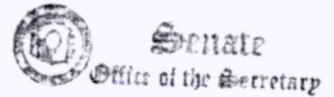


SEVENTEENTH CONGRESS OF THE }
REPUBLIC OF THE PHILIPPINES }
Third Regular Session }



'18 AUG -2 P3:36

SENATE
S.B. No. 1906

RECEIVED

Introduced by SENATOR VICENTE C. SOTTO III

AN ACT
REFORMING THE CORPORATE INCOME TAX AND INCENTIVES
AMENDING FOR THE PURPOSE SECTIONS 5, 6, 20, 22, 25, 27, 28, 34,
40, 50, 73, 112, 119, 204, 220, 222, 237, 237-A, 250, 255, 256, 257,
258, 260, 261, 262, 263, 264, 265, 266, AND 275 OF THE NATIONAL
INTERNAL REVENUE CODE OF 1997, AS AMENDED, CREATING
THEREIN NEW TITLES XII AND XIII, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

In January 2018, the government implemented Tax Reform for Acceleration and Inclusion (TRAIN) package 1, which after six months of enforcement, has gained the government the rightful budget to finance, among others, its social mitigation program for the poor, the free education program and to start the initial phase of build, build, build program of the Duterte administration. While the effectiveness of TRAIN 1 is creditable, the rising price of basic commodities, power and food, which are utilized by the majority of the population belonging to the lower strata of the society, have been wrongly blamed to the effect of TRAIN 1.

It is quite unfortunate that the targeted 3.7% inflation rate set by the Department of Finance ballooned to 5.2%. The offshoot, however, of the targeted effects of TRAIN 1 to our inflation have been caused by other external factors not related to it. These include, among others, the increase on world oil prices that jumped from \$53.7 per barrel in the start of this year to a high of \$75.16 per barrel in June 2018. The increase in US interest rates that led to peso depreciation against the US dollar from P49.74 in January to P53.05 in June 2018. There are other contributory factors that