47th ANNUAL REPORT

2019 Tax Reforms and Developments

NATIONAL TAX RESEARCH CENTER
Department of Finance

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His Excellency
President of the Republic
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Thru: The Secretary of Finance

SIR:

I have the honor to submit the 2019 Annual Report of the National Tax Research Center. 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. A brief description of the training programs and activities of the staff during the year is also presented.

Very truly yours,

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MARLENE LUCERO - CALUBAG
OIC-Executive Director

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INTRODUCTION

Tax research enhances the policymaking process by providing decision makers with evidence-based options. Amidst changes in technology, taxpayer behavior, and external influences, the NTRC continues to stay true to its core mandate of conducting quality research studies that seek to inform the public of the policy directions of the Department of Finance (DOF) and the socio-economic agenda of the Philippine government.

For the year 2019, the NTRC conducted fiscal research and revenue estimation in support of the Comprehensive Tax Reform Program (CTRP) of the Duterte administration, which included the Tax Reform for Acceleration and Inclusion (TRAIN) law, Tax Amnesty law, Sin Tax laws, as well as the remaining tax packages, aimed at making the country's tax system simpler, fairer, and more efficient.

The NTRC prepared 38 basic studies on taxation supportive of national goals and priorities, which focused on revenue enhancement, promotion of equity and efficiency in tax administration. Some of the studies prepared during the year were: (a) A Review of the Taxation of the Philippine Mining Industry; (b) Profile and Taxation of the Integrated Resort Industry in the Philippines; (c) Profile and Taxation of Philippine Offshore Gaming Operations; (d) Analysis of the Revenue Performance of Local Taxes on Real Properties CY 2012-2016; (e) Elasticity of Demand of Selected Excisable Products: CY 2008-2018; (f) Buoyancy and Elasticity of Taxes on Net Income and Profits: CY 1998-2018; and (g) Administration of the Road Taxes Among ASEAN and Other Selected Countries.

The NTRC evaluated 122 Senate and House bills and prepared inputs on tax/non-tax proposals requested by Congress, the DOF and other government agencies.

As Secretariat to the Fiscal Incentives Review Board (FIRB), the NTRC processed and evaluated applications for tax subsidy of government agencies and commissaries for consideration of the FIRB Technical Committee and the Board Proper. In 2019, the Board issued seven resolutions and ten Certificates of Entitlement to Subsidy to the National Food Authority, Armed Forces of the Philippines Commissary and Exchange Services, Philippine Deposit Insurance Corporation, National Electrification Administration, University of the Philippines Diliman and Los Baños, and Government Service Insurance System.

INTRODUCTION

As Secretariat to the Task Force on the Revision of Fees and Charges, the NTRC monitored 42 national government agencies (NGAs), of which 19 complied with Administrative Order No.31 on the rationalization of fees and charges; and provided technical assistance on fee revision and cost determination to several NGAs, including the Technical Education and Skills Development Authority in the rationalization of its various assessment fees.

As Consultant to the Executive Committee on Real Property Valuation, the NTRC attended 17 meetings/public consultations/hearings in coordination with the Bureau of Internal Revenue in the revision of zonal values in various Revenue District Offices (RDOs) in the country, recommended approval of revised zonal values for RDOs, and reviewed proposed schedules of zonal valuation for other RDOs.

As part of its gender mainstreaming activities, the NTRC prepared the Annual Gender and Development (GAD) Plans and Budget and accomplishment reports in compliance with the provision of Republic Act (RA) No. 9710, or the "Magna Carta of Women", and attended several capacity development seminars on gender analysis, and GAD planning and budgeting. It also hosted the Seminar on Gender Statistics attended mostly by GAD focal persons of the DOF and its attached agencies and bureaus.

To enhance its information dissemination campaign, the NTRC continues to publish the NTRC Tax Research Journal on a bi-monthly basis, which is likewise accessible in the NTRC website. It also published the Frequently Asked Questions under Package 4 of the CTRP to help policymakers and stakeholders understand the reforms proposed on the country's passive income and financial intermediation taxation. There were also seminars conducted on the TRAIN law and other CTRP packages. A tax forum dubbed as the "Taxlakayan" on RA 11032, or the "Ease of Doing Business", local taxation and other fiscal matters, was conducted to the local officials of Biñan, Laguna in celebration of the "Tax Consciousness Week".

The NTRC was also designated as Secretariat to the Task Force on Gross-Based Taxation, an inter-agency tasked to study the feasibility of shifting the Philippines' tax system from a net-based system of taxation to a gross-based system of taxation. A paper prepared by the Task Force highlighted the advantages and disadvantages of the proposed gross-based system of taxation and provided information on the income tax bases of member-countries of the Association of South East Asian Nation and the Organization for Economic Cooperation and Development. Said output of the Task Force was submitted to the Secretary of Finance.

As part of its mission to provide continuing staff development, NTRC officials and employees attended various seminars and trainings here and abroad to keep abreast with the latest trends and developments in taxation, viz.: Comparative Tax Policy and

Administration Program at the Harvard Kennedy School Executive Education Program in Massachusetts, USA, and Training Program on Transparency and Good Governance in Public Policy at the Civil Service College, North Buona, Singapore. On the local front, several personnel attended the Time Series Analysis and Forecasting, Regional Meeting on Tax Digitalization for Asia and Pacific Countries at the Asian Development Bank, and Career Executive Service Lifelong Learning for Leadership Congress, among others.

This annual report summarizes the works undertaken by the NTRC during the year under review as input to policymakers to make the tax system a more effective tool for economic development and growth.

Chapter 1– discusses the implications of tax laws, tariff and other reform measures legislated and adopted during the year.

Chapter 2 – presents the highlights of some basic studies undertaken during the year.

Chapter 3 – describes the various technical assistance rendered by the NTRC 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 4 – presents the staff development and similar activities through the participation of NTRC officials and employees in study grants, seminars, conferences and other activities here and abroad.

Chapter 5 – presents the members of the Executive Staff of the NTRC.

Chapter 1
IMPLICATIONS OF TAX LEGISLATION AND ISSUANCES PROMULGATED IN 2019

Republic Act (RA) No. 11199

An Act Rationalizing and Expanding the Powers and Duties of the Social Security Commission to Ensure the Long-Term Viability of the Social Security System, Repealing for the Purpose Republic Act No. 1161, as Amended by Republic Act No. 8282, Otherwise Known as the "Social Security Act of 1997" (Approved on February 07, 2019)

A. Features

RA 11199, otherwise known as "Social Security Act of 2018", expresses the policy of the State to establish, develop, promote, and perfect a sound and viable tax-exempt Social Security System (SSS) suitable to the needs of the people throughout the Philippines which shall promote social justice through savings, and ensure meaningful social security protection to members and their beneficiaries against the hazards of disability, sickness, maternity, old age, death, and other contingencies resulting in loss of income or financial burden.

Rule 29 of its implementing rules and regulations (IRR) provides that the SSS 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 shall be exempt from any tax, assessment, fee, charge, or customs or import duty. All benefit payments made by the SSS 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 SSS. The Act further provides that no tax measure of whatever nature enacted shall apply to the SSS, unless the tax-exemption of the SSS is expressly revoked.

B. Implications

The comprehensive exemption of SSS from the payment of any tax, assessment, fee, charge, and customs or import duty under RA 11199 will enable it to use fully its funds, undiminished by such impositions, for the benefit of its members. Likewise, the tax exemption of benefit payments made by the SSS to its members will ensure the full enjoyment of the fruits of their hard-earned contributions. This exemption is logical and reasonable considering that benefits such as compensation for injuries or sickness, and pensions and gratuities are excluded from gross income and therefore tax-exempt pursuant to Section 32 (B) of the NIRC of 1997, as amended. The requirement for an express and categorical repeal or revocation of the SSS tax exemption shields it from implied and/or general repealing clause of a subsequent law and ensures the continuity of enjoyment of such privilege.

RA 11199 aligns the SSS with similar employee welfare-oriented institutions, such as the Home Development Mutual Fund, the Government Service Insurance System, and the Overseas Workers Welfare Administration, which enjoy income tax exemption privileges pursuant to RAs 9679[1], 8291[2], and 10801[3], respectively, and Section 27(C) of the NIRC of 1997, as amended.

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RA 11211

An Act Amending Republic Act No. 7653, Otherwise Known as "The New Central Bank Act", and for Other Purposes (Approved on February 14, 2019)

A. Features

RA 11211 amended RA 7653[4], also known as "The New Central Bank Act", with the objective of strengthening the Bangko Sentral ng Pilipinas (BSP) as a central monetary authority that will function and operate as an independent and accountable corporate body in the discharge of its mandated responsibilities concerning banking and credit.

[1] Entitled, "An Act Further Strengthening the Home Development Mutual Fund, and for Other Purposes", approved on July 21, 2009.

[2] Entitled, "An Act Amending Presidential Decree No. 1146, as Amended, Expanding and Increasing the Coverage and Benefits of the Government Service Insurance System, Instituting Reforms Therein and for Other Purposes", approved on May 30, 1997.

[3] Entitled, "An Act Governing the Operations and Administration of the Overseas Workers Welfare Administration", approved on May 10, 2016.

[4] Entitled, "The New Central Bank Act", approved on June 14, 1993.

Section 44 of RA 11211 provides that the BSP shall be exempt from all national, provincial, municipal, and city taxes on income derived from its governmental functions, specifically:

a. Income from its activities or transactions in the exercise of its supervision over the operations of banks and its regulatory and examination powers over non-bank financial institutions performing quasi-banking functions, money service businesses, credit granting businesses, and payments system operators; and

b. Income in pursuit of its primary objectives to maintain price stability conducive to a balanced and sustainable growth of the economy, and the promotion and maintenance of monetary and financial stability and the convertibility of the peso.

All other incomes shall be considered as proprietary income and subject to all taxes, charges, fees, and assessments.

B. Implications

The tax exemptions under RA 11211, such as national, provincial, municipal, and city taxes on income derived from BSP's governmental functions, are just reinstatements of some of the tax exemptions accorded to it in earlier laws, particularly RA 265[5] or the Central Bank Act of 1948, Presidential Decree (PD) No. 72[6], PD 1801[7], and RA 7653. Pursuant to Bureau of Internal Revenue (BIR) Revenue Regulation (RR) No. 2-2020[8], the tax exemption will be applied to the BSP's income generated from its governmental functions, effectively implementing the tax provisions of RA 11211.

[5] Entitled, "An Act Establishing the Central Bank of the Philippines, Defining Its Powers in the Administration of the Monetary and Banking System, Amending the Pertinent Provisions of the Administrative Code with Respect to the Currency and the Bureau of Banking, and for Other Purposes", approved on June 15, 1948.

[6] Entitled, "Amending Republic Act No. 265, Entitled, "The Central Bank Act", issued on November 29, 1972.

[7] Entitled, "Establishing the Central Bank of the Philippines as the Central Monetary Authority", issued on January 16, 1981.

[8] Implements the Tax Exemption Provisions of Republic Act No. 11211, Otherwise Known as "An Act Amending Republic Act No. 7653, Otherwise Known as "The New Central Bank Act", and for Other Purposes", issued on January 15, 2020.

Specifically, revenues generated from the BSP's supervision over the operations of banks and its regulatory and examination powers over non-bank financial institutions performing quasi-banking functions, money service businesses, credit granting businesses and payment system operators, as well as its mandate to maintain price stability, monetary and financial stability and the convertibility of the peso, will all be exempt from any and all taxes.

The tax-exempt status in terms of regulatory functions situates the BSP at par with other monetary authorities or Central Banks such as Bank of Thailand, Bank Negara Malaysia, and the Hong Kong Monetary Authority.

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RA 11213

An Act Enhancing Revenue Administration and Collection by Granting an Amnesty on All Unpaid Internal Revenue Taxes Imposed by the National Government for Taxable Year 2017 and Prior Years with Respect to Estate Tax, Other Internal Revenue Taxes, and Tax on Delinquencies (Approved on February 14, 2019)

A. Features

RA 11213, otherwise known as the "Tax Amnesty Act", was passed to enhance revenue administration and compliance by granting an amnesty on all unpaid internal revenue taxes imposed by the National Government for taxable year 2017 and prior years with respect to estate tax, other internal revenue taxes, and tax on delinquencies.

Such implementation of policy provides reasonable tax relief that will help cleanse, organize and improve the BIR database as well as improve revenue collection by providing tax amnesty on delinquencies that will minimize administrative cost in pursuing tax cases and declog the dockets of the BIR and the courts.

B. Implications

Under the tax amnesty on delinquencies (TAD), the law specified the following four instances wherein TAD may be availed of:

Tax amnesty rates on the immunities and privileges availment of the TAD

Availment	Tax amnesty rates
(a) Delinquencies and assessments, which have become final and executory	40% of the basic tax assessed
(b) Tax cases subject of final and executory judgment by the courts	50% of the basic tax assessed
(c) Pending criminal cases with the Department of Justice/ Prosecutor's Office or the courts for tax evasion and other criminal offenses under Chapter II of Title X and Section 275 of the NIRC of 1997, as amended	60% of the basic tax assessed
(d) Withholding tax agents who withheld taxes but failed to remit the same to the BIR.	100% of the basic tax assessed

The tax amnesty rate of 100% provided in letter (d) shall apply in all cases of non-remittance of withholding taxes, even if the same shall fall under letters (a), (b) or (c) above.

In cases where the delinquent taxes have been the subject of application for compromise settlement pursuant to Section 24A of the Tax Code, whether denied or pending, the amount of payment shall be based on the net basic tax as certified by the concerned office following the procedure under Section 5(C) of RR 4-2019.

On the other hand, any person, natural or juridical, who wishes to avail of the TAD shall file with the appropriate office of the BIR, which has jurisdiction over the residence or principal place of business of the taxpayer, a sworn TAD Return accompanied by a Certificate of Delinquency within one year from the effectivity of the regulations. However, taxpayers who would have wanted to avail of the amnesty, but protested the assessment within the time allowed by law as of April 23, 2019 would have missed their chance.

To clarify the matter, the BIR issued Revenue Memorandum Circular (RMC) No. 57-2019 on May 22, 2019, which provides that the tax liabilities covered by a final assessment notice (FAN) that was timely protested, yet the protest was withdrawn on or before April 24, 2019, shall be considered a delinquent account qualified for tax amnesty. It was as if there was no protest filed, provided that the delinquent accounts pertain to taxable year 2017 and prior years and that the period to protest lapsed on or before April 24, 2019.

Moreover, RMC 11-2020 was issued on February 6, 2020, amending the clarification to extend the withdrawal of the protest until April 23, 2020. It provided that, if the protest or appeal was withdrawn on or before April 23, 2020 and the FAN/final letter demand (FLD) or final decision disputed assessment (FDDA) was received on or before March 25, 2019, the effect is as if no protest or appeal was filed. Therefore, the assessment will have become final and executory as of April 24, 2019, because then the 30-day period counted from the receipt of the FAN, within which the taxpayer is allowed to file or protest or appeal, would have already lapsed. This gives the taxpayers a second chance at withdrawing their protest.

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RA 11215

An Act Institutionalizing a National Integrated Cancer Program and Appropriating Funds Therefor (Approved on February 14, 2019)

A. Features

RA 11215, also known as the "National Integrated Cancer Control Act", seeks to institutionalize a program that will adopt an integrated and comprehensive approach to health development which includes the strengthening of integrative, multidisciplinary, patient and family centered cancer control policies, program systems, interventions and services at all levels of the existing health care delivery system for cancer patients and survivors.

RA 11215 provides for the creation of the National Integrated Cancer Control Council (NICCC), which shall act as the policy making, planning and coordinating body on cancer control, attached to the Department of Health (DOH). It shall establish a Cancer Assistance Fund (CAF) to be managed by the DOH to support the cancer medicine and treatment program (Section 20). The DOH may solicit and receive donations which shall form part of the Fund and such donations shall be exempt from income tax or donor's tax and all other taxes, fees and charges imposed by the government. Likewise, fund raising activities may be conducted by the Council which proceeds shall accrue to the Fund and shall be exempt from any and all taxes.

In addition, Sections 25 and 26 of RA 11215 provide that cancer patients, persons living with cancer and cancer survivors shall be considered as persons with disabilities (PWDs) in accordance with RA 7277[9], as amended; and the same rights and privileges as PWDs shall be accorded to them and the Department of Social Welfare and Development (DSWD) shall ensure that the social welfare and benefits provided under RA 7277, as amended, are granted to them, respectively.

B. Implications

The incentives provided by RA 11215 will support the NICCC in formulating policies, programs and reforms that will prevent cancer and improve cancer survivorship. Further, the exemption from income tax or donor's tax and all other taxes, fees and charges; and from any and all taxes imposed by the government on solicited and received donations, and the fund-raising activities conducted by the DOH, respectively, which proceeds shall form part of the CAF, will encourage donations that can be utilized to support cancer medicine and treatment programs. Sections 101(A)(1) and 101(B)(1) of the NIRC of 1997, as amended, provide that donations made to or for the use of the national government or any entity created by any of its agencies which is not conducted for profit, or to any of its political subdivision, shall be exempt from the donor's tax.

The imported goods donated to or for the account of the Philippine government or any duly registered relief organization, not operated for profit, for free distribution among the needy, upon certification by the DSWD or the Department of Education (DepEd), or the DOH, as the case may be, are exempt from the payment of import duties upon compliance with the formalities prescribed in the regulations under Section 800(m) of RA 10863, otherwise known as the "Customs Modernization and Tariff Act".

While Section 20 of RA 11215 is silent on the deductibility of donations or contributions to the CAF, the donor may still enjoy such deduction pursuant to Section 34(H)(2)(a) of the Tax Code, which allows for the full deductibility from gross income of donations made to the government of the Philippines or to any of its agencies or political subdivisions, including fully-owned government 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 the National Priority Plan (NPP) determined by the National Economic Development Authority (NEDA).

[9] Entitled, "An Act Providing for the Rehabilitation, Self-Development and Self-Reliance of Disabled Person and Their Integration into the Mainstream of Society and for Other Purposes", approved on March 24, 1992.

The provision that considers cancer patients, persons living with cancer and cancer survivors as PWDs promotes their social welfare as they will be entitled to the same rights and privileges provided under RA 7277 for PWDs. Thus, even if the persons living with cancer patients are not really PWDs, they will be considered as such for purposes of entitlement to the rights and privileges of a PWD. If availed, this entails revenue loss on the part of the government and reduced income on the part of private businesses granting the benefits such as discount on some purchases. This can also be a source of dispute or confusion between such persons and the business granting discount and/or the DSWD, hence a clear implementation mechanism is needed to avoid such concern.

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RA 11256

An Act to Strengthen the Country's Gross International Reserves, Amending for the Purpose Sections 32 and 151 of the National Internal Revenue Code, as Amended, and for Other Purposes (Approved on March 29, 2019)

A. Features

RA 11256 amended Sections 32 and 151 of the NIRC of 1997, as amended, by exempting from the payment of income and excise taxes the sale of gold by registered small-scale miners to the BSP or to accredited traders for eventual sale to the BSP. The law aims to build up the country's gross international reserve (GIR) through the industry's mandated sale of domestically-produced gold to the BSP using pesos.

The law provides that a taxpayer may file a claim for excise tax refund or credit with the Commissioner of the BIR if the excise tax due thereon had been paid prior to the sale of gold to the BSP.

The sale of gold by registered small-scale miners, as defined under RA 7076, to accredited traders for eventual sale to the BSP shall enjoy the same tax treatment and privilege given to the direct sale of gold to the BSP under the Tax Code. It is also presumed that all gold sold to BSP by accredited traders have been purchased by said traders from small-scale miners.

B. Implications

The passage of RA 11256 would enable the BSP to further build up the country's GIR by buying domestically-produced gold from registered small-scale miners using pesos, as the GIR serves as the country's primary buffer against external economic shocks. Increasing the BSP's gold purchases using pesos leads to a net increase in the

GIR, thereby improving the country's economic standing and lowering the cost of both funding for the country as well as doing business for the private sector. Thus, by removing the income and excise taxes imposed on gold sold to the BSP, smuggling of gold may be curbed. This will encourage small-scale miners and traders to sell their gold to the BSP at international market prices instead of resorting to the black market.

While the government may lose revenues as a result of the repealed taxes under RA 11256, the long-term economic benefits are believed to outweigh the losses.[10] The country as a whole is expected to benefit from keeping the gold right in the Philippines for sale to the BSP. Aside from helping build up the foreign reserves of the country, the law is also expected to lead to greater availability of gold in the domestic markets for jewelry making, dental requirements, and other industrial and commercial uses.

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RA 11291

An Act Providing for a Magna Carta of the Poor (Approved on April 12, 2019)

A. Features

RA 11291, otherwise known as the "Magna Carta of the Poor", declares the policy of the State to uplift the standard of living and quality of life of the poor and provide them with sustained opportunities for growth and development. It shall adopt an area-based, sectoral, and focused intervention to poverty alleviation where every poor Filipino must be empowered to meet the minimum basic needs through the partnership of the government and the basic sectors.

The National Anti-Poverty Commission shall ensure that the basic sectors and the local government units (LGUs) are engaged in the formulation and implementation of the National Poverty Reduction Plan (NPRP). The Department of the Interior and Local Government shall monitor the compliance of the LGUs in aligning their respective development, investment, and poverty reduction plans with the NPRP, and its implementations while encouraging the private sector to be an active partner in the financing and implementation of poverty alleviation programs and projects of the government.

Section 12 of RA 11291 provides that any donation, contribution and grant which may be made to the programs implemented under the NPRP shall be exempt

[10] BSP.

from the donor's tax in accordance with the specific provisions of the NIRC of 1997, as amended by RA 10963[11], or the TRAIN law.

Section 20 of RA 7279 provides exemptions to the private sector participating in socialized housing and further reduce the cost of housing units for the benefit of the underprivileged and homeless from the payment of: (a) project-related income taxes; (b) capital gains tax (CGT) on raw lands used for the project; (c) VAT for the project contractor concerned; (d) transfer tax for both raw completed projects; and (e) donor's tax for lands certified by the LGUs to have been donated to socialized housing purposes.

B. Implications

The tax provisions provided under RA 11291, particularly on the exemption from the donor's tax on grants, bequest, endowments, donations, and contributions which may be made to the programs implemented under the NPRP, are reiterations of the provisions of the NIRC of 1997, as amended by RA 10963. Sections 101(A)(1) and 101(B)(1) of the NIRC of 1997, as amended, provide that donations made to or for the use of the national government or any entity created by any of its agencies which is not conducted for profit, or to any of its political subdivision shall be exempt from the donor's tax. Also, Section 34(H)(2)(a) thereof, allows for the full deductibility from gross income of donations made to the government of the Philippines, or to any of its agencies or political subdivisions, including fully-owned government 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 the NPP as determined by the NEDA.

However, to be entitled to the full deductibility of donations, activities under the NPRP, these should be listed as a priority activity under the NPP. Otherwise, it shall be subject to the limitations under Section 34(H)(1) of the NIRC of 1997, as amended. For non-priority activities of the government, the allowable deduction should not exceed 10% in the case of individuals, or 5% for corporations, of the taxpayer's taxable income derived from trade, business or profession as computed without the benefit of deductions.

[11] Entitled, "An Act Amending Sections 5, 6, 24, 25, 27, 31, 32, 33, 34, 51, 52, 56, 57, 58, 74, 79, 84, 86, 90, 91, 97, 99, 100, 101, 106, 107, 108, 109, 110, 112, 114, 116, 127, 128, 129, 145, 148, 149, 151, 155, 171, 174, 175, 177, 178, 179, 180, 181, 182, 183, 186, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 232, 236, 237, 249, 254, 264, 269, and 288; Creating New Sections 51-A, 148-A, 150-A, 150-B, 237-A, 264-A, 264-B, and 265-A; and Repealing Sections 35, 62, and 89; All Under Republic Act No. 8424, Otherwise Known as the National Internal Revenue Code of 1997, as Amended, and for Other Purposes", approved on December 19, 2017.

On the exemption from the CGT, under Section 2.57.2(J) of RR 2-98[12], as amended by RR 6-2001[13], private sector developers being habitually engaged in the real estate business, are subject to creditable withholding tax of 1.5 to 5% depending on the selling price of the real property. The withheld tax is creditable against the income tax payable by said private developers. In addition, socialized housing projects are subject to documentary stamp tax pursuant to Section 196 of the NIRC of 1997, as amended.

The exemption from the VAT on the sale of real property is already provided under Section 109(1)(P) of the NIRC, as amended.

Under Section 3 of DOF-Local Finance Circular No. 1-97[14], exemption from the payment of local transfer tax on the acquisition of raw land may be realized only upon completion of at least 50% of the project as scheduled or in accordance with the program of work submitted, as verified and determined by the assessor concerned.

On the exemption from donor's tax of land certified by LGUs to have been donated for housing purposes, Section 101(A)(1) of the NIRC of 1997, as amended, already provides that gifts made to or for the use of the national government or any entity created by any of its agencies which is not conducted for profit or to any political subdivision of the said government shall be exempt from the donor's tax.

BIR RMC 42-01[15] provides that upon application for exemption from the donor's tax, income tax, or CGT, the Register of Deeds concerned shall make an annotation at the back of the Transfer Certificate of Title that the land shall be used for socialized housing.

[12] Implementing Republic Act No. 8424, "An Act Amending the National Internal Revenue Code, as Amended" Relative to the Withholding on Income Subject to the Expanded Withholding Tax and Final Withholding Tax, Withholding of Income Tax on Compensation, Withholding of Creditable Value-Added Tax and Other Percentage Taxes, issued on April 17, 1998.

[13] Amending Pertinent Provisions of Revenue Regulations Nos. 1-98, 2-98, as Amended, and 7-95, as Amended, and Revenue Memorandum Circular No. 1-98 Relative to the Inclusion of Additional Taxpayers to be Subject to Final Withholding Tax, Revision of the Withholding Tax Rates on Certain Income Payments Subject to Creditable Withholding Tax, Time for the Filing of Various Tax Returns and Payment of the Taxes Due Thereon and Others, issued on July 31, 2001.

[14] Guidelines for the Implementation of Sections 7, 20, and 43 of Republic Act No. 7279, Otherwise Known as the Urban Development and Housing Act of 1992; and to Supplement Local Finance Circular No. 3-92 Dated September 11, 1992, issued on April 16, 1997.

[15] Circularizing the Tax Incentives of Sellers of Real Properties in Existing Areas for Priority Developments Sites, and in Other Areas that may be Identified by the Local Government Units as Suitable for Socialized Housing Projects under Republic Act No. 7279, Otherwise Known as the Urban Development and Housing Act of 1992" and the Valuation of the Subject Real Properties for National Internal Revenue Tax Purposes, issued on October 5, 2001.

RA 11314

An Act Institutionalizing the Grant of Student Fare Discount Privileges on Public Transportation and Other Purposes (Approved on April 17, 2019)

A. Features

RA 11314, also known as the "Student Fare Discount Act", establishes a mechanism that ensures the mandatory grant of a student fare discount privilege; enlist the cooperation and support of public transportation utilities in extending assistance to students as a social responsibility; and encourage students, particularly the poor and underprivileged, to pursue quality education to secure their future and make them responsible citizens.

The student fare discount covers all public transportation utilities such as, but not limited to, public utility buses, public utility jeeps, taxis and other similar vehicles-for-hire, tricycles, passenger trains, aircrafts and marine vessels. The fare discount shall be available during the entire period while the student is enrolled, including weekends and holidays. In case a promotional fare is granted by a public transportation utility operator, as approved by the concerned regulatory agency, the student shall have the option to choose between the promotional fare and the regular fare less the discount.

A student shall be entitled to a 20% discount on domestic regular fares, upon personal presentation of his/her duly issued school identification cards or current validated enrollment form, supported by the prescribed government-issued identification document, subject to an appropriate verification mechanism to be provided in the implementing rules and regulations. In case of air public transportation utilities, the discount shall only apply to the base fare or the price of the ticket before taxes and costs for ancillary services.

Section 7 of RA 11314 also provides that the public transportation utility operator may claim as tax deduction the student fare discount granted based on the cost of services rendered. The cost of the discount shall be allowed as deduction from gross income for the same taxable year that the discount is granted. The total amount of the tax deduction net of VAT, if applicable, shall be included in their gross sales receipts for tax purposes and shall be subject to proper documentation and to the provisions of the NIRC of 1997, as amended.

B. Implications

Over the years, significant protective measures have been undertaken by the government to shield students from the soaring cost of education. The Land Transportation Franchising and Regulatory Board (LTFRB) had issued Memorandum

Circular (MC) No. 87-0010[16], providing students enrolled in elementary, secondary, and collegiate schools including academic, vocational and technical schools duly recognized by the government to avail of the student fare discount from ordinary or regular buses and jeepneys upon decision by the Board of the Petitions for Fare Increase. Students entitled to a student fare discount can avail of the privilege only during the period of their enrollment from Monday to Friday for elementary and high school students and Monday to Saturday for college, technical and vocational students.

On January 13, 1994, the LTFRB issued MC 94-001[17], a consolidated guideline in order to achieve uniform implementation by all operators of motorized land-based public transportation services, except tricycles-for-hire which are under the jurisdiction of the local governments, of the 20% fare discount privileges granted to students, elderly/senior citizens, and disabled persons.

Further, the LTFRB issued MC 2003-033[18] supplemented by MC 2005-014[19], which provides that students can only avail of the 20% fare discount during the school year from Mondays to Fridays and cannot be availed on weekends, legal and special legal holidays, Christmas and summer breaks. It also provides that post-graduate students are not entitled to the said student's fare discount. However, on October 11, 2017, the LTFRB issued MC 2017-024,[20] amending MC 2005-014 which provides that students can avail of the 20% discount from Monday to Sunday including summer breaks, legal and special legal holidays.

The passage of RA 11314 strengthens the privileges and benefits presently enjoyed by the students through several MCs implemented by the LTFRB, and institutionalizes fare discount on all forms of public transport system regardless of the government agency regulating it. Also, the law gives the public transportation utility operator the right to claim as a tax deduction the student fare discount based on the cost of the services rendered. The said privilege of using the discount as a tax deduction from the gross income is intended to encourage the active participation of entities

[16] Guidelines for Student Fare Discount, issued on October 1, 1987.

[17] Consolidated Guidelines on Fare Discounts to Students, Elderly/Senior Citizens, and Disabled Persons, issued on January 13, 1994.

[18] Grant of Fare Discounts to Elderly, Disabled Persons and Students, issued on 2003.

[19] Supplement to Memorandum Circular No. 2003-033 re: Grant of Fare Discounts to Elderly, Disabled Persons, and Students, issued on May 9, 2005.

[20] Amendment to Memorandum Circular No. 2005-014, issued on October 11, 2017.

providing services to the students, as well as additional relief or support for the public transportation utility operator and driver. The deductibility of the discount can also be viewed as the government's share on the cost of discount granted to students.

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RA 11321

An Act Instituting the Farmers and Fisherfolk Enterprise Development Program of the Department of Agriculture (Approved on April 17, 2019)

A. Features

RA 11321, otherwise known as "Sagip Saka Act", establishes the "Farmers and Fisherfolk Enterprise Development Program"[21] as a means to achieve sustainable modern agriculture and food security by helping the agricultural and fishing communities to reach their full potential, increasing farmers' and fishermen's incomes, bridging gaps through public-private partnerships, thereby improving their quality of life. Pursuant to this policy, the State shall strengthen the farmers and fisherfolk enterprise development program by establishing a comprehensive and holistic approach in the formulation, coordination and implementation of enterprise development initiatives, consolidating the roles of different government agencies involved in farmer and fisherfolk enterprise development, and intensifying the building of entrepreneurship culture.

The law also creates the Farmers and Fisherfolk Enterprise Development Council (FFEDC) to oversee the proper implementation of the Program and maintain a Farmers and Fisherfolk Enterprise Development Information System.

Section 12 of RA 11321 provides the following tax incentives and exemptions:

a. Exemption from donor's tax of gifts and donations of real and personal properties;

b. Exemption from real property tax of the structures, buildings, and warehouses utilized for the storage of farm inputs and outputs: Provided, that the assessed value of the property does not exceed P3,000,000;

c. Preferential rates and special window to accredited farmers and fisherfolk enterprises shall be provided by the Land Bank of the Philippines; and

[21] Department of Agriculture as implementing agency.

d. Exemption from income tax may be provided for income arising from the operations of the enterprise: Provided, That the farmer and the fisherfolk cooperatives and enterprises shall register as barangay micro-business enterprises pursuant to RA 9178[22], otherwise known as the "Barangay Micro-Business Enterprises (BMBEs) Act of 2002".

B. Implications

The tax incentives and exemptions provided by RA 11321 will support the FFEDC in formulating plans and programs on enterprise development, and enable producer groups, the private sector, the LGUs, and potential donors to respond to the needs of the local and world markets and in generating resources for further enterprise development. Further, the exemption from donor's tax of gifts and donations of real and personal properties will encourage donations to support the Program of the FFEDC.

Pursuant to the provisions under Sections 101(A)(1) and 101(B)(1) of the NIRC of 1997, as amended, donations made to or for the use of the national government or any entity created by any of its agencies which is not conducted for profit, or to any of its political subdivision, shall be exempt from the donor's tax. However, Department of Agriculture Administrative Circular No. 08, Series of 2019[23] which implements RA 11321 provides the following conditions or terms of availment of donor's tax exemption:

a. The donor must donate to the beneficiaries of the Program; and

b. The gifts or donations must be of personal or real property that are directly related to the implementation of the Program as provided under the applicable provisions of the Act consistent with its objectives to develop enterprises for the farmers and fisherfolk towards a sustainable modern agriculture and food security.

[22] Entitled, "An Act Creating a People's Small-Mining Program and for Other Purposes", approved on November 13, 2002.

[23] Subject: The Implementing Rules and Regulations (IRR) of Republic Act (RA) No. 11321 "An Act Instituting the Farmers and Fisherfolk Enterprise Development Program of the Department of Agriculture", Otherwise Known as "The Sagip Saka Act", issued on October 21, 2019.

While the Act is silent on the deductibility of donations or contributions to the FFEDC or to the beneficiaries of the Program, the donor may also enjoy such deduction pursuant to Section 34(H)(2)(a) of the Tax Code which allows for the full deductibility from gross income of donations made to the government of the Philippines, or to any of its agencies or political subdivisions, including fully-owned government 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 the NPP determined by the NEDA.

Lastly, the income tax exemption of income arising from the operations of the farmer and the fisherfolk cooperatives and enterprises that are registered as BMBEs is consistent with Section 7 of RA 9178 which provides that all BMBEs are exempt from tax for income arising from its operations.

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RA 11333

An Act Strengthening the National Museum of the Philippines, Repealing for the Purpose Republic Act No. 8492, Otherwise Known as the "National Museum Act of 1998", and Appropriating Funds Therefor (Approved on April 26, 2019)

A. Features

RA 11333, otherwise known as the "National Museum of the Philippines Act", aims to pursue and support the cultural development of the Filipino people, through the preservation, enrichment and dynamic evolution of Filipino national culture, based on the principle of unity in diversity in a climate of free artistic and intellectual expression.

Under the law, the National Museum is designated as the country's primary institution for the management and development of museums and collections of national importance in the areas of arts, cultural heritage, and natural history. It shall be a permanent institution in the service of the entire national community and its development, accessible to the public, and not intended for profit. The new law also renames the "National Museum" as the "National Museum of the Philippines" (NMP) alternatively in Filipino, "Pambansang Museo ng Pilipinas". To ensure its independence and autonomy, the NMP shall be uniquely considered as a trust of the government, attached solely to the DepEd for budgetary coordination and related purposes.

RA 11333 also authorizes the full retention of the income of the NMP from all sources of its operations nationwide and overseas, and to expend the same for any purpose in its benefit. Such income shall be placed in a dedicated National Museum Income Fund, and may accumulate for disbursement in future fiscal years if not expended within the fiscal year in which it was generated. The law also authorizes the NMP to accept anonymous donations of money, in Philippine or foreign currency, from its visitors, which shall be considered as gratuities and be credited to the National Museum Donations Fund.

Tax incentives shall also be accorded to the NMP in the form of exemption from the payment of taxes, fees and charges imposed by the national government and its political subdivisions, agencies and instrumentalities; exemption from the donor's tax on all donations in any form to the NMP, which shall also be considered as allowable deduction from the gross income in the computation of the income tax of the donor, in accordance with the provisions of the NIRC of 1997, as amended; and exemption from customs duties on importation of scientific, philosophical, historical and cultural books, supplies and materials for the use in the conservation and preservation work of the said museum.

B. Implications

Prior to the enactment of RA 11333, the tax exemption privileges of the NMP were already provided under Section 25 of RA 8492, such as exemption from the payment of import taxes and tariff duties on all art/display materials and equipment directly used for the Museum's non-profit programs including but not limited to books, art materials, chemicals for preservation and restoration, exhibit and technical equipment and films; and the exemption from donor's, estate and inheritance taxes of donations and legacies to the NMP.

However, effective January 1, 2018, Section 86(t) of RA 10963, or the TRAIN law, repealed Section 25 of RA 8492 insofar as VAT exemption is concerned, in order to broaden the VAT base. VAT obligations of government-owned and–controlled corporations, state universities and colleges, and other government instrumentalities whose VAT exemption has been repealed under the TRAIN law shall be chargeable to the Tax Expenditure Fund provided for in the annual General Appropriations Act.

The provision exempting any donation or bequest made to the NMP from the donor's tax is consistent with Sections 101(A)(2) and 101(B)(2) 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 as deduction from gross income in the computation of the income tax of the donor is also 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 NPP determined by the NEDA xxx", shall be deductible in full from the income of the donor.

Moreover, the exemption from the donor's tax of donations of any form and their deductibility from gross income of the donor for income tax purposes to affiliated agencies of the National Commission for Culture and the Arts (NCCA), such as the NMP, in accordance with the provision of the NIRC of 1997, as amended, are reiterated under Section 35 of RA 10066[24], also known as the "National Cultural Heritage Act of 2009".

Pursuant to Section 86(A)(3) of the NIRC of 1997, as amended, bequests, legacies, and transfers to government agencies are in effect exempt from estate taxes as the same are deductible from the gross estate for purposes of determining the value of the net estate subject to tax.

With the exemption from donor's and estate taxes of donations and legacies to the NMP, the philanthropy in favor of the NMP would be encouraged. Likewise, the exemption of the NMP from paying import taxes and duties will enable it to receive more donations from foreign sources.

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[24] Section 35. *Tax Exemption on Donations.* - All donations in any form to the Commission and its affiliated cultural agencies shall be exempt from the donor›s tax and the same shall be considered as allowable deduction from the gross income in the computation of the income tax of the donor, in accordance with the provisions of the National Internal Revenue Code of 1997, as amended.

RA 11346

An Act Increasing the Excise Tax on Tobacco Products, Imposing Excise Tax on Heated Tobacco Products and Vapor Products, Increasing the Penalties for Violations of Provisions on Articles Subject to Excise Tax, and Earmarking a Portion of the Total Excise Tax Collection from Sugar-Sweetened Beverages, Alcohol, Tobacco, Heated Tobacco and Vapor Products for Universal Health Care, Amending for this Purpose Sections 144, 145, 146, 147, 152, 164, 260, 262, 263, 265, 288, and 289, Repealing Section 288(B) and 288(C), and Creating New Sections 263-A, 265-B, and 288-A of the National Internal Revenue Code of 1997, as Amended by Republic Act No. 10963, and for Other Purposes (Approved on July 25, 2019)

A. Features

RA 11346 increased the excise tax on tobacco products (e.g., cigars, cigarettes), and made subject to excise taxation and regulation heated tobacco products (HTPs), and vapor products, popularly known as electronic cigarettes (e-cigs), effective January 1, 2020.

The HTPs are taxed at P10.00 per pack of 20 units or packaging combinations of not more than 20 units effective January 1, 2020. The rate shall be increased by 5% every year effective January 1, 2021 through revenue regulations issued by the Secretary of Finance.

Meanwhile, vapor products such as individual cartridges, refills, pods, or containers of vapor products containing liquid or gel, are taxed based on quantities.

The excise tax rates imposed on vapor products shall also be increased by 5% every year effective January 1, 2021, through revenue regulations issued by the Secretary of Finance.

RA 11346 also increased the yearly indexation of the specific tax rate on cigars from 4 to 5% effective January 1, 2024, while retaining the 20% ad valorem tax rate and the P5.00 specific tax rate effective January 1, 2013. On the other hand, the specific tax rates on cigarettes packed by hand and packed by machine effective January 1, 2020 were increased by P7.50, from P37.50 to P45.00 per pack. The specific tax rate shall be increased by P5.00 annually effective January 1, 2021 up to January 1, 2023, and shall be increased by 5% every year thereafter.

RA 11346 deleted Sections 288(B) and 288(C) and replaced it with a new Section 288-A, mandating for the earmarking of revenues from excise tax on sugar-sweetened beverages, alcohol products, tobacco products, HTPs, and vapor products to fund the universal health care (UHC) law.

The law also amended Section 289 or the special financial support to beneficiary provinces producing Virginia tobacco by putting a maximum limit to the financial support at P17 billion. Likewise, the law amended certain sections on the regulation and supervision of excise tax products, as well as increasing the fines and penalties imposed under Section 263. It also inserted two new sections penalizing the selling of HTPs and vapor products at a price below the combined excise tax and VAT, and mere possession of any apparatus or mechanical contrivance for the manufacture of cigarettes, cigarette paper, or cigarette tipping paper.

B. Implications

The signing of RA 11346 imposing higher taxes on cigarettes and a new tax on e-cigs and other alternative devices for smoking will enable the government to properly implement the UHC program, in keeping with President Duterte's commitment to improve the lives of Filipinos by expanding the delivery of healthcare services in the country.

RA 11346 increased the automatic indexation rate of cigars from 4% to 5% effective January 1, 2024 while retaining the 20% ad valorem tax rate and P5.00 specific tax rate effective January 1, 2013. It is noted that by amending only the indexation rate without reflecting the 2019 specific tax rate of P6.33 in the new law, RA 11346 in effect reverted the specific tax rate of cigars to P5.00 effective January 1, 2020.

Meanwhile, the World Health Organization (WHO) has suggested for the regulation of e-cigarettes and HTPs for the public health safety, especially children who are victims of second-hand vaping. The WHO identifies HTPs and Electronic Nicotine/Non-Nicotine Delivery Systems (ENDS/ENNDS)/e-cigs that use tobacco leaves or nicotine chemicals/liquid solution or non-tobacco additives that mimic the behavior of smoking conventional cigarettes, which the only difference between the two is that HTPs burn its substance, while e-cigs vaporize the liquid solution. The imposition of an excise tax on these products adheres to the commitment of the Philippine to the WHO Framework Convention on Tobacco Control (FCTC), which to reduce tobacco use and exposure to tobacco smoke in any form of smoking.

The excise tax on e-cigarettes and HTPs will not only raise additional revenue to fund the UHC programs but will also help curb the consumption of these products, since the majority of the consumers are in the aged bracket of 25-44 years old. RA 11346 also gives a mechanism for the government to monitor and apprehend violators for counterfeiting and smuggling of these modern tobacco products.

The earmarked funds of the excise tax collection on these products will create sustainable and efficient funding sources for an accessible health care system for all Filipino families, including overseas Filipino workers (OFWs). It will also help the LGU beneficiaries and tobacco farmers from this product for their agricultural projects and agro-infrastructure projects.

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RA 11358

An Act Establishing a National Vision Screening Program for Kindergarten Pupils and Appropriating Funds Therefor (Approved on July 31, 2019)

A. Features

RA 11358, otherwise known as the "National Vision Screening Act", establishes a National Vision Screening Program (NVSP) under the DepEd which is primarily intended to screen the eye vision of kindergarten pupils. Its objectives are:

a. To conduct a simple vision screening test on kindergarten pupils through trained teachers and health personnel and identify pupils with possible visual problems;

b. To identify early childhood visual problems;

c. To provide immediate attention to visually impaired kindergarten pupils and create a referral system so that they may be checked and treated by eye care practitioners;

d. To develop a vision screening results database for all kindergarten pupils; and

e. To conduct continuing research on the state of visual impairment among kindergarten pupils.

The DepEd shall lead the implementation of the NVSP, in coordination with the DOH and the Philippine Eye Research Institute (PERI), which is under the National Institutes of Health of the University of the Philippines. The Philippine Health Insurance Corporation shall develop a benefit package for the consultation and treatment of eye diseases of children.

RA 11358 provides for the exemption from donor's tax of all grants, bequests, endowments, donations and contributions made to the DepEd, DOH, or the PERI for the NVSP and for the Vision Screening Continuing Research Fund, 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.

B. Implications

The provision exempting any grant, bequest, endowment, donation and contribution made to the DepEd, DOH, or the PERI from the donor's tax is consistent with Sections 101(A)(1) and 101(B)(1) of the NIRC of 1997, as amended, which provide that donations made to or for the use of the national government or any entity created by any of its agencies which is not conducted for profit, or to any of its political subdivision of the said government, are exempt from donor's tax.

Allowing such donations as deduction from gross income in the computation of the income tax of the donor, is also 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 government 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 NPP determined by the NEDA shall be deductible in full from the income of the donor".

The donor's tax exemption and deductibility of donations from the gross income of the donor will encourage philanthropy in support of the NVSP.

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RA 11392

An Act Establishing a Framework for the Selection of National Performing Arts Companies, Designating for the Purpose Certain Performing Arts Genres and Appropriating Funds Therefor (Approved on August 22, 2019)

A. Features

RA 11392, also known as the "National Performing Arts Companies Act", declares it the policy of the State to appropriately recognize, designate and support nongovernment organizations that have demonstrated pioneering, consistent and unassailable competence, effectiveness and success in the development, training, documentation and performance of ballet and contemporary dance, orchestral music, choral music, and theater pursuant to Article II, Sections 17 and 23, and Article XIV, Sections 14, 15, and 18(2) of the 1987 Philippine Constitution.

The Act designates for a period of five years, one National Performing Arts Company (NPAC) for each of the following performing arts genres: (a) ballet/ contemporary dance; (b) theater; (c) orchestra; (d) choral; and (e) indigenous performing ensemble. An NPAC shall be selected by a selection committee composed of 15 members to be designated by the NCCA and the Cultural Center of the Philippines.

Section 9 of the Act provides that any donation, contribution, bequest and grant, which may be made to the NPACs to be used actually, directly and exclusively by the NPACs shall be exempt from donors tax and the same shall be considered as allowable deduction from the gross income of the donor, in accordance with the provisions of the NIRC of 1997, as amended: Provided, that such NPACs are accredited nongovernment organizations pursuant to Executive Order (EO) No. 720[25].

B. Implications

The exemption from donor's tax of any donation, contribution, bequest, and grant, which may be made to the NPACs to be used actually, directly and exclusively by the NPACs, and the deductibility of such donations from the gross income of the donor will encourage philanthropy in favor of the NPACs as potential donors will no longer be burdened by a tax on their generosity.

The provision that such NPACs are accredited nongovernment organizations pursuant to EO 720 ensures uniformity in the deductibility and treatment of charitable contributions. Similarly, the said provision is consistent with Sections 101(A)(2) and 34(H)(2)(c) of the NIRC of 1997, as amended, which provide for the exemption from donor's tax of gifts made in favor of an educational and/or charitable, religious, cultural or social welfare corporation, institution, accredited nongovernment organization, trust or philanthropic organization or research institution or organization, provided, that not more than 30% of said gifts shall be used by such donee for administration purposes; and for the full deductibility from gross income of donations made to accredited nongovernment organizations, respectively.

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[25] Entitled, "Establishment of a Government-Nongovernment Partnership in the Accreditation of Donee Institutions Relative to the Tax Deductibility of Charitable Contributions Under Section 34(H) of the National Internal Revenue Code, as Amended", issued on April 11, 2008.

RA 11439

An Act Providing for the Regulation and Organization of Islamic Banks (Approved on August 22, 2019)

A. Features

RA 11439 recognizes the vital role of the Islamic banking and finance in creating opportunities for greater financial inclusion especially for the underserved Muslim population, in expanding the funding base for small and medium-sized enterprises as well as large government infrastructure through financial arrangements with risk sharing as their core element, and in contributing to financial stability through the use of financial contracts and services that are founded on risk sharing rather than speculation in compliance with *Shari'ah* principles.

The Al-Amanah Islamic Investment Bank of the Philippines (AAIIBP), other Islamic banks, designated Islamic banking units of conventional banks, and foreign banks that are authorized to conduct business in accordance with the principles of *Shari'ah* shall be referred to collectively as "Islamic banks" or "Islamic banking system". The BSP shall exercise regulatory powers and supervision over the operations of Islamic banks.

Section 14 of RA 11439 provides that the government shall endeavor to achieve neutral tax treatment between Islamic banking transactions and equivalent conventional banking transactions within the provisions of the NIRC of 1997, as amended.

B. Implications

Under RA 11439, the AAIIBP is granted the following tax incentives:

a. Exemption from all taxes under NIRC of assets, profits, distributions and all contracts, deeds, documents and transactions related to the conduct of business of the Islamic bank from the first taxable year, following its actual Islamic banking operation as certified by the Central Bank, to the extent made available:

   i. One hundred percent for the first five years; and

   ii. Seventy-five percent for the sixth through the eight year, provided, that said exemption shall apply only to such taxes, fees, charges and assessments for which the Islamic Bank would otherwise be liable, and shall not apply to the taxes, fees, charges or assessments payable by persons or other entities doing business with the Islamic Bank.

b. Exemption from all taxes under the NIRC of an investment in Islamic banking business to the extent of actual participation in profit and loss scheme, paid in cash or property, except income tax. Provided, that an investment tax allowance shall be allowed as a deduction from taxable income under such transactions to the extent that the Islamic Bank pays out a zakat on the income of the investor's capital and surplus reserves for the duration of the joint investment period; and

c. Exemption from customs duties and compensating taxes payable of all importations of machinery, equipment, calculators and computers and accompanying spare parts, as may be necessary for its operation, within the first five years of its operation.

The provision that aims to achieve tax neutrality between Islamic banking transactions and conventional banking transactions will give Islamic banking a better chance to compete with conventional banking. Tax neutrality may be viewed as a relief given to tax charges that are supposed to be imposed on the Islamic financial transactions and thereby can help reduce the cost of transferring assets of Islamic financial products. In Islamic finance, certain financial transactions require additional taxable transaction than in conventional banking. For instance, a real estate loan from a conventional bank will have the bank provide the money so the client can purchase the land.

In contrast, a real estate loan from an Islamic bank will have two steps wherein the bank will first purchase the land, and then resell it to the client. This points to a bigger cost compared to the same transaction in a conventional bank[26]. Section 14 of RA 11439 seeks parity on taxation between similar or comparable transactions under Islamic banking and conventional banking.

It is, therefore, necessary to identify the transactions, products or services that are common or similar to both conventional and Islamic banking in order to determine where neutrality should be introduced. Moreover, the BSP states that the BIR has completed its draft regulation to implement the provision on tax neutrality under the law[27].

[26] Source: House oks tax neutrality for Islamic banking (February 20, 2018) at http://www.congress.gov.ph/press/details.php?pressid=10519&key=Islamic%20banking

[27] http://www.bsp.gov.ph/publications/media.asp?id=5112

RA 11448

An Act Expanding Access to Educational Services Through the Establishment and Administration of Transnational Higher Education, and Appropriating Funds Therefor (Approved on August 28, 2019)

A. Features

RA 11448, otherwise known as the "Transnational Higher Education Act", declares it the policy of the State to provide quality education which is relevant to the changing needs of the people and society. Higher education shall serve as a principal instrument for generating productive knowledge, innovation and technology to develop relevant and technical higher order skills needed to compete in the knowledge economy to redound in and ensure resource generation. It shall actively encourage, promote, and accelerate the establishment of transnational higher education programs, the internationalization of higher education in the country, and the development of the transnational higher education sector.

The law mandates the Commission on Higher Education (CHED) to formulate a coherent national strategy to encourage and facilitate the establishment of the most effective forms of the transnational higher education[28] (TNHE) programs and institutions in the country, which shall be established and administered by duly authorized higher education institutions (HEIs). It also provided the CHED national policy directions on the internationalization of Philippine higher education by providing a platform for accelerating partnerships between Philippine and foreign universities to achieve the goals of access, quality, equity, and inclusivity in higher education.

Section 16 of RA 11448 provides for the following tax incentives of transnational higher education institutions (TNHEIs) including foreign universities setting up branch campuses in the country:

a. Exemption from taxes and duties of all revenues and assets of non-stock, non-profit which are used actually, directly, and exclusively for educational purposes, pursuant to Section 4, Article XIV of the 1987 Philippine Constitution;

[28] TNHE includes all types and modes of delivery of higher education study programs, sets of courses of study, or educational services, including distance education and study-abroad programs, which involve education systems of a State different from the State where a TNHE provider operates or programs which may operate independently of any national education system or where the learners are located in a country different from the one where the awarding institution is based.

b. Exemption from donor's tax of all grants, bequest, endowments, donations and contributions made to the TNHEI to be used actually, directly and exclusively by the TNHEI, 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; and

c. Exemption from taxation of all lands, buildings, and improvements, actually, directly, and exclusively used by a TNHEI for educational purposes, in accordance with Section 28, Article VI of the 1987 Philippine Constitution.

All non-stock, non-profit TNHEIs shall also be entitled to all tax incentives granted to such entities in accordance with the provisions of the NIRC of 1997, as amended.

Moreover, Section 17 of RA 11448 provides that all TNHEIs which do not satisfy the definition of "nonstock, nonprofit educational institutions" as defined by the NIRC are deemed to be proprietary educational institutions. All proprietary educational institutions shall be subject to the taxes, exemptions, and other duties and privileges under the NIRC, specifically Section 27, Title II, Chapter IV thereof, and BIR implementing rules and regulations.

The provision further adds that to the extent applicable, TNHEIs shall enjoy the same benefits, tax credits and incentives provided for in existing laws including those provided under EO. 226, otherwise known as the "Omnibus Investments Code of 1987", and RA 7844, otherwise known as the "Export Development Act of 1994".

B. Implications

The tax provisions of RA 11448 echoed the provisions of the 1987 Philippine Constitution and the NIRC of 1997, as amended. With respect to income tax, Section 4(3), Article XIV of the 1987 Philippine Constitution states that all revenues and assets of non-stock, non-profit educational institutions used actually, directly, and exclusively for educational purposes shall be exempt from taxes and duties This is in accordance to the provisions set forth under Sections 30(H) and 30(I) of the NIRC of 1997, as amended, which exempt from the corporate income tax non-stock and non-profit, and government educational institutions.

In the case of proprietary educational institutions[29] which are non-profit, such are subject to income tax at a preferential rate of 10% of taxable income. However, if the gross income from unrelated trade, business or other activity[30] exceeds 50% of the total gross income derived by such proprietary educational institutions from all sources, the regular income tax rate of 30% shall be imposed on the entire taxable income pursuant to Section 27(A) of the NIRC of 1997, as amended.

The provision exempting grants, bequests, endowments, donations and contributions made to the TNHEI from the donor's tax is consistent with Sections 101(A)(2) and 101(B)(2) of the NIRC of 1997, as amended, which provide that gifts in favor of an educational and/or charitable, religious, cultural or social welfare corporation, institution, accredited nongovernment organization, trust or philanthropic organization or research institution or organization, are exempt from donor's tax. Provided, that not more than 30% of said gifts shall be used by such donee for administration purposes.

In addition, Sections 34(H)(2)(a) and 34(H)(2)(c)(1) of the NIRC of 1997, as amended, provide for the full deductibility of legacies, gifts, and donations from the gross income of the donor if made to the government or to any of its agencies or political subdivisions, including fully-owned government corporations, exclusively to finance, provide for, or 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 NPP as determined by the NEDA, or to an accredited nongovernment organization organized and operated exclusively for scientific, research, educational, character-building and youth and sports development, health, social welfare, cultural or charitable purposes, no part of the net income of which inures to the benefit of any private individual.

For non-priority activities of the government, the allowable deduction should not exceed 10% in the case of individuals, or 5% for corporations, of the taxpayer's taxable income derived from trade, business or profession as computed without the benefit of deductions, pursuant to Section 34 (H)(1) of the NIRC of 1997, as amended.

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[29] Refers to any private school maintained and administered by private individuals or groups with an issued permit to operate from the Department of Education, Culture and Sports (DECS) (now the DepEd), or the CHED, or the Technical Education and Skills Development Authority (TESDA), as the case may be, in accordance with existing laws and regulations. [Section 27(B), NIRC of 1997, as amended]

[30] Refers to any trade, business or other activity, the conduct of which is not substantially related to the exercise or performance by such educational institution or hospital of its primary purpose or function. [Section 27(B), NIRC of 1997, as amended]

Further, Section 28, Article VI of the 1987 Philippine Constitution provides that charitable institutions, churches and parsonages or convents appurtenant thereto, mosques, non-profit cemeteries, and all lands, buildings, and improvements, actually, directly, and exclusively used for religious, charitable, or educational purposes, shall be exempt from taxation. Likewise, Section 234(b) of RA 7160 exempts from the payment of real property tax all lands, buildings, and improvements actually, directly, and exclusively used for religious, charitable or educational purposes.

Moreover, if such proprietary educational institutions or TNHEIs qualify for fiscal incentives under other laws, including the Omnibus Investments Code of 1987 and the Export Development Act of 1994, then such educational institutions may avail of those incentives provided therein. It is worthy to note that exemption granted to educational institutions is to partly compensate them for the services they render to benefit the public as long as they comply substantially with the requirements of the law.

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RA 11171

An Act Converting the Dr. Emilio B. Espinosa, Sr. Memorial State College of Agriculture and Technology (DEBESMSCAT) in the Municipality of Mandaon, Province of Masbate, into a State University to be Known as the Dr. Emilio B. Espinosa, Sr. – Masbate State University (DEBESMSU), and Appropriating Funds Therefor (Approved on January 3, 2019)

RA 11187

An Act Converting the Zamboanga City State Polytechnic College into a State University to be Known as the Zamboanga Peninsula Polytechnic State University, and Appropriating Funds Therefor (Approved on January 10, 2019)

RA 11186

An Act Converting the Northwestern Mindanao State College of Science and Technology (NMSCST) in the City of Tangub, Province of Misamis Occidental into a State University to be Known as the University of Northwestern Mindanao (UNM) and Appropriating Funds Therefor (Approved on January 10, 2019)

RA 11282

An Act Converting the Oroquieta Agro-Industrial School (OAIS) in the City of Oroquieta, Province of Misamis Occidental, into a State College to be Known as the Misamis Occidental State College, Repealing for the Purpose Republic Act No. 4941, and Appropriating Funds Therefor (Approved on April 12, 2019)

RA 11220

An Act Separating the Southern Philippines Agri-Business, Marine and Aquatic School of Technology (SPAMAST) - Digos City Campus in the City of Digos, Davao Del Sur, From the SPAMAST in the Municipality of Malita, Davao Occidental, and Converting It into a State College to be Known as the Davao Del Sur State College, and Appropriating Funds Therefor (Approved on February 21, 2019)

RA 11283

An Act Converting the Camarines Sur Polytechnic Colleges in the Municipality of Nabua, Province of Camarines Sur into a State University to be Known as the Polytechnic State University of Bicol, and Appropriating Funds Therefor (Approved on April 12, 2019)

RA 11336

An Act Converting the Carlos Hilado Memorial State College in the City of Talisay, and All Its Satellite Campuses Located in the City of Bacolod and in the Municipality of Binalbagan, All in the Province of Negros Occidental, into a State University to be Known as the Carlos Hilado Memorial State University, and Appropriating Funds Therefor (Approved on April 26, 2019)

RA 11284

An Act Converting the Northern Bukidnon Community College in the Municipality of Manolo Fortich, Province of Bukidnon, into a State College to be Known as the Northern Bukidnon State College, and Appropriating Funds Therefor (Approved on April 12, 2019)

RA 11334

An Act Converting the Marinduque State College in the Municipality of Boac, Province of Marinduque into a State University, to be Known as the Marinduque State University, and Appropriating Funds Therefor (Approved on April 26, 2019)

RA 11335

An Act Converting the Guimaras State College in the Province of Guimaras, into a State University, to be Known as the Guimaras State University, and Appropriating Funds Therefor (Approved on April 26, 2019)

RA 11399

An Act Converting the Camarines Norte State College in the Municipality of Daet, Province of Camarines Norte into a State University to be Known as the University of Camarines Norte, and Appropriating Funds Therefor (Approved on August 22, 2019)

A. Features

RAs 11171, 11186, 11187, 11220, 11282, 11283, 11284, 11334, 11335, 11336, and 11399 separate and/or convert/establish certain educational institutions into state colleges and/or universities.

The Governing Board/Board of Regents/Board of Trustees of the College/University is authorized by the laws to receive in trust legacies, gifts and donations of real and personal properties of all kinds, and to administer and dispose of the same when necessary for the benefit of the College/University subject to the limitations, directions and instructions of the donor, if any.

The tax provisions mostly provide that the importation of economic, technical and cultural books or publications, which are for economic, technical, vocational, scientific, philosophical, historical or cultural purposes made by the Colleges/Universities upon certification by the CHED, shall be exempt from customs duties in accordance with the provisions of RA 10863, or the CMTA. Further, all grants, bequests, endowments, donations, and contributions made to be used actually, exclusively and directly by the college or university shall be exempt from the donor's tax and the same shall be considered as allowable deductions from the gross income in the computation of the income tax of the donor, in accordance with the provisions of the NIRC of 1997, as amended.

In addition, RA 11220 provides that:

a. All revenues and assets of the College used exclusively and solely for educational purposes or in furtherance thereof shall be exempt from all taxes and duties;

b. The College shall be exempt from the VAT as provided for in Section 109(1)(h) of the NIRC of 1997, as amended; and

c. All educational monetary awards shall be exempt from income tax as prescribed in Section 32(B)(7)(c) of the NIRC of 1997, as amended.

On the other hand, the parity clause provides that all other powers, functions and privileges, responsibilities and limitations to state universities/colleges and their officials under existing laws shall be deemed granted to or imposed upon the university/college and its officials, whenever appropriate.

B. Implications

The provision of the subject RAs authorizing the governing Board/Board of Regents/Board of Trustees of the College/University to receive in trust, legacies, gifts and donations of real and personal properties of all kinds, and to administer and dispose of the same when necessary for the benefit of the College/University subject to the limitations, directions and instructions of the donor, if any, mirrors Section 4(c) of RA 8292[31], or the "Higher Education Modernization Act of 1997".

Likewise, the tax provision exempting from donor's tax all grants, bequests, endowments, donations, and contributions made to be used actually, exclusively and directly by the college or university and making it deductible from the gross income of the donor is consistent with Article XIV, Section 4(4) of the 1987 Philippine Constitution which provides that "subject to conditions prescribed by law, all grants, endowments, donations, or contributions used actually, directly, and exclusively for educational purposes shall be exempt from tax". The tax provision is also in harmony with Sections 101(A)(1) and 101(B)(1) of the NIRC of 1997, as amended, which provide that donations made to or for the use of the national government or any entity created by any of its agencies which is not conducted for profit, or to any of its political subdivision shall be exempt from the donor's tax.

Moreover, the deductibility of grants, endowments, donations, or contributions from the gross income of the donor is aligned with Section 34(H)(2)(a) of the Tax Code which allows for the full deductibility from gross income of donations made to the government of the Philippines, or to any of its agencies or political subdivisions, including fully-owned government 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 the NPP determined by the NEDA.

It should be mentioned, however, that to be entitled to the full deductibility of donations, activities by the said educational institutions should be listed as a priority activity under the NPP, otherwise, it shall be subject to the limitations under Section 34(H)(1) of the NIRC of 1997, as amended. For non-priority activities of the government, the allowable deduction should not exceed 10% in the case of individuals, or 5% for corporations, of the taxpayer's taxable income derived from trade, business or profession as computed without the benefit of deductions. It is, therefore, deemed that the tax provision of the laws on the exemption from the donor's tax of grants,

[31] Entitled, "An Act Providing for the Uniform Composition and Powers of the Governing Boards, the Manner of Appointment and Term of Office of the President of Chartered State Universities and Colleges, and for Other Purposes", approved on June 6, 1997.

bequests, endowments, donations and contributions to be made to the Colleges/ Universities and its deductibility from the gross income of the donor will encourage philanthropy in favor of the state university/college as potential donors will no longer be burdened by a tax on their generosity.

On the tax exemption of the colleges/universities from customs duties for the importation of economic, technical and cultural books or publications, which are for economic, technical, vocational, scientific, philosophical, historical or cultural purposes, as certified by the CHED is consistent with Section 800(t), Chapter I, Title VIII of the CMTA. Similarly, this tax treatment is aligned with the Agreement on the Importation of Educational, Scientific and Cultural Materials, also known as the Florence Agreement, to which the Philippines is a signatory on August 2, 1952.

Under the Florence Agreement, no customs duties or any other charges, including VAT, shall be applied to imported educational, scientific, and cultural materials. The agreement covers books, publications, and documents, including music sheets, maps, and charts, works of art and collector's pieces, visual and auditory material, scientific instruments or apparatus, and articles for the blind, except, publications that are essentially for advertising purposes. The said customs duty exemption of the concerned colleges/universities will enable them to use their money for other needs instead of paying duties on their importations.

Moreover, educational institutions are also exempt from the payment of real property tax on all lands, buildings, and improvements actually, directly, and exclusively used for educational purposes pursuant to Section 234(b) of the Local Government Code of 1991.

The provision of a parity clause in each law ensures equal or uniform treatment of colleges/universities with respect to their rights and privileges enjoyed and to the limitations, obligations, and responsibilities they are accountable for.

Chapter 2
MAJOR STUDIES AND OTHER RESEARCHES

1. A Review of the Taxation of Collective Investment Schemes in the Philippines (CIS)

This paper provides basic information on the country's CIS namely, mutual fund (MF), unit investment trust fund (UITF), and variable-unit linked (VUL) insurance. This paper outlines their current and proposed taxation under Package 4 of the Comprehensive Tax Reform Program (CTRP).

A CIS refers to any arrangement whereby funds are solicited from investing public and pooled together for the purpose of investing, re-investing, and/or trading in securities or other assets of different classes thereof as allowed under existing laws.

The total value of CIS in the country continuously increased from P817 billion in 2013 to P1.4 trillion in 2017, registering an average annual growth of 15%. During the same period, almost two-thirds (62%) of the total value of CIS came from UITF, followed by VUL (35%), and MF (3%).

The VUL is the most favored investment scheme in the country as determined by the number of policies issued by the insurance companies. On the average, the number of policies issued in VUL represents 41% of the total CIS, followed by UITFs with 31%, and MFs with 28%.

All MF shares are subject to the documentary stamp tax (DST) as these are considered as shares of stock or equity securities. The original issuance of a share of stock is subject to a DST of P2.00 for every P200.00, or fractional part thereof, or 1% of par value (face value) pursuant to Section 174 of the National Internal Revenue Code (NIRC) of 1997, as amended by Republic Act (RA) No. 10963, or the TRAIN law.

The UITF, on the other hand, is subject to a DST of P30.00 for the issuance of a certificate under Section 188 of the Tax Code. In lieu of certificates, confirmation of participation/contribution may instead be issued if the same is in the form of electronic document that conforms to the Implementing Rules and Regulations of RA 8792, otherwise known as the "Electronic Commerce Act".

For VUL, the life insurance policy issued is levied a DST ranging from P20.00 to P200.00, depending on the amount of insurance those below P100,000 is exempt pursuant to Section 183 of the Tax Code.

The taxation of income derived from the investments of MFs, UITFs, and VULs is subject to a final tax (FT) which ranges from 0 to 20%, depending on the type of security as well as the type of passive income (interests, dividends, capital gains).

On business taxes, MF companies which are registered as non-bank financial intermediaries with quasi-banking function, are subject to 7% gross receipts tax (GRT) on net-trading gains on foreign currency, debt securities, derivatives and other similar financial instruments under Section 121 of the NIRC of 1997, as amended, while those without quasi-banking function are subject to 5% GRT under Section 122 of the same Code.

The UITF is considered a revocable trust[32] since it is only a pass-through entity and is not considered separate from the owner-trustor. Hence, income derived from revocable trust is exempt from the GRT.

Pursuant to Revenue Memorandum Circular (RMC) No. 49-2010, investment income earned by life insurance companies from investing the premiums received in marketable securities, bonds and other financial instruments is considered exempt from the imposition of business tax.

Gains realized by investors from the redemption of their shares in an MF company are not included in their gross income and are therefore tax exempt (Section 32(B)(7)(h) of the NIRC of 1997, as amended). In the case of UITFs, there is no specific tax provision dealing exclusively with redemption gains. Under RMC Nos. 59-08 and 49-10, gains realized by the policy holder/investor from redemption of units in the VUL are subject to regular personal income tax.

[32] A revocable trust is where the provisions can be altered or canceled dependent on the grantor/trustor.

The proposed reforms on the taxation of CIS under House Bill No. 8645 in relation to Package 4 of the CTRP include the following: a) on business structure, the contractual CIS, such as the UITF and VUL, will be required to register with the Bureau of Internal Revenue (BIR) and get a separate tax identification number in order to avoid ambiguity in the tax administration of CIS; b) **on original issuance of shares of stock and units of participation, a** single DST rate of 0.75% of par value will be imposed. In the case of CIS without par value, the DST will be based on the initial net asset value per unit. The proposal addresses the uneven DST treatment of such CIS that affects the competitiveness of one over the other; c) **on income received**, it proposes to rationalize the different final tax rates on passive income wherein a single FT rate of 15% will be imposed regardless of whether said income is in the form of interest income, dividends, and capital gains (on the sale of shares of stock and debt instruments not traded through the local exchange); and d) **on redemption gains** it intends to broaden the tax exemption by adopting the term "*collective investment schemes*" in lieu of *mutual fund*. Thus, redemption gains from all forms of CIS will be exempted from the income tax.

The inclusion of CIS in the reforms under Package 4 of the CTRP is expected to make taxes imposed thereon to be equitable across all investors and local capital market will develop more efficiently and become regionally competitive.

2. A Review of the Taxation of the Philippine Mining Industry

This paper discusses the present state of the Philippine mining industry, its vital role in the country's economic development particularly in terms of generating revenues for the government through taxes, providing employment opportunities, and in building up the country's gross international reserves (GIR) through the industry's mandated sale of gold to the Bangko Sentral ng Pilipinas (BSP).

RA 7942, also known as the "Philippine Mining Act of 1995", is the governing law that regulates mineral resources development in the country. Its primary objective is to revitalize the Philippine mining industry by providing fiscal reforms and incentives, while maintaining the viable inventory of minerals to sustain the industry.

RA 7076, otherwise known as the "People's Small-Scale Mining Act of 1991", is the special law on small-scale mining. The law intends to generate more employment opportunities and provide an equitable sharing of the nation's wealth and natural resources through the implementation of the People's Small-Scale Mining Program. It also requires small-scale miners to "pay all taxes, royalties or government production shares as may be provided by law". Section 18 of the law further states that the revenue to be derived by the government from the operation of the said program shall be subject to the sharing provided in the Local Government Code (LGC). The law also mandates small-scale miners to sell all the gold they produce to the BSP which shall buy it at prices competitive with those prevailing in the world market, regardless of volume or weight as provided under Section 17.

As of January 31, 2019, there were 362 approved and registered mining rights issued by the Philippine government, of which 82% of the 699 hectares mining area were under a mineral sharing production agreement (MPSA) and 14% were under financial technical assistance agreement (FTAA).

For the period 2009-2018, the average gross value added (GVA) of the mining industry was P87.7 billion, translated to 0.72% of the gross domestic product (GDP). This indicated a low contribution of the industry to the economy. For the 10-year average, metallic mining made up 60.5% of the total GVA in mining industry, while the remaining 39% was from non-metallic mining.

Meanwhile, employment in mining and quarrying averaged 219,000 annually, representing 0.6% of the total employment in the country for the period 2009-2017.

In terms of production value, the total average for large scale mining accounted for 61.2% or P94.5 billion for the period 2009-2017. This was followed by non-metallic mining at 28.8% or P43.8 billion, while small-scale gold mining shared at 10.0% or P13.6 billion.

Gold production volume of small-scale mining showed a downward trend from 28,102 kilogram (kg.) in 2009 to only 486 kg. in 2017. Meanwhile, gold production in large-scale mining remained in the upward trend except in 2017 when it posted a negative growth of 1.1%.

With regard to gold sold to the BSP, the volume of gold purchased for the period was generally on the downtrend from 28,102 kg. in 2009 to 457 kg. in 2017.

The BSP buys gold as part of its international reserves, as gold represents the ultimate form of payment in the world. The GIR is the main indicator of the country's liquidity and ability to pay for the import and service foreign obligations. It consists of holdings of gold, special drawing rights, foreign investments, and foreign exchange, including Reserve Position in the Fund.

Various proposals were filed in Congress seeking to amend the present mining fiscal regime and certain tax provisions under the NIRC of 1997, as amended. The proposals include: (a) imposing royalty to all metallic and non-metallic mining operations, new fiscal regime and revenue sharing covering large-scale mining;

(b) increasing the excise tax from 2% to 7% on mineral products; and (c) strengthening the country's GIR by exempting small-scale mining from income and excise taxes.

While mining has the potential to become a highly profitable industry and beneficial to all stakeholders, there is a need to formulate and implement an effective socio-economic policy. The inadequacies in regulation and inconsistencies in fiscal policies stalled the development of the mining industry. Hence, the combined efforts of the government and the mining sector are essential in order to boost economic growth and at the same time safeguard the environment and the rights of affected communities.

3. Analysis of the Revenue Performance of Local Taxes on Real Properties CY 2012-2016

This paper reviews the revenue performance of local taxes on real properties for the period 2012-2016.

Under the LGC of 1991, as amended, LGUs generate revenue from external and local sources. Local revenues comprise those coming from property taxes, business taxes and other locally imposed taxes as well non-tax revenues. Revenues from external sources are taken from internal revenue allotment, share from the utilization of national wealth, grants and aid, and other shares from national taxes as provided under special laws.

Local property taxes are imposed on all forms of real property such as land, buildings, improvements and machinery, except real properties owned by the government, charitable institutions, churches, cooperatives, and those that are used in the supply and generation of water and electric power as well as equipment for pollution control and environmental protection. The property related taxes include basic real property tax (RPT), special education fund (SEF) tax, idle land tax (ILT), special assessments/levy, tax on the transfer of real property ownership (transfer tax), and socialized housing tax (SHT).

From 2012-2016, revenues from property taxes increased at an annual average rate of 10.59% of the total local government revenues from all sources. The average annual growth rate for all property taxes significantly increased during the period, of which the dual category of special assessments tax and SHT registered the highest rate of 77.34%. The collection from special assessment includes collection from SHT, which explains the sudden increases in collection. It is also observed that the SHT has not been a significant source of local revenues with its average contribution to total property tax revenue of less than 1%. The other property-related taxes also grew at almost the same rates, i.e., 14.07% for the transfer tax, and 14.30% for the ILT. This means that property tax revenue was able to keep up with the changes in national income.

The basic RPT and SEF taxes were the main revenue sources of LGUs or a combined share of 91.06% of total property tax revenues. On the other hand, transfer tax contributed 7.93%, while special assessments and the ILT made meager contributions of only 0.48 % and 0.53%, respectively.

The revenue from RPT increased from P19.02 billion in 2012 to P24.69 billion in 2016. During the period, the tax contributed an average of P21.85 billion annually or 44.65% of total real property revenue. In terms of annual growth, the basic RPT peaked at 11.64 % in 2014 before it went down to 7.30% in 2015 and 4.22% in 2016.

The SEF tax, which accounted for an average of 46.42% of total property taxes, increased from P19.82 billion in 2012 to P25.65 billion in 2016 or an average growth rate of 6.63%.

Collections from local transfer tax showed an increasing trend from P2.84 billion in 2012 to P7.75 billion in 2016.

The SHT revenue was lumped with the special levy assessment tax, which was only imposed by certain cities, one of which was Quezon City which contributed the highest SHT collections from 2012, 2014, and 2016. Quezon City collected P145.24 million in 2012, P194.65 million in 2013, P89.40 million in 2014, and P161.50 million in 2016. There was no collection in 2015 due to the temporary restraining order issued by the Supreme Court. In 2016, Quezon City resumed the SHT collection after the high court ruled out that the collection of SHT are constitutional.

On the other hand, revenue generated from ILT increased from P190 million in 2012 to P320 million in 2016. The number of reported collections from ILT were mainly from cities, with an average of P261.52 million for the period. While it has one of the highest average growth rates at 14.30%, its average total contribution to total property taxes was only 0.53%. The non-imposition of the tax by some LGUs has been attributed to: (a) lack of appropriate guidelines for its implementation; and (b) lack of a definite criterion on what is an “idle” land.

Overall, the implementation of property-related taxes in the Philippines still needs to be enhanced. While the tax collection generally experienced growth during the period 2012-2016, the LGUs still have not harnessed their full potential of increasing revenues, specifically property taxes.

To increase revenue collections in property taxes, the LGUs should implement reforms by minimizing the political influence in the valuation process, establishing a complete real property database and digitizing assessment and collection records of taxpayers, among others.

4. Administration of the Road Tax Among the ASEAN and Other Selected Countries

This paper discusses the present administration and disposition of the Motor Vehicle User's Charge (MVUC) among ASEAN and other selected countries to serve as input to policymakers in introducing changes in the management of the proceeds of the MVUC/road tax.

The MVUC is considered a road tax imposed in the Philippines pursuant to RA 8794, as amended. The Land Transportation Office (LTO) is the authorized agency to collect the MVUC from the owners of motor vehicles across the country.

The MVUC was enacted primarily to respond to the challenge of meeting the country's exigencies on road construction and maintenance by upgrading the existing annual motor vehicle registration imposition as a means of financing the burgeoning road infrastructure expenditures. Prior to its amendment by RA 11239[33], Section 7 of RA 8794 mandated the MVUC collection to be earmarked to and be exclusively used as follows:

a. Special Road Support Fund (SRSF) for road maintenance and the improvement of the road drainage of national primary and secondary roads;

b. Special Local Road Fund (SLRF) for maintenance of local roads, traffic management and road safety devices;

c. Special Road Safety Fund (SRSaF) for the installation of traffic signs, pavement markings, and safety devices; and

[33] Entitled, "An Act Abolishing the road Board and Providing for the Disposition of the Motor Vehicle User's Charge Collections, Amending for the Purpose Republic Act No. 8794, Entitled, "An Act Imposing a Motor Vehicle User's Charge on Owners of All Types of Motor Vehicles and for Other Purposes", approved on March 8, 2009.

d. Special Vehicle Pollution Control Fund (SVPCF) for the air pollution control.

The agency responsible for the SRSF, SLRF, and SRSaF is the Department of Public Works and Highways (DPWH) while the SVPCF is under the Department of Transportation (DOTr)

The Road Board was organized under RA 8794 in order to implement the prudent and efficient management and utilization of the special funds. However, by virtue of RA 11239, the Road Board was abolished. Under the new law, all monies collected from the MVUC shall be remitted to the National Treasury under a special account in the General Fund to be earmarked solely for the construction, upgrading, repair, and rehabilitation of roads, bridges, and road drainage to be included in the General Appropriations Act. The agencies that are tasked to craft the implementing rules and regulations are the DBM, DPWH, and the DOTr which may include structural and procedural improvement in the systems and agencies concerned to ensure the prudent, wise, effective, and efficient utilization of the special funds.

In terms of the projects funded from the MVUC collections, a total of 3,157 projects together with the routine maintenance of national roads and bridges in Metro Manila and other parts of the country amounting to over P56 billion[34] had been funded from CYs 2013-2017. During the period covered, the most number of projects financed was the SRSF with 1,930 projects costing over P46 billion.

All ASEAN member-countries impose a road tax. In the Philippines, Brunei, Cambodia, Lao PDR, Myanmar, Singapore, Thailand, and Vietnam, the road tax is imposed by the national government (except road tax for motorcycles in Vietnam wherein Local People's Councils in provinces and cities determine their own rates that fit their social economic characteristics). On the other hand, road tax in Malaysia and Indonesia is imposed by the regional and the provincial, district or city government, respectively.

Road tax collection accrues to the general fund in Brunei, Cambodia, Indonesia, Lao PDR, Myanmar, and Singapore. In contrast, collection from the road tax is earmarked to special funds in the Philippines (SRSF, SLRF, SRSaF and SVPCF), Indonesia (Road Preservation Fund), Malaysia, and Vietnam (Road Maintenance Fund). Earmarked funds in the aforementioned countries are utilized for the road construction and maintenance, road safety projects, and pollution

[34] Inclusive of the Road Board's Operating Fund for the years covered.

control.[35] Lao PDR and Cambodia, despite not earmarking their road tax collections to a special road fund, have established a special fund for road construction and maintenance.

In general, the earmarked fund is administered by the government agency responsible for road infrastructure development (e.g., Malaysia - Road Transport Department; Vietnam – Road Directorate's Road Maintenance Department; New Zealand - NZ Transport Agency). Indonesia is the only ASEAN country which established a separate government entity (Road Fund Board) tasked to manage the Road Preservation Fund. In the Philippines, it is the DPWH that manages the earmarked MVUC proceeds for road infrastructure after the abolition of the Road Board.

Collections from road taxes and other motor vehicle related impositions and fines of other ASEAN member-countries, like Brunei, Cambodia, Lao PDR, Myanmar, Singapore, and Thailand, accrue to the general fund and the funding for road infrastructure is coursed through annual budget appropriations.

Road taxes remain the main source of revenue to provide sufficient and sustainable funding for the construction and maintenance of road networks, especially to countries which specifically earmarked this fund source. The effective and efficient administration and disposition of the MVUC are essential in maintaining road networks, addressing traffic congestion, and air pollution among others.

5. Profile Study of the Integrated Resort Industry in the Philippines

This paper presents the profile of the integrated resort (IR) industry in the country as well as the taxes imposed thereon.

In general, an IR is composed of the gaming (casinos, slot machines table games) and the non-gaming components (hotels, food and beverage, shopping mall, convention center, and entertainment shows) (Ahn & Ki-Joon, 2018). It is designed to meet all the needs of local and foreign tourists under an all-in-one comprehensive entertainment center.

[35] "The use of MVUC funds for other purposes is evident in the utilization by the implementing agencies of about P297.58 million for administrative and miscellaneous expenses contrary to the provisions of RA 8794 requiring funds to be used exclusively for road maintenance and safety projects, and air pollution control programs." (COA, 2009).

The Philippine Amusement and Gaming Corporation (PAGCOR) monitors and regulates the gaming component of the IR while the Department of Tourism (DOT) is mandated to enforce a comprehensive system of mandatory and voluntary accreditation for primary and secondary tourism enterprises[36] for the issuance of a license or permit to operate in accordance with RA 9593, otherwise known as "The Tourism Act of 2009".

There are five IRs in the Philippines, four of which are already operating while the fifth IR is expected to start by 2021.

Although the concept of IR industry is fairly new in the country, it has already made a significant contribution to the economy. Total gross revenues increased from P91 billion in 2016 to P139 billion in 2018, wherein 90% came from their gaming segment and the rest from non-gaming.

As PAGCOR's licensee, the income of an IR from its gaming operations is subject to the 5% franchise tax, while income from other related services is subject to the 30% corporate income tax (CIT).

The investors in IR are entitled to fiscal incentives upon registration with either the Philippine Economic Zone Authority (PEZA) or the Tourism Infrastructure and Enterprise Zone Authority (TIEZA). Although both investment promotion agencies (IPAs) are marketing two services with the same target market, PEZA's jurisdiction covers enterprises located in economic zone as well as those who seek to register a new economic zone, while TIEZA's jurisdiction is over the establishment of tourism enterprise zone as prescribed under the Tourism Act of 2009.

The fiscal incentives under the PEZA include a four-year income tax holiday (ITH); 5% special tax on gross income earned (GIE), in lieu of all national and local taxes; tax-and duty-free importation of capital equipment; value-added tax zero-rating on local purchases of goods and services including land-based telecommunications, electric power, and water bills; and exemption from expanded withholding tax.

[36] Primary tourism enterprises include hotels, resorts, and other accommodation establishments, MICE (meetings, incentives, conferences and exhibitions) facilities, and tourism estate management services. On the other hand, secondary tourism enterprises refer to facilities and services that may be related to tourism such as, but not limited to, restaurants, specialty shops and department stores, sport facilities, recreational centers (museums and galleries, theme parks, zoos), and health and wellness facilities.

On the part of the TIEZA, the tax incentives of IRs are under RA 9593, as amended by RA 11262[37]. These include six-year ITH which may be extended up to maximum of six years; 5% GIE, in lieu of all national and local taxes, except real estate tax and fees as may be imposed by the TIEZA; tax- and duty-free importation of goods actually consumed in the course of services rendered; and tax credit equivalent to all national internal revenue taxes paid on all locally-sourced goods and services.

The IR industry is also becoming a trend in other ASEAN countries, i.e., Malaysia, Singapore, Vietnam, and Macau. Although predominantly Muslim countries do not allow their citizens to gamble, some allow their foreign tourists to engage in gambling activities given that casino gaming has proven to be a good revenue source for the government.

The establishment of IRs in the Philippines is considered as a larger spectrum of tourism product that is viewed to enhance the country's destination appeal. The boost in tourism generated by the industry is helping the economy in terms of investment, revenues, and job creation. On the other hand, it is the duty of the government to ensure that the country's business environment would remain attractive with all the fundamental economic and regulatory policies in place. There is a need for all the business components of the IRs, most especially their casinos, to be mandatorily accredited by the DOT before they continue operating. This is to ensure the safety, comfort, and convenience of every tourist.

The current policy of the government is to improve the competitiveness of the tax system by modernizing tax incentives packages. The existence of various IPAs strategically located around the country has practically turned the entire country to an economic zone. Thus, there is a need to rationalize the grant of incentives via the passage of Package 2 of the CTRP which aims to put all tax incentives under one guiding law to make it more organized.

6. Profile and Taxation of Philippine Offshore Gaming Operations (POGO)

This paper presents the profile of the POGO industry as well as the taxes, fees and charges imposed thereon as inputs to fiscal policy makers.

The POGO refers to an entity which provides and participates in offshore gaming services, i.e., provides the game to players, takes the bet and pays players'

[37] Entitled, "An Act Amending Sections 85 and 103 of RA 9593, Otherwise Known as the "Tourism Act of 2009", approved on April 10, 2019.

winnings. A licensee is a POGO duly licensed and authorized by the PAGCOR to provide offshore gaming services.

Pursuant to Presidential Decree (PD) 1869[38], as amended by RA 9487[39], the PAGCOR, has the authority and power to authorize, license and regulate games of chance, games of cards and games of numbers within the territorial jurisdiction in the Philippines, excluding authorized, licensed and regulated by, in and under existing franchises or other regulatory bodies, special laws, and LGUs.

The Cagayan Economic Zone Authority (CEZA), the Aurora Pacific Economic Zone and Freeport Authority (APECO), and the Authority of the Freeport Area of Bataan (AFAB) are likewise granted by their respective charters the authority to directly operate, or license others to operate, gambling casinos in their respective special economic zones.

As of 2018, PAGCOR had issued a total of 56 POGO licenses, 24 of which have purely e-casinos, 15 are purely sports-betting operations, one has sports-betting on regulated wagering events, and 16 have e-casino and sports betting operations (PAGCOR, 2018).

One of the advantages of putting up an offshore gaming in the Philippines is that it is a legal and licensed activity in the country. Hence, it ensures that online games are properly regulated and monitored by competent regulating bodies.

Pursuant to BIR RMC No. 102-2017, the operations or activities of POGO and/or other entities shall be taxed as follows:

(a) The entire gross gaming receipts/earnings or the agreed or pre-determined minimum monthly revenues/income from gaming operations under existing rules, whichever is higher, shall be subject to a franchise tax of 5%, in lieu of all kinds of taxes, levies, fees or assessments of any kind, nature or description;

(b) Income from other related services (income from non-gaming operations) shall be subject to regular income tax, VAT and other applicable taxes, as may be deemed appropriate;

[38] Entitled, "Consolidating and Amending Presidential Decree Nos. 1067-A, 1067-B, 1067-C, 1399 and 1632, Relative to the Franchise and Powers of the PAGCOR", signed on July 11, 1983.

[39] Entitled, "An Act Further Amending Presidential Decree No. 1869, Otherwise Known as PAGCOR Charter", approved on June 20, 2007.

(c) A license deriving income from both gaming operations and from other related services shall be subject to 5% franchise tax on its gaming revenues and regular income tax, VAT and other applicable taxes on its non-gaming revenues;

(d) Other entities, specifically including the gaming agent, service provider, and gaming support provider, who is also a POGO licensee, shall be taxed 5% franchise tax on its gaming activities and subject to the normal tax rate and other appropriate taxes on its non-gaming operations. Other entity, which is not a POGO licensee, deriving or earning only income from other related services or from non-gaming operations shall be subject to regular income tax, VAT and other applicable taxes on its entire revenues;

(e) Income payments made by POGO licensees or any other business entity licensed or authorized by the PAGCOR for all their purchases of goods and services shall be subject to withholding taxes as may be appropriate and applicable;

(f) Compensation, fees, commissions or any other form of remuneration as a result of services rendered to POGO licensees or any other business entity licensed by the PAGCOR shall be subject to applicable withholding taxes under existing revenue laws and regulations; and

(g) Purchases (local and imported) and sale (local or international) of goods (tangible or intangible) or services shall be subject to existing laws and revenue issuances, as may be applicable.

As to fees and charges, the POGO licensees duly licensed and authorized by the PAGCOR must pay the following (PAGCOR, 2018):

Applicable fees	e-Casino	Sports betting In US dollar (Philippine Peso)	Sports betting on related wagering events
	US$150,000	US$120,000	US$120,000
	PhP7.84 million	PhP6.27 million	PhP6.27 million
	US$200,000	US$150,000	US$150,000
	PhP10.45 million	PhP7.84 million	PhP7.84 million
	US$300,000	US$300,000	US$300,000
	PhP15.68 million	PhP15.68 million	PhP15.68 million

[1/] - Converted using the May 2019 Average Peso per US Dollar Exchange Rate PhP52.26/US$1), BSP.

Gaming agents, gaming software or platform providers, gaming support providers, call centers, and data/content streaming providers of offshore gaming operators in the country are liable to the following PAGCOR fees to cover probity cost and site visit, as necessary (PAGCOR, 2018).

Particulars	Application and Processing fees (In US dollar)	Renewal Fee (triennial) (In US dollar)	Peso Equivalent[1/] (in million)
Local agent accreditation	60,000	60,000	3.14
Special Class BPO	300,000	300,000	15.68
Customer relations service provider	150,000	150,000	7.84
Live studio and streaming provider	20,000	120,000	6.27
Gaming software/platform provider	20,000	120,000	6.27
IT provider	60,000	60,000	3.14
Strategic support service provider	30,000	30,000	1.57

[1/] - Converted using the May 2019 Average Peso per US Dollar Exchange Rate (PhP52.26/USD1), BSP.

Licensees, agents and service providers shall renew their licenses, accreditation and registration yearly and must comply with the requirements for renewal at least a month prior to the expiration subject to a fee similar to their application and processing fees.

Although considered to be a new gambling activity in the country, offshore gaming is proving to be a promising revenue generating industry. However, the industry has yet to reach its fullest potential and still has enough elbow room for growth and improvement in terms of tax collection, safeguards, audit, among others.

Nonetheless, given the advantages of the Philippines in terms of responsibility of office space, labor, tax incentives, and technology, it is not farfetched that the country would be a major player in offshore gaming industry worldwide.

7. Buoyancy and Elasticity of Taxes on Net Income and Profits: CY 1998-2018

This paper analyzes the responsiveness of taxes on net income and profits (NI&P) to increases in national income and to discretionary changes from 1998 to 2018. It likewise examines the revenue performance of income taxes in general.

Elasticity measures the responsiveness of tax revenue to changes in income also referred to as automatic growth of the tax yield. Buoyancy, on the other hand, measures the responsiveness of tax revenue to the combined effects of changes in income and of discretionary changes which include, among others, changes in tax rate and base, imposition of new taxes, and major changes in tax administration.

From 1998 – 2018, over half (53%) of the total collection from taxes on NI&P came from corporations; 35% from individuals; and 12% from final withholding tax (FWT) on interest income from bank deposits and treasury bills/bonds. Tax collection from corporation includes corporate income tax and withholding tax at source, while tax collection from individuals includes income taxes from compensation income earners, business/professional income earners, and capital gains tax (CGT).

During the period under review, the total tax collection on NI&P continuously grew from P183.91 billion in 1998 to P1.04 trillion in 2018, registering an annual average growth rate of 9.2%. In 2018, the aggregate collection still increased despite of the changes made to personal income tax (PIT) by the TRAIN law.

Overall collection of the PIT grew from P59.23 billion in 1998 to P363.79 billion in 2018. In particular, income tax on compensation grew at an average annual rate of 8.75%, i.e., from P48.27 billion in 1998 to P231.04 billion in 2018. However, in 2018, it recorded a 27% decrease due to the combined effects of the exemption of taxpayers with P250,000 annual net taxable income and increase in the tax-exempt ceiling (13th month pay and other benefits) from P82,000 to P90,000.

Meanwhile, business and professional income tax posted a relatively lower average growth rate of 16.9% due to decreases in 2001 (30.5%), 2002 (3.2%), 2006 (10.7%), and 2008 (0.5%). It should be noted that collection from this source increased to more than double from P52.23 billion in 2017 to P132.75 billion in 2018 due to the impact of the tax schedule for self-employed and professionals.

Tax collection on capital gains of individuals had been erratic from 1998 to 2009 until it continuously posted increases from 2010 to 2018. The FWT on interest income showed an erratic trend with the biggest slump in 1999 (21.5%) and the highest increase in 2001 (32.3%).

Statistical results showed that the buoyancy coefficient of taxes on NI&P was estimated at 1.10 from 1998 to 2018. Removing the effects of the discretionary changes, the elasticity measure went up to 1.38 which means that for every 1% increase in GDP, the automatic growth rate in NI&P grew higher relative to GDP.

By type, total taxes from corporations were found to be buoyant (1.50) and elastic (1.28). It is estimated that 85% of its growth was attributable to the changes in income while the remaining 15% was to discretionary changes. In case of the PIT, the growth in collection was attributable solely to changes in income. Both compensation income tax and business/professional income were found to be inelastic at 0.94 and 0.64, respectively. The inelastic structure of the income tax on compensation and business/professional income could be due to the failure to index the income tax schedule to inflation. The income of compensation wage earners, and self-employed and professionals were increasing during the period but the tax schedule remained at 1998 price level. It was only in 2018 that this was addressed by the TRAIN law.

8. Elasticity of Demand of Selected Excisable Products: CY 2008-2018

This paper estimates the price elasticity or the sensitivity of consumer demand of selected excisable products to changes in prices. The results of the estimates on alcohol, tobacco, petroleum, and automobiles may serve as inputs to proposals on restructuring the taxation of these excisable products.

The country's sin taxes had undergone several tax changes. The tax rates in alcohol and tobacco products increased by 8% in 2009 and 2011 via RA 9334, or the "Sin Tax Law of 2004".[40] In 2013, the passage of RA 10351[41], or the "Sin Tax Reform Act", as implemented by RR 17-2012[42], simplified the excise tax structure of sin products by increasing their tax rates and gradually shifting the excise taxation of fermented liquors and cigarettes to unitary tax system. Under RA 10963, or the "TRAIN law", tax on cigarettes increased from P30.00 per pack to P32.50 per pack starting January 1, 2018 and further increased to P35.00 starting July 1, 2018.

[40] Entitled, "An Act Increasing the Excise Tax Rates Imposed on Alcohol and Tobacco Products, Amending for the Purpose Sections 131, 141, 142, 143, 144, 145 and 288 of the National Internal Revenue Code, as Amended", approved on December 21, 2004 and took effect on January 1, 2005.

[41] Entitled, "An Act Restructuring the Excise Tax on Alcohol and Tobacco Products by Amending Sections 142, 143 144, 145, 8, 131 and 288 of RA 8424, Otherwise known as the National Internal Revenue Code of 1997, as Amended by RA 9334, and for Other Purposes", approved on December 19, 2012.

[42] Subject: Prescribing the Implementing Guidelines on the Revised Tax Rates on Alcohol and Tobacco Products Pursuant to the Provisions of RA 1351 and to Clarify Certain Provisions of Existing Revenue Regulations, issued on December 26, 2012.

In the case of petroleum products, RA 9337[43] reduced the tax rates of naphtha and regular gasoline from P4.80 per liter to P4.35 per liter, while excise taxes on kerosene, diesel, and bunker fuel oil were reduced to zero which were previously taxed at P0.60, P1.63, and P0.30 per liter, respectively. Under the TRAIN law, the excise tax on petroleum products were increased, specifically on naphtha and regular gasoline, from P4.35 per liter to P7.00 per liter. Meanwhile, products which were previously taxed at zero rate are now taxed as follows: kerosene, P3.00; diesel and bunker fuel oil, P2.50; and liquefied petroleum gas, P1.00.

Automobiles, on the other hand, were taxed in terms of their prices instead of engine displacement and fuel type since September 2003 via RA 9224[44]. In particular, it provided a tax schedule of four price brackets with rates ranging from 2% to 60%. In 2018, the TRAIN law restructured the said tax schedule and imposed tax rates ranging from 4% to 50% which are directly applied to the net manufacturer's price/importer's selling price instead of imposing marginal tax rates.

In terms of collection, over half (53%) of the total collection from domestic excise taxes came from tobacco; 29% from alcohol; 11% from petroleum; 2% from automobile; and the remaining 5% from other excisable products during the period under review. Also, in 2018 sugar-sweetened beverages (SSBs), and cosmetic surgery procedures were made subject to excise tax under the TRAIN law, thus, an additional P35.50 billion and around P4 million excise taxes were collected, respectively.

On prices, the average prices of each product used in this study were the average gross retail prices inclusive of taxes (excise and value added tax) and should be differentiated from the net retail price classification under the law.

In terms of price elasticity, the demand for cigarettes packed in 20s was price inelastic with a coefficient at 0.84 which implies that for every 1% increase in price, demand will only decline by 0.84% with income held constant. This result proved the addictive nature of cigarette smoking, thus, any attempt to increase price would only result to a minimal reduction in demand.

[43] Entitled, "An Act Amending Sections 27, 28, 34, 106, 107, 108, 109, 110, 111, 112, 113, 114, 116, 117, 119, 121, 148, 151, 236, 237 and 288 of the National Internal Revenue Code (NIRC) Of 1997, as Amended, and for Other Purposes", approved on May 24, 2005.

[44] Entitled, "An Act Rationalizing the Excise Tax on Automobiles, Amending for the Purpose the NIRC of 1997, and for Other Purposes", approved on August 29, 2003, effective immediately.

For alcohol products, fermented liquors were price elastic at 1.42, which means that a 1% increase in the price of beer reduces demand more proportionately with income held constant. Distilled spirits and wines, on the other hand, were inelastic at 0.96 and 0.12, respectively, implying that these products are unresponsive to changes in price.

Petroleum products, such as diesel, gasoline, and LPG were also found to be inelastic since these products are considered necessities. Price changes have little effect in their demand.

Demand for automobile was price inelastic at 0.87, which suggests that a 1% increase in price will only yield a minimal decrease in demand.

On income elasticity, coefficient signs for income elasticity of all products are positive which indicate that increase in income promotes increase in consumption of the products while holding the price constant. Positive income elasticity indicates normal good, while a negative value indicates an inferior good. Demand for excisable products, such as cigarettes, fermented liquors, diesel and automobiles, are income elastic, which means there is an increase in consumption for every increase in consumer's income. As for automobiles, a 1% increase in income might lead to a 2.73% increase in demand.

Income elasticity estimates for distilled spirits, wines, gasoline, and LPG appeared to be less than one which means a smaller degree of response to demand in case of changes in income. Moreover, income elasticity of gasoline seemed to be almost unitary elastic at 0.99, which means same consumption of the product regardless of changes in income.

9. Revenue Sources of Local Government Units in Federal Countries

The study examines the various revenue sources and tax assignments of different levels of government in federal countries that will focus on analyzing alignment of responsibilities and revenue raising powers of each level of government.

The concept of a federal government (FG) in the Philippines has long been envisioned and its primary goal is to strengthen decentralization, enhance local autonomy and increase access of local government resources.

At present, the national government collects the bulk of the revenue taxes. These include VAT, individual and corporate income taxes, excise taxes on alcohol, tobacco, and petroleum products, taxes on gross receipts of transportations, contractors and common carriers, estate taxes, DST, franchise tax in accordance to the provisions set forth under the NIRC of `1997, as amended, and tariffs on imports provided under the Customs Modernization and Tariff Act (CMTA), among others.

With the enactment of the LGC of 1991, greater power and additional roles and services were devolved to the LGUs. Local government revenues are derived from local and external sources. Locally-sourced revenues include property taxes, business taxes, and other locally imposed taxes as well as non-tax revenues from operating and miscellaneous revenues from fees and charges, and government business operations, capital revenues and receipts. External sources include share from the allotment to LGUs, shares from the proceeds derived from the development and utilization of national wealth, other shares from national taxes provided under special taxes, grants and aids. Each LGU level is bestowed with the power to create its own revenue sources and levy taxes, fees and charges.

Real property tax is an ad valorem tax on real properties such as land, buildings and other improvements and machineries imposed by provinces, cities and municipalities within the Metropolitan Manila Area (LGC, Section 266, 1991). In addition, they may levy and collect special educational fund tax, idle land tax, special levy tax, and tax on transfer of real property ownership. Provinces are also authorized to impose tax on business of printing and publication; sand, gravel and other quarry resources; delivery vans and trucks; amusement places; professional tax; community tax; and franchise tax.

Municipalities have a share in the proceeds on the taxes imposed by the province. Likewise, they may impose local business tax and such other fees and charges.

The city government may impose and collect any of the taxes, fees and charges imposed by the province and municipality. The rate of taxes may exceed the maximum rate allowed for the province and municipality by not more than 5%, except the rates of professionals and amusement taxes which are already fixed.

Meanwhile, barangays may impose a tax on stores or retailers with fixed business establishments with annual gross sales/receipts of P50,000 or less in the case of cities, and P10,000 or less in the case of municipalities, at a rate not exceeding 1% of gross sales/receipts.

Fiscal federalism deals with the division of governmental functions and revenue resources among levels of governments. It is assumed that a federal form of government can be efficient and effective in income distribution, allocation of resources and income stability. Generally, the FGs determine and distribute tax assignments among levels of government.

Most federal countries have shared taxes. The FG is generally legislated to collect taxes and distribute among the levels of governments. It follows a tax or sharing formula as to the amount of revenue share each subnational government shall receive (Anderson, 2010).

Tax sharing provides an established federal tax for allocation to the local governments as part of their revenues. The PIT, CIT, and VAT are shared taxes among federal countries. Australian states share all the federally levied and collected VAT. Tax revenue in Canada comes from shared taxation between the federal and provincial governments and own-source taxation at the municipal level. Fiscal sharing is considered as the main fiscal support of the central government to its constituent units. The subnational governments of Brazil and Malaysia rely heavily on tax sharing since the central governments exclusively impose the major taxes. Sharing arrangements in Brazil are derived from income taxes and selected VAT.

Under a federal form of government, each order of government is authorized to raise its own taxes, fees, and other charges within its jurisdiction. Own-source revenues can either be exclusive or concurrent. In some federations, federal government raise more revenues. There are cases that some federations rely heavily on shared taxes to fund the subnational government. Shared taxes are usually federally legislated and allocated general revenues to subnational governments.

Chapter 3
TECHNICAL ASSISTANCE TO CONGRESS AND VARIOUS AGENCIES

CONGRESS OF THE PHILIPPINES

18th Congress

Senate Bill (SB) Nos. 91 and 631
SB 384
An Act Abolishing the Philippine Travel Tax Imposed to Filipinos Departing From All International Airports and Seaports in the Philippines

SBs. 91, 384, and 631 proposed to:

a. Repeal the provision of laws relating to the authority to collect or receive funding from the travel tax, including but not limited to, Republic Act (RA) No. 1478, as amended, RA 7722, and RA 9593 which in effect will abolish the payment of travel tax (Section 1);

b. Refund the travel tax already paid and collected for flights that are scheduled on or after the effectivity of the Act (Section 2); and

c. Charge the amount necessary for the programs funded by the travel tax collection to the respective appropriations under the General Appropriations Act (GAA) of the Department of Tourism for the Tourism Infrastructure and Enterprise Zone Authority (TIEZA), the Commission on Higher Education (CHED) for the Higher Education Development Fund (HEDF), and the National Commission for Culture and the Arts (NCAA) for the National Endowment Fund for Culture and the Arts (NEFCA) (Section 3).

The travel tax plays an important role in funding the development and maintenance of tourism facilities and infrastructure wherein 50% goes to the TIEZA, 40% to the HEDF under CHED, and 10% to the NEFCA under the NCAA. Without the travel tax, the TIEZA would not be able to effectively carry out its mandate of supervising the tourism enterprise zones and tourism infrastructure projects to enhance the country's competitiveness as a major tourist destination.

The bills proposed for the abolition of the travel tax and charge the amounts necessary for the programs funded by the travel tax collection to their respective appropriations under the GAA of TIEZA, CHED for its HEDF, and NCAA for its NEFCA. Instead of an automatic earmarking through direct remittance to the Bureau of Treasury (BTr) of their respective shares of the travel tax, the amounts necessary for the programs would have to pass through the usual budget process, including the approval of Congress.

Under automatic earmarking, the percentage share of the respective agencies is already determined under the existing law, while under the budget appropriation, each agency needs to submit a proposal as to its estimated expenditures and would be subject to scrutiny through series of budget committee hearings and must be approved by Congress before it can be included in the GAA. With the proposal, the amounts allocated for the TIEZA, the HEFD, and the NEFCA would be subject to the discretion of Congress.

The proposed immediate refund of the travel tax already paid and collected for flights that are scheduled on or after the effectivity of the Act, the National Internal Revenue Code (NIRC) of 1997, as amended, provides that a claim for refund may be made if the tax has been erroneously or illegally assessed or collected, or the amount is in excess of what is due. Therefore, the grounds for refund were not present when the travel taxes were paid and collected in advance by the TIEZA.

SB 203
An Act Providing for a National Housing Development, Production and Financing Program, Regularizing its Appropriation for Its Implementation

SB 203 proposed to:

a. Exempt from the documentary stamp tax (DST), among others, bank transactions involving the purchase and sale of housing bonds, debentures, and such other similar instruments;

b. Exempt the National Home Mortgage Finance Corporation (NHMFC) from all national, provincial, municipal and city taxes on income derived from its governmental functions, specifically income from its activities of transactions in the exercise of its mandate; and

c. Extend to the private sector engaged in socialized and low-cost housing development including the construction and estate management of public rental housing all the incentives enumerated under Section 20 of RA 10884, or known as "The Balanced Housing Development Program Amendments".

At present, the DST on debt instruments is provided under Section 179 of the NIRC of 1997, as amended, where there shall be collected a DST of P1.50 on each P200.00, or fractional thereof, of the issue price of any such debt instrument. However, whenever one party to the taxable document enjoys exemption from the DST, the other party shall be the one directly liable for the tax. Hence, in this case, the buyer will be the one liable to the DST.

For policy consistency and fiscal transparency, similar to other GOCCs, the NHFMC should instead avail of the tax subsidy provision implemented by the Fiscal Incentives Review Board (FIRB) pursuant to the terms and conditions of EO 93 (issued December 17, 1986, effective March 10, 1987) and the annual GAA. Tax subsidy is a more practical alternative to broad/outright grant of tax exemption.

On the proposal to extend to the private sector engaged in socialized and low-cost housing development including the construction and estate management of public rental housing, Section 20 of RA 10884, already provides the incentives for developers engaged in mass/socialized housing.

SB 1599
Raising the Excise Tax on Tobacco Products and Amending for the Purpose Pertinent Sections of the National Internal Revenue Code, as Amended

SB 1605
Increasing the Excise Tax on Tobacco Products and Amending for the Purpose Section 145 of RA 8424, Otherwise Known as the National Internal Revenue Code of 1997, as Amended by RA 10351, and for Other Purposes

SBs 1599 and 1605 proposed to amend Sections 145(B) and 145(C) of the NIRC, as amended, by increasing the unitary cigarette excise tax to P60.00 and P90.00, respectively. The bills also proposed for an automatic annual adjustment of 9% in the tax rate starting January 1, 2019 to generate revenue to fund primarily health care system and/or Universal Health Care (UHC).

The intention of the bills to further increase the excise tax on tobacco is in line with the recommendation of the World Health Organization that for the excise tax to be effective, it should be at least 70% of the retail prices. Such tax policy would lead to significant price increases on tobacco products and may, induce many users to quit smoking, especially the youth.

HBs 168 and 9194
Establishing the Overseas Filipino Workers Hospital and Appropriating Funds Therefor

HBs 168 and 9194 proposed to establish a hospital with at least tertiary level of care to be known as the "Overseas Filipino Workers (OFW) hospital". The OFW hospital shall be developed consistent with the health care needs of the OFWs and their dependents, and it shall also be under the full administrative and technical supervision of the Department of Health (DOH).

The bills provided that all grants, bequests, endowments, donations, and contributions made to the OFW hospital, and the importation of medical equipment and machineries, and spare parts which are to be used solely and exclusively for the hospital shall be exempt from direct and indirect taxes, wharfage fees and other charges and restrictions.

The proposed creation of the OFW hospital is in recognition of the importance and contribution of OFWs to economic development and nation-building, and make the OFW community feel that they are part of the country's commitment to provide universal health care.

However, certain reservations are advanced with regard to the proposed exemptions from direct or indirect taxes, in addition to wharfage fees and custom duties, on the importation of medical equipment, machinery, and spare parts which are for the sole and exclusive use of the OFW hospital, for the reason that the policy of the government is to broaden the VAT base and rationalize tax incentives by removing unnecessary incentives as enunciated under Section 86 of RA 10963 or the TRAIN law.

On the other hand, the proposed exemption from the donor's tax on donations, contributions, bequests, and grants that shall be made to the OFW hospital and the deductibility from the gross income of the donor, under certain conditions, are already provided under Sections 101(A)(1) and 101(B)(1) of the NIRC of 1997, as amended.

For policy consistency and fiscal transparency, it is recommended that similar with other GOCCs, said hospitals instead avail of the tax subsidy provision implemented by the Fiscal Incentives Review Board.

HB 413
Withdrawing the Internal Revenue Allotment of the Metropolitan Manila Development Authority, Amending for the Purpose RA 7924, Entitled, "An Act Creating the Metropolitan Manila Development Authority, Defining Its Functions, Providing Funds Therefor and for Other Purposes"

HB 413 proposed to remove the Internal Revenue Allotment (IRA) of the Metropolitan Manila Development Authority (MMDA) by amending RA 7924.

The proposed removal of the shares of IRA allocation of the MMDA is supported since it is not an LGU, thus, should not be entitled to the allotment. The Supreme Court had already decided on this case that the MMDA is not a political unit of the government but rather an "administrative agency"[45]

The concerned LGUs in the NCR may retake other delegated responsibilities from the MMDA which they can implement efficiently and effectively such as traffic monitoring and enforcement, flood control and clearing of road obstructions, and other delegated functions given their position and local knowledge within their respective area of jurisdiction. The reduction of the delegated functions or removal of redundant responsibilities from the MMDA will further compensate for the proposed withdrawal of its IRA share.

HB 468
Strengthening the National Electrification Administration by Converting It into the National Electrification Authority, Defining and Enhancing Its Powers, Functions and Operations to Achieve the Government's Policy for Total Rural Electrification, Providing Funds Therefor and for Other Purposes

HB 468, to be known as the "National Electrification Authority Act of 2019", proposed to rename the National Electrification Administration (NEA) created under Presidential Decree (PD) No. 269, as amended, to National Electrification Authority to attain the following purposes and objectives:

a. Promote the sustainable development of the country most particularly in the rural areas through total electrification;

[45] Supreme Court of the Philippines, 2005, Metropolitan Manila Development Authority (MMDA) vs. Dante O. Garin, G.R. No. 130230, April 15, 2005; and Supreme Court of the Philippines 2000, MMDA vs. Bel-Air Village Association. Inc., G.R. No. 135962, March 27, 2000.

b. Empower and strengthen the NEA to pursue the electrification program and bring electricity to the countryside even in missionary or economically unviable areas through the electric cooperatives (ECs) and other distribution utilities as its implementing arm; and

c. Empower and enable ECs to cope with the changes brought about by the restructuring of the electric power industry pursuant to RA 9136, otherwise known as the "Electric Power Industry Reform Act of 2001"

Section 37 of the bill proposed to grant permanent exemption of ECs from:

a. Income taxes and all other national government and local government taxes and fees, including, but not limited to, franchise tax, RPT, business tax, license or permit fee, charges or costs involved in any court or administrative proceeding in which the cooperative may be a party; and

b. All taxes, duties, fees, imports, and all other charges imposed directly or indirectly by the Republic of the Philippines, its provinces, cities, municipalities and other government agencies and instrumentalities, on all foreign goods, equipment, petroleum products used by the EC in the generation, transmission, utilization, distribution of electric power and its operation.

As to the grant of fiscal incentives to ECs, the following may be noted:

a. The growth of ECs should not depend on tax incentives but on their capability of being able to enhance their productive capacities as to make their operations viable. To attain stability and growth, the technical, financial and managerial aspects of EC operations should also be improved through projects and programs sponsored by both the government and private sectors;

b. The proposed exemption of ECs from all taxes, duties, fees, imports and other charges is not supported. A broadly worded provision of exemption is likely to create opportunities for abuses/leakages, as well as implementation or interpretation;

c. Permanent exemption from income tax of the ECs as originally provided under PD 269 may not be necessary as it does not effectively address the financial problems of the ECs;

d. Granting VAT exemptions to the ECs would also be contrary to the policy of adopting a broad-based VAT for a more effective taxation of goods and services as well as to the intent of RA 9337 (May 24, 2005) which withdrew a number of VAT exemptions. Alongside, RA 10963 (TRAIN Law) repealed a number of VAT exemptions to make the VAT system, fairer, simpler, and lower the compliance cost for the taxpayers and tax administrators;

e. Moreover, the proposed exemption of the ECs from local taxes goes against the principle of enhancing local fiscal autonomy which intends to make LGUs more self-reliant and capable of financing the requirements of their own development project/initiatives. It should be noted that realty taxes form the financial cornerstone of LGUs. Such exemption could dissipate the financial resources of LGUs; and

f. The proposed exemption of the ECs from fees and charges is against the cost recovery principle which give emphasis in recovering the cost of providing government services in order to expand, improve and sustain the services. The government issued Administrative Order (AO) No. 31, series of 2012 (October 1, 2012) which requires the rationalization and upgrading of fees and charges in line with the cost-recovery principle.

Since the ECs are already entitled to a host of fiscal incentives whether under PD 269, as amended, or the "Philippine Cooperative Code (RA 9520)", it may be more prudent to retain the current tax treatment of the ECs.

HB 1043
Granting Incentives to Qualified Taxpayers by Exempting them from Audit and Investigation if they pay at Least Twenty Percent More of Income Tax, VAT, Excise and Percentage Taxes Paid During the Previous Taxable Year

HB 1043 proposed to exempt individual or corporate taxpayers from audit investigation by the BIR for the current taxable year if they pay at least 20% more of income tax, VAT, excise and percentage taxes actually paid during the previous taxable year.

The objective of the bill was to increase tax collection with the least administrative cost and reduce fiscal leakages by encouraging voluntary tax compliance without compromising the revenue collection generated from audit or investigation and enforcement.

The proposed exemption from audit and investigation of individual and corporate taxpayers in order to enhance the incidence or rate of tax payment and encourage voluntary tax compliance is not a sound policy. It falls short on the principles of theoretical justice or equality, administrative feasibility and corruption-resistance.

While the proposal may simplify assessment and collection of taxes in the sense that the rigorous process of audit will be removed, it might undermine efforts of the tax authority to collect the correct taxes. The proposal is likewise prone to corruption as it gives the taxpayers the discretion to choose the amount of taxes to be paid to the government. In the end, the Government will not only be receiving an incorrect amount of taxes but likewise abdicates its rights to run after these taxpayers through audit.

On the proposed exemption from audit and investigation of VAT, excise and percentage tax liabilities, among the mandatory cases to be selected for audit and investigation under Revenue Memorandum Order (RMO) No. 19-2015 are taxpayers with claims for VAT refund/credit. In 2016, the BIR issued RMO 59-2016 expanding the coverage of VAT audit investigations and introducing issue-based audit under the VAT audit program. The selection criteria of the cases for issue-based audit include taxpayers under mandatory cases with VAT returns reflecting erroneous input tax carry-over.

On excise tax, among the mandatory cases to be audited are the claims for tax refund/credit of excise tax under Title VI of the Tax Code, as amended, regardless of amount pursuant to RMO 19-2015.

On percentage taxes, the exemption threshold for small and medium enterprises was raised from P1.9 million to P3 million under the TRAIN law. Accordingly, priority programs for 2019 include the audit of percentage tax payments to ensure that the higher VAT exemption threshold for small businesses under the TRAIN law is not abused.

HBs 1275, 2030, and 4202
Encouraging Youth Sector Participation in the Agricultural Sector, Establishing for the Purpose a "Tulong sa Kabataan sa Agrikultura Program" and a "Tulong sa Kabataan sa Agrikultura Trust Fund", Appropriating Funds Therefor and for Other Purposes

HBs 1275, 2030, and 4202 proposed to increase youth participation in the agricultural sector by providing opportunities to poor but deserving students to realize their potentials in agribusiness and entrepreneurships by introducing the "Tulong sa Kabataan sa Agrikultura Program".

The program shall focus on agriculture, fisheries, forestry and related areas to be administered by the CHED. It would be a laddered program in Diploma in Agricultural Technology, Bachelor in Agricultural Technology, and Bachelor of Science in Agribusiness which shall be initially offered by the University of the Philippines, Los Baños, College of Agriculture, in the first two years of effectivity.

To ensure the financial sustainability of the proposed program, a trust fund shall be created which shall be sourced from the following:

a. The amount of P50 million as seed capital;

b. The equivalent of 10% annual share on the total gross collection of the travel tax;

c. The equivalent of 10% annual share on the total gross collection from the Professional Registration Fee of the PRC;

d. Grants, donations and endowments from domestic and foreign sources pursuant to existing laws and regulations;

e. Such amounts as may be indicated under the GAA for the purpose of sustaining Fund; and

f. All interest income of the trust fund.

The proposed 10% share of the trust fund from travel tax collection can no longer be accommodated since the collection from travel tax has already been earmarked as follows: (a) 50% to the TIEZA, (b) 40% to the CHED, and (c) 10% to the NCAA. The proposal did not specify in which NGA's portion should the 10% share of the trust fund should be obtained.

The proposed 10% earmarking of the collection from the Professional Registration Fees will only duplicate the function and purpose of the HEDF under RA 7722 of which 30% are sourced from the Professional Registration Fee collections. In addition, there is already the Student Financial Assistance Program (STUFAP) financed by the HEDF that caters to students pursuing agricultural and other related courses.

Adding another earmarked fund for the same purpose makes the budgeting process complicated and less transparent. The approach prevents authorities from reallocating funds when spending priorities change.

HB 1517
Providing for an Excise Tax on the Sale of Firecrackers and Fireworks, Amending Therefor RA8424, Otherwise Known as the National Internal Revenue Codeof 1997, and for Other Purposes

HB 1517 proposed to amend Title VI of the NIRC of 1997 by inserting a new section numbered Section 150-A imposing an excise tax of 20% based on the manufacturer's selling price, net of excise tax and VAT, on fireworks and firecrackers. The bill also proposed that dealers, retailers, or sellers shall collect the excise tax from the consumers or purchasers of these products and the tax advanced paid by them shall be added to and collected as part of the sales price of the consumer fireworks sold or distributed. The objective of the bill was to regulate the use of fireworks and firecrackers with the end in view of preventing injuries, deaths, and destruction of properties.

The proposed imposition of 20% excise tax on firecrackers and fireworks to be paid in advance by the dealer, retailer, or seller will discourage buyer from consuming large quantity of fireworks or firecrackers and may induce them to look for a safer substitute. More than the revenues to be generated, the proposal would largely benefit the economy from the cost of preventing and remunerating potential damages of the products to public health/safety and the environment.

HBs 1533, 2581, and 2995
Providing for the Direct Remittance to the Host Local Government of its Forty Percent (40%) Share of the Proceeds Derived from the Utilization and Development of National Wealth, Amending for the Purpose Section 293 of RA 7160, as Amended, Otherwise Known as the "Local Government Code of 1991"

HBs 1533, 2581, and 2995 proposed to amend Section 293 of the LGC of 1991, as amended, by allowing host LGUs to directly receive their just shares from the utilization and development of national wealth.

Specifically, the bills provided that any person, natural or juridical engaged in the utilization and development of national wealth shall directly remit to the provincial, city, municipal or barangay treasurer of the concerned host LGU their 40% share of the proceeds in the utilization and development of national wealth within five days after the end of each quarter.

Moreover, the proposals reiterated that the share from the utilization and development of national wealth shall not be subject to any lien or holdback that may be imposed by the NG for whatever purpose.

At present, there are four collecting NGAs with respect to taxes, fees and charges on the utilization and development of national wealth, namely the BIR, MGB, DENR, and DOE. They are responsible for the computation and the accuracy of LGUs shares, which are submitted to the BTr for validation and forwarded to DBM.

The objective of the proposal was the timely release of LGU shares from the utilization and development of national wealth, regardless of whether or not these come from a private individual, corporation, an NGA or a GOCC. The simplified and uniform manner of releasing the said shares will ensure that the LGUs will receive their equitable share which they can utilize on programs and projects that will benefit their constituents.

The merits of the proposal such as ensuring direct, prompt and full receipt of the LGUs their just share in the proceeds of the utilization and development of national wealth thereby making the funds due to the LGUs readily available to them, is recognized. However, such direct remittance will disregard the duly established control measures that are already in place to safeguard accountability and efficiency on the release and utilization of the said share.

On the other hand, in recognition of the need to make the funds available to LGUs, the Philippine Poverty-Environment Initiative (PPEI)[46] recommended to regionalize Joint Circular (JC) No. 2009-1 or the process of automatically releasing the LGU share. Since the regional office is considered as a microcosm of the functions of a national agency, it is believed that it is vested with authority akin to its mother unit. Therefore, the route of collection and releasing of LGU share could be done at the regional level with the necessary checks and balances.

The local officials also suggested practical ideas without contravening the measures on checks and balances by identifying a lead coordinator to receive and coordinate answer to communications of the host LGU, industry and other concerned parties and to designate one of the agencies involved to oversee the implementation of the laws, implementing rules and guidelines and JCs particularly those related to the sharing of information.

[46] The PPEI is a regional project implemented by the Government of the Philippines through the DILG and DENR, and jointly supported by the United Nations Development Programme (UNDP) and the United National Environment Programme (UNEP). The PPEI focuses on poverty reduction and sustainable development and aims among others, to provide a better enabling environment for national and local governments to ensure that environment and natural resources (ENR) revenues are equitably shared by the communities and re-invested to preserve social, and natural capital. The PPEI Phase 2 Development Agenda aimed at the timely released of the ENR to LGUs and its transparent collection applied through the introduction of the Extractive Industries Transparency Initiative.

HB 2252
Providing for Exemption from Income Tax to Public School Teachers, Health Workers, Police and Military Uniformed Personnel, Amending Further Section 24(A) of the National Internal Revenue Code of 1997, as Amended by RA 9504 and for Other Purposes

HB 3007
Providing for Exemption from Income Tax to Military Uniformed Personnel, Amending Further Section 24(A)(2) of the National Internal Revenue Code of 1997, as Amended by RA 9504 and for Other Purposes

HB 4819
Exempting Public School Teachers from Income Tax, Amending Further for this Sections 22 and 24(A)(2) of the National Internal Revenue Code of 1997, as Amended by RA 9504

HBs 2252, 3007, and 4819 proposed to amend Section 24(A)(2) of the NIRC of 1997, as amended, by exempting individuals from income tax.

HB 3007 further provided that similar to minimum wage earners (MWEs), the holiday pay, overtime pay, night shift differential pay, and hazard pay received by all military uniformed personnel shall likewise be exempt from income tax.

HB 4819 also proposed to amend Section 22 of the NIRC of 1997, as amended, by inserting new subsections (II) and (JJ) providing for the definitions for the terms 'Teacher I, II, and III" to refer to basic classroom teacher positions in public elementary and secondary schools as defined by the DepEd and "public school" to refer to educational institutions established, administered, and maintained by the government at the public expense, respectively.

The proposed exemption from income tax of the intended beneficiaries of the bills is not supported as this will impact on government revenues. In addition, the passage of the TRAIN law, which restructured the personal income tax schedule (taxable income of P250,000 below were already made exempt from income tax, and those considered as low and middle income earners were subjected to reduced income tax rates), has already eased the tax burden of individual taxpayers and enabled them to have additional take-home pay which they can use to augment the cost of their daily needs.

HB 2389
Providing Free Freight Services in the Transportation and Relief Goods in Calamity-Stricken Areas

HB 2389 proposed that all freight companies, common carriers, private carriers freight forwarders and other companies providing logistics services in the Philippines to grant free freight services to duly registered relief organizations in the transportation of emergency relief goods and donated articles to calamity-stricken areas. The proposal also included charges of certain shipping auxiliary costs, such as arrastre services, pilotage, and other port charges that are routinely passed on to consumers. The bill aimed to bring immediate relief to victims of natural or man-made disasters when government resources are not available or are insufficient to address the needs of emergency situations.

The bill's intention to provide free freight services and other port charges for donation to calamity-stricken areas is recognized. It is noted that relief consignments under RA 10863, otherwise known as the "Customs Modernization and Tariff Act (CMTA)", are exempt from duties and taxes. However, while the entry of these goods into the ports is exempt from duties and taxes, the same could still be subject to some charges, especially those charged at the port by government-owned and privately-owned ports.

HB 2713
Further Amending Section 35 of the RA 8424, as Amended, Otherwise Known as the National Internal Revenue Code of 1997 to Give Higher Additional Personal Exemptions to Taxpayers Who Have Dependents that are Persons with Disability

HB 2713 proposed to amend Section 35 of RA 8424, otherwise known as the "NIRC of 1997, as amended", by adding a provision under subsection (B) thereof, that the amount of additional exemption allowance for every dependent who is a person with disability (PWD), as defined under Rule III of Section 5.1 of RA 9442, shall be equivalent to P100,000.

The bill proposed the said incentive in order to provide the family of a PWD additional money which they can use to provide for the development and care of their dependent PWD.

The proposal to amend Section 35 of the NIRC of 1997, as amended, has already been repealed by Section 12 of RA 10963, otherwise known as the "TRAIN law", which was approved on December 19, 2017 and made effective on January 1, 2018. Under the said law, deductions allowable to individual taxpayers for personal and additional exemption allowances as well as for premiums paid on health and/or hospitalization insurance were removed as these are already integrated in the P250,000 exempt threshold of the restructured PIT schedule Section 24 of the NIRC of 1997.

It is also pointed out that albeit non-existence of such additional exemptions, allowances, the welfare of PWDs and their benefactors remains to be one of the foremost priorities of the government with the numerous benefits and incentives that are continuously being accorded to and formulated for them.

HB 2893
Authorizing the Use of the Special Fund Composed of the Government Share from the Exploration, Development and Exploitation of Energy Resource for Renewable Energy Development and Biodiversity Conservation Activities, Amending for the Purpose Section 8 of PD 910, Entitled "Creating an Energy Development Board, Defining Its Powers and Functions, Providing Funds Therefor and for Other Purposes", and Specifying the Use of Special Fund for Biodiversity Conservation and for Other Purposes

HB 2490
Amending Certain Sections of PD 910 Creating an Energy Development Board, Defining Its Powers and Functions, Providing Funds Therefor and for Other Purposes

HBs 2893 and 2490 proposed to amend Section 8 of PD 910, specifically the provision on the use of the Special Fund created under the same section, which is composed of all fees, revenues, and receipts of the Energy Development Board and from any and all sources, as well as, the government share from exploration, development and exploitation of energy resources.

HB 2893 aimed at bridging the conservation financial gap under the Philippine Biodiversity Strategy and Action Plan 2015-2018 and to address the energy needs of underserved areas in remote and isolated communities.

On the other hand, HB 2490 proposed to reclassify the funds from a special fund to a general fund to be used to finance energy resource development and exploitation programs and projects of the government and for such other purposes that redound to general public welfare as may be directed by the President. The proposal intended to achieve the fullest utilization of the proceeds already accumulated and subject to the funds reasonable, transparent and democratic budgeting process.

The proposal of HB 2893 to include renewable energy development for remote and isolated communities among the designated purposes/allocations of the Fund may no longer be necessary since Section 8 of PD 910 already provides for the allocation for energy resource development and exploitation programs and projects of the government.

Also, it may not be prudent to include the funding for biodiversity conservation activities and funding support to plans and projects of legislated protected areas as contained in the expanded NIPAS since these protected areas are being funded through other established special funds created specifically for their purpose. The earmarking of funds for a specific purpose but from different issuances/laws and sources of funds and implemented by two different agencies will complicate the earmarking process and may leave the budgeting system in disarray making it less transparent particularly for those with automatic retention provisions because they do not pass through the usual budgeting process.

HB 3622
Imposing a Six-Year Moratorium on the Increase of all Government Fees and Charges

HB 3622 proposed to impose a six-year moratorium on the increase in fees and charges being imposed by both the LGUs and NGAs. The proposed moratorium was based on the following grounds:

1. To enable the government to justify the use of cost recovery and make an effort to show that there is efficient and effective application of fees and charges;

2. For the government to be able to evaluate its systems and adopt cost-efficient measures to better provide for and assist its citizens; and

3. To aide citizens by reducing the financial burden in availing such public services, especially the poor.

There are two types of fees being imposed by the government. The fee could either be an ordinary service fee or a regulatory fee. The rationale and basic guiding principle behind the imposition of fees and charges is cost recovery that aims to relieve the government of its funding burden by making the individuals receiving the services share in the burden of the expense incurred by the government. This in turn, partly or wholly, defrays and regenerates the operating expenditures made by the government in rendering the service or regulating/controlling certain activities which could be used for other major or more priority projects.

Regulatory fees are fees imposed in the exercise of the police power of the State. They serve as policy instrument to discourage or regulate certain services or activities. This is in contrast to the ordinary service fee where only the cost of providing the service is taken into consideration. Regulatory fees are usually higher that its ministerial cost of processing documents because it takes into consideration enforcement, policy and rule making activities, record keeping services, and other factors that are associated with oversight regulation. Thus, imposing a moratorium on these type of fees is tantamount to limiting the police power of the State in regulating certain activities.

There are also some fees which do not only take into consideration the service and regulation costs but also the value of such goods that is subject to the service delivery. Such fee involves not only the licenses and regulation that the government issues to make them available to users but also takes into consideration the valuable and scarce product involved in order to determine the rate of fee to be imposed. Such fees and charges should be designed so as to encourage efficiency and equity such that the use of valuable and scarce resources is optimized, rather than just to recover the cost in administering services.

There are number of agencies as well which retain part of their collection from fees and charges in order to replenish their operational fund. There are also agencies which impose fees that include costs from private external providers such as the computerization or information technology fee in the Land Transportation Office, National Bureau of Investigation, Land Registration Authority, Philippine Statistics Authority, among others. Imposing a moratorium on the increase in fees and charges would greatly affect their financial viability which would affect the delivery of services and the performance of their mandated functions. Private external providers would also be adversely affected.

With regard to the adoption of cost efficient measures to better provide assistance to citizens, RA 9485, otherwise known as the “Anti-Red Tape Act of 2007 (June 2, 2007)”, as amended by RA 11032, otherwise known as the “Ease of Doing Business and Efficient Government Service Delivery Act of 2018” (May 28, 2018), mandates all government agencies, national and local, including quasi-judicial agencies and GOCCs to streamline their delivery of services. Under the law, all agencies, which provide government services, are required to undertake compliance cost analysis, conduct time and motion studies, undergo evaluation and improvement or all their government service, and reengineer the same, if deemed necessary, to reduce bureaucratic red tape and processing time, reduce the transaction and compliance costs, and ultimately, to promote simplicity and efficiency of processes. Thus, the concern of the bill is already addressed.

On reducing the financial burden, especially for the poor, it is noted that government services are provided for a fee, but for certain social services where fee may also be imposed, the government renders it free and/or subsidized as a form of social policy and to promote social justice and human rights. Thus, the free or subsidized services from the government are primarily for the marginalized sectors of the country who cannot afford them.

RA 11261[47] exempts first-time jobseekers from fees and charges to some government documents needed in applying for a job or employment. These include police clearance certificate, National Bureau of Investigation (NBI)clearance, birth certificate, among others.

On fees imposed and collected by LGUs, the proposal is inconsistent with the LGC of 1991, as amended, where LGUs are accorded fiscal autonomy. The LGUs have the discretion on how to raise revenues and on how these revenues are allocated and spent.

HB 4269
Ordaining the Development of the Downstream Natural Gas Industry, Consolidating for the Purpose All Laws Relating to the Transmission, Distribution and Supply of Natural Gas and for Other Purposes

HB 4269 proposed to subject gas transmission utilities, gas distribution utilities and suppliers of natural gas to all taxes, duties, fees or charges and impositions under the NIRC of 1997, as amended, and other applicable laws. However, in recognition of their substantial investments and upon prior endorsements of the DOE and approval by the BOI, these entities may be entitled to the income tax holiday (ITH) and other incentives granted to pioneer enterprise under the Omnibus Investments Code, as amended. Likewise, the commodity price of gas shall be the only component of the gas retail rate which shall be subject to excise taxes under RA 8424 (Comprehensive Tax Reform Law).

The bill proposed to revoke all existing tax exemptions applicable to persons engaged in the transmission or distribution of natural gas, insofar as the exemptions related to revenues derived from them to promote fair and nondiscriminatory treatment of public and private sector entities in the development of the Downstream Natural Gas Industry Structure. This is in line with the present thrust of the government to rationalize fiscal incentives system to make it transparent, performance-based, targeted and time bound. However, according to the Natural Gas Management Division of the DOE, there are no existing pipelines for gas transmission/distribution of natural gas in the country yet.

[47] Entitled, "An Act Waiving Government Fees and Charges in the Issuance of Documents Required in the Application for Employment of First Time Jobseekers", April 10, 2019.

With regard to the proposed entitlement to tax incentives pursuant to EO 226, "establishment and operation of physical infrastructures vital to the country's economic development and prosperity such as but not limited to: airports, seaports, (air, land and water) transport, LNG storage and regasification facilities, pipeline projects for oil and gas, bulk water treatment and supply, training facilities, testing laboratories, and domestic industrial zones" and "power generation projects utilizing conventional fuels (i.e., coal, diesel, bunker, natural gas and geothermal), waste heat and other wastes, and the establishment of battery energy storage systems", are included in the list of preferred activities for investment under the 2017 Investment Priorities Plan (IPP)[48] and are qualified for the set of incentives under EO 226, which include ITH, additional deduction for labor expenses, among others.

The availability of existing fiscal incentives has shown that the grant of the proposed incentives is no longer necessary. Also, it may be more practical to align proposals such as this under Package 2 of the CTRP which is to reform the fiscal incentives system integrated into one single incentives menu.

HB 4438
Stewardship and Conservation of Built Cultural Heritage

HB 4438, to be known as "The Built Cultural Heritage Act of 2016", proposed to address the gaps in existing legislation by establishing both regulatory and incentives mechanism to manage both public and private choices toward the protection and conservation of built heritage.

The bill provided that the incentives and other benefits for built heritage, except as otherwise provided, shall apply solely to structures duly entered in the Philippine Registry of Cultural Property, and the parcel of land on which the structure stands. In the event that the parcel of land is disproportional to the size of the built heritage, the land exempt from taxation shall be limited to the building footprint and a reasonable buffer zone around the property to protect both its structural integrity and its historical or cultural context, as may be delimited by the National Commission for Culture and Arts (NCCA).

[48] The 2017 IPP is a rolling three-year plan to ensure continuously and consistency in policies, but will be reviewed annually over the three-year period.

The bill proposed the following measures to address the key problems in the implementation of heritage conservation:

1. Exemption of the purchase of unutilized floor area ration from both national and local taxation, but in lieu of taxes, the proceeds from the sale of unutilized floor area ration shall be allocated as follows:

   a. 10% shall be placed in a trust fund in the name of the city or municipality, the earnings from which shall be used solely for the purpose of maintaining public spaces and infrastructure in the source areas of the unutilized floor area ration; and

   b. 40% shall be placed in a trust fund in the name of the beneficiary of the source property, the earnings of which shall be used solely for the preservation of the source property, regardless of whether the property is classified as a heritage or not.

2. Exemption of covered property from all taxes arising from, or incidental to transfers or changes in ownership, such as but not limited to (a) estate tax, (b) CGT, (c) DST, and (d) VAT;

3. Preferential tax treatment of income derived by an applicant by operating a business establishment within a covered property as follows:

   a. A gross income tax rate of 5% provided that the applicant business operations are limited solely to one or more covered properties; and

   b. A double deduction of expenses actually incurred from the repair, maintenance, restoration, management or reconstruction of covered property, regardless of whether the applicant is a natural or juridical person, or whether only part of its business operations is located in one or more covered properties.

4. Exemption from the income tax of income derived by third parties specifically from the repair, maintenance, restoration, management or reconstruction of covered property;

5. Exemption from both import duties and VAT in the importation of materials specifically identified by the NCCA as essential for the repair, maintenance, restoration, management or reconstruction of covered property; and

6. Prorated RPT against the utilized floor area ratio of the property.

The intention of the bill to provide tax incentives to encourage private owners to preserve heritage sites is laudable. These are our country's valuable treasures and our national patrimony. However, there is still a need to consider the current reforms that the government is undertaking, particularly the efforts to rationalize the grant of fiscal incentives to make it performance-based, targeted, time-bound and transparent.

On the proposed exemption from both national and local taxation in the unutilized floor area ration in the transfer of development rights, it may be prudent to study first its effectiveness before a blanket exemption can be granted. This is consistent with the policy of the government to remove all unnecessary preferential treatment and exemption to achieve uniformity, progressivity and simplicity in taxation.

HB 5148
Granting Tax Incentives to Lot Owners Who Will Convert Their Vacant Lot Into Usable Parking Spaces and for Other Purposes

HB 5148 proposed to encourage private landowners to convert their idle lands or vacant lots into parking areas. The bill proposed to exempt landowners who convert their vacant lots into pay parking areas from the payment of taxes which include all national, city, provincial, municipal and barangay taxes of whatever name and nature. The tax exemption shall last for a period of three years beginning from date of operation.

The proposed tax exemption under the bill is too broad and generous considering this cover both national and local taxes. There are several applicable national and local taxes on the operations of parking lots and buildings, and the business of leasing thereof. Local taxes include the basic RPT, SEF tax, and idle land tax and the local business tax under Section 143 of the LGC. National taxes under the NIRC of 1997, as amended, include VAT (Section 108) or other percentage tax (Section 116) as well as the individual or corporate income taxes. The proposed tax exemption will erode the revenue base of both the national and local governments. Moreover, the proposed tax exemption is not consistent with the present thrust of the national government to rationalize tax incentives, which are costly and redundant

Further, the proposed grant of exemption from local taxes is not consistent with the constitutionally enshrined policy of local autonomy which grants the LGUs the power to create their own sources of revenues and to levy taxes, fees, and charges which shall accrue to them as self-reliant communities. While the power of Congress to grant tax exemption is recognized, it is deemed more prudent to allow the concerned LGUs to identify the local taxes, which they are willing to forego if they wish to encourage the construction or conversion of the idle lands for parking spaces.

HB 5162
Exempting a Government Agency, Bureau for Instrumentality from the Payment of Taxes and Fees on the Purchase of Fire Sprinklers for the Construction, Establishment, Rehabilitation and/or Improvement of Public Buildings, Facilities and/or Structures by Amending Section 13 of RA 9514 or Otherwise Known as "The Revised Fire Code of the Philippines"

The bill proposed to amend Section 13 of RA 9514, otherwise known as the "Revised Fire Code of the Philippines of 2008", by adding subsection 13-C thereof which will exempt any government agency, bureau or instrumentality from the payment of the following taxes to the Bureau of Fire Protection (BFP):

a. One tenth of 1% of the verified estimated value of buildings or structures to be erected, from the owner, but not to exceed P50,000; and

b. Two percent of gross sales of companies, persons or agents selling firefighting equipment, appliances or devices, including hazard and warning systems.

The collection from Fire Code fees and taxes for the period 2014 to 2018 amounted to P7.4 billion and P7.5 billion, respectively, or a total of P14.9 billion, of which P11.9 billion (80%) will be available for the modernization of the BFP.

Compared to the needed capital outlay for the modernization program of the BFP, total available fund is short by P60.5 billion as of 2018. According to the estimates of the BFP, the gap could be wider if inflationary cost and increase in population and buildings or structures as consequences of urbanization are also considered.

The appropriations for the operation, maintenance, construction and repair of local fire stations are necessary to ensure fire protection and prevention service. As of 2017, while all cities nationwide have fire protection facilities, municipalities are short of about 329 fire stations. The BFP is also short of buildings and premises in seven regional offices and 66 provincial and district offices. Thus, the proposed exemption of any government agency, bureau or instrumentality in connection with the BBB program from the payment of taxes and fees under Sections 12(b)(2) and 12(b)(5) of the Fire Code is not supported. It will further limit the capacity of the BFP to modernize its services and contradicts to the objectives of the BFP modernization bill.

HB 5278
Requiring the Declaration of the Value of Imported Goods in Shipping and Airline Documents and Prohibiting Fraudulent Alteration of Cargo Manifest, Bill of Lading, and Airway Bill Amending for the Purpose RA 10863, Otherwise Known as the Customs Modernization and Tariff Act

HB 5278 proposed to amend Section 1204 of RA 10863, otherwise known as the "CMTA", by requiring vessels or aircrafts from foreign ports to declare in their inward cargo manifest, bill of lading (B/L) or airway bill (AWB), the value of imported articles or goods as they appear in the commercial invoice or letter of credit, or both, which shall be the basis for ascertaining correct duties, taxes and other charges due.

The bill also proposed to prohibit the alteration of cargo manifest after the arrival of the electronic cargo manifest to the Bureau of Customs (BOC) computer system and after the submission of the hard copy upon entry of the vessel.

It aimed to prevent illicit trading practices such as misdeclaration, undervaluation, and misclassification of goods and articles to, ensure correct taxes, collection of duties and charges, and to guarantee the consistency of commercial documents transmitted and presented to Philippine authorities.

The proposed requirement of common carriers to declare the value of the goods in the cargo manifest, B/L, or AWB as it appears in the commercial invoice and letter of creditis line with the objective of the bill to reinforce the monitoring and regulatory capacity of the BOC.

However, the proposal to use the value stated in the cargo manifest, BL, or AWB as basis for ascertaining correct duties, taxes and other charges due on imported goods is not in line with best practices on customs valuation for imposition of duty and tax purposes. Imported goods shall be valued in accordance with the provisions of Sections 701-706 of the CMTA whenever the conditions prescribed therein are fulfilled. Also, the BOC utilizes certain valuation methods.

Further, the proposal does not guarantee curbing illicit trading or smuggling. Illicit trading can also be committed by technical smuggling through false or fraudulent invoice or letter of credit for the purpose of reducing or avoiding payment of prescribed taxes, duties, and other charges. Thus, the value stated in the cargo manifest, BL, or AWB is not valuable as the description of the goods as indicated in the current cargo manifest as it cannot be the basis for ascertaining the correct duties, taxes and other charges due.

The proposed prohibition on changing or altering the cargo manifest after the arrival of the electronic cargo manifest to the BOC computer system and after the submission of the hard copy upon entry of the vessel is already provided for in the CMTA and relevant customs issuances.

Section 10 (a) of HB 7090
Institutionalizing Private Land Forestry to Enhance Reforestation and Environmental Protection and Providing Incentives Thereof And for Other Purposes

Section 10(a) of the HB 7090 proposed the grant of exemption to owners and cultivators/developers of private forestry areas from the payment of all taxes and agricultural forest charges including tariffs and import duties on agricultural/forestry equipment, machinery and farm processing and other inputs, except net income tax.

The intention of the proposal to protect the right of the Filipino people to a balance and healthful ecology in accord with the rhythm and harmony to develop and conserve the patrimony of the nation is recognized.

The proposed exemption from forest charges was observed to contradict the purpose for which forest charges are imposed. Forest charges are in the nature of a regulatory fee and are meant to regulate forest-related activities in view of their impact on the environment.

For the period 2007 to 2016, revenues collected from forest charges on harvested roundwood logs and non-timber forest products amounted to P673 million or an average of P67.32 million per year. While the collection may not be substantial, it is neither ideal nor timely to erode the revenue base of the government by exempting persons engaged in forest activities from forest charges.

The grant of tax incentives to owners and cultivators/developers of private forestry areas would impede the efforts of the government to raise the needed revenues to finance its priority programs to improve the country's infrastructure and social services.

HB 8134
Systematizing Spectrum User Fees Imposed Against Radio Frequency Bands, Amending RA 7925, and for Other Purposes

HB 8134 proposed to amend RA 7925, otherwise known as the "Public Telecommunications Policy Act".

The proposed imposition of a higher spectrum fee will ensure that the scarce resources are put to highest and best use. The rate, however, should depend largely on the profitability of the players in the industry. As an alternative, there should also be imposed a fine or penalty on top of the proposed rate of two times the imposed SUF on all their assigned frequencies that remain open/unused, unutilized and under-utilized frequencies to discourage hoarding and under-utilizing of spectrum.

On the other hand, the proposal to empower the NTC to initiate a proceeding to recall assigned spectrum that remains unused, unutilized, and/or underutilized after the expiration of the provisional authority granted by the NTC is supported as it is in line with its mandate in accordance with RA 7925.

HB 8429
Creating the Philippine Cancer Center, Providing Funds Therefor and For Other Purposes

HB 8429 proposed to establish the Philippine Cancer Center (PCC) under the supervision of the DOH. The bill proposed to grant the PCC the following tax exemptions:

a. Exemption from income and donor's taxes of all donations, contributions or endowments which may be made by entities or persons to the PCC, and the same shall be deductible in full for purposes of computing the maximum amount deductible under Section 101 [sic] of the NIRC of 1997, as amended; and

b. Exemption from payment of all taxes, charges and fees imposed by the government or any political subdivision or instrumentality thereof for period of 10 years.

The proposed tax exemption of donations, contributions or endowments which may be made by entities or persons to the proposed PCC is supported as this willencourage more donations and bequests in favor of the government to support its health advocacies and programs. However, the bill should explicitly state that the donations, contributions or endowments should be used only for the maintenance of the PCC and not more than 30% thereto should be used for administrative purposes. These are also the conditions governing donations under Sections 101(A)(2) and 34(H)(2)(a) of the NIRC of 1997, as amended.

The proposed deductibility from gross income of all donations, contributions or endowments which may be made by entities or persons to the PCC under Section 101 [sic] of the NIRC, as amended, should be revisited. The reference to Section 101 of the NIRC, as amended, is not consistent with the intention of the bill to provide full deductibility on the gross income for donation, contributions or endowments made by the donor's to the PCC. It may be noted that Section 101 (A) (2) provides the exemption of donor's tax to gifts made or for the use of the National Government or any entity created any of its agencies which are not conducted for profit, or to any political subdivision of the said Government. Instead, the proposed deductibility from gross income of all donations, contributions or endowments of the bill should refer to Section 34(H) (2) (a) of the NIRC, as amended.

The provision of the bill on 10-year sunset period for the grant of exemption from fees and charges would encourage the PCC to be efficient and to optimize the incentives made available to them as well as eliminate the possibility of abuses or leakages. Moreover, such is consistent with other medical institutions such as the Philippine Heart Center and National Kidney Transplant Institute (formerly known as the National Kidney Foundation of the Philippines) which provide the same set of fees and charges exemption.

An alternative to the outright/broad grant of tax exemption to the PCC is the provision of tax subsidy which is administered by the FIRB in the case of government corporations, subject to the provisions of EO 93 (issued December 17, 1986, effective March 10, 1987) and the GAA. The use of tax subsidy is more precise and direct and adheres to fiscal transparency particularly in the use of government resources.

HB 8484
Allowing Local Government Units to Retain Fifty (50) Percent of the Proceeds from All Taxes, Fees and Fines Collected Under Presidential Decree Numbered Eleven Hundred and Eighty-Five, Otherwise Known as the Fire Code of the Philippines, as Amended

HB 8484 proposed to increase the share of LGUs from 20% to 50% of the proceeds from all taxes, fees and fines collected by the BFP which shall be appropriated exclusively for the use of its local fire station in the purchase of fire trucks, firefighting equipment, appliance or devices, and the maintenance thereof.

The intention of the bill to empower LGUs to better equip and modernize their local fire stations to address the fire safety and firefighting requirements within their respective jurisdiction is recognized. However, the proposal to increase the LGU share from all taxes, fees and fines collected by the BFP from 20% to 50% is not supported.

For the period 2013 to 2017, the annual average remittance from the fire code tax was P1.34 billion. The proposed increase of the share of LGUs would mean an estimated reduction of around P400 million for the modernization of the BFP. This amount could already purchase 26 units of firetrucks or a number of personal protective equipment or the construction of several fire stations.

Moreover, the proposed increased share of LGUs from the Fire Code taxes and fees may only benefit LGUs that have collection from this source, since the share is based on the actual collection within their respective jurisdiction. Thus, LGUs with little or no collection will be adversely affected by the reduction of the share of the BFP which is mandated to establish at least one fire station and a firetruck in every city and municipality of the country. In addition, the BFP is in a better position to identify LGUs which are in dire need of firefighting facilities and equipment being the primary agency mandated by law to respond to any fire incidents and enforcement of other fire safety measures.

HB 8486
Increasing the Tax on Idle Lands, Amending for the Purpose Section 236 of RA 7160, Otherwise Known as Local Government Code of 1991

HB 8486 proposed to amend Section 236 of RA 7160, otherwise known as the "LGC of 1991", by increasing the ad valorem tax on idle lands from not exceeding 5% to not exceeding to 10% of the assessed value of the property which shall be in addition to the basic RPT.

In general, the idle land tax (ILT) is used to discourage the proliferation of undeveloped real properties and ensures that the utilization of the real property is according to its highest best use. It is also the source of revenue for LGUs. However, since the effectivity of LGC in 1991, only a few have enforced the tax consistently.

For the period 2012 to 2016, the revenues generated from the ILT amounted to an annual average of P260 million or 0.54% of the total local government revenues from property taxes. This is relatively small in comparison to the RPT collections.

The low revenue collection of the ILT may be attributed to the fact that some LGUs lack the appropriate guidelines for its implementation, as well as the criterion for classifying a property as idle land. It is also observed that the tax rates vary among LGUs. Moreover, some cities adopted several exemptions based on Section 238 of the LGC in collecting the ILT.

The lack of guidelines and strict enforcement of the ILT led to two major problems, namely: land speculation, and land conversion. Land speculation is the act of "waiting" done by landowners in an attempt to see the price double due to an increase in building boom. While land conversion is mainly used for commercial purposes such as turning farmlands into infrastructure and other building.

In this regard, the proposal to raise the maximum rate from 5%to 10% is not endorsed since only few LGUs are imposing the idle land tax. In addition, the prevailing ILT rates only range from 0.5% to 5%.

Thus, it is more prudent to enforce the ILT first and have more concrete guidelines in collecting the ILT. For instance, classifying as idle lands the residential lots located within a subdivision, located near a highway, whether used as temporary car parking area or having minimal plants growing in it which is a more concrete way of collecting the ILT. Other provinces, cities and a municipality in Metro Manila should be given wider discretion to classify land as idle within their jurisdiction in order to achieve the objective of the ILT.

Once strictly enforced, even the minimum 5% rate can be made acceptable to the public by using it to fund programs, projects and other activities that will promote the general welfare of the residents and to enhance the values of the properties subject to the tax.

HB 8568
Mandating Local Government Units to Allocate One Percent of Their Internal Revenue Allotment (IRA) for Programs and Projects for Senior Citizens and One Percent of Their IRA for Programs and Projects for Persons with Disabilities

HB 8568 proposed for LGUs to allocate 1% of their IRA for programs, projects and activities benefiting senior citizens (SCs) of their jurisdiction. Likewise, it directs LGUs to appropriate 1% of their IRA for programs, projects and activities for PWDs.

The objective of the proposal is recognized. It will ensure that the LGUs will provide and fund the needed projects and activities that will benefit the SCs and PWDs.

On the other hand, the proposal is not consistent with the policy of local autonomy which means that each LGU has the power to allocate its resources in accordance with its own priorities. In this regard, the requirement to allocate at least one percent of IRA each for SCs and PWDs may affect the LGUs' priorities in utilizing their IRAs.

At present, under various laws, SCs and PWDs are already provided with several benefits and privileges such as entitlement to at least 20% discount and exemption from the value added tax on the sale of a number of goods and services. They are also entitled to a minimum of 5% discount relative to the monthly use of water and electricity and government assistance such as P500 monthly stipend and coverage on national health insurance program, among others.

It should be noted that LGUs adhere to the privileges and benefits provided by laws. Thus, the intention of the bill to mandate LGUs to allocate its resources for programs and projects may no longer be necessary since benefits and privileges for both SCs and PWDs are fully recognized and are being addressed by LGUs based on their financial capacities.

While the objectives of the proposal are recognized, it is more prudent to let the LGUs decide on the amount to be allocated for the benefits of their constituent SCs and PWDs in accordance with their priorities which is consistent with the constitutionally enshrined policy of local autonomy.

HB 8579
Mandating the Tax-Free and Duty-Free Importation of Books and Selected Publications and Documents into the Philippines

HB 8579, to be known as the "Tax and Duty-Free Book Importation Act", proposed duty and tax free entry of books into the country. Section 6 thereof specifically provided that no books, publications and documents, defined or enumerated in Section 3 of the said Act, shall be subjected to any taxes, customs, duties, or other charges. Moreover, the bill provided that no importer, whether a natural or artificial person, shall be required to pay any charges, including but not limited to import duties, VAT, and import processing fees in order to claim imported reading materials defined or enumerated in Section 3 of the bill.

The bill's intent to put into law the exemption from duties and taxes the entry of books into the country to truly promote the free exchange of information through books and not only bring in line national laws with the ideal of the Florence Agreement, but to go and beyond is recognized. However, there are already existing laws providing for the said exemptions (i.e., Section 800 (t) of RA 10863 of the CMTA; Section 12 of RA 8047; Section 103 (y) of RA 8241; and EO 885), which are in conjunction with the country's commitment as signatory to the Florence Agreement on the Importation of Educational, Scientific and Cultural Materials.

While the government honors the Agreement and in fact already levies 0% import duties on books, it is not bound nor precluded from charging fees and charges. The government imposes fees and charges in order to sustain, expand or improve its services to the public at minimal rates only.

Unnumbered House Bill (UHB)
Enabling Banks to Expand Service Delivery Channels Through Cash Agents

The UHB, to be known as the "Bangko sa Baryo Act of 2018", proposed to create an enabling regulatory environment for innovations and allows banks to exponentially expand their reach through cash agents, and serve a wider client base, particularly in the low-income areas. A cash agent as defined under the bill, is any person with a retail outlet such as, but not limited to, convenient stores, pharmacies and other highly accessible retail outlets that deliver bank services.

The bill proposed the exemption from the income tax of the earnings to be derived by a cash agent, in a remote area from the operation of the enterprise for a period of one year.

The proposal to exempt the cash agent from income tax in a remote area on his/her income arising from the operation of the enterprise for a period of one year, is not supported. The phrase "exempt from income tax arising from the operation of the enterprise" is too broad to even include earnings of the enterprise that are not attributable to banking or financial services that it renders as cash agent.

In order to avoid tax leakage, the cash agents would be required to record separately its income and expenses from its regular business operations and for being a cash agent. It would also require additional resources for the tax authority that it needs to monitor the number of cash agents.

Moreover, the proposed income tax exemption to a cash agent may no longer be necessary. Pursuant to RA 10963, the first P250,000 taxable income of individual income taxpayers is subject to 0% income tax. If the taxable income is higher than P250,000, such income will still be subject to lower rates of income tax as provided under Section 24(A)(2)(a) of the NIRC of 1997, as amended by RA 10963.

Furthermore, if the business of a cash agent is a registered Barangay Micro-Business Enterprise (BMBE) in the city or municipality where it is located, it shall be exempt from the income tax for income arising from the operations of enterprise, pursuant to Section 7 of RA 9178, or the "BMBEs of 2002". Under the said law, LGUs are likewise encouraged to reduce the amount of local taxes, fees and charges imposed under BMBEs or to exempt from the same.

UHB
Establishing the Malasakit Program, Institutionalizing the Delivery of Medical and Financial Assistance Under the Malasakit Centers in Public Hospitals to Complement the Implementation of RA 11223, Otherwise Known as the "Universal Health Care Act", and Appropriating Funds Therefor

The UHB proposed for the tax exemptions and deductions of donations to the DOH and free medical assistance not covered or paid by Philippine Health Insurance Corporation (PhilHealth) under the UHC Act.

The proposal conforms to the provision of Sections 101(A) and (B) and 34(H)(2)(a) of the NIRC of 1997, as amended, and thus, supported.

The medical, health, documentary and other services billed by government hospitals are services which are provided with corresponding fees and charges. While the basic principle behind the imposition of fees and charges is cost recovery, the provision of health services is one of the constitutionally mandated free and/or subsidized government services. These free and/or subsidized services are primarily provided for the marginalized sectors of the country who cannot afford them specially those who are considered indigent.

However, taxes that the program may incur are recommended to be financed through the tax expenditure subsidy. As provided under the GAA of 2019, which is the operational basis of tax subsidy, the same is to be granted to government agencies/entities/corporations, covering specified transactions subject to the approval of the FIRB under the Tax Expenditure Fund and is treated as both revenue and expenditure of the government. The tax expenditure subsidy is preferred because it is deemed to be more transparent and readily quantifiable.

UHB
Providing for a Comprehensive Hazardous and Radioactive Wastes Management and Providing for Violations Thereof

The UHB provided for an incentives scheme to encourage enterprises, private entities, LGUs, and non-government organizations (NGOs) to develop or undertake an effective hazardous and radioactive waste management, or actively participate in any program geared toward its promotion. The incentive schemes consist of, among others:

a. Tax and duty-free importation of machinery, equipment, technology, vehicles and spare parts used for transport, processing, storage, and treatment of hazardous and radioactive wastes including cleaner production and waste minimization technologies by LGUs, NGOs, enterprises or private entities for a period of five years upon the effectivity of this Act, provided that the importation of such items complies with the following conditions:

   i. They are not manufactured domestically in sufficient quantity, of comparable quality and at reasonable prices;

   ii. They are reasonably needed and will be used actually, directly, and exclusively for the above-mentioned activities; and

   iii. The approval of the Board of Investments (BOI) of the Department of Trade and Industry was obtained for the importation of such machinery, equipment, vehicle and spare parts.

   It is provided, further, that the sale, transfer or disposition of such machinery, equipment, vehicle and spare parts within five years from the date of acquisition without prior approval of the BOI shall be prohibited, otherwise, the registered enterprise, private entity, LGU or NGO concerned and the buyer, transferee or assignee shall be solidarily liable to pay twice the amount of tax and duty exemption given it.

b. Exemption from VAT on the sale of domestic capital equipment, including its spare parts, to registered enterprises, LGUs and NGOs to be used in the processing, storage, and treatment of hazardous and radioactive wastes for a period of five years from the effectivity of the Act, provided that the incentive shall be subject to the same conditions and prohibitions prescribed under Section 47 (a) of the Act.

c. Exemption from donor's tax of legacies, gifts and donations to enterprises of private entities, LGUs and NGOs, for the support and maintenance of the program for effective hazardous and radioactive wastes management and allowing said amount as a deduction from the gross income of the donor for income tax purposes.

d. Tax and duty exemption of hazardous waste materials generated within and exiting from PEZA areas, free ports and other special economic zones intended solely for recycling or treatment, provided, that said recyclable hazardous waste materials are identified and listed in accordance with Section 5 of the Act.

The primary intention of the bill was to develop and implement a national and local integrated and comprehensive hazardous and radioactive waste management programs, including resource and recovery system which shall improve waste management techniques, promote environmentally safe disposal of residues, minimize the generation of hazardous and radioactive wastes by encouraging cleaner production, and institutionalizing public participation in the development and implementation of such programs among others.

The proposed exemption from taxes and customs duties on the importation of machinery, equipment, vehicles and spare parts used for transport, processing, storage and treatment of hazardous and radioactive wastes as well as the exemption from VAT on the sale of domestic capital equipment is contrary to the thrust of the government to do away with outright tax exemption and to adopt a broad-based VAT system for more effective taxation. It is suggested that the concerned enterprises be registered with the BOI since "Industrial Waste Treatment" is included in the 2017 IPP. Once registered, they may avail of incentives under EO 226, as amended.

On the proposed exemption from donor's tax of gifts and donations made to LGUs, enterprises or private entities including NGOs for the support and maintenance of hazardous and radioactive wastes management and allowing their deductibility from the taxable of income of the donor for income tax purposes, the same are already exempt pursuant to Sections 101, and 34(H)(2)(a) of the NIRC, as amended.

Further, under Section 45 (1) (c) of RA 9003 ("Ecological Solid Waste Management Act of 2020", January 26, 2001), all legacies, gifts and donations made to private entities, including NGOs, for the support and maintenance of solid waste management program are exempt from all internal revenue taxes and customs duties and shall be deductible in full from the gross income of the donor for income tax purposes. The proposed similar tax exemption will encourage more donations to the programs.

In addition, legacies to government agencies are exempt from estate taxes as the same are deductible from the gross estate for purposes of determining the value of the net estate subject to tax. Thus, the proposed exemption may no longer be necessary.

Further, donations to NGOs are exempt from the donor's tax only if the NGOs are accredited by the Philippine Council for NGO Certification and not more than 30% of said gifts are used for administration purposes. For legacies to be exempted, these should be made in favor of social welfare, cultural and charitable institutions and not more than 30% thereof is used for administrative purposes. For consistency of tax treatment and to prevent abuses/leakages, it is better to align the proposal with respect to NGOs with existing codal provisions.

As to imported donations for the support and maintenance of hazardous and radioactive wastes management program, the same are exempt from taxes and customs duties similar to the acquisition of the items needed for the said program. This will encourage the entry of new technology from more advanced countries to support government's hazardous and radioactive wastes programs.

On the other hand, the grant of tax and duty exemptions to hazardous waste materials generated within PEZA areas, freeports and other special economic zones and brought to the Philippine customs territory intended solely for recycling and treatment may be a source of leakage and can be detrimental to public health and safety. It may be more practical to align the bill under the ongoing rationalization of fiscal incentives under Package 2 of the CTRP, which seeks to reform the fiscal incentives and integrate it into one single menu applicable to all investment promotion agencies.

Unnumbered Substitute Bill (USB) to HB Nos. 656, 1584, 1586, 1916, 2396, 4865, 5058, and 6284
Granting Additional Privileges to Persons With Disability, Amending for the Purpose RA7277, as Amended, Otherwise Known as the Magna Carta for Persons With Disability

The USB proposed to grant additional privileges to PWDs by ensuring access opportunities for gainful employment both in the public and private sectors. To this end, government agencies, offices or corporations are mandated to reserve at least 2% of all positions to qualified PWDs, while private corporations are mandated to reserve at least 1% of its total positions, except those with more than 1,000 employees which are mandated to reserve at least 2% of all positions, for PWDs.

To encourage active participation of the private sector, the bill proposed to grant incentives in the form of an additional deduction from the gross income of employers in the private sector. Section 3 of the bill provided that private entities which shall employ PWDs as apprentice or learners, or as regular employees shall be entitled to additional deductions from their gross income equivalent to 25%, or 50%, respectively, of the total amount paid as salaries and wages. In the event, however, that there is no qualified PWD applicant after 30 days from the mandatory publication of its job vacancy for positions reserved for PWD, the employer may, after securing a prior approval from the LGU concerned, hire a non-PWD applicant.

The intent of the USB to afford PWDs equal opportunity for employment is recognized. The State stands to benefit once PWDs have become self-reliant because it means that lesser intervention is needed from the government in terms of financial assistance and through specific programs targeted to provide assistance to PWDs.

As to the proposal to grant incentives, the USB differentiates the amount of incentives depending on the status of PWD's employment. The additional deduction equivalent to 25% if the PWD is hired as apprentice or learner, or 50% if the PWD is hired as regular employee, of the total amount paid as salaries or wages to qualified PWDs. The higher deduction is aimed to encourage the employers to regularize the PWD.

The proposed 50% rate of additional deduction from the gross income should be reconsidered. It is deemed too high compared to the present 25% rate under the Magna Carta for Disabled Persons (RA 7277, as amended) which is already higher by 10-percentage points than the 15% rate of deduction from gross income allowed to private entities hiring senior citizens pursuant to RA 7432, as amended by RAs 9257 and 9994, also known as the "Senior Citizens' Act", upon which the privileges and incentives accorded to PWDs were patterned and aligned from. Hence, it is suggested that regardless of whether the PWD is employed by a private entity as an apprentice or learner, or a regular employee, the percentage of deduction from the gross income of the private entity corresponding to the amount of salaries or wages paid to PWDs be maintained at 25%.

The differentiation of allowable deductions depending on the status of employment has attendant administrative difficulties which the employer may exploit and abuse in the allocation of expenses in order to avail of higher deduction. The tax authority should therefor come-up with regulations that will clarify and tighten the rules thereon which might raise the employer's cost of compliance. The current 25% single rate of deduction regardless of the PWDs status of employment is simpler and straightforward, hence, is reasonable to maintain.

Section 19 of UHB in Substitution of HB 289
Establishing a Polytechnic State College in the Municipality of Cuyapo, Province of Nueva Ecija to be Known as the Cuyapo Polytechnic State College and Appropriating Funds Therefor

UHB in Substitution of HB 2652
Converting the Abra State Institute of Sciences and Technology (ASIST) in the Municipality of Lagangilang, Including Its ASIST-Benguet Campus in the Municipality of Bangued, All in the Province of Abra into a State University to be Known as the University of Abra and Appropriating Funds Therefor

UHB in Substitution of HB 3194
Converting the Agusan Del Sur State College of Agriculture and Technology, in the Municipality of Bunawan, Province of Agusan Del Sur into a State University, Integrating Therewith the Satellite Campus in the Municipality of Trento and all Other Campuses to be Established in the Future, in the Province of Agusan Del Sur to be Known as the Agusan Del Sur State University, and Appropriating Funds Therefor

Section 19 of the UHBs proposed that the importation of economic, technical and cultural books or publications, which are for economic, technical, vocational, scientific, philosophical, historical or cultural purposes made by the College/University upon certification by the CHED be exempt from customs duties under the CMTA.

The UHBs proposed that all grants, bequests, endowments, donations and contributions to the College/University and used exclusively by said institutions shall be exempt from donor's tax and the same shall be considered as allowable deductions from the gross income of income of the donor in accordance with the provisions the NIRC of 1997, as amended.

The proposed exemption from customs duties of the importation of economic, technical and cultural books and publications by the proposed Cuyapo Polytechnic State College, University of Abra, and the Agusan Del Sur State University and the exemption from donor's tax of all donations to said SUCs are already provided under existing laws and issuances. In addition, under Section 109(R) of the NIRC of 1997, as amended, and reiterated under DOF DO 57-2011, the importation of books is exempt from the VAT.

UHB in Substitution of HBs 193, 232, 1320, 1358, 1829, 2172, 2272, 2481, 2514, 2586, 2725, 2879, 2887, 2895, 2981, 2997, 3172, 3347, 3350, 3380, 3512, 3656, 3987, 4026, 4097, 4098, 4114, 4251, 4329, 4447, 4654, 4807, 4830, 4897, 4944, 5049, and 5141 Establishing the National Framework for Water Resource Management and Creating the Department of Water Resources and the Water Regulatory Commission, Defining its Mandate, Powers and Functions, Appropriating Funds Therefor, and for Other Purposes

The USB proposed for the establishment of the framework for water resource management and the creation of a Department of Water Resources and the Water Regulatory Commission with the end in view of ensuring the provision of safe, adequate, affordable and sustainable water supply and improved sanitation services while maintaining the protection, preservation and revival of the quality of the country's water resources and ecological balance.

The bill proposed the following powers and functions of the following:

1. Department of Water Resources

    a. Impose fees and charges, as may be deemed necessary for water resources conservation and protection, such as polluter's fee, which shall be based on the net waste load depending on wastewater charge formula pursuant to RA 9275

    b. Deputize LGUs to collect the national fees and charges for resource regulation within their respective jurisdictions

    c. Collect the wastewater discharge fees for all permittees under the proposed Bureau of Water Quality Management

2. Water Regulatory Commission

    a. Impose and collect annual levies determined as a percentage of gross revenue accruing in relation to the licensed activities, and reasonable fees and surcharges as may be necessary for achieving the purposes, powers and functions of the Commission and of the regulator.

    b. Impose penalties and fines against any licensee or against its owners, directors, officers, agents or representatives for any violation of this Act or of the license, order, rule, regulation or requirement issued by the Commission.

c. Require any licensee to pay the actual expenses incurred by the Commission in any investigation if it shall be found that a licensee violated any provision of this Act or of the license, order, rule, regulation or requirement issued by the Commission.

The bill likewise proposed for the creation of a Water Trust Fund where all non-tax revenues, including raw water pricing, permit fees, registration fees, supervision and regulation enforcement fees, filing fees, testing fees, and other service income from the use of water resources shall be remitted to the said Fund in the BTr and shall be utilized for water development, water sanitation and waste water treatment and management, and water sustainability programs and projects authorized under the Act.

The imposition of fees and charges is mainly a legislative function such that only those agencies authorized under EO 292 can do so. Similarly, Section 2 of AO 31, series of 2012 also provides that in determination of rates and imposition of new fees and charges, a balance between recovering the costs of services rendered and the socio-economic impact shall be taken into consideration. Thus, the proposal under the USB for the proposed creation of a Commission or Department to render services for a fee particularly to facilitate the exercise of regulatory and administrative functions of the government is in order.

With regard to the proposal to require any licensee to pay the actual expenses incurred by the proposed Commission in any investigation in which the licensee is found in violation of the law or of the license, order, rule, regulation or requirement issued by the Commission, this conforms to the nature of the imposition of fees and charges which is cost recovery that aims to relieve the government of its funding burden. It also conforms to another concept of fees, which refers to levies imposed by national government agencies and GOCCs to direct recipients of public goods and services in the exercise of their mandated service and regulatory functions.

The proposed charging of actual expenses which may be incurred by the Commission in the exercise of its regulatory function is considered the cost of regulation which may also include the incidental consequences of regulation. Otherwise, fees, which do not bear relation to the cost of service and/or regulation, are deemed as taxes.

The proposed polluter's fee is a reiteration or is similar to the wastewater charge system under RA 9275, otherwise known as the "Philippine Clean Water Act of 2004". Under the wastewater charge system, the fee shall cover the costs of administering water quality management and rehabilitation of the water.

The proposal to impose and collect annual levies determined as a percentage of gross revenue accruing in relation to the licensed activities may be unconstitutional. The proposal can be construed as a form of tax as it levies the gross revenue of license holders. It cannot be a form of a fee as it does not bear any relation to the cost of administering government service. Since the proposal is a tax, delegating to the Commission the power to determine the rate of tax is unconstitutional. The power to levy taxes is solely vested in Congress.

On the other hand, the proposal to deputize LGUs to collect the national fees and charges for resource regulation within their respective jurisdictions,under RA 9275, LGUs are part of the governing board, tasked to create a multi-sectoral group to establish and effect water quality surveillance and monitoring, formulate strategies to coordinate policies necessary for the effective implementation of RA 9275, among others.

With regard to the proposed Water Trust Fund, the observation was that it duplicates the already established National Water Quality Management Fund and the Area Water Quality Management Fund, both created under RA 9275. The existence of several trust funds for the same objectives and purposes will make the budgeting system convoluted and less transparent and the checking of accountability more difficult and costly.

UHB in Substitution of HBs 303, 545, 2545,2867, 2875, 3277, 4013, 4084, 4128, 4248, 4249, 4344 and 492 Establishing the National Academy of Sports System and Appropriating Funds Therefor

The UHB to be known as the "National Academy of Sports (NAS) System Act", proposed to establish the NAS System to develop the athletic skills and talents of students.

The bill proposed the exemption of the NAS System from the payment of all taxes, fees, assessments, and other charges of the Government, its branches and subdivisions. It also proposed for the exemption from duties and taxes the importation of sportswear, equipment, books, supplies, instruments, materials and goods, including those donated to the NAS System for the development of various sports and/or training of students and subject to other conditions as provided under the bill. Moreover, it proposed to exempt from withholding taxes on the honoraria or fees paid by the System to visiting lecturers or professors from abroad.

The UHB provided that all legacies, gifts and donations for the benefit of the Academy, or for its support and maintenance, or for aid to any of its students shall be exempt and shall be allowed as deduction from the gross income of the donors.

The proposed NAS System can be considered as government educational institution as it provides curricula, course of study, and rules of discipline to develop the athletic skills of the students in secondary course through subjects pertaining to physical education and sports development while preparing them for a sports-related career.

The proposed exemption of the NAS System from all taxes and duties including the exemption from donor's tax of all donations to the Academy is supported as it is constitutionally provided and reiterated in several laws and issuances.

However, the proposed absolute exemption of the NAS System to withhold taxes on the honoraria or fees paid by the NAS System to visiting lecturers or professors from abroad is not recommended as not all visiting lecturers or professors are exempt from tax but only those whose country of residency have an existing tax treaty with the Philippines are exempt or may be entitled to preferential tax rate.

Lastly, the proposed exemption from fees of the NAS System is also not recommended because fees are only nominal and are only imposed to recover the cost of service, to which government agencies would be directly affected in their provision of services especially those agencies whose collection from fees and charges form part of their budget.

UHB to HBs 1444, 6706, 7048, and 7132
Strengthening the National Research Council of the Philippines of the Department of Science and Technology for the Promotion of Research Work Along Scientific Lines and Appropriating Funds Therefore

The UHB proposed to strengthen the National Research Council of the Philippines (NRCP) by providing support in the form of tax exemptions and incentives. In particular, Sections 15 and 16 of the bill provided that:

> Section 15. Exemption from Taxes. – Any provision of law to the contrary notwithstanding, any donation, contribution bequest, subsidy, or financial aid which may be made to the Council shall be exempt from taxes of any kind and shall constitute allowable deduction in full from the income of the donors or grantors for income tax purposes.
>
> The Council, shall be exempt from the payment of all internal revenue taxes, fees, assessment and other charges of the government.

> Section 16. Tax Incentives. – Expenses from research shall be deemed as deductions from gross income within the contemplation of the NIRC, as amended. Such expenses for research shall include among others, research grants to faculty members of universities conducting independent research or commissioned by the private sector for business purposes.
>
> All entities doing business in the Philippines in the field of research or those that use new technology or research-based business shall be exempt from the payment of income tax for a period of two years from the time of the commencement of their research or technology-based business.

The proposed tax exemption under the bill is basically an expansion of NRCP's tax exemption provision under its charter and by-laws. Presently, the NRCP's tax exemption only covers the payment of all internal revenue taxes, fees, assessment, and other charges of the government in carrying out its aims, functions, and its purpose and powers (Section 6, Act 4120). The tax exemption is sought to be expanded to include exemption from any and all taxes of:

a. Any donation, contribution, bequest, subsidy, or financial aid which may be made to the Council; and

b. Its assets, acquisitions, income and its operations and transactions.

In addition, the bill proposed to allow the full deductibility of any donation, contribution, bequest, subsidy, or financial aid which shall be made to the Council from the income of the donors or grantors and to exempt the NRCP from fees, charges, imports, licenses and assessments imposed by any government entity.

The proposed tax exemption insofar as donor's tax is concerned and the proposed full deductibility of the said donations from the gross income of the donor are supported as these are in accordance under Sections 101(A) and 101(B)(1) and Section 34(H)(2)(a), respectively, of the NIRC of 1997, as amended. However, to be entitled to the full deductibility of donations, activities by the NRCP should be listed as a priority activity under National Priority Plan (NPP) determined by the National Economic Development Authority (NEDA), otherwise it shall be subject to limitations under Section 34(H)(1) of the NIRC of 1997, as amended.

With regard to other taxes, e.g., income tax, CGT, DST, VAT, and local taxes, the NRCP, in the conduct of its governmental functions may be exempt, however, the following rules should be noted when it comes to the DST and local taxes imposed by LGUs:

a. While the NRCP is exempt from DST, the other party transacting with the Council should bear the burden of paying the said tax as provided under Section 173 of the NIRC of 1997, as amended; and

b. On local taxes, pursuant to Section 133(o) of the LGC, instrumentalities of the national government like the NRCP are exempt from local taxes. The exemption, however, limits the exception with respect to the RPTs. Hence, should the NRCP leases any of its property to a taxable person, the lessor should pay the RPT.

Lastly, the proposed deduction of research expense from the gross income of the donor may be unnecessary by reason of the proposed exemption of the NRCP from any and all taxes under Section 15 of the bill. It may find relevance only on the filing of its income tax return, but will not affect its tax liability.

UHB to HB 7333 and 7535 Amending Chapter V, Section 85 of RA 9593, Otherwise Known as the Tourism Act of 2009

The UHB proposed to extend the effectivity of the incentive schemes set forth in Sections 86 (Fiscal Incentives Available to Tourism Enterprise Zone [TEZ] Operators and Registered Enterprises), 87 (Non-fiscal Incentives Available to TEZ Operators and Registered Tourism Enterprises), and 88 (Non-fiscal Incentives Available to TEZ Operators and Registered Tourism Enterprises) from 10 to 17 years from the effectivity of RA 9593, or the year 2026 (Section 1 of HBs 7333 and 7535).

It is noted that there is an ongoing rationalization of the fiscal incentives system under Package 2 of the CTRP that is more practical to align the proposal with the rationalized system of incentives, particularly on the sunset provision for existing registered enterprises availing the fiscal incentives.

The proposed extension of incentives is supported pending approval of Package 2, to promote the tourism industry in the country.

UHB in Substitution to HB 2459
Institutionalizing the Agricultural Guarantee Fund Pool Through the Creation of the Agricultural Guarantee Corporation, Expanding its Coverage to Include Post Production Projects, and Providing Funds Therefor

The UHB proposed for the conversion of the Agricultural Guarantee Fund Pool (AGFP) into a public corporation to be named as the Agricultural Guarantee Corporation (AGC).

The bill proposed for the exemption from taxes of the AGC on interest and yields earned or accumulated on mortgage, debentures, bonds, notes, mortgage and asset-backed securities, interest under a lease, and other credit instruments, whether issued by the Corporation or covered by its guarantee in favor of natural or juridical person, in cash or bonds.

The intention of the bill to create the AGC will provide sustainable financial services to farmers. It will give the farmers access to credit from formal lenders.

UHB in Substitution of HB 4263
Establishing the Philippine Entrepreneurs Academy, and Appropriating Funds Therefor

The UHB in substitution of HB 4263 proposed to establish the Philippine Entrepreneurs Academy under the supervision of the CHED, which shall formalize and integrate under a school system the non-formal entrepreneurship programs and short-term technical-vocational courses of the TESDA, DTI, DOST, and other government agencies.

The UHB accorded the powers and duties of the governing Board of the Academy to fix the tuition fees and other school charges, such as, but not limited, to matriculation fees, graduation fees, and other laboratory fees, based on the guideline of the CHED. Such fees and charges, including government subsidies and other income generated by the Academy, shall constitute its regular fund and shall be deposited in any authorized government depository bank, and all interests that shall accrue therefrom shall form part of its same fund for the use of the Academy.

The UHB proposed 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 Academy, upon certification by the CHED shall be exempt from customs and duties in accordance with the provisions of RA10863, otherwise known as the CMTA. It also proposed to exempt from all taxes and duties the purchases and other transactions of the Academy in relation to the function of the Board.

Further, the UHB provided that all grants, bequests, endowments, donations, and contributions made to the Academy to be used actually, directly, and exclusively by it, shall be exempt from the donor's tax and the same shall be considered as allowable deduction from the gross income tax of the donor, in accordance with the provisions of the NIRC of 1997, as amended.

The proposed exemption on tax and duties is aligned under Article XIV, Section 4(3) of the 1987 Constitution. The constitutional provision is reiterated in several laws and issuances. Under Sections 30(H) and 30(I) of the NIRC of 1997, as amended, non-stock, non-profit educational institutions including government institutions are exempt from income tax.

Also, Section 109(H) of the NIRC of 1997, as amended, provides for the exemption of education services from the VAT, and Section 234(b) of the LGC of 1991, as amended, specifically provides for the exemption from real property taxation of all lands, buildings, and improvements actually, directly, and exclusively used for educational purposes.

The importation of economic, technical, and cultural books or publication, which are for economic, technical, vocational, scientific, philosophical, historical or cultural purposes is exempt from duties as provided under Section 800(t) of the CMTA, aside from the constitutional provision. Further, RA 8047, or the "Book Publishing Industry Development Act", and its Implementing Rules and Regulations (IRR) provide for applicable fiscal and non-fiscal incentives for book development. Likewise, EO 885[49] (June 5, 2010), lifted the tariffs on educational materials including scientific books which was further affirmed and reiterated via Department Order No. 57-2011 (December 12, 2011).

The proposed exemption of donation to the Academy is aligned with Article XIV, Section 4(4) of the 1987 Constitution and Sections 101(A)(2) and 101(B)(2) of the NIRC of 1997, as amended by RA 10963, otherwise known as the "TRAIN law".

Under Section 4(d) of RA 8292, otherwise known as the "Higher Education Modernization Act of 1997", the SUCs are authorized to retain all income from fees and charges to constitute as their regular fund.

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[49] Entitled, "Modifying the Nomenclature and Rates of Duty on Imported Educational, Technical, Scientific, and Historical or Cultural Books Under Section 104 of the Tariff and Customs Code of 1978 (PD No. 1464), as Amended".

Sections 66, 69, and 70 of the UHB in Substitution of HBs 04, 30,164, 195, 338, 398, 563, 885, 1151, 2001, 2133, 2451, 3023, 3084, 3142, 3182, 3214, 3245, 3348, 3459, 3490, 3452, 3913, 4301, 4313, 4401, 4577, 4709, 4710, 4800, and 4844 Creating the Department of Disaster Resilience, Defining Its Mandate, Powers and Functions, Appropriating Funds Therefor, and for Other Purposes

The UHB proposed to create a Department of Disaster Resilience to establish a permanent, institutionalized, cohesive, and comprehensive framework for disaster preparedness, prevention and mitigation, and response, to be implemented by a fulltime and focused specialized agency with its own mandate, powers, and funding, in coordination and with the participation of the Philippine government, other foreign governments and financial institutions, international organizations, the private sector and civil society.

Section 66 (Donation Management) of the bill proposed that the importation by, and donation to, the Department for relief, recovery and other disaster management activities be made in accordance with Section 105 of the Tariff and Customs Code of the Philippines (TCCP), as amended, and the prevailing provisions of the GAA covering national internal revenue taxes and import duties of national and local government agencies.

Section 69 (Special Rules on Tax and Duties) proposes that the following be granted special exemptions from existing taxation laws, rules and regulations to facilitate prompt and efficient response to, and/or recovery from disasters:

a. Exemption from taxes and import duties for foreign disaster assistance or international donations coursed through the Department;

b. Exemption from donor's tax and allowing the treatment of donations as a deductible expense for local disaster assistance coursed through the Department;

c. Exemption from VAT for goods or services donated from abroad coursed through the Department; and

d. Tax incentives to encourage members of the private sector to render aid or provide disaster assistance, and/or to invest in disaster resilience and climate change adaptation measures for their residence, communities or businesses.

Section 70 (Customs Duties and Tariffs on Donations) of the bill also provides that the BOC shall issue rules which would, among others, hasten the processing and release of donated goods and equipment to disaster victims and/or affected areas.

The proposed exemption from duties and taxes the importation and donation in times of state of calamity is supported as mere reiterations of Sections 121 and 800 of the CMTA and Sections 101(A) and 101(B) of the NIRC of 1997, as amended. The proposal allowing the treatment of donations as a deductible expense is also in accord with Section 34(H)(2)(a) of the NIRC of 1997, as amended. Section 70 of the bill proposing the creation of special customs procedure for donated goods and equipment to disaster victims and/or affected areas is likewise supported as it is already provided under Section 120 of the CMTA.

Section 4 of USB in Substitution of HBs 6653 and 7624 Granting Legal Residency Status to Certain Aliens in the Philippines Under Certain Conditions and Appropriating Funds Therefor

Section 4 of UHB in substitution of HBs 6653 and 7624 proposed to grant legal residency to aliens whose stay in the Philippines is illegal under certain conditions, i.e., all aliens who have entered the country prior to June 30, 2016 are to be granted legal residence status upon compliance with the integration requirements, procedures and fees and shall not be prosecuted for offenses which are inherent to illegal residence such as absence of valid travel documents or visa.

For this purpose, the applicant shall file registration forms with the following: (a) Civil Register of the alien's place of residence; (b) BIR; (c) Bureau of Immigration (BI); (d) NBI; and (e) commercial or universal banks where the alien shall pay the integration fee as specified under the UHB. However, the applicant shall have the option to file all five sets of registration forms with a commercial or universal bank certified by the BIR as authorized collectors of income tax.

Children born after June 30, 2016 to parents who have received the benefits of the proposed UHB shall become legal residents upon registration with the BI. The integration fees paid shall be in lieu of all immigration fees and fines, the applicant may have incurred during his or her unlawful residence in the country.

On the registration fees to be imposed by the civil registrar, the NBI and the BIR, the same should be in accordance with the AO 31, series of 2012 as implemented by DOF-DBM-NEDA Joint Circular No. 1-2013 under the cost recovery principle.

The proposed rates of fees under the UHB are reasonable in consideration of the inflation rate over the past years and the need to strengthen national security and at the same time recognized the potential contribution of aliens to the country.

Chapter 4
STAFF DEVELOPMENT AND OTHER ACTIVITIES

A. CONFERENCES AND SEMINARS ABROAD

1. **Monica G. Rempillo**, Economist V, Economics Branch, **Ma. Berlie L. Amurao**, Supervising Tax Specialist, Indirect Taxes Branch, and **Atty. Jocet Consisa R. Pabilona**, Senior Tax Specialist, Direct Taxes Branch, attended the Comparative Tax Policy and Administration Program, offered by the Harvard Kennedy School Executive Education Program held at Cambridge, Massachusetts, USA on August 18-31, 2019.

2. **Grace A. Manalo**, Accountant III, Administrative and Financial Branch, attended the Training Program on "Transparency and Good Governance in Public Policy" under the auspices of the Singapore-Chile Joint Training Programme held at Civil Service College, Singapore on October 13-19, 2019.

B. LOCAL CONFERENCES AND SEMINARS

1. **All NTRC Officials and Employees**, attended the Lecture on APA Citation Format with Table and Figures APA Formatting held at the NTRC Function Hall on February 6, 2019. **Jason P. Raposas**, Chief Tax Specialist, Special Research and Technical Services Branch, as resource speaker.

2. **All NTRC Officials and Employees**, attended the Cascading of the NTRC Quality Management System held at the Convention Hall, 3rd Floor Palacio del Gobernador Condominium, Intramuros, Manila on February 11-12, 2019. **Gian Carlo D. Rodriguez**, Chief Administrative Officer, and **Venchito P. Salvador**, Supervising Administrative Officer, Administrative and Financial Branch, as resource speakers.

3. **Marilou D. Vilog**, Senior Tax Specialist and **Maureen Nicole N. Locquiao**, Tax Specialist I, Planning and Coordinating Branch, attended the GAD Focal Points System First Quarter Assembly held at the CFMO Conference Room, 7th floor, EDPC Building, BBSP compound, Manila on February 20, 2019.

4. **Leanelle D. Reyno**, Librarian I, Administrative and Financial Branch, attended the "Advancing Multiculturalism in Libraries: Partnership and Promotions" held at Narra Hall 19th Floor, BSP, A. Mabini St., Malate, Manila on March 8, 2019.

5. **Ma. Rhea L. Caro**, OIC-Chief Tax Specialist, Planning and Coordinating Branch, attended the GAD Seminar on Making Change Work for Women held at the Jose Rizal Hall (Meeting Room 1) PPICC, Pasay City on March 8, 2019.

6. **All NTRC Officials and Employees,** attended the GAD Seminar on Personality Development and Beauty Enhancement held at the NTRC Function Hall on March 15, 2019.

7. **Ma. Berlie L. Amurao,** Supervising Tax Specialist, Indirect Taxes Branch, **Lorelli D. Villaflores,** Administrative Officer V, Administrative and Financial Branch, **Florida J. Jurado,** Senior Tax Specialist, Indirect Taxes Branch, and **Lillian S. Flores,** Senior Tax Specialist, Planning and Coordinating Branch, attended the GAD Activities entitled, "Women Inspiring Women Forum" and "Women's Economic Empowerment" held at Room B, Podium Level, DDOF, Roxas Blvd., Manila on March 19, 2019.

8. **Donaldo M. Boo**, OIC-Executive Director, **Marlene L. Calubag**, OIC-Deputy Executive Director, Indirect Taxes Branch, and **Roselyn C. Domo**, OIC, Direct Taxes Branch, attended the "Leadership: The Heartware of Managing Projects" held at the Civil Service Commission (CSC) Auditorium, 4th floor, CSC Resource Center, CSC, IBP Road, Constitution Hills, Quezon City on March 20, 2019.

9. **Grace A. Manalo,** Accountant III, **Milagros G. Alvarez**, Planning Officer II, and **Arden Mar S. Llanto**, Accountant I, Administrative and Financial Branch, attended the forum/workshop on Cash Management Reforms held at the Marble Hall, BTr, Ayuntamiento de Manila on March 27, 2019.

10. **All NTRC Officials and Employees,** attended the GAD Seminar on Tax Amnesty held at the NTRC Function Hall on March 27, 2019. **Donaldo M. Boo**, OIC-Executive Director, as resource speaker.

11. **Perlita V. Yumul**, Administrative Officer II, **Marilou S. Banzon**, Administrative Assistant II, Administrative and Financial Branch, and **Fe Q. Almoninia**, Administrative Assistant II, Indirect Taxes Branch, attended the film showing of

"BARBER'S TALE" held at the Sergio Osmena Lecturer Theater, BTr on March 29, 2019.

12. **All NTRC Officials and Employees,** attended the GAD Seminar on Infectious Diseases, Prevention and Control held at the Convention Hall, 3rd Floor Palacio del Gobernador Condominium, Intramuros, Manila on March 29, 2019.

13. **Selected NTRC Officials and Employees**, attended the Seminar on Tax Consciousness held at the City of Binan, Laguna on April 3-4, 2019.

14. **All NTRC Officials and Employees,** attended the NTRC 59th Anniversary Celebration; Athletic and Cultural; and GAD Activities held at The Greenery, Rio Vista Subd., Sabang, Baliwag, Bulacan on April 12-13, 2019.

15. **Ma. Berlie L. Amurao**, Supervising Tax Specialist, Indirect Taxes Branch and **Atty. Jocet Consisa R. Pabilona**, Senior Tax Specialist, Direct Taxes Branch, attended the "Assessment of TRAIN's Coal and Petroleum Excise Taxes: Environmental Benefits and Impacts on Sectoral Employment and Household Welfare" held at the Philippine Institute of Developmental Studies Conference Hall, 18th Floor Three Cyberpod Centris-North Tower, EDSA corner Quezon Avenue, Quezon City on April 24, 2019.

16. **All NTRC Officials and Employees,** attended the Fund Briefing on Modified Pag-IBIG II information held at the NTRC Function Hall on April 26, 2019.

17. **NTRC Executive Staff,** attended the NTRC Human Resource Planning held at the Aloha Hotel, Pres. Elpidio Quirino Avenue corner Roxas Blvd., Manila on April 30, 2019.

18. **Jun V. Ocol**, Tax Specialist II, Local Finance Branch, attended the Forum on the Rights and Protection of Security of Tenure of Public Workers held at Solidarity Hall, PGEA-TUCP Compound, Elliptical Road, Diliman, Quezon City on May 8, 2019.

19. **All NTRC Officials and Employees,** attended the Omnibus Rules on Appointment and other Human Resource Actions held at the NTRC Function Hall on May 16-17, 2019.

20. **Gian Carlo D. Rodriguez**, Chief Administrative Officer, Administrative and Financial Branch, and **Ma. Rhea L. Caro**, OIC-Chief Tax Specialist, Planning and Coordinating Branch, attended the Annual National Data Protection Officer's Conference with the theme "Protecting the Digital Filipino: Accountability, Compliance, and Ethics in a Data-Driven Philippines" held at the Reception Hall of the PICC, Pasay City on May 23-24, 2019.

21. **Selected NTRC Employees,** attended the Orientation Seminar and Introduction to Tax Research held at the 4th Floor, DOF Building, Roxas Blvd., Manila on May 23-24, 2019.

22. **Donaldo M. Boo**, OIC-Executive Director, and **Marlene L. Calubag**, OIC-Deputy Executive Director, attended the First Career Executive Service (CES) Public Leaders' Summit held at the Summit Galleria Cebu Hotel in B. Benedicto Street, Cebu City on May 28-31, 2019.

23. **Lorelli D. Villaflores**, Administrative Officer V, Administrative and Financial Branch, attended the Government Service Insurance System (GSIS) Financial Assistance Loan II held at GSIS Pasay City Head Office on May 30, 2019.

24. **All NTRC Officials and Employees,** attended the GAD Seminar on Estimated Number of Employees by Industry and Gender Based on 2016 Data Submitted under RA 10708 and Cost-Benefit Analysis held at the NTRC Function Hall on June 6-7, 2019. **Analiza G. Berja**, Statistician II, Direct Taxes Branch, as resource speaker.

25. **All NTRC Officials and Employees,** attended the Pushing Forward the Reforms on Passive Income Taxation (Package 4 CTRP) held at the NTRC Function Hall on June 13-14, 2019. **Donaldo M. Boo**, OIC-Executive Director, as resource speaker.

26. **Donaldo M. Boo**, OIC-Executive Director, **Debbie F. Asistio-Sy**, Chief Tax Specialist, Fiscal Incentives Branch, **Monica G. Rempillo**, Economist V, Economics Branch, and **Atty. Jocet Consisa R. Pabilona**, Senior Tax Specialist, Direct Taxes Branch, attended the Tax Reform Strategic Planning Workshop held at The Manor, Camp John Hay, Baguio City on June 18-22, 2019.

27. **Ma. Rhea L. Caro**, OIC-Chief Tax Specialist, Planning and Coordinating Branch and **Grace A. Manalo**, Accountant III, Administrative and Financial Branch, attended the Seminar on "Values-Driven Leadership" held at the Crown Plaza Hotel, Ortigas Center, Quezon City on June 19, 2019.

28. **Gian Carlo D. Rodriguez**, Chief Administrative Officer, Administrative and Financial Branch, attended the "2019 Freedom of Information Receiving Officers' Hangout" held at Sequoia Hotel, Quezon City on June 19, 2019.

29. **Marlene L. Calubag**, OIC, Deputy Executive Director, **Monica G. Rempillo**, Economist V, Economics Branch, and **Ma. Rhea L. Caro**, OIC-Chief Tax Specialist, Planning and Coordinating Branch, attended the Sectoral GAD Planning and Budgeting Workshop for 2020 held at Chalet Hotel, Baguio City on June 27-29, 2019.

30. **Selected NTRC Officials and Employees,** attended the Forum on the Development of Social Enterprise as Additional Income for Public Sector Workers and Contractualization in the Government held at the Madison 101 Hotel + Tower, Aurora Blvd., corner Madison St., Brgy. Mariana, New Manila, Quezon City on June 28, 2019.

31. **Selected NTRC Officials and Employees,** attended the NTRC Writeshop on Package 4 of the CTRP held at the Orchid Garden Suites, Pablo Ocampo St., Manila on July 1, 2019.

32. **Selected NTRC Officials and Employees,** attended the Writeshop on Package 4 of the CTRP held at the CityState Tower Hotel, located at A. Mabini Street corner P. Faura St., Manila on July 3, 2019.

33. **Lee Ann A. Batang**, Administrative Officer II and **Anna Catherine V. Revilles**, Administrative Assistant III, Administrative and Financial Branch, attended the Talent Development Summit held at the PICC, Vicente Sotto Street, Pasay City on July 4, 2019.

34. **All NTRC Officials and Employees,** attended the GAD Seminar on Gender Fair Language held at the NTRC Function Hall on July 4-5, 2019. **Ma. Rhea L. Caro**, OIC-Chief Tax Specialist, Planning and Coordinating Branch, as resource speaker.

35. **Maureen Nicole N. Locquiao**, Tax Specialist I, Planning and Coordinating Branch, attended the Program Workshop for Librarians held at Lourdes J. Custodio ICD Room, College of Education, University of Sto. Tomas, España, Manila on July 9, 2019.

36. **NTRC Executive Staff and Selected NTRC Employee,** attended the 2019 NTRC Executive Staff Mid-Year Assessment and Review and GAD Planning Workshop held at the Le Monet Hotel, Baguio City on July 12-14, 2019.

37. **Clarence D. Moral**, Tax Statistician II, Tax Statistics Branch and **Maureen Nicole N. Locquiao**, Tax Specialist I, Planning and Coordinating Branch, attended the Adobe InDesign CC: Beginner to Intermediate held at the 2247 Don Chino Roces Avenue, Makati City on July 13-15, 2019.

38. **Selected NTRC Employees,** attended the Time Series Analysis and Forecasting held at the Convention Hall, 3rd Floor Palacio del Gobernador Condominium, Intramuros, Manila on July 15-16, 2019.

39. **Selected NTRC Officials and Employees,** attended the Awarding Ceremonies for the 2018 PRIME-HRM during the 2019 Public Sector HR Symposium held at Pasay City on July 24, 2019.

40. **Marry-Jean V. Yasol**, Senior Tax Specialist, Indirect Taxes Branch, attended the "The Challenge of Illicit Tobacco" conducted by Ateneo Graduate School of Government held at the Eastwood Richmonde Hotel, Quezon City on July 24, 2019.

41. **Lorelli D. Villaflores**, Administrative Officer V, Administrative and Financial Branch, attended the 2019 Public Sector HR Symposium with the theme "Moving Towards AmBisyon Natin 2040: People Centered, Clean, Efficient and Effective Governance" held at Pasay City on July 24-26, 2019.

42. **All NTRC Officials and Employees,** attended the GSIS Reforms Information held at the NTRC Function Hall on August 5, 2019.

43. **All NTRC Officials and Employees,** attended the GAD Seminar on RA 11210 (Expanded Maternity Leave) held at the NTRC Function Hall on August 9, 2019. **Atty. Jocet Consisa R. Pabilona**, Senior Tax Specialist, Direct Taxes Branch, as resource speaker.

44. **Abraham P. Solomon**, Computer Maintenance Technologist III, Administrative and Financial Branch, attended the Fiber Optic Network Technology held at Valenzuela Campus, Karuhatan, Valenzuela City on August 14-16, 2019.

45. **Venchito P. Salvador,** Supervising Administrative Officer, **Lorelli D. Villaflores,** Administrative Officer V, **Arden Mar S. Llanto,** Accountant I, and **Marilou S. Banzon,** Administrative Assistant II, Administrative and Financial Branch, attended the Seminar-Workshop re: "Public Financial Management in a Difficult and Changing Environment" held at the L' Fisher Hotel, Bacolod City on August 27, 2019 to September 1, 2019.

46. **Selected NTRC Employees,** attended the 2019 Civil Service Commission-National Capital Region "R.A.C.E. to Serve Fun Run" held at the Quirino Grandstand, Manila on September 1, 2019.

47. **Edrei Y. Udaundo,** Statistician III, **Clarence D. Moral,** Statistician II, **Mariane Daiseree P. Mojica,** Tax Specialist I, Tax Statistics Branch and **Analiza G. Berja,** Statistician II, Direct Taxes Branch, attended the Philippine Statistical Association, Inc. Annual Conference 2019 held at the Subic Bay Travelers Hotel, Subic, Zambales on September 3-7, 2019.

48. **Gian Carlo D. Rodriguez**, Chief Administrative Officer and **Abraham P. Solomon**, Computer Maintenance Technologist III, Administrative and Financial Branch, attended the "Container Adoption Program Discovery Session" held at the Marble Hall, BTr, Intramuros, Manila on September 5, 2019.

49. **Emelita A. Navor** and **Leanelle D. Reyno**, both Librarian I, Administrative and Financial Branch, attended the 2019 Marina G. Dayrit Lecture Series with the theme "Emerging Technologies in Libraries" held at the 40th Manila International Book Fair held at Stage Area 3, SMX Convention Center, SM Mall of Asia Complex, Pasay City on September 13, 2019.

50. **Abraham P. Solomon**, Computer Maintenance Technologist III, Administrative and Financial Branch and **Jun V. Ocol**, Tax Specialist II, Local Finance Branch, attended the Information Security Management System held at New World Hotel Manila, Pedro Gil St., Manila on September 9-11 and 18-19, 2019.

51. **Debbie F. Asistio-Sy**, Chief Tax Specialist, Fiscal Incentives Branch, attended the Seminar on "People-Centric Leadership" held at the CSC Main Office, Quezon City on September 18, 2019.

52. **All NTRC Officials and Employees,** attended the GAD Seminar on the Impact of Corporate Income Tax and Incentive Rationalization Act Strengthening the Role of NTRC as Secretariat of the FIRB held at the NTRC Function Hall on September 23-24, 2019. **Donaldo M. Boo**, OIC-Executive Director, and **Atty. Jocet Consisa R. Pabilona,** Senior Tax Specialist, Direct Taxes Branch, as resource speakers.

53. **Selected NTRC Officials and Employees,** attended the Gender Statistics held at The Luneta Hotel Manila, T. M. Kalaw St., Manila on September 27, 2019.

54. **Marilou D. Vilog**, Senior Tax Specialist, Planning and Coordinating Branch, and **Anna Catherine V. Revilles**, Administrative Assistant III, Administrative and Financial Branch, attended the briefing on the implementing rules and regulations of Republic Act No. 11032 and Anti-Red Tape Authority Memorandum Circular No. 2019-002 held at Conference Rooms A and B, Podium Level, DOF Executive Building on September 27, 2019.

55. **Gian Carlo D. Rodriguez**. Chief Administrative Officer and **Elizabeth Miriam L. Paredes**, Administrative Officer V, Administrative and Financial Branch, attended the Orientation on the Guidelines for the Grant of FY 2019 Performance-Based Bonus held at the GT-Toyota Asian Cultural Center, Magsaysay Avenue corner Katipunan Avenue, University of the Philippines, Diliman, Quezon City on September 27, 2019.

56. **Anna Catherine V. Revilles**, Administrative Assistant III, Administrative and Financial Branch, attended the 2019 Third Quarter Human Resource Managers Fellowship Meeting and Learning Session held at the CES Board No. 3 Marcelino St., Holy Spirit Drive, Quezon City on September 30, 2019.

57. **Selected NTRC Officials and Employees,** attended the Elderly Filipino Week: "Walk for Life" held at the SM Mall of Asia, Pasay City on October 1, 2019.

58. **Selected NTRC Officials and Employees,** attended the 14th National Convention on Statistics held at the Crowne Plaza Manila Galleria, Ortigas Avenue corner Asian Development Bank Avenue, Mandaluyong City on October 1-3, 2019.

59. **All NTRC Officials and Employees,** attended the Seminar on Identifying Depression on the Elderly held at the NTRC Function Hall on October 3, 2019.

60. **Marlene L. Calubag**, OIC, Deputy Executive Director, **Monica G. Rempillo**, Economist V, Economics Branch, and **Ma. Rhea L. Caro**, OIC-Chief Tax Specialist, Planning and Coordinating Branch, attended the Gender Analysis Workshop Using Harmonized Gender and Development Guidelines held at Hotel Kimberly Tagaytay, Tagaytay City on October 8-10, 2019.

61. **Leanelle D. Reyno**, Librarian I, Administrative and Financial Branch, attended the Philippine Librarians Association Inc. Forum and Annual Summit held at the BSP Economic and Financial Learning Center, BSP Head Office. Roxas Blvd., Manila on October 9, 2019.

62. **Selected NTRC Officials and Employees,** attended the Orientation on the Background and Processes of the FIRB and Investment Promotion Agencies held at the NTRC office, 4th floor, DOF Building, Roxas Blvd., Manila on October 10-11, 2019.

63. **Donaldo M. Boo**, OIC-Executive Director, **Debbie F. Asistio-Sy**, Chief Tax Specialist, **Kryztal Jem Czarina L. Abanes**, Senior Tax Specialist, Fiscal Incentives Branch, and **Atty. Jocet Consisa R. Pabilona**, Senior Tax Specialist, Direct Taxes Branch, attended the Technical Workshop on the Corporate Income Tax and Incentives Rationalization Act particularly on the drafting of its IRR held at Taal Vista Hotel, Tagaytay City on October 15-17, 2019.

64. **Selected Administrative Officers and Staff,** attended the Annual Convention Seminar held at the Atrium Limketkai Center, Limketkai Drive, Cagayan De Oro City on October 22-27, 2019.

65. **Madonna Claire V. Aguilar**, Senior Tax Specialist, Local Finance Branch, attended the "Is Federalism Dead? Updates and Alternatives for Decentralizing Governance in the Philippines" held at the Makati Diamond Hotel, Legaspi St., Makati City on October 29, 2019.

66. **Venchito P. Salvador**, Supervising Administrative Officer and **Lorelli D. Villaflores**, Administrative Officer V, Administrative and Financial Branch, attended the Friday Learning Session: Review and Evaluation of GSIS Programs under RA 8291 as Basis for Policy Legislation held at the Podium Conference Room, DOF Building, Roxas Blvd., Manila on November 8, 2019.

67. **Mariane Daiseree P. Mojica**, Tax Specialist I, Tax Statistics Branch, attended the Practical Techniques in Data Management held at the Philippine Statistical Research and Training Institute, 7th Floor South Insular Condominium, 61 Timog Avenue, Diliman South Triangle, Quezon City on November 11-12, 2019.

68. **All NTRC Officials and Employees,** attended the Seminar on Financial Statement Analysis held at the NTRC Function Hall on November 14-15, 2019. **Arden Mar S. Llanto,** Accountant I, Administrative and Financial Branch, as resource speaker.

69. **Donaldo M. Boo**, Chief Tax Specialist, Indirect Taxes Branch and **Roselyn C. Domo**, OIC-Chief Tax Specialist, Direct Taxes Branch, attended the Regional Meeting on Tax Digitalization for Asia and Pacific Countries held at the Auditorium B, C and D, Asian Development Bank (ADB) Headquarters, ADB Avenue, Mandaluyong City on November 19-20, 2019.

70. **Marlene L. Calubag**, OIC, Executive Director, attended the CES Lifelong Learning for Leadership Congress held at Taal Vista Hotel, Tagaytay City on November 19-22, 2019.

71. **Monica G. Rempillo**, OIC-Deputy Executive Director and **Ma. Berlie L. Amurao**, Supervising Tax Specialist, Indirect Taxes Branch, attended the "Disruptive Leadership" held at CSC Main Office, Quezon City on November 20, 2019.

72. **Monica G. Rempillo**, OIC-Deputy Executive Director and **Ma. Rhea L. Caro**, OIC-Chief Tax Specialist, Planning and Coordinating Branch, attended the Eighth Arangkada Philippines *Anniversary* Forum of the Joint Foreign Chambers of the Philippines held at the Marriott Grand Ballroom, Mariott Hotel Manila on November 21, 2019.

73. **All NTRC Officials and Employees,** attended the Seminar on CTRP Package 2+, Maximizing Alcohol Taxation for Universal Health Care held at the NTRC Function Hall on November 21-22, 2019. **Ma. Berlie L. Amurao**, Supervising Tax Specialist, Indirect Taxes Branch, as resource speaker.

74. **Selected Administrative Officers and Staff** attended the 2019 Luzon Convention of Human Resource Management Practitioners held at Puerto Princesa City, Palawan on November 26-30, 2019.

75. **Jun V. Ocol,** Tax Specialist II, Local Finance Branch, attended the "Cutting Red Tape and the Cost of Regulatory Compliance for Small and Medium Enterprises" at the Cervantes and Shakespeare Function Rooms, Discovery Primea, Makati City on November 28, 2019.

76. **Ma. Rhea L. Caro**, OIC-Chief Tax Specialist, Planning and Coordinating Branch, attended the GAD Year-End Assessment and Pre-Planning 2020 held at Room A, Podium Level, DOF Building, Roxas Blvd., Manila on December 4, 2019.

77. **Wilman T. Ramo** and **Mariane Daiseree P. Mojica,** both Tax Specialist I, Tax Statistics Branch, attended the PSAI 2019 Annual Business Meeting and General Assembly held at the Gusali 2, College of Home Economics University of the Philippines, Regidor St., Diliman, Quezon City on December 6, 2019.

78. **Ronnel L. Yambao**, Tax Specialist II, Direct Taxes Branch, and **Maria Teresa D. Uy,** Tax Specialist II, Special Research and Technical Services Branch, attended the Seminar on Gender Fair Language held at the PDIC Training Room, 9/F SSS Building Ayala Avenue cor. Rufino St., Makati City on December 10-11, 2019.

Chapter 5
MEET THE NTRC EXECUTIVE STAFF

NTRC Directors

Debbie *Marlene* *Nikkie*

MARLENE LUCERO-CALUBAG
OIC-Executive Director

Marlene is the OIC-Executive Director of the NTRC formerly an OIC-Deputy Executive Director of NTRC. Prior to her being the Head of the Agency, she served as the Chief of the Indirect Taxes Branch of NTRC for fifteen years of her total government service of 34 years.

As the OIC-Executive Director, she is tasked to provide timely, relevant, quality studies on taxation, fiscal incentives, fees and charges, and zonal valuation. She renders technical assistance on taxation to DOF and other fiscal policy-makers. She is involved in the mainstream of tax proposals/studies, undertaking surveys or fieldwork validating the premises/justifications of certain tax studies, and attending public hearings in Congress and other offices/sectors relative to tax proposals. Her involvement in tax reforms under the Duterte administration is her priority in terms of work.

Prior to joining the NTRC, she worked as an Agrarian Reform Program Technologist at the Department of Agrarian Reform in Samar for four years and as a College Instructor at the University of Eastern Philippines, for six years.

Her academic achievements include a Master of Public Policy from the Australian National University as an Australian Development Scholar, an MS in Agricultural Education, a Bachelor of Laws Degree, and a college degree of Bachelor of Science in Agribusiness (Cum Laude). Her recent international training was on Comparative Tax Policy and Administration at the Harvard Kennedy School – Executive Education Program.

MONICA G. REMPILLO
OIC-Deputy Executive Director

Nikkie has more than 26 years of extensive experience in the area of taxation and other fiscal-related matters. Her specific duties and responsibilities include planning, directing, and supervising the annual work program of the NTRC; oversees the day to day operations of the Agency; and reviews studies on public finance, tax bills, legislations, and issuances used as input by policymakers for tax policy formulation.

On top of this, she also heads the Economics Branch in charge of conducting basic and long-term studies on the economics of taxation and public finance, particularly on the role of taxation in growth and development.

Currently, Nikkie serves as lead coordinator of the NTRC on the proposed Package 4 of the Comprehensive Tax Reform Program of the government, which will greatly simplify the taxation of passive income, financial services, and transactions. She prepares position papers and replies to queries, coordinates with government regulatory agencies and stakeholders, attends meetings, fora, public hearings, among others.

She graduated with a bachelor's degree in Applied Economics at the Polytechnic University of the Philippines and earned her Master's degrees in Government Management at the Pamantasan ng Lungsod ng Maynila, and International Business at the University of Melbourne as an Australian Development scholar.

She attended the Comparative Tax Policy and Administration at the Harvard Kennedy School – Executive Education Program in Cambridge, Massachusetts, USA.

DEBBIE F. ASISTIO-SY
OIC- Deputy Executive Director

Debbie is a trained policy analyst and researcher. She devoted her career to government service with 30 years of experience. She had the privilege to work at the Philippine Trade Commission in Toronto, Canada as a Research and Information Officer.

She assists in the planning and formulation of the work program and projects of the NTRC; renders technical assistance to the legislative and executive branches and stakeholders through the provision and review of quality studies on taxation; and participation in public hearings and meetings.

Debbie also serves as the Chief Tax Specialist of the Fiscal Incentives Branch of the NTRC, providing crucial inputs to the reform bills being deliberated in Congress. She leads a team that reviews and prepares studies on fiscal incentive taxation. She also oversees the operations of the Fiscal Incentives Review Board Secretariat.

She holds Master's degrees in Business Administration, and in Development Studies, major in Governance, Policy, and Political Economy from the International Institute of Social Studies in Erasmus University at The Hague as a Netherlands Fellowship Programme scholar. Her undergraduate degree is BSBA-Economics.

She also attended various local and international training programs on public policy at the Land Reform Training Institute in Taiwan, National University of Singapore and Korea Banking Institute.

MR. DONALDO M. BOO
Chief Tax Specialist
Indirect Taxes Branch

Don served the National Tax Research Center (NTRC) in various capacities for more than 26 years already, having been assigned in other branches such as Local Finance Branch, Direct Taxes Branch, Fiscal incentives Branch, Planning and Coordinating Branch, and Office of the Executive Director. He holds a degree of AB Political Science, earned 39 units of Master in Public Administration at the Lyceum of Batangas, and got his Master in Management degree major in Public Administration in 2010 at the Philippine Christian University in Manila. He attended various conferences, seminars, workshops, conventions, and fora either as a resource person or as a participant. In 1995, he completed a certificate course in Property Tax Management at the National Institute of Valuation (INSPEN or Institut Penelaian Negara) in Malaysia. He also completed the Comparative Tax Policy and Administration Program conducted by the John F. Kennedy School of Government, at the Harvard University-Executive Education Program in Massachusetts, USA in 2017.

JONAH T. TIBUBOS
Statistician V
Tax Statistics Branch

Jonah has been with the NTRC for 26 years. As the Chief of the Tax Statistics Branch, she supervises the conduct of studies on taxation using statistical techniques such as buoyancy and elasticity and tax gap estimates. She also supervises the maintenance and updating of the NTRC database on public finance and other related statistics. She is a member of the Package 4 Team of the Duterte Administration's Comprehensive Tax Reform Program. Jonah holds the degree of Master of Public Administration from the University of Sydney, Australia.

JASON P. RAPOSAS
Chief Tax Specialist
Special Research and Technical Services Branch

Jason has been with the NTRC since 2002. He obtained his Bachelor of Arts degree major in Economics at the Saint Louis University in Baguio City and MA degree in Development Studies with specialization in Public Policy and Management at the International Institute of Social Studies in the Netherlands. He is currently a student of Juris Doctor Program at the Polytechnic University of the Philippines and Manila Law College in Manila.

MARK LESTER L. AURE
Chief Tax Specialist
Local Finance Branch

Mark started his career at the NTRC in 2004 in its Accounting Division. Prior to his present Branch, he was assigned at the Indirect Taxes Branch in 2005 and then transferred to the Fiscal Incentives Branch in 2013. He is a Certified Public Accountant and a holder of Bachelor of Science in Accountancy (2003) from the Polytechnic University of the Philippines, Manila. He took his Master of Public Policy specializing in Policy Analysis (2008) from the Australian National University, Canberra, Australia. He completed his Juris Doctor (3^{rd} Honorable Mention) at the Arellano University–School of Law, Pasay City.

GIAN CARLO D. RODRIGUEZ
Chief Administrative Officer
Administrative and Financial Branch

Gian has been with the NTRC for 10 years. Prior to joining the NTRC, he was a Cost Accountant in Belmont Agricorp, Inc. and an Accounting Supervisor in Promosphere Incorporated. He is a Certified Public Accountant and earned his degrees of Bachelor of Science in Accountancy and Master of Business Administration (High Distinction). In February 2015, he also attended and completed a short course on "Public Expenditure Management" at the Institute of Government Accounts and Finance (INGAF) at the Jawahar Lal Nehru University (JNU) in New Delhi, India. He is currently a part time professorial lecturer for accounting, management advisory services and taxation at the Colegio de San Juan de Letran.

ROSELYN C. DOMO
Officer-in-Charge
Direct Taxes Branch

Rose has been in the service of the NTRC for more than 20 years. She took her undergraduate studies, Bachelor of Arts, Major in Economics at the University of Santo Tomas, and graduated Cum Laude in 1999. She also took units in teaching at the Philippine Normal University. In 2008, she gained her Masteral degree, Master of Public Policy Specializing in Policy Analysis, at the Australian National University, Canberra, Australia. Last June 2018, she attended an Executive Program on Transfer Pricing conducted by the Duke Center for International Development of the Duke University in North Carolina, USA.

MA. RHEA L. CARO
Officer-in-Charge
Planning and Coordinating Branch

Rhea has been with the NTRC for 29 years, having been assigned in different branches such as the Accounting Division, Tax Statistics Branch, and Local Finance Branch. She earned her Master in Government Management from the Pamantasan ng Lungsod ng Maynila and her Bachelor of Science in Business Administration from the Philippine School of Business Administration. She also attended the training program on Islamic Capital Market Workshop under the Malaysian Technical Cooperation Programme in Kuala Lumpur, Malaysia in 2014.

MA. BERLIE L. AMURAO
Supervising Tax Specialist
Indirect Taxes Branch

Berlie has been with the NTRC for 18 years, 14 years of which as the Assistant Chief of the Indirect Taxes Branch. Her academic achievements include a Master in Management Major in Public Administration from the Philippine Christian University, and a Bachelor of Arts in Public Administration from the University of the Philippines – National College of Public Administration and Governance. She also attended the Harvard Kennedy School - Executive Education Program on Comparative Tax Policy and Administration.

Chito served the NTRC in various capacities for almost 37 years already, having been assigned in other branches such as the Special Research and Technical Branch, Planning and Coordinating Branch and in different divisions and unit of the AFB such as the Accounting Division, Property Unit, Administrative Division, and Human Resource Division. He holds a degree of Bachelor of Accountancy at the Polytechnic University of the Philippines and obtained his Master's Degree in Business Administration at the Pamantasan ng Lungsod ng Maynila.

VENCHITO P. SALVADOR
Supervising Administrative Officer
Administrative and Financial Branch

Beth has been with NTRC for more than 25 years. She is currently the Chief of the Administrative Division. She received her Bachelor of Science in Management Engineering from FEATI University, Manila and earned 27 units of Masters in Public Administration at the Cagayan State University.

ELIZABETH MIRIAM L. PAREDES
Administrative Officer V
Administrative and Financial Branch

LORELLI D. VILLAFLORES
Administrative Officer V
Administrative and Financial Branch

Lai is the Chief of the Human Resource Division (HRD) of the NTRC four years already. She has been with the NTRC for 37 years and started her career in 1983 in the Planning and Coordinating Branch. She was also assigned at the Accounting Division and the Budget and Cash Division prior to her transfer to the HRD. She took her Bachelor of Science in Business Administration Major in Accounting (1982) from the Philippine Christian University.

GRACE A. MANALO
Accountant III
Administrative and Financial Branch

Grace is the Chief of the Accounting Division since 2015. She is a Certified Public Accountant and a degree holder of Bachelor of Science in Accountancy (2009) from the Polytechnic University of the Philippines. She just recently attended a program on 'Transparency and Good Governance in Public Policy, in Singapore last October, 2019.

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