



Funded by the Filipino People: *Our Comprehensive Tax Reform Program*

As of November 22, 2018 12:20 PM

Tax reform for fast and inclusive growth

2022

- Poverty rate down to 14%
- Upper middle-income



Thailand



South Korea

2040

- Zero extreme poverty
- High income

Tax Reform for Acceleration and Inclusion

We are redesigning our tax system to be simpler, fairer, and more efficient for all, while also raising the resources needed to invest in our infrastructure and our people.

Our goal is to correct our tax system's problems to become:



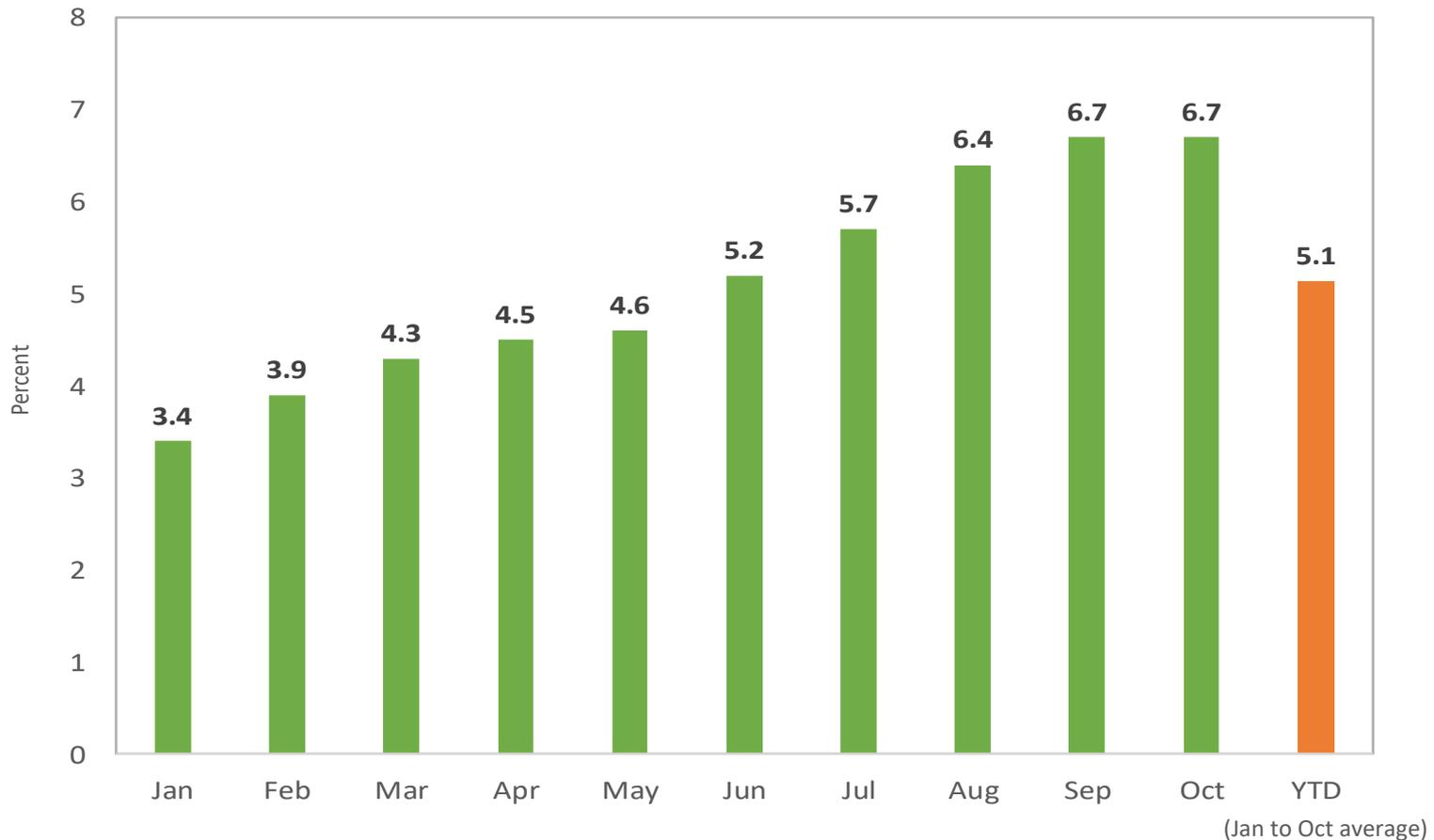
We will lessen the overall tax burden of the poor and the middle class.



TRAIN and inflation

Inflation has been rising in 2018, but has stabilized at 6.7 percent in October...

Year-on-year inflation rates in 2018



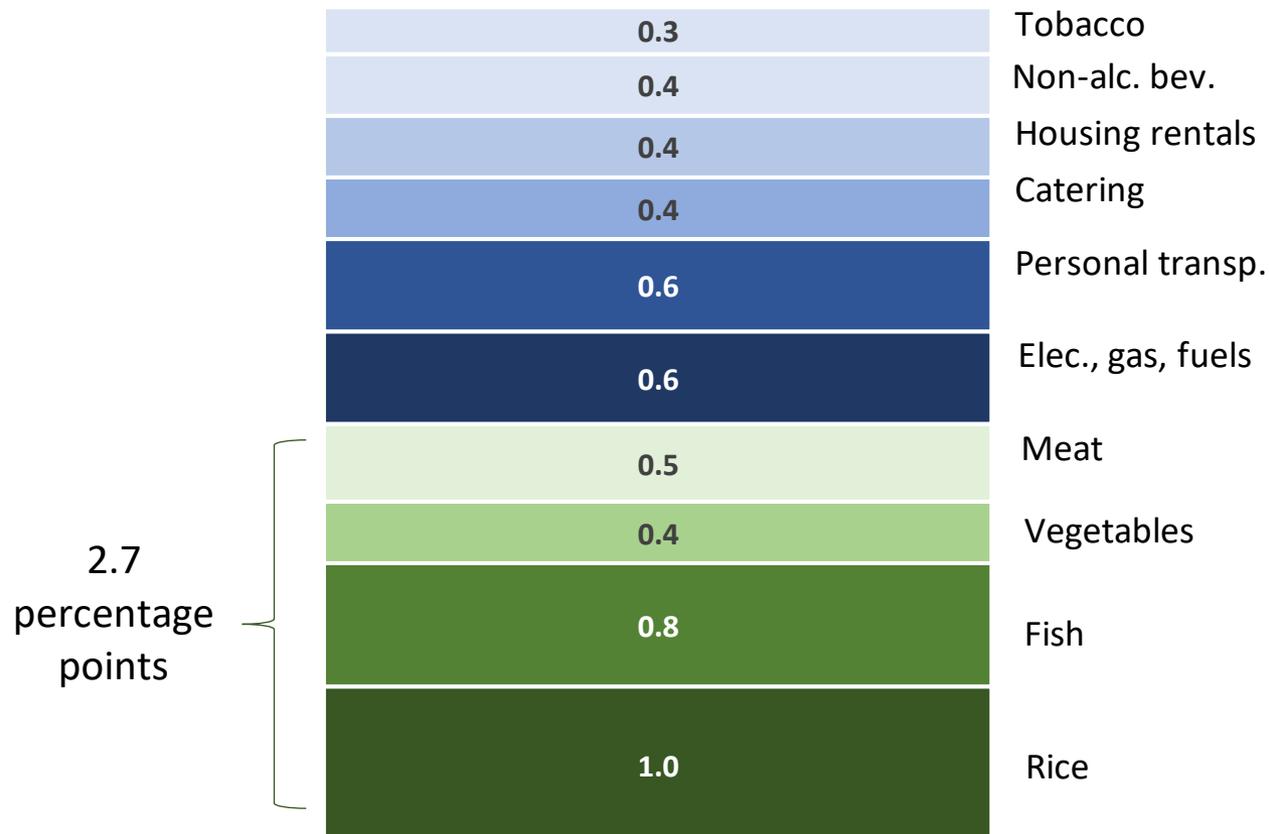
Source: PSA

Inflation update

2018	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Year-on-year	3.4	3.9	4.3	4.5	4.6	5.2	5.7	6.4	6.7	6.7
Month-on-month	0.9	0.8	0.5	0.5	0.0	0.6	0.5	0.9	0.8	0.3
Year-to-date	3.4	3.7	3.8	4.1	4.1	4.3	4.5	4.8	5.0	5.1
Source: PSA										

In Oct 2018, the top 10 contributors to inflation are mainly raw food items.

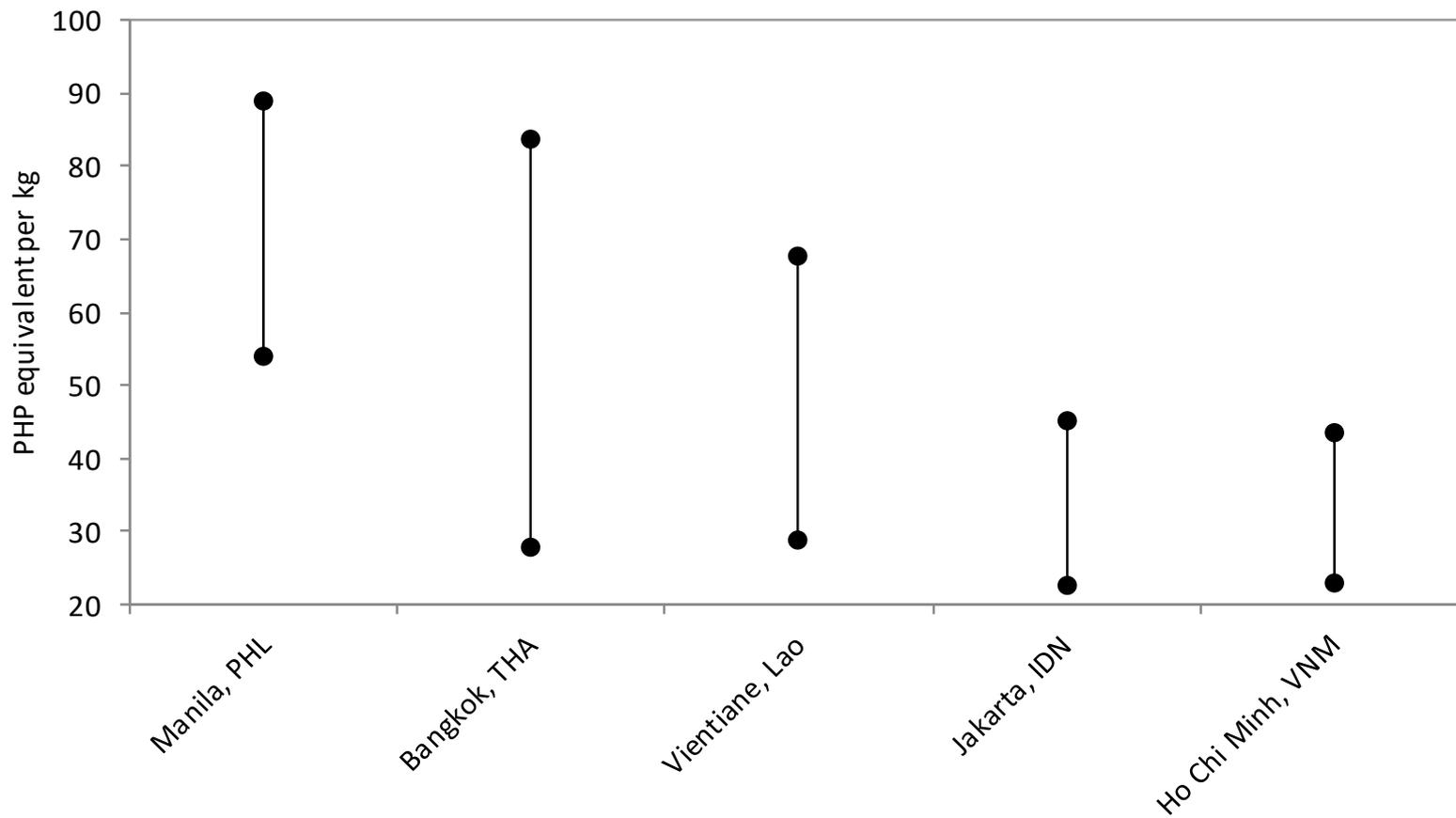
Breakdown of the top 10 contributors to inflation, Oct 2018



Source: PSA

Filipinos typically pay much more for rice compared to other Asian countries.

Retail rice prices in local Asian markets, Aug to Sep 2018



Sources: Local rice market surveys by DOF and ADB staff.

Note: Lines represent the range of retail rice prices.

Key urgent reform: rice tariffication

- **Key provisions**

- NFA mandate limited to emergency buffer stocking.
- Convert quantitative restriction and minimum access volume into tariffs to allow freer importation of rice.
- Remove import licensing.
- Use tariff revenue to improve productivity of agriculture.

- **Potential impact**

- Inflation in 2019 can be 0.6 to 0.7 ppt lower.
- **Rice price can fall between 2 to 7 pesos per kilo.**

Main causes of inflation

- Rice and agri supply
- Oil imports
- Tax reform
- More money to the people
- Better tobacco compliance

Reducing food prices

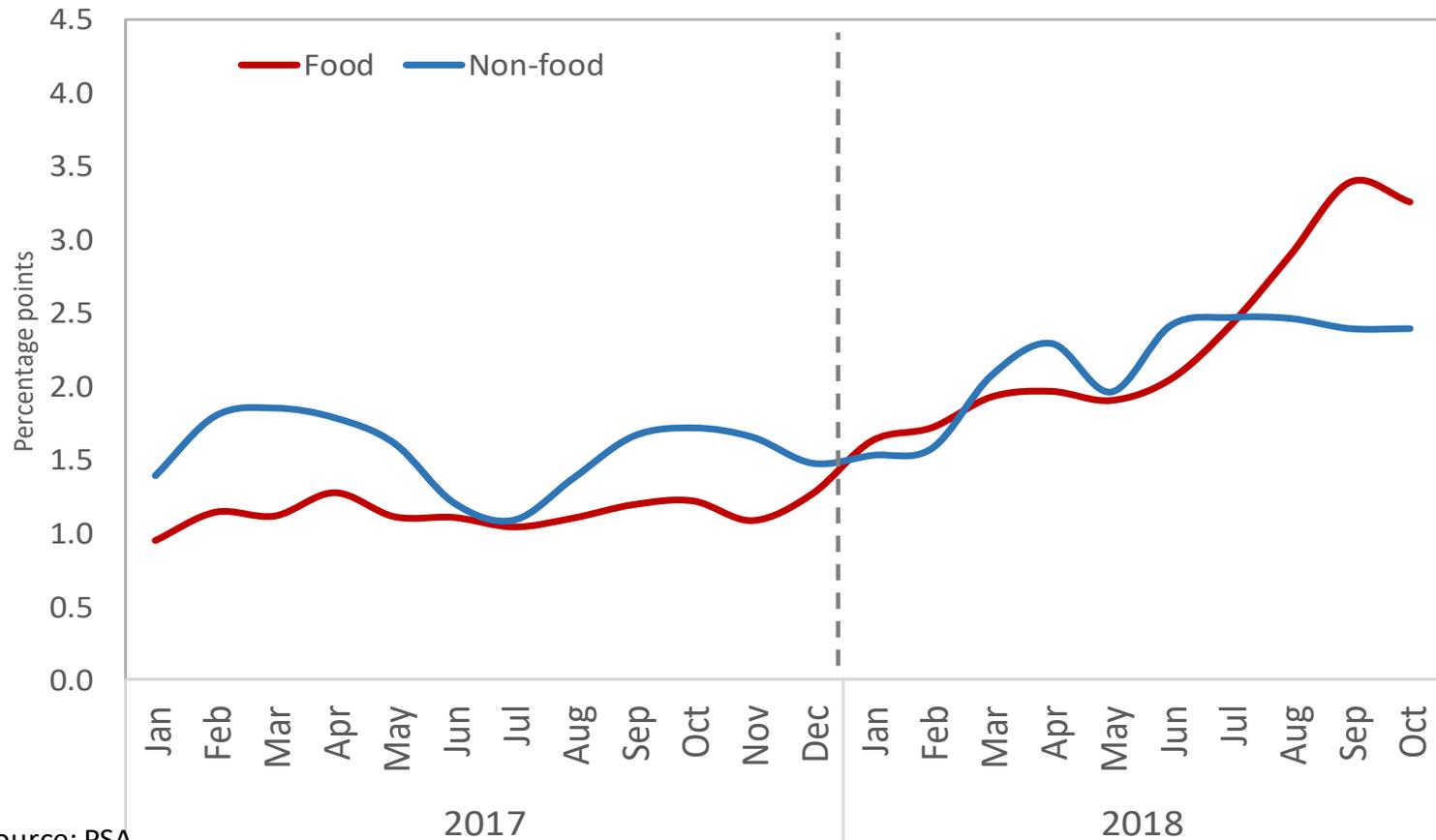
Administrative Order No. 13 s. 2018

Removing non-tariff barriers and streamlining administrative procedures on the importation of agricultural products

- Removal of non-tariff barriers and streamlining of administrative procedures
- Additional rice importation
- Importation of fishery products
- Expedite unloading of agricultural imports
- Other remedial measures to improve logistics, transport, distribution, and storage of agricultural products
- Creation of a surveillance team

Food items have overtaken non-food items as the main driver of inflation in 2018.

Contribution to inflation of food and non-food items



Source: PSA

Solutions to inflation

- The Department of Agriculture (DA) is key in bringing down food prices.
- Administrative Order 13 and Memorandum Circulars 26, 27, and 28 give DA the power to increase food supply and bring down food prices.
- Quick enactment of the Rice Tariffication Law is needed.
- DSWD and DOTR need to fast-track distribution of cash transfers and fuel cash cards.

Solutions to inflation

- Increase agricultural productivity by:
 - Individualizing the agrarian reform collective titles to improve property rights and incentivize farm production.
 - Improving efficiency by reallocating the budget from favoring certain crops (e.g., rice) and production inputs into more broad-based farm infrastructure, R&D, and support service.

Tax reform packages and updates

Tax Reform for Acceleration and Inclusion

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Comprehensive Tax Reform Program

Package 1: TRAIN

Personal income tax and consumption tax



Package 1A:
Personal income tax, consumption tax, and transaction taxes
TRAIN (RA 10963)

Package 1B:
Tax amnesty and motor vehicle user charge
(MVUC)

Package 2: TRABAHO

Corporate income tax and fiscal incentives



Package 2+:
Alcohol and tobacco excise tax, and mining tax



Comprehensive Tax Reform Program

Package 3



Property valuation
and taxes

Package 4



Capital income
and financial
taxes

Comprehensive Tax Reform Program

Package	House Status	Senate Status
Rice tariffication	3 rd reading	3 rd reading
Package 1B: Tax amnesty, lifting of bank secrecy for tax purposes, and automatic exchange of information (AEOI)	3 rd reading	2 nd reading
	2 nd reading	
Package 1B: Motor vehicle users charge	Committee	N/A
Package 2: Corporate income tax and fiscal incentives	3 rd reading	Committee
Package 2: TIMTA amendments	Committee	Committee

Comprehensive Tax Reform Program

Package	House Status	Senate Status
Package 2 plus: Alcohol excise tax	TWG	N/A
Package 2 plus: Tobacco excise tax	3 rd reading	Committee
Package 2 plus: Mining	3 rd reading	Committee
Package 3: Property tax and valuation	3 rd reading	Committee
Package 4: Capital income tax	Committee	N/A

Key benefits of tax reform for LGUs

Benefits of the tax reform

PACKAGE 1B **Estate Tax Amnesty**

Free up property for economic use that will spur economic development



Benefits of the tax reform

PACKAGE 2 Trabaho

- ✓ Lower CIT for MSMEs
- ✓ Better income taxation to bring growth to businesses within LGUs
- ✓ Larger base means more business tax revenues for LGUs
- ✓ Promote countryside development



Benefits of the tax reform

PACKAGE 3 Property Tax & Valuation

- ✓ Update schedule of market values
- ✓ Improve efficiency and tax administration
- ✓ Streamline system of valuation



Requesting LCP support for the tax reform program

Perhaps a statement of support for the CTRP?



Draft statement of support for National Union of Career Executive Service Officers

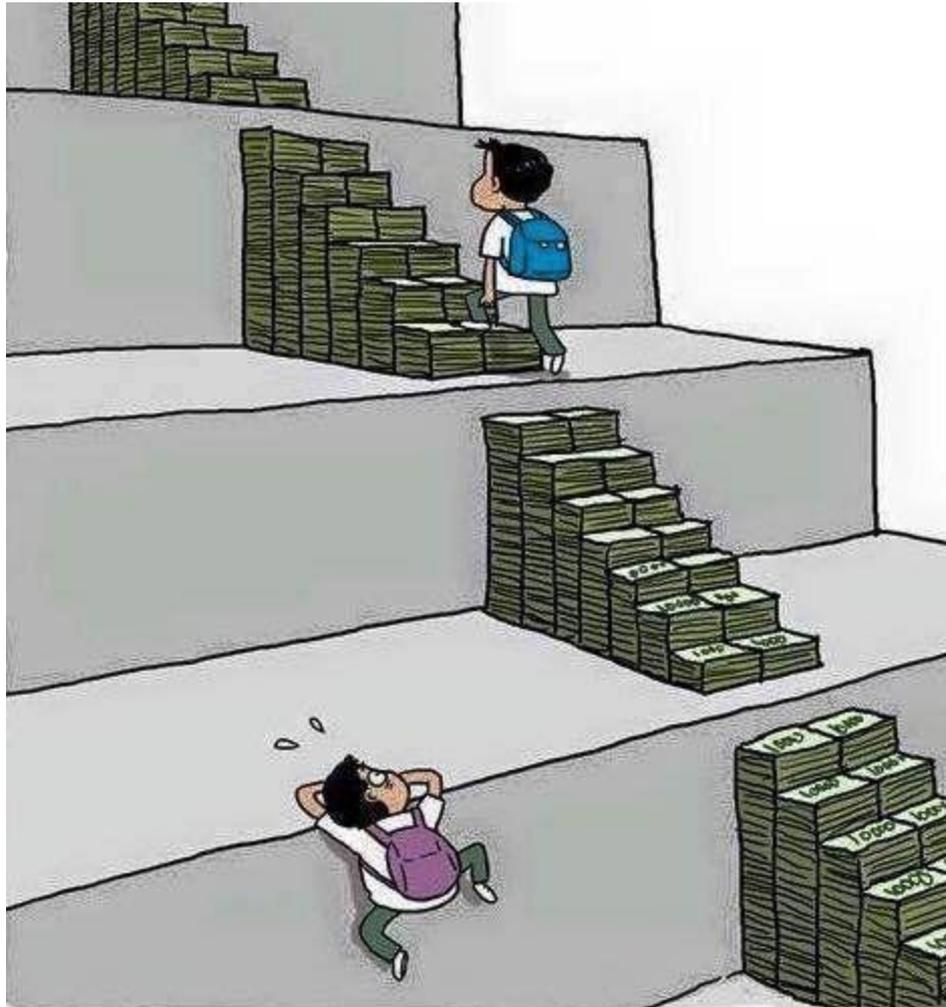
As of 05 November 2018

The National Union of Career Executive Service Officers (NUCESO) supports the Administration's initiative to spearhead the passage of Package 2 of the Comprehensive Tax Reform Program in Congress. As lifelong government workers, we believe that Package 2 is aligned to this Administration's main economic agenda, especially as it relates to improving competition between firms and empowering the owners and employees of small and medium enterprises (SMEs).

1. **Package 2 makes our tax rate more comparable vis-à-vis our neighbors.** Package 2, as currently conceptualized, aims to reduce our corporate income tax rate to 20 percent by 2029. This makes our tax rate more comparable with countries in the ASEAN. We expect that such reduction makes our country more attractive to foreign investors, who would otherwise be turned off by our country's extremely high tax rate.
2. **Package 2 rationalizes fiscal incentives.** Incentives such as tax holidays are doled out with the intention of helping firms begin operations in sectors that have not yet fully-matured. Unfortunately, the current system is both inefficient and prone to abuse, resulting in multiple redundancies that could have otherwise went to other government programs. Package 2 seeks to overhaul the incentives system by requiring that they be awarded with the following criteria in mind: performance-based, time-bound, transparent, and targeted.
3. **Package 2 makes the tax system more efficient.** As a direct result of having the incentives system simplified, the complexity of the tax code will be reduced. Additionally, the government has promised to spearhead further measures to simplify administration and increase compliance.

The lifetime of service that most of our members have given for the Filipino people convince us that the Administration's tax reform initiatives are necessary leaps to the right direction. We therefore stand committed in enthusiastically supporting the Administration in its efforts to lobby Congress to pass Package 2

Tax reform as bridging the future



Source: <https://www.pinterest.com/explore/social-stratification/>

Let's be partners for change!

- For more information, please visit:

www.dof.gov.ph/taxreform/



tax CALCULATOR

Monthly Salary: P 21,000.00

Number of Dependents: Single with 1 dependents

NGAYON P 2,082.71
ang kalitas sa 'yo.

SA TAX REFORM P 0.00*
na lang ang babayaran mo!
(Ye-heeeses!)

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February 9, 2017
Local, foreign biz groups urge Congress to pass CTRP, 11 other measures

Local, foreign biz groups urge Congress to pass CTRP, 11 other measures

Fifteen foreign and local business organizations have appealed to Malacanang and the Congress to give top priority to the Comprehensive Tax Reform Program (CTRP) and 11 other legislative proposals that aim to improve the country's investment climate, create more jobs, sustain the growth

- For questions: DOFtaxreform@dof.gov.ph

Thank you.