shall not extend to the following persons or existing cases:

a. Withholding agents with respect to their withholding tax liabilities;

b. Those with pending cases falling under the jurisdiction of the Presidential Commission on Good Government;

c. Those with pending cases involving unexplained or unlawfully acquired wealth or under the Anti-Graft and Corrupt Practices Act;

d. Those with pending cases filed in court involving violation of the Anti-Money Laundering Law;

e. Those with pending criminal cases for tax evasion and other criminal offenses under Chapter II of Title X of the NIRC of 1997, as amended, and the felonies of frauds, illegal exactions and transactions, and malversation of public funds and property under Chapters III and IV of Title VII of the Revised Penal Code; and

f. Tax cases subject of final and executory judgment by the courts.

Those who wish to avail of the tax amnesty granted under HBs 3655, 3832, and 4011 shall file with the BIR a notice and Tax Amnesty Return accompanied by a SALN in a form prescribed in the Implementing Rules and Regulations (IRRs) of the proposed Act in case of HBs 3655 and 4011, and by the Commissioner of the Internal Revenue in the case of HB 3832. Under HBs 3655 and 4011, it is provided that the SALN shall be prepared as of December 31, 2015 and the applicable amnesty tax shall be paid within six (6) months after the effectivity of the IRR whereas under HB 3832, it shall be prepared as of June 30, 2016 and the applicable amnesty tax shall be paid within 6 months after the effectivity of the proposed Act.

The tax amnesty shall entitle its availers of certain immunities and privileges except when the networth stated in the SALN filed in the prescribed date is proven to be understated to the extent of thirty percent (30%) or more.

In particular, HBs 3655 and 4011 provide for a moratorium in the grant of tax amnesty including any administrative tax amnesty by the BIR after the said tax amnesty in order to encourage and improve tax compliance by taxpayers. The bills allow the publication in at least two (2) newspapers of general circulation of a list containing the names of all taxpayers, their gross income and the amount of income taxes paid for the immediately preceding taxable year.

In addition, HB 4011 seeks for the institution of an Integrated Information Management Program by the DOF, in coordination with the BIR, Department of Trade and Industry (DTI), Security and Exchange Commission (SEC), and other concerned agencies, in order that the information declared or obtainable from the Tax Amnesty Returns and SALNs may be effectively used. Section 13 of the bill further provides that an amount equivalent to PhP400 million of the collection from the tax amnesty shall accrue to the DOF.

Meanwhile, HB 3832 provides that the proposed Act shall not, in any way, amend, alter or repeal the provisions of RA 1405, otherwise known as "The Bank Secrecy Law".

HBs 1889 and 3010 seek to grant estate tax amnesty which shall cover all unpaid estate taxes as of the time these proposed Acts shall have taken effect, and those that shall be due within five (5) years henceforth in the case of HB 1889 and within three (3) years henceforth in the case of HB 3010.

Under HB 1889, if the net estate is:

Over	But Not Over	The Tax Shall Be	Plus	Of the Excess Over
	2,000,000	0		
2,000,000	5,000,000	15,000	5%	2,000,000
5,000,000	10,000,000	135,000	8%	5,000,000
10,000,000	50,000,000	465,000	11%	10,0000,000

Under HB 3010, if the net estate is:

Over	But Not Over	The Tax Shall Be	Plus	Of the Excess Over
	3,000,000	0		
3,000,000	6,000,000	20,000	5%	3,000,000
6,000,000	12,000,000	200,000	8%	6,000,000
12,000,000		650,000	11%	12,0000,000

The bills also provide that the estate tax shall be levied, assessed, collected and paid upon the transfer of the net estate within the period of the estate tax amnesty; as determined in accordance with Sections 85 and 86 of RA 8424, as amended, of every decedent, whether resident or non-resident of the Philippines, based on the value of such net estate. The tax amnesty is sought to promote the settlement of estates, and in turn, free-up properties of unsettled estates thereby generating financial transactions and stimulating economic activities which will result in increased tax collection.

Tax amnesties are special laws which normally involve one-time opportunity offered to errant taxpayers to settle their previously unpaid taxes without the need to pay penalties and/or face prosecution. Tax amnesties have been offered worldwide for a variety of reasons with diverse results.

The grant of amnesty has already been exercised and applied in the country for purposes of revenue administration and increase revenue collection. HBs 3655, 3832, and 4011 are essentially similar to the provisions of RA 9480, also known as the "Tax Amnesty Act of 2007". It should be mentioned that in the implementation of tax amnesty under RA 9480, the BIR collected PhP5.9 billion from 20,629 availers. However, the effect of the said tax amnesty on taxpayer's compliance cannot be accurately determined in the absence of necessary data.

There is merit in establishing a Management Information System (MIS) that can process data on the nature of the unpaid taxes condoned under the tax amnesty program and the collected amnesty taxes. Such data which can be generated with the aid of an MIS are relevant to establish tax policy analysis framework for revenue considerations and to support in-depth analysis of the country's fiscal condition.

The proposed moratorium on legislating a future tax amnesty during the present Congress after the passage of HBs 3655 and 4011 is deemed consistent with the guidance that tax amnesty should be a once-and-for-all offer and there should be no suggestion that it might be repeated at a future date. This proposal is necessary to discourage taxpayers from waiting for another tax amnesty and encourage them to fulfill their tax obligations. On the other hand, strict tax enforcement should be in place after the duration of the tax amnesty program to improve compliance with tax laws among taxpayers.

It is to be noted that HB 3832 stipulates that the tax amnesty privileges shall not apply to taxpayers whose amount of networth as of June 30, 2016 is proven to be understated to the extent of thirty percent (30%) or more. Furthermore, the bill provides that a taxpayer who willfully understates his/her networth shall be liable to the penalties of perjury under the Revised Penal Code and immediate tax fraud investigation shall be conducted to collect all taxes due, including increments, and to criminally prosecute those who are found guilty of such evasion. Since the bill provides that it shall not in anyway amend, alter or repeal the provisions of the Bank Secrecy Law, there will be no other reliable means to validate a tax amnesty availer's statement of his/her net worth as of the prescribed date under the tax amnesty program. Access to bank records should therefore be allowed for the purpose of examining the net worth of subject tax amnesty availers. On the other hand, this might discourage potential tax amnesty availers.

The proposed exempt net estate amounts to PhP2 million under HB 1889 and PhP3 million under HB 3010 is 10 times and 15 times, respectively, the present exempt amount of PhP200,000. Considering that the government is condoning delinquent taxpayers from criminal, civil, and administrative liabilities, it is reasonable and equitable that there should be no exemption and estate tax amnesty availers should pay at least a minimal amount for such condonation of liabilities to cover administrative expenses that shall be incurred on the tax amnesty program. To encourage delinquent taxpayers to avail of the estate tax amnesty, the amnesty payment should be less than the amount of delinquent tax and penalties.

The proposed use of net estate as the basis of computing the estate tax amnesty payment should also be reconsidered in view of possible difficulty in substantiating the claim for deductions from the gross estate. The difficulty may arise on the non-availability or loss of documents (e.g., receipts) required to substantiate the allowable expenses (e.g., medical and funeral expenses, etc.). This could be one of the reasons why the heir/estate administrators failed to settle the estate tax liability in the first place. Instead of using the net estate as basis in the computation of estate tax amnesty payment, the amount of gross estate may be considered for the purpose as the same is easier to determine.

On the proposal under HBs 1889 and 3010 that the tax amnesty shall cover estate taxes that shall be paid within five (5) years and three (3) years after their effectivity, respectively, in effect, gives the amnesty a prospective application. Such proposal is deemed contrary to the very nature of a tax amnesty because it will apply to the estate tax that has not yet become due or payable nor has the taxpayer committed violation or evasion in the payment of estate tax. Also, the period of 5 years and 3 years within which to pay the amnesty is deemed too long and will not create a sense of urgency on the part of delinquent taxpayers to settle their unpaid estate tax. Under RA 9480, the period of amnesty was six (6) months. It may be reasonable to adopt the same period or one year if the proposed estate tax amnesty is pushed through.

HB 4144

Amending Section 145(C) of the National Internal Revenue Code of 1997, as Amended

HB 4144 seeks to amend Section 145(C) of the NIRC of 1997, as amended, by maintaining the current two-tier excise tax system on cigarettes packed by machine and increasing the lower tier from PhP25.00 to PhP32.00 per pack and the higher tier from PhP29.00 to PhP36.00 per pack. The bill also seeks for an automatic annual adjustment of five percent (5%) in the specific tax of cigarettes packed by machine starting January 1, 2018.

The bill in effect proposes to maintain the two-tiered rates with increased rates to avoid the imposition of a unitary excise tax of PhP30.00 on cigarettes packed by machine starting January 1, 2017 and the four percent (4%) annual adjustment of the specific tax effective January 1, 2018 under RA 10351.

The bill aims to protect the welfare of tobacco farmers by addressing the concern regarding the supposed diminishing demand for tobacco leaves produced domestically especially for the lower grade tobacco types with the unitary excise tax by 2017.

The proposal to maintain the two-tiered rates for cigarettes packed by machine is not supported. The uniform tax is preferred over the proposed two-tiered rates as it will simplify the excise taxation of cigarettes.

Moreover, the proposed unitary rate will result in greater ease in tax administration by minimizing the opportunities for misclassification or misdeclaration of goods and transactions. Further, such a move will tend to minimize the downshifting to cheaper brands thus tending to reduce consumption of tobacco products.

The imposition of a unitary tax is in line with best practice in excise taxation where there should be no tax rate differentials between products to avoid product substitution and tax evasion opportunities. It will also ensure that all cigarette manufacturers will be given a level playing field. Nonetheless, with the unitary rate, the proposed increase in the level of the rate will be a welcomed proposal as this will definitely provide a greater impact in reducing consumption and in generating more revenue.

Among the member-countries in the Association of Southeast Asian Nation (ASEAN), Singapore, Cambodia, Lao PDR, Thailand and Vietnam impose a single tax rate on cigarettes. Cambodia imposes a single ad valorem tax rate of 20%. Lao PDR, 60%; Thailand, 85%; Vietnam, 70%; which shall be increased to 75% starting January 1, 2019. Singapore imposes a specific tax instead of ad valorem. Others have two-tier or multiple rates. The Philippines will be added to the list of countries imposing a single rate on cigarettes in 2017 at PhP30.00 per pack from the current two-tiered rates.

Relative to the issue about maintaining the present two-tiered rate structure to protect the welfare of tobacco farmers, it should be mentioned that the number of tobacco farmers have been on the downtrend from 55,763 in 2014 to 40,892 in 2016 or a decline of 26.5% as many of them could have shifted into the production of other agricultural crops.

While the number of tobacco farmers decreased with the implementation of RA 10351, there is no doubt that their income from tobacco production increased. In 2015, National Tobacco Administration (NTA) provided production assistance to 2,586 tobacco farmers, 32% higher than the 1,959 farmers in 2014. In addition, the NTA established the Agripinoy Tobacco Farmers Food Processing and Trading Center (Agripinoy Project) which provides assistance to tobacco farmers in the production of hogs and poultry, which the plant buys and processes into bagnet, Vigan longaniza, tapa, bacon, among others.

HB 4855

Recognizing and Strengthening Alternative Care of Children, Providing Incentives to Agencies Providing the Same

HB 4855 seeks to institutionalize alternative family care for children as an option to adoption and foster family through an Alternative Care Agency (ACA).

The proposed ACA is a child-caring or child-placing institution licensed and accredited by the Department of Social Welfare and Development (DSWD) to provide alternative care in coordination with the host LGU. The bill enumerates children who may be placed under alternative care, as follows: (a) an abandoned, surrendered, neglected, dependent or orphaned child; (b) a victim of sexual, physical or any other forms of abuse or exploitation; (c) a child with special needs; (d) a child whose family members are temporarily or permanently unable or unwilling to provide the child with adequate care; (e) a child who needs long-term care and close family ties but who cannot be placed for domestic adoption; (f) a child who is under socially difficult circumstances, such as, but not limited to, a street child, a child in armed conflict or a victim of child labor or trafficking; (g) a child who committed a minor offense but is released on recognizance, or who is in custody supervision or whose case is dismissed; and (h) a child who is in need of special protection as assessed by a social worker, an agency or the DSWD.

To allow the accredited ACA to fully realize its mandate, the bill proposes that any donation, contribution, bequest, and grant made to an ACA be exempt from the donor's tax and the same be considered as allowable deduction from the gross income of the donor, for income tax purposes, in accordance with the provisions of the National Internal Revenue Code (NIRC) of 1997, as amended, provided that such agency is an accredited non-government organization (NGO) pursuant to Executive Order (EO) 720. The bill also proposes to exempt an ACA from the payment of real property taxes (RPT) on all real properties owned by it.

The proposal to exempt from the donor's tax donations, contributions, bequests and grants that shall be made to an ACA and the deductibility from the gross income of the donor, under certain conditions, is already provided under Sections 101(A)(3), (B)(2), and 34(H)(2)(c) of the NIRC of 1997, as amended.

Based on the purposes and intended beneficiaries enumerated in the bill, the proposed ACA may be classified as an NGO organized and operated exclusively for charitable or social welfare purposes as defined under Revenue Regulations (RR) No. 13-98.

On the proposed exemptions of an ACA from the payment of the RPT on all properties owned by it, it should be noted that Section 234(b) of the Local Government Code (LGC) of 1991 grants RPT exemptions to charitable institutions whose lands, buildings and improvements are actually, directly and exclusively used for charitable purposes. Since the ACA will serve as a foster home to fill the gap in the existing welfare facilities of the government for neglected, abused and abandoned children, it can be classified as a charitable institution. The proposal to authorize the DSWD to issue the ACA license and for the host LGU to accredit agencies are needed to ensure the motivations, capacities and potentials of the agencies.

HB 5158

Granting Additional Privileges to Children with Special Needs

HB 5158 seeks to provide children with special needs (CSN) additional privileges that are similar to those granted to Filipino senior citizens in order to help them live better lives. The bill proposes the following privileges to be accorded to CSNs.

a. 20% discount on purchases of basic necessities such as food, water, groceries, and medicines;

b. 20% discount from all establishments relative to the utilization of transportation services including all public utility vehicles, hotels and similar lodging establishments, restaurants and recreation center;

c. Minimum of 20% discount on admission fees charged by theaters, cinema houses and concert halls, circuses, carnivals, and other similar places of culture, leisure, and amusements; and

d. Free medical and dental services in government establishments anywhere in the country, subject to the guidelines to be issued by the Department of Health (DOH), Government Service Insurance System (GSIS) and Social Security System (SSS).

The bill further provides that private establishments granting the 20% discounts may claim the cost of the discount as tax credit. It also provides for the following government assistance to those caring and living with CSNs:

a. CSNs shall be treated as dependents as provided in the NIRC of 1997, as amended, and as such, individual taxpayers caring for them, be they relatives or not, shall be accorded the privileges granted by the NIRC insofar as having dependents is concerned; and

b. Realty tax holiday for individuals or non-governmental institutions establishing homes, residential communities or villages solely for the CSNs for the first five (5) years starting from the first year of operation, as well as priority in the building and/or maintenance of provincial or municipal roads leading to the aforesaid home, residential community or retirement village.

The intent of the bill to indicate the government's response to the needs of CSNs and their families by entitling them to discounts on certain purchases of basic and other necessary services is commendable. However, there are already a number of privileges and incentives which could bring relief to CSNs and their families from financial concerns. As may be noted, some of the proposed discounts and privileges under the proposed bill are mere reiteration of the provisions under RA 7277, as amended by RAs 9442 and 10754 for PWDs; RA 7432, as amended by RAs 9257 and 9994 for senior citizens; and RA 10699 for national athletes and coaches.

With regards to the proposed treatment of the cost of the discount granted by private establishments to CSNs as tax credit, it is worth mentioning that under the present provisions of the Magna Carta for Disabled Persons and the Senior Citizens' Act, establishments granting discounts to PWDs and senior citizens, respectively, on certain purchases and services are allowed to claim such cost of discount as tax deduction and not as tax credit. Tax deduction is less revenue erosive than a tax credit since the former is just a reduction of the tax base while the latter is a reduction of the tax due.

The tax treatment of the cost of the discount in the case of other proposed privileges for CSNs is not provided under the bill. It must be pointed out that such costs of discount are generally deducted by establishments as cost of doing business, hence, are effectively considered as tax deduction and not tax credit.

There will be a distortion in the tax system if the proposed tax credit is allowed only to private establishments in relation to the discount given by them to CSNs relative to their utilization of transportation services including all public utility vehicles, hotels and similar lodging establishments, restaurants and recreation center while other discounts proposed under the bill are allowed to be deducted from the gross income of the private establishments.

The proposal could also impose additional burden in terms of administrative and reportorial requirements among private establishments. This could also adversely affect productivity and the ease of doing business. To prevent abuses or leakages, there will be a need for an efficient and effective monitoring and tracking system on the grant of discounts and claim of tax deductions.

On the proposal to entitle individual taxpayers who care for CSNs aside from their parents, be they relatives or not, an additional exemption allowance, necessary administrative measures should be put in place to ensure that the individual is the one providing chief support to a CSN. Otherwise, this could be a source of tax leakage.

The proposed realty tax holiday is similar to the privileges given to individuals or non-governmental institutions establishing homes, residential communities or retirement villages solely to suit the needs and requirements of PWDs or senior citizens under Section 33(b)(i) of RA 7277, as amended by RA 9442 and Section 5(g)(l) of RA 7432, as amended by RA 9994, respectively. Therefore, it will place the benefactors of PWDs, senior citizens, and CSNs on equal footing as regards the tax privileges.

Since the definition of CSNs fall within the category of PWDs, the proposed realty tax holiday for the first five (5) years starting from the first year of operation of individuals or nongovernmental institutions establishing homes, residential communities or villages solely for CSNs is endorsed only for those who cater to children who are classified as PWDs. In the case of realty tax exemption of homes, residential communities and villages caring for gifted children and fast learners, the discretion to grant exemption should be given to the concerned LGUs under the principle of local autonomy.

HB 6029

Strengthening the National Home Mortgage Finance Corporation for Mass Housing Endeavors, Amending for the Purpose Presidential Decree No. 1267

HB 6029 seeks to strengthen the National Home Mortgage Finance Corporation (NHMFC) by amending PD 1267 to ensure that it is able to keep up with the developments in housing-related financial instruments and investment instruments market in order to better respond to State's obligation to produce mass housing for its citizens.

The bill proposes to amend, among others, Section 20 of PD 1267 by expanding the coverage of the tax and fee exemptions of the NHMFC to include assets, contracts, documents, and instruments as well as lifting the exception of income from the tax exemption.

In addition, the bill proposes to exempt from income tax the yield or income of investors from any low-cost or socialized housing related asset-backed securities (ABS) insured by the corporation, directly or through a special purpose entity (SPE) under the Securitization Act. Such securities shall likewise enjoy all tax exemptions and incentives under the said Act.

The proposed amendment exempting NHMFC's assets, properties, contracts, documents, and instruments, including all income and earnings from all taxes, fees, and charges is too broad and all-encompassing. It means that the NHMFC would not pay even for fees and other charges which are imposed to recover the cost of services rendered by concerned agencies.

Based on the report of the Commission on Audit (COA), the NHMFC's provision for income tax for 2013 and 2014 amounted to PhP27.265 million and PhP59.238 million, respectively. Thus, this much revenue will be foregone by the government, if the proposal is pursued.

An alternative to the proposed broad grant of tax exemption is the availment of tax subsidy. Under EO No. 93 and the annual General Appropriations Act (GAA) passed by Congress, GOCCs are entitled to avail of the tax subsidy administered by the Fiscal Incentives Review Board (FIRB). The system of tax subsidy is deemed preferable as it is more transparent and recordable for purposes of monitoring fiscal incentives than outright grant of tax exemption.

The proposed tax exemptions of the yield or income of the investors from any low-cost or socialized housing-related ABS issued by the NHMFC or through an SPE under the Securitization Act is just a reiteration of Section 33 of RA 9267 which provides that in order to promote the securitization of the mortgage and housing related receivables of government housing agencies as may be determined by the HUDCC and the Department of Finance (DOF), the yield or income of the investor from any low-cost or socialized housing-related ABS shall be exempt from income tax.

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Unnumbered HB

Establishing the Southern Palawan Special Economic Zone in the Province of Palawan, Creating for this Purpose the Southern Palawan Special Economic Zone Authority, Appropriating Funds Therefor and for Other Purposes

Unnumbered HB

Establishing the Bohol Special Economic Zone in the Province of Bohol, Creating for this Purpose the Bohol Special Economic Zone Authority, Appropriating Funds Therefor and for Other Purposes

Unnumbered HB

Establishing the Special Economic Zone and Freeport in the Province of Ilocos Sur, Creating for this Purpose the Ilocos Sur Special Economic and Freeport Authority, Appropriating Funds Therefor and for Other Purposes

Unnumbered HB

Establishing the Economic Zone and Freeport in the Province of Ilocos Norte, Creating for this Purpose the Ilocos Norte Special Economic and Freeport Authority, Appropriating Funds Therefor and for Other Purposes

The Unnumbered HBs seek to establish special economic zones (SEZs) and freeports and their corresponding governing bodies.

The bills also seek to exempt the Authorities of the SEZs and freeports from the payment of all taxes, duties, fees, imposts, charges, costs and service fees in any court or administrative proceedings in which they may be a party. The said exemption may, however, be entirely or partially lifted by the President of the Philippines upon the recommendation of the Secretary of Finance, not earlier than five (5) years from the effectivity of the Act, if the President finds the said governing bodies to be self-sustaining and financially capable by then to pay such taxes, customs duties, fees and other charges after providing for debt service requirements and projected capital and operating expenditures.

Likewise, the bills provide that all donations made by any person or entity in favor of the Authorities shall be exempt from the payment of the donor's tax and shall be deductible from the gross income of the donor, pursuant to the provisions of the NIRC of 1997, as amended.

Registered enterprises/investors located within the SEZs and freeports shall be entitled to fiscal incentives, such as:

a. Income tax holiday (ITH);

b. Net operating loss carryover (NOLCO);

c. Imposition of five percent (5%) tax on gross income earned (GIE) on business establishments operating within the SEZs and freeports, in lieu of all local and national taxes;

d. Accelerated depreciation;

e. Capital equipment incentives;

f. Tax and duty free importation of source documents by information technology-registered enterprises;

g. Raw materials incentives;

h. Incentives on breeding stocks and genetic materials;

i. Exemption from wharfage dues of exports by registered enterprises;

j. Deferred imposition of the minimum corporate income tax (MCIT); and

k. Tax treatment of goods and services in the SEZs and freeports.

The incentives under the proposals shall be terminated after a cumulative period of 20 years from the date of registration or the start of commercial operation, but these could be extended in the case of industries deemed indispensable to national development as determined by the concerned governing bodies.

The intent of the bills to provide jobs, increase productivity and income and improve the level and quality of life of the residents through the creation of SEZs and freeports is laudable. However, the proposed creation of SEZs and freeports should adhere to the provision of RA 7916, as amended by RA 8748 requiring a proclamation to be issued by the President of the Philippines subject to the evaluation and recommendation of the Philippine Economic Zone Authority (PEZA) for areas that may be established as ecozones. This is to ensure that the establishment of an ecozone would result in optimum benefits to all concerned.

It is worth noting that as of June 30, 2015, there are 770 approved PEZA SEZs, of which 453 are operating and proclaimed and 317 with development in progress. Thus, any legislation creating SEZs may be superfluous as this may only add up to the number of non-operational SEZs. In any case, the creation of SEZs on a nationwide basis is already prescribed under RA 7916, hence, for efficiency and practicality, it may be better to adhere to the plan of the PEZA.

The creation of the SEZs and freeports and their authorities to achieve the bills' intent may have to be reconsidered, in view of the following reasons:

a. RA 7916 already identified the following as potential ecozone areas: portion of the City of Laoag in the Province of Ilocos Norte; portion of the Palawan Island; and portion of the Province of Ilocos Sur, which shall be developed either through private, local government, or national government initiative, subject to certain conditions. Thus, even without the proposal, the creation of the above-mentioned ecozones would simply be a matter of time.

b. The creation of several authorities will duplicate the functions of the PEZA, the government corporation vested with the powers to set the general policies and to supervise and coordinate the establishment and operation of ecozones. Furthermore, the creation of additional government corporations may contravene the government's ongoing reform of the public corporate sector.

The proposed exemption of the Authorities from all taxes, duties, fees, imposts, costs and service fees in any court proceedings in which they may be a party, is not supported. A broadly worded provision of exemption is likely to create opportunities for abuses/leakages, as well as implementation or interpretation problems, especially in the absence of an effective and efficient monitoring system. Further, it should be noted that the exemption from service fees in court proceedings violates an important institutional safeguard of the judiciary independence.

With regard to the donations by any person or any entity in favor of the Authorities, the same are already exempt from the donor's tax pursuant to Section 101(A)(2) and (B)(1) of the NIRC and deductible from the donor's gross income for income tax purposes pursuant to Section 34(H)(2)(a) of the same Code.

If the creation of the SEZs and freeports is pushed through, it is suggested that business establishments within the ecozone be entitled to the same fiscal incentives under RA 7916 for consistency in the incentives treatment.

The provision on the duration of the availment of fiscal incentives to a maximum of 20 years is supported as this would force the registered enterprises to be efficient and optimize the incentives given. Time-bounding of incentives is necessary as an indeterminate grant of incentives is costly to maintain and creates unwarranted opportunities for leakages/abuses. Thus, any provision empowering the Authorities to extend the period of incentives availment may have to be reconsidered.

Finally, as far as the grant of tax incentives to enterprises locating in the SEZs and freeports to be created is concerned, it should be noted that there are already existing provisions on incentives for prospective SEZs and freeports under the ambit of the PEZA. It would be more practical to integrate incentive provisions into one framework, for easier reference and access by investors.

Unnumbered HB

Mandating the Management of Natural and Cultural Heritage Through Tourism with the Imposition of an Environmental Fee or "Green Fee" for the Preservation, Conservation, Development, Promotion and Protection of the Country's Natural and Cultural Heritage

The Unnumbered HB proposes to impose a one-time environmental fee to be called "Green Fee", in the amount of one hundred pesos (PhP100.00), on all visitors holding foreign passports upon their entry into the country.

The bill proposes to create a Special Trust Fund to be called "Green Fund" to be sourced from the proceeds of the collection from the environmental fee or green fee which shall be used exclusively for the preservation, conservation, development, promotion, and protection of the country's natural and cultural heritage, including, but not limited to, the development of new tourism destinations, improvement of tourism products and services and tourism research.

The objective of the bill is laudable. However, imposing a one-time fee on all visitors holding foreign passports upon entry into the country as environmental fee or "green fee" may not be expedient as not all foreign visitors entering the country are tourists but may be here for the purpose of visiting friends and relatives, official missions, religious reasons and pilgrimages, health treatment, potential business ventures or to practice their profession. Hence, the proposed imposition of the fee for all who enter into the country regardless of the purpose may not be a prudent move. The proposal may also adversely affect the country's tourism campaign and dampen the flourishing tourism industry.

Also, it is possible that the tourists would visit several tourist attractions. The imposition of an entrance fee for a direct benefit received or entry into a specifically regulated service/area is more attractive to any payor of the fee than imposing a mandatory fee on all foreigners upon entering the country.

Unnumbered HB in Substitution of HB 2526

Creating the Cagayan De Oro River Basin Development Authority, Defining its Powers and Functions and Appropriating Funds Therefor

The Unnumbered HB, otherwise known as the "Cagayan De Oro River Basin Development Act" seeks to create a corporate body to be known as the Cagayan De Oro River Basin Development Authority which shall be under the administrative supervision of the Office of the President.

The bill proposes to exempt the Authority from the payment of income taxes, franchise taxes, realty taxes, and all kinds of taxes and licenses imposed by the NG, its provinces, cities, municipalities, and other government agencies and instrumentalities. However, its subsidiary corporations shall be subject to all taxes five (5) years after their establishment. Such exemption shall include any tax or fee imposed by the government on the sale, purchase or transfer of foreign exchange and all notes, bonds and debentures, and other obligations issued by the Authority both as to principal and interests. The importation of machinery, equipment, materials, and supplies by the Authority paid from the proceeds of any loan, credit, or indebtedness incurred shall also be exempt from all taxes, fees, imposts, other charges, and restrictions imposed by the government of the Republic of the Philippines or any of its agencies and political subdivisions.

The establishment of the Authority needs to be reconsidered since there is an existing authority, the Southern Philippines Development Authority (SPDA), which is mandated to promote the development of Southern Philippines pursuant to PD 690, as amended by PD 1703. Moreover, the Mindanao Development Authority (MinDA) was created under RA 9996 to promote, coordinate and facilitate the active and extensive participation of all sectors to effect the socioeconomic development of Mindanao.

The broad coverage of exemption of all kinds of taxes and licenses incidental to the operations of the Authority is not supported. A broadly worded provision of exemption is likely to create opportunities for abuses/ leakages, as well as implementation or interpretation problems, especially in the absence of an effective and efficient monitoring system.

The grant of tax exemption privileges to the subsidiaries of the Authority is also not supported. If the subsidiaries are engaged in commercial/ business operations, they should be subject to applicable taxes as similarly situated enterprises are. This would eliminate issues of unfair competition or undue engagement of government enterprises in activities that can also be handled by private investors.

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Unnumbered HB in Substitution to HB 3187

Mandating the Government to Provide for Additional Amounts of Capital Gains Tax and Documentary Stamp Tax Due in the Just Compensation for the Sale of Real Property in the Exercise of the State's Power of Eminent Domain, Amending for the Purpose Sections 24(D) and 196 of Republic Act No. 8424, as Amended, Otherwise Known as the National Internal Revenue Code of 1997, as Amended

The Unnumbered HB seeks to amend Sections 24(D) and 196 of the NIRC of 1997, as amended, by mandating the government, in the exercise of its power of eminent domain, to pay the compulsory seller of the real property the just compensation and provide for additional amount of CGT and DST due on the said transaction, respectively.

Under the bill, the government is mandated to pay, in addition to the just compensation in expropriation cases, the amount of CGT and DST to the owner of the real property. This contemplates a situation where, the compulsory seller, the one liable for the payment of CGT and DST will in effect, be granted a tax exemption on the sale of real property in expropriation proceedings, through tax expenditure. The government is proposed to provide an additional amount for the CGT and DST in the just compensation to the compulsory seller, which shall be given back to the government upon payment of the said taxes by the seller.

Based on the provisions of the NIRC of 1997, as amended, there is merit in including the amount of CGT and DST payable in the payment of just compensation in expropriation proceedings. On equity grounds, the compulsory seller, who has been deprived of his/her property involuntarily, will also be under the threat of being subjected to penalties if he/she defaults in the payment of the CGT and DST. The compulsory seller will not be able to fully enjoy the just compensation received for the expropriated property since part of it shall be used for the payment of appropriate taxes.

Under Section 5(c) of RA 10752 also known as "Right-of-Way Act" (Approved, July 27, 2015), taxes and fees relative to the transfer of title of the property to the Republic of the Philippines through negotiated sale such as CGT, DST, transfer tax and registration fees shall be paid by the implementing agency for the account of the seller while the owner shall pay any unpaid RPT. To extend this tax exemption in expropriation cases would preclude ambiguity as to who will bear the CGT and DST and ensure the security of the compulsory seller since the shifting of burden will be clearly provided in the Tax Code.

It is pointed out that the bill only seeks to amend Section 24(D) of the NIRC of 1997, as amended, which only pertains to CGT payable by individual taxpayers. Similar amendment should be made to Section 27(D)(5) of the NIRC of 1997, as amended, since assets and properties of corporations may also be a subject of the government's exercise of its power of eminent domain. Thus, the proposal along with the suggested modifications is supported.

Unnumbered Substitute Bill to HB 5296

Instituting a National Youth Development Program in Music and Appropriating Funds Therefor

The Unnumbered HB seeks to create a National Youth Development Program in Music (NYDPM) to be administered by the National Music Competitions for Young Artists Foundation (NAMCYA) with the assistance of the National Commission for Culture and the Arts (NCCA). The NYDPM is authorized to receive and accept donations and other conveyances from government agencies, private entities, and other sources, including funds, materials, and services, by gratuitous title. Moreover, the NAMCYA, as program administrator, shall also receive support and assistance from the NCCA, the Cultural Center of the Philippines (CCP), Department of Education (DepEd) and the Commission on Higher Education (CHED), Department of Interior and Local Government (DILG) and LGUs including Local School Boards and government-owned and –controlled corporations (GOCCs), in order to meet the objectives of the program.

The bill further provides that the NAMCYA shall be exempt from the payment of taxes on income derived from all sources within and without the Philippines, and all donations, endowments, grants and contributions to the NAMCYA shall likewise be exempt from the donor's tax, estate tax, and inheritance taxes and be considered as allowable deductions, in accordance with the provisions of the NIRC of 1997, as amended.

The NAMCYA being a non-stock non-profit organization pursuant to its amended Articles of Incorporation may fall within Section 30(E) of the NIRC of 1997, as amended, which provides for the exemption from the income tax of a non-stock, non-profit corporation or association organized and operated exclusively for religious, charitable, scientific, athletic, or cultural purposes, or for the rehabilitation of veterans and no part of its net income or asset belong to or inure to the benefit of any member, organizer, officer or any other specific person. However, the NAMCYA may only be exempt from the payment of income tax if it meets all of the following requirements (RMO 20-2013):

a. It must be non-stock and organized and operated exclusively for religious, charitable, scientific, athletic, or cultural purposes, or for the rehabilitation of veterans;

b. It should meet the organizational and operational tests;

c. All net income or assets of the corporation or association must be devoted to its purpose/s and no part of its income or asset accrues to or benefits any member or specific person. Any profit must be plowed back and must be devoted or used altogether for the furtherance of the purpose for which the corporation or association was organized; and

d. It must be a branch of a foreign non-stock, non-profit corporation.

The tax exemption provision of the bill is too broad that it may pose difficulty in its interpretation and implementation. As worded, the phrase "all income derived from all sources" is all-encompassing thus, it is not clear as to what types of income it seeks to exempt. For tax exemption to be recognized, the grant must be clear and express; it cannot be made to rest on doubtful implications. Thus, the proposal to exempt the NAMCYA from tax on all its income derived from all sources within and without the Philippines is not supported by reason of its vagueness and ambiguity. It is deemed necessary that the provision be clarified.

On the proposed exemption of the NAMCYA from the donor's tax, and the donation to be considered as deductions from income tax of the donor, it is worthy to note that given the nature of the NAMCYA to be a non-stock non-profit organization, the proposed exemption is already provided under Sections 101(A)(3), (B)(2), and 34(H)(2)(c) of the NIRC of 1997, as amended. However, to be able to avail of these incentives, the Tax Code imposes certain conditions which a corporation or association is required to comply.

As regards the imposition of the inheritance tax, it should be mentioned that the same has already been repealed pursuant to PD 69 and was already integrated into the estate tax for practical administrative reasons.

OTHER BILLS

The following is an enumeration of Senate and House bills commented on and evaluated during the period under review which have similarities with bills filed in the previous Congress and were thus published in previous NTRC Annual Reports or were already passed into law:

1. Amending Republic Act No. 7653, Otherwise Known as "The New Central Bank Act" (SB 16)

2. Authorizing Public-Private Partnerships (PPP), Appropriating Funds Therefor, and For Other Purposes (SB 66)

3. Repealing the Estate Tax Under Republic Act No. 8424, or the National Internal Revenue Code of 1997, as Amended (SB 107)

4. Declaring a One-Time Amnesty on Estate Tax, Inclusive of Fines, Interest, Penalties, Surcharges, and Other Additions Thereto, and for Other Purposes (SB 293)

5. Amending Sections 84 of Chapter I, Title III of the National Internal Revenue Code of 1997, as Amended, and for Other Purposes (SB 294)

6. Increasing the Estate Tax Exemption, Amending for the Purpose Section 84, Chapter I, Estate Tax, Title III of the National Internal

Revenue Code of 1997, as Amended (SB 769)

7. Instituting Estate Tax Reform, Amending for this Purpose Sections 84, 86(A), 89, 90, and 97 of the National Internal Revenue Code of 1997, as Amended, and for Other Purposes (SB 867)

8. Amending Sections 84, 86, 89, 90, and 97 of Title III, Chapter I, Estate Tax of the National Internal Revenue Code of 1997, as Amended (SB 980)

9. Repealing Chapter I of Title III of the National Internal Revenue Code of 1997, as Amended, and for Other Purposes (SB 1053)

10. Instituting Income Tax Reform for Individual and Corporate Taxpayers, Amending for this Purpose Sections 24(A)(2), 27(A) and 35(A) of the National Internal Revenue Code of 1997, as Amended, and for Other Purposes (SB 2974)

11. Restructuring the Income Taxes Imposed on Individuals and Corporations, Amending for the Purpose Sections 24(A)(2); 27(A); and 28(A)(1) of the National Internal Revenue Code of 1997, as Amended (HB 35)

12. Reducing the Rates of Income Tax Imposed on Corporations in the Philippines, Amending for the Purpose RA 8424, Otherwise Known as the National Internal Revenue Code of 1997, as Amended, and for Other Purposes (HB 36)

13. Amending Sections 24 and 27 of RA 8424, Otherwise Known as the National Internal Revenue Code of 1997, as Amended (HB 137)

14. Exempting Marginal Income Earners from Income Tax, Value-Added Tax and Other Percentage Taxes, Amending for the Purpose Sections 22, 24, 51, 109(1) and 236 of the National Internal Revenue Code of 1997, as Amended and for Other Purposes (HB 261)

15. Imposing an Excise Tax on Sugar Sweetened Beverages by Inserting a New Section 150-A in the National Internal Revenue Code of 1997, as amended (HB 292)

16. Amending Section 84 of Republic Act No. 8424 or the National Internal Revenue Code of the Philippines of 1997, as Amended (HB 458)

17. Restructuring the Transfer Taxes, Amending for the Purpose Title III of the National Internal Revenue Code, as Amended (HB 511)

18. Providing for People's Direct Participation in Funding Charitable Institutions and Other Development Oriented Civil Society Organizations through a Percentage of their Personal Income Tax (HB 569)

19. Amending Section 220, Chapter II, Title VIII of RA 8424, and for Other Purposes (HB 602)

20. Withdrawing Certain Tax Exemption Privileges Granted to the National Grid Corporation of the Philippines (NGCP) Amending for the Purpose Section 9 of RA 9511 (HB 651)

21. Mandating the Tax-Free and Duty-Free Importation of Books and Selected Publications and Documents into the Philippines (HB 752)

22. Reducing the Corporate Income Tax Rate, Amending Sections 27 and 28 of the National Internal Revenue Code of 1997, as Amended, and for Other Purposes (HB 1537)

23. Restoring the Tax Exemption Privilege Granted to the Philippine Amusement and Gaming Corporation (PAGCOR) under RA 8424, Otherwise Known as the Tax Reform Act of 1997, Amending for the Purpose Section 27(C) of RA 9337 (HB 1589)

24. Reducing the Corporate Income Tax Rate, Amending Sections 27 and 28 of the National Internal Revenue Code of 1997, as Amended, and for Other Purposes (HB 1653)

25. Creating the Office of the National Taxpayer Advocate to Safeguard the Rights of the Taxpayers and for Other Purposes (HB 1904)

26. Restructuring the Income Taxes Imposed on Individuals and Corporations, Amending for the Purpose Sections 24(A)(2); 28(A)(1); and 35(B) of the National Internal Revenue Code, as Amended (HB 2427)

27. Institutionalizing a Housing Program for Public School Teachers, Appropriating Funds Therefor and for Other Purposes (HB 2671)

28. Providing for a Housing Program for Teachers (HB 2970)

29. Amending Sections 84, 86, 89, and 97 of Title III, Chapter I, Estate Tax of the National Internal Revenue Code of 1997, as Amended (HB 3311)

30. Amending Sections 84, 86, 89, 90, and 97 of the National Internal Revenue Code of 1997, as Amended, and for Other Purposes (HB 3528)

31. Revising the Scheduled Rates of Estate Tax Computation and Increasing the Allowable Deductions Thereon Amending for this Purpose Sections 84, 86, 89, and 97 of Title III, Chapter I, Estate Tax of the National Internal Revenue Code of 1997, as Amended (HB 3794)

32. Institutionalizing a Housing Program for Public School Teachers, Appropriating Funds Therefor and for Other Purposes (HB 4061)

33. Providing for a Revised Apprenticeship Program, Repealing for the Purpose Chapters I and II of Presidential Decree No. 442, as Amended, Otherwise Known as the Labor Code of the Philippines (Unnumbered HB)

FISCAL INCENTIVES REVIEW BOARD

The NTRC has continuously rendered assistance to the Fiscal Incentives Review Board (FIRB) as its Technical Secretariat in accordance with EO 93. For 2016, the NTRC prepared studies/papers on the following: (a) magnitude of tax subsidy grant and utilization, by recipient, from 2006 to 2015; (b) tentative schedule of Tax Expenditure Fund (TEF) requirements for 2016; (c) draft supplemental guideline to DOF-DBM Joint Circular No. 1; (d) status report on tax subsidy granted by the FIRB from 1990 to 2015; (e) minutes of the joint FIRB-Technical Committee meeting; (f) oversight report on tax subsidy recipients; (g) estimated TEF requirements of GOCCs/Commissaries for 2017; and (h) status report on tax subsidy approved by the FIRB in 2016.

The NTRC also served in the meetings of the FIRB and its Technical Committee. It prepared the following: agenda and minutes of the meetings; 20 reports; 5 evaluation and studies; 419 endorsements and/or letter replies to queries for tax subsidy availment; 5 FIRB Resolutions; and 5 Certificates of Entitlement to Subsidy.

Also, as FIRB Secretariat, the NTRC conducted ocular inspection of commissaries and attended consultation meetings with various GOCCs on tax subsidy requests and other tax matters.

TASK FORCE ON FEES AND CHARGES

As Secretariat to the Task Force on Fees and Charges originally created under Administrative Order (AO) No. 255 (February 20, 1996) which was reactivated and reconstituted under EO 218 (March 15, 2000), the NTRC monitored compliance of NGAs in the revision of fees and charges pursuant to Administrative Order (AO) No. 31 (October 1, 2012) as implemented by DOF-DBM-NEDA Joint Circular No. 1-2013 (January 30, 2013).

The NTRC prepared the following:

a. Notes on the Proposed Reduction of the Processing Fee Imposed by Government Placement Branch of the Philippine Overseas Employment Administration (POEA);

b. Projected Revenues from Fees and Charges: January – December 2016;

c. Briefer on Fees and Charges; and

d. Infographics on Fees and Charges.

The NTRC also conducted Seminar on Fees and Charges imposed by the Top 10 Collecting Agencies: a) Department of Foreign Affairs (DFA); b) Land Transportation Office (LTO); c) National Telecommunications Commission (NTC); d) Land Registration Authority (LRA); e) Bureau of Immigration (BI); f) Securities and Exchange Commission (SEC) g) Mines and Geo-Sciences Bureau (MGB); h) Energy Regulatory Commission (ERC); i) Professional Regulation Commission (PRC); and j) Maritime Industry Authority (MARINA).

TECHNICAL COMMITTEE ON REAL PROPERTY VALUATION

The NTRC continuously acts as a consultant to both the Technical Committee on Real Property Valuation (TCRPV) and Executive Committee on Real Property Valuation (ECRPV) of some Revenue Regional and District Offices (RDOs) of the BIR and attended meetings and public hearings pertaining to determination/revision of zonal values of various real properties, requests for revaluations and participated in ocular inspections of subject properties.

For 2016, the Secretary of Finance approved the implementation of the revised zonal values of RDO No. 39 – South Quezon City under Department Order (DO) No. 004-2016 and in RDO No. 50 – South Makati under DO No. 062-2016. Also, several other RDOs of the BIR are still undergoing review by the technical committee, as follows:

a. BIR RDO No. 33;
b. BIR RDO No. 45;
c. BIR RDO No. 49;
d. BIR RDO No. 52;
e. BIR RDO No. 53A; and
f. BIR RDO No. 56

DOF-NTRC GENDER AND DEVELOPMENT

As part of the NTRC commitments to its 2016 GAD Plan, the NTRC conducted a Study on the Gender, Tobacco and Taxation: Cigarette Usage

Behavior of Men and Women in the Philippines and Tax Contribution of Women Engaged in Business and Practice of Profession, which was published in January – February and March – April 2016 issues of the NTRC Tax Research Journal, respectively. It also prepared NTRC GAD Plan and Budget for 2017 and 2016 GAD Accomplishment Report.

The NTRC also attended DOF and attached agencies GAD Focal Points Planning Sessions/Seminars/Workshops, conducted tax fora and GAD related seminars/workshops; and rendered technical services to GAD related activities. Moreover, thirty (30) NTRC representatives participated in the National Women's Month Celebration held on March 16, 2016 as well as in the Walk for Life held on October 1, 2016.

The NTRC also displayed streamers on the National Women's Month Celebration (March 8, 2016) and the 18-Day Campaign to End VAW (November 25 – December 12, 2016) in the strategic location of NTRC; included it in the NTRC Tax Research Journal and posted it in the NTRC website.

TAX INFORMATION DISSEMINATION

In line with its tax information dissemination and taxpayer's awareness program, the NTRC published and send tax guides and other information materials to the officials of the executive and legislative branches of the government as well as to the private sector and other requesting parties. The NTRC publications include the following:

1. NTRC Tax Research Journal (published bi-monthly)
2. NTRC Annual Report
3. Various Public Finance and Other Related Statictics, 2000-2015
4. Infographics Uploaded in the NTRC Website

The NTRC also compiled the 2016 BIR Revenue Regulations (RRs), Revenue Memorandum Circulars (RMCs), and BOC Issuances such as Customs Memorandum Orders (CMO), Customs Administrative Orders (CAO), and Customs Memorandum Circulars (CMC).

CHAPTER 4

STAFF DEVELOPMENT AND OTHER ACTIVITIES

1. Jonah P. Tibubos, Statistician IV, and Edrei Y. Udaundo, Tax Specialist II, Tax Statistics Branch attended the Re-Entry Action Plan Conference (REAPCon) held at the SMX Convention Center, Davao City on February 8-12, 2016.

2. Dindo Fernando E. Antigua, Administrative Assistant II, Office of the Director, Proceso O. Tubal, Jr., Administrative Aide VI, Administrative and Financial Branch, attended the PhilGEPS Training Phase I, held at the AM Zone Internet Café, Ortigas Ave., Pasig City on February 23-24, 2016.

3. Donaldo M. Boo, Chief Tax Specialist, Roselyn C. Domo, Supervising Tax Specialist, Direct Taxes Branch, attended the 2016 Tax Campaign Kick-Off held at the PICC Reception Hall, Pasay City on February 29, 2016.

4. Celestino M. dela Cruz, Administrative Officer II, Administrative and Financial Branch, attended the Leave Administration Course for Effectiveness (LACE) held at the Civil Service Commission, Quezon City on March 10-11, 2016.

5. Abraham P. Solomon, Computer Maintenance Technologist III, and Leo Paul A. Marcellana, Administrative Officer II, Information Technology Unit, attended the Seminar on ICT for Development Essentials for Government Managers held at the Seminar Room, ICT Office Bldg., Quezon City on March 14-18, 2016.

6. Elizabeth Miriam L. Paredes, Administrative Officer V, Administrative and Financial Branch, and Rainer N. Dita, Computer Maintenance Technologist I, Information Technology Unit, attended the Microsoft Technology Immersion held at the Manila Hotel on March 15, 2016.

7. Selected NTRC Officials attended the For Women Only Forum (Project Vanity Beauty Tour back-to-back with All-Women Kapihan) held at the Century Park Sheraton Hotel, Vito Cruz St., Manila on March 15, 2016.

8. Selected NTRC Officials and Employees attended the 2016 National Women's Month Celebration held at the Quirino Grandstand, Rizal Park, Manila on March 16, 2016.

9. Mark Lester L. Aure, Supervising Tax Specialist, Local Finance Branch, attended the Course on Basic Policy Process held at the Virata Hall, DAP Bldg., Pasig City on March 16-18, 2016.

10. NTRC Officials and Employees attended the Echo Seminar on Government Accounts and Financial Management and Public Policy held at the NTRC Social Hall on March 28, 2016.

11. Elizabeth Miriam L. Paredes, Administrative Officer V, and Cecilia V. Salvatierra, Administrative Officer V, Administrative and Financial Branch, attended the 1st PAGBA Quarterly Seminar and Meeting held at the Plaza del Norte Convention Center, Laoag City on March 29 to April 2, 2016.

12. Selected NTRC Officials and Employees attended the Public Sector Forum to Address Precarious Work in the Philippine Government back to back with Senatorial Electoral Forum held at the Hotel Rembrandt, Tomas Morato, Quezon City on March 30, 2016.

13. Mark Lester L. Aure, Supervising Tax Specialist, Local Finance Branch,

attended the Course on Basic Monitoring and Evaluation held at the Virata Hall, DAP Bldg., Ortigas Center, Pasig City on April 13-15, 2016.

14. NTRC Officials and Employees attended the NTRC 56th Anniversary Celebration, Athletic and Cultural and GAD Activities held at the Vista Venice Resort, Morong, Bataan on April 15-16, 2016.

15. Gian Carlo D. Rodriguez, Chief Administrative Officer, and Angelito L. Olaes, Administrative Officer III, Administrative and Financial Branch, attended the 38th Annual National Convention of the Government Association of Certified Public Accountants (GACPA) held at the Ibalong Centrum for Recreation, Legazpi City on April 26-30, 2016.

16. Roselyn C. Domo, Supervising Tax Specialist, Direct Taxes Branch, and Lee Ann A. Batang, Administrative Assistant II, Administrative and Financial Branch, attended the Voters Education Forum held at the Pearl Manila Hotel, Ermita, Manila on April 29, 2016.

17. Abraham P. Solomon, Computer Maintenance Technologist III, and Rainer N. Dita, Computer Maintenance Technologist I, Information Technology Unit, attended the Forum on Productivity and Collaboration for the Modern Government Agency held at the F1 Hotel Manila, Bonifacio Global City, Taguig City on April 29, 2016.

18. Selected NTRC Officials and Employees attended the 2016 Labor Day Celebration held at the Rajah Sulayman Park in Malate, Manila on May 1, 2016.

19. Nedinia B. Mendiola, OIC, and Ma. Rhea L. Caro, Supervising Tax Specialist, Planning and Coordinating Branch, and Lorelli D. Villaflores, Administrative Officer V, Administrative and Financial Branch, attended the Immersion Program held at the PCW-Certified GAD Local Learning Hub, Iloilo City on May 3-7, 2016.

20. Abraham P. Solomon, Computer Maintenance Technologist III, and Rainer N. Dita, Computer Maintenance Technologist I, Information Technology Unit, attended the Forum on Government Email System (Govmail) held at the Audio Visual Room, ICT Office Bldg., Quezon City on May 10, 2016.

21. Roselyn C. Domo, Supervising Tax Specialist, Direct Taxes Branch, Ma. Rhea L. Caro, Supervising Tax Specialist, Planning and Coordinating Branch, and Jonah P. Tibubos, Statistician IV, Tax Statistics Branch attended the Supervisory Development Course (SDC) Track 1 held at the Civil Service Commission, Quezon City on May 10-13, 2016.

22. Edrei Y. Udaundo, Tax Specialist II, Tax Statistics Branch, attended the Second Technical Workshop on Sustainable Development Goals Indicators held at the Chardonnay by Astoria, Pasig City on May 11-12, 2016.

23. Donaldo M. Boo, Chief Tax Specialist, Direct Taxes Branch, and Gian Carlo D. Rodriguez, Chief Administrative Officer, Administrative and Financial Branch, attended the GSIS-Public Sector Unions' Dialogue for NCR held at the Embassy Ballroom, Hotel Jen Manila, Roxas Blvd., Pasay City on May 13, 2016.

24. NTRC Officials and Employees attended the Training on Technical Report Writing held at the NTRC Social Hall on May 16-17, 2016.

25. Marlene L. Calubag, Chief Tax Specialist, Ma. Berlie L. Amurao, Supervising Tax Specialist, Indirect Taxes Branch, and Ma. Rhea L. Caro, Supervising Tax Specialist, Planning and Coordinating Branch, attended the Civil Service Institute (CSI) Training/Seminar on Women in Leadership Development held at the Bulwagang Serbisyo Sibil, IBP Road, Quezon City on May 18-19, 2016.

26. Venchito P. Salvador, Supervising Administrative Officer, Administrative and Financial Branch, attended the 2016 Public Sector HR Symposium held at the Waterfront Hotel, Lahug, Cebu City on May 22-26, 2016.

27. Anna Catherine V. Revilles, Administrative Assistant II, Administrative and Financial Branch, attended the Seminar on Enhanced Training on Appointments Preparation (ETAP) held at the Civil Service Commission, Quezon City on May 26-27, 2016.

28. NTRC Officials and Employees attended the Seminar on the Benefits and Privileges of Persons with Disability held at the NTRC Social Hall on May 31, 2016.

29. Selected NTRC Officials and Employees attended the Seminar on the Fees and Charges Imposed by the Top Ten Collecting Agencies held at the Bayleaf Intramuros, Manila on June 1, 2016.

30. Lee Ann A. Batang, Administrative Assistant II, Administrative and Financial Branch, attended the Seminar on Leave Administration Course for Effectiveness (LACE) held at the Civil Service Commission, Quezon City on June 2-3, 2016.

31. Selected NTRC Officials and Employees attended the Capacity Building Seminar held at the Professional Development Center, COA Compound, Quezon City on June 6-10, 2016.

32. Selected NTRC Officials attended the Civil Service Institute (CSI) Training/Seminar on Mentoring and Coaching for Leaders held at the Bulwagang Serbisyo Sibil, CSC Bldg., Constitution Hills, Quezon City on June 8-9, 2016.

33. Selected NTRC Officials and Employees attended the 2016 Independence Day Celebration held at the Rizal Park, Manila on June 12, 2016.

34. NTRC Officials and Employees attended the GAD Seminar on Traditional and Alternative Health Care held at the NTRC Social Hall on June 15, 2016.

35. Venchito P. Salvador, Supervising Administrative Officer, and Lorelli D. Villaflores, Chief, Personnel Division, Administrative and Financial Branch, attended the 2nd Quarter 2016 Human Resource Managers Fellowship and Learning Session held at the Training Room, Career Executive Service Board, Holy Spirit Drive, Diliman, Quezon City on June 17, 2016.

36. Lillian S. Flores, Tax Specialist II, and Perfecto M. Marcelo III, Tax Specialist I, Planning and Coordinating Branch, attended the Seminar on Adobe InDesign held at the 2247 Don Chino Roces Ave., Makati City on July 8-10, 2016.

37. Selected NTRC Officials and Employees attended the 4th Annual Regional Competitiveness Summit and Awards Ceremony held at the Philippine

International Convention Center (PICC), CCP Complex, Pasay City on July 14, 2016.

38. Milagros G. Alvarez, Administrative Officer III, Perlita V. Yumul, Administrative Officer II, Administrative and Financial Branch, and Rainer N. Dita, Computer Maintenance Technologist I, Information Technology Unit, attended the PhilGEPS Training for Phase I held at the AM Zone Internet Café, Clear Sky Bldg., Rosario, Pasig City on July 14-15, 2016.

39. Grace A. Manalo, Accountant III, and Milagros G. Alvarez, Administrative Officer III, Administrative and Financial Branch, attended the Conference-Seminar "GACPA Moving Up a Notch for Nation Building" held at the SMX Convention Center, Fort Bonifacio, Taguig City on July 21, 2016.

40. Abraham P. Solomon, Computer Maintenance Technologist III, and Rainer N. Dita, Computer Maintenance Technologist I, Information Technology Unit, attended the User Experience (UX) Primer held at the ICTO-NCC Bldg., Audio Visual Room, Diliman, Quezon City on July 27, 2016.

41. NTRC Officials and Employees attended the GAD Seminar on Local Property Taxation and Revenue Sharing Regimes on Mining Industries held at the NTRC Social Hall on July 27 and 29, 2016.

42. Selected NTRC Employees attended the Forum on Government Email System (GovMail) held at the ICT Office Bldg., Audio Visual Room, Diliman, Quezon City on July 28, 2016.

43. Venchito P. Salvador, Supervising Administrative Officer, Administrative and Financial Branch, attended the Fund Coordinator's Club General Assembly held at the FFCCCII Center Bldg., Binondo, Manila on August 5, 2016.

44. Leo Paul A. Marcellana, Administrative Officer II, Information Technology Unit, attended the Public Consultation on Platform-Related Policies held at the Department of Information and Communications Technology (DICT) Audio Visual Room, Diliman, Quezon City on August 8-9, 2016.

45. NTRC Officials and Employees attended the GAD Seminar on Issues and

Reform Options on Individual and Corporate Income Taxation held at the NTRC Social Hall on August 11-12, 2016.

46. NTRC Officials and Employees attended the GAD and Elderly Health and Wellness Program held at the NTRC Social Hall on August 12, 2016.

47. Lillian S. Flores, Tax Specialist II, Planning and Coordinating Branch, attended the Seminar on 3D Modelling and Editing Video with Photoshop CC and Publication Design held at the 2247 Don Chino Roces Ave., Makati City on August 18, 2016.

48. NTRC Executive Staff attended the Mid-Year Assessment and Review and GAD Planning Workshop held at the NTRC Social Hall on September 1-2, 2016.

49. Selected NTRC Employees attended the Orientation Seminar and Introduction to Tax Research held at the NTRC Social Hall on September 6-8, 2016.

50. NTRC Officials and Employees attended the Information Security Management Seminar held at the NTRC Social Hall on September 13-14, 2016.

51. NTRC Officials and Employees attended the GAD Seminar on the Reconciliation of Financial Income and Taxable Income held at the NTRC Social Hall on September 16, 2016.

52. Teresita L. Solomon, Deputy Executive Director, attended the Second Stage of the Screening Process for Conferment of Career Executive Service (CES) Eligibility held at the CESB Office, Diliman, Quezon City on September 17, 2016.

53. Ma. Rhea L. Caro, Supervising Tax Specialist, and Lillian S. Flores, Tax Specialist II, Planning and Coordinating Branch, attended the Capacity Building on the Enhanced Gender Mainstreaming Evaluation Framework (GMEF) with Training/Workshop on GAD Planning and Budgeting held at the Ayuntamiento, Bureau of Treasury, Manila on September 20-22, 2016.

54. Abraham P. Solomon, Computer Maintenance Technologist III, and Leo Paul A. Marcellana, Administrative Officer II, Information Technology Unit, attended the Orientation on iGovPhil Project's National Government Portal (NGP) held at the Department of Information and Communications Technology (DICT) Audio Visual Room, Diliman Quezon City on September 21, 2016.

55. Selected NTRC Officials attended the Malaysian Technical Cooperation Program (MTCP) Outreach Program held at the DAR Amanah Children's Village Foundation, Silang, Cavite on September 24, 2016.

56. Gian Carlo D. Rodriguez, Chief Administrative Officer, and Dr. Ernesto S. Aparente, Dentist II, Administrative and Financial Branch, attended the Public Workers Health and Wellness Summit held at the DOH Convention Hall, San Lazaro Compound, Sta. Cruz, Manila on September 28, 2016.

57. Selected NTRC Officials and Employees attended the Walk for Life held at the SM Mall of Asia, Pasay City on October 1, 2016.

58. Jonah P. Tibubos, Statistician IV, and Edrei Y. Udaundo, Tax Specialist II, Tax Statistics Branch, attended the 13th National Convention on Statistics (NCS) held at the EDSA Shangri-La Hotel, Mandaluyong City on October 3-4, 2016.

59. Donaldo M. Boo, Chief Tax Specialist, Direct Taxes Branch, attended the National Anti-Poverty Sector Summit held at the Philippine International Convention Center, Pasay City on October 7-8, 2016.

60. Edrei Y. Udaundo, Tax Specialist II, Tax Statistics Branch, attended the Advance Training Course on Communicating Statistics Using Infographics held at the J & S Bldg., Diliman, Quezon City on October 10-14, 2016.

61. Jason P. Raposas, Supervising Tax Specialist, Special Research and Technical Services Branch, Elizabeth Miriam L. Paredes, Administrative Officer V and Cecilia V. Salvatierra, Administrative Officer V, Administrative and Financial Branch, attended the Supervisory Development Course (SDC) Tracks 2 and 3 held at the Civil Service Commission, Quezon City on October 11-14, 2016.

62. Selected NTRC Officials and Employees attended the 2016 AGAP Convention-Seminar and Awarding Rites for CY 2015 Outstanding Accounting Offices held at the Bohol Tropics Hotel, Tagbilaran City on October 18-21, 2016.

63. Selected NTRC Officials attended the 2016 International Tax Forum entitled "Fiscal Policy and Inclusive Growth" held at the Peninsula Manila, Makati City on October 27-28, 2016.

64. Selected NTRC Employees attended the Forum on Financial Empowerment and Consumer Protection held at the University of the Philippines School of Statistics, Diliman, Quezon City on November 7, 2016.

65. NTRC Officials and Employees attended the GAD Seminar on Financial Statement Analysis held at the NTRC Social Hall on November 21-22, 2016.

66. NTRC Officials and Employees attended the GAD Seminar on Concepts and Application of Gini Coefficient held at the NTRC Social Hall on December 1-2, 2016.

67. Mark Lester L. Aure, Supervising Tax Specialist, Local Finance Branch, Grace A. Manalo, Accountant III, and Lorelli D. Villaflores, Chief, Personnel Division, Administrative and Financial Branch, attended the Supervisory Development Course (SDC) Track 1 held at the Civil Service Commission, Quezon City on November 22-25, 2016.

68. Lorelli D. Villaflores, Chief, Personnel Division, and Lee Ann A. Batang, Administrative Assistant II, Administrative and Financial Branch, attended the Annual Partners' Appreciation and Dinner held at the Marble Hall, Bureau of Treasury, Intramuros, Manila on November 28, 2016.

69. Donaldo M. Boo, Chief Tax Specialist, Direct Taxes Branch, attended the National Workers Congress 2016 held at the ICON Hotel, Timog corner Tomas Morato Sts., Quezon City on November 28-29, 2016.

70. Lorelli D. Villaflores, Chief, Personnel Division, attended the 2016 Luzon Convention of Human Resource Management Practitioners (HRMPS)

held at the Philippine International Convention Center (PICC), CCP Complex, Pasay City on November 28-30, 2016.

71. Jason P. Raposas, Supervising Tax Specialist, Special Research and Technical Services Branch, attended the Training Course on Regulatory Impact held at the Astoria Plaza Hotel, Pasig City on December 5-9, 2016.

72. Lillian S. Flores, Tax Specialist II, Ronnel L. Yambao, Tax Specialist II, Planning and Coordinating Branch, and Abraham P. Solomon, Information Technology Unit, attended the Fourth Biennial Meeting held at the PIDS Office, Cyberpod Centris-North Tower, Quezon City on December 6, 2016.

73. Marlene L. Calubag, Chief Tax Specialist, and Ma. Berlie L. Amurao, Supervising Tax Specialist, Indirect Taxes Branch, attended the Supervisory Development Course (SDC) Tracks 2 and 3 held at the Civil Service Commission, Quezon City on December 6-9, 2016.

74. Selected NTRC Employees attended the film showing of "I America" held at the Philippine International Convention Center (PICC), CCP Complex, Pasay City on December 7, 2016.

75. Leo Paul A. Marcellana, Administrative Officer II, Information Technology Unit, attended the Seminar on "Securing Environment for Digital Financial Services" held at the Shangri-La The Fort, Taguig City on December 7-10 and 12, 2016.

76. Selected NTRC Officials and Employees attended the Workshop on the Development of ISO 9001:2015 Aligned Quality Manual for NTRC held at the NTRC Social Hall on December 8, 9, 12 and 16, 2016.

77. Roselyn C. Domo, Supervising Tax Specialist, Direct Taxes Branch and Mevelyn D. Corleto, Administrative Aide III, Library, attended the National Convention of Government Employees held at the SMX Convention Center, Mall of Asia Complex, Pasay City on December 9, 2016.

78. Donaldo M. Boo, Chief Tax Specialist, Direct Taxes Branch, attended the Fourth Quarter Meeting of the Formal Labor and Migrant Workers

Council held at the Madison 101 Hotel & Tower, Aurora Blvd., Quezon City on December 12-14, 2016.

79. Gian Carlo D. Rodriguez, Chief Administrative Officer, Administrative and Financial Branch, attended the General Assembly for Electronic Remittance File (ERF) Handlers held at the GSIS Gymnasium, GSIS Central Office, Pasay City on December 14, 2016.

80. Abraham P. Solomon, Computer Maintenance Technologist III, Information Technology Unit, attended the Year-End Event of the Department of Information and Communications Technology (DICT) held at the Pearl Hall, Seameo Innotech, Commonwealth Ave., Diliman, Quezon City on December 14, 2016.

81. Nedinia B. Mendiola, OIC, Planning and Coordinating Branch, attended the Year-End Assessment held at the GSIS Central Office, Pasay City on December 14, 2016.

82. Debbie F. Asistio-Sy, Chief Tax Specialist, Fiscal Incentive Branch and Roselyn C. Domo, Supervising Tax Specialist, Direct Taxes Branch, attended the Manila Cooperative Development Council's Forum and General Assembly & Election of Officers held at the Max Restaurant, Maria Orosa St., corner U.N. Avenue, Ermita, Manila on December 14, 2016.

83. Venchito P. Salvador, Supervising Administrative Officer, Administrative and Financial Branch, attended the General Assembly for Agency Authorized Officers (AAO) held at the GSIS Gymnasium, GSIS Central Office, Pasay City on December 15, 2016.

84. Nedinia B. Mendiola, OIC, and Ma. Rhea L. Caro, Supervising Tax Specialist, Planning and Coordinating Branch, attended the Fifth GAD Budget Fora held at the Ombudsman Main Bldg., Agham Road, Quezon City on December 30, 2016.

85. Selected NTRC Officials and Employees attended the Rizal Day Flag Raising and Wreath-Laying Rites held at the Rizal Park, Manila on December 30, 2016.

Republic of the Philippines
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From left to right: Ronnel, Lillian, Nedinia, Rhea, Marilou & Perfecto