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SENATE

P.S. RES. NO. 27

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Introduced by Senator Ralph G. Recto

**A RESOLUTION
DIRECTING THE COMMITTEE ON WAYS AND MEANS TO CONDUCT AN
INQUIRY, IN AID OF LEGISLATION, INTO ALTERNATIVE SOURCES OF
GENERATING ADDITIONAL REVENUES FOR THE NATIONAL
GOVERNMENT, OTHER THAN THE IMPOSITION OF NEW TAXES**

WHEREAS, the country is in the midst of a fiscal crisis as evidenced by a budget deficit that has reached an alarming magnitude of nearly ₱200 billion or 4.6% of gross domestic product (GDP);

WHEREAS, efforts must be exerted to substantially reduce this deficit every year and in turn, slash the public sector debt which has ballooned to an unsustainable level of more than ₱5 trillion. In 2003, the servicing of the national government debt alone ate up 72% of revenues or 54% of the budget, and amounted to almost 10% of GDP;

WHEREAS, the tax effort has fallen from 17% in 1996 to only 12% of GDP in 2003, as contrasted with around 14% - 20% among our Asian neighbors;

WHEREAS, the precarious magnitudes of budget deficit and public debt have eroded confidence in the Philippines among investors and the international financial community;

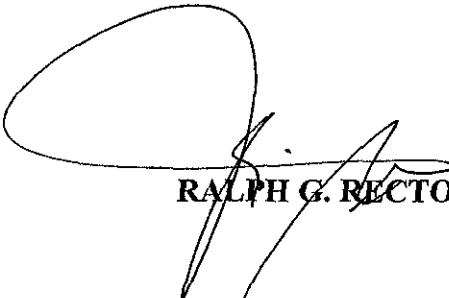
WHEREAS, President Gloria Macapagal-Arroyo intends to push through eight (8) tax measures to generate eighty billion pesos (₱80 B) in revenues to reduce the deficit;

WHEREAS, an increase in taxes, save for reasons of equity and justice, may tend to further depress economic activity and thus worsen the incidence of poverty and unemployment;

WHEREAS, the imposition of new taxes should be the last option, therefore, it is imperative to look for other sources of financing government expenditures;

NOW, THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED, that the Senate direct the Committee on Ways and Means, to conduct an inquiry, in aid of legislation, into alternative sources of generating additional revenues for the national government, other than the imposition of new taxes.

Adopted,


RALPH G. RECTO