



## LUCKY NUMBER 7: Navigating Tax Measures with a WIN-ning Perspective

Atty. Sherry Anne C. Salazar  
Director III, Legal and Tariff Branch

The Tax Forum Series by the Senate Tax Study and Research Office (STSRO) was relaunched after almost a two-year hiatus with the conduct of its 7<sup>th</sup> Tax Forum on 20 July 2022. With the title – “*Patnubay sa 19<sup>th</sup> Congress: A Guide to Navigating Tax Measures*”, the objectives of this tax forum were:

1. To introduce the STSRO from its creation, composition, and role as Secretariat and Technical Staff of the Senate Committee on Ways and Means;
2. To provide an overview of the legislative processes involved in tax and tax-related measures with a discussion on the inherent and Constitutional limitations of the power to tax;
3. To present the tax proposals enacted into law during the 18<sup>th</sup> Congress; and
4. To give the participants a glimpse of what to expect in the 19<sup>th</sup> Congress in terms of tax legislation.

As the focus of the 7<sup>th</sup> Forum was to re-educate the attendees about tax legislation, the guests were primarily legislative staff of the Senators, and some Secretariat employees. A total of one hundred fifty (150) participants registered for the said forum, and represented the following offices from the Senate, to wit:

Offices of the following Senators:

1. Senate President Zubiri;
2. Senator Pimentel;
3. Senator Gatchalian;
4. Senator Tolentino;
5. Senator Marcos;
6. Senator C. Villar;
7. Senator Revilla;
8. Senator Escudero;
9. Senator Poe;
10. Senator Dela Rosa;
11. Senator Binay;
12. Senator Hontiveros;
13. Senator Padilla;
14. Senator Go;
15. Senator Ejercito; and
16. Senator M. Villar.

Secretariat Offices:

1. Legislative Committee Support Service (LCSS);
2. Legislative Budget Research and Monitoring Office (LBRMO);
3. Presidential Legislative Liaison Office (PLLO);
4. Human Resources Management System (HRMS);
5. Legislative Bill Drafting Service;
6. Office of the Sergeant-at-Arms (OSAA);
7. Administrative and Finance Department;
8. Senate Economic Planning Office (SEPO);
9. Electronic Data Processing and Management Information System Bureau (EDP-MIS);
10. Legislative Accounting Services;
11. Audio; and
12. Public Relations and Information Bureau (PRIB).

**WIN-ning PERSPECTIVE: “PUT THE TAXPAYERS FIRST”**

Senator **Win Gatchalian**, Chairperson of the Senate Committee on Ways and Means, was the main speaker during the said event. The Chairperson had no qualms in declaring taxpayers as the main priority of the Committee. Setting the gold standard treatment for taxpayers by putting them first serves as the cornerstone of Senator Win’s tax roadmap for the 19<sup>th</sup> Congress.

The Chairperson affirmed that every taxpayer wants to be a part of nation-building, and wants to contribute by paying taxes. In return, the Senator emphasized that the government must ensure that every taxpayer is protected from all possible abuses, and inconvenience in the fulfillment of this duty.

The good Senator lamented about how “painful it is for a taxpayer to give up around 20-30% of his hard-earned money for taxes”, and how difficult it is for them to line up just to make such tax pay-

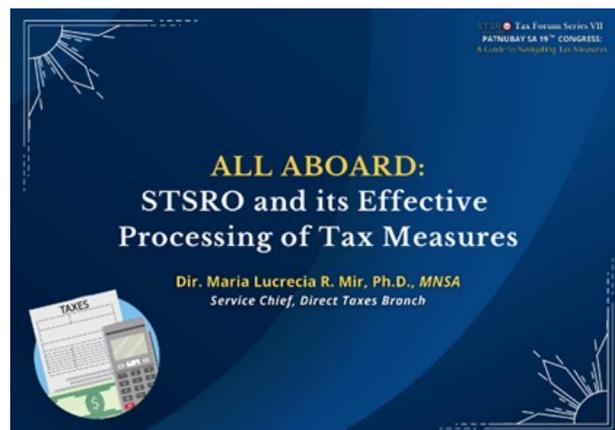
ments. With this in mind, the Chairperson wants to make paying taxes “as simple as buying goods in Shopee”, or “as easy as booking a flight or a hotel room”. Simply put, Senator Win wants a digitalized system of tax payments for all taxpayers that is fast, convenient, and safe. Under such a system, the Senator also hopes to set in place effective mechanisms for reporting complaints or other concerns taxpayers may have.

Acknowledging the success of the tax reforms passed during the Duterte administration, the Chairperson commits to continue the goal of simplifying our tax regime as this will set the tone for the next six years. The Senator further added that the Committee will not be touching on any of the enacted reforms either by amending or changing its provisions. Instead, Senator Win intends to organize the Oversight Committees to hear the reports on how these reforms had been implemented with an emphasis on whether the intended benefits for the taxpayers had been achieved. The Senator also intends to look into allegations of corruption or harassment with the end view of holding the erring officials accountable.

Chairperson Gatchalian also highlighted the importance of the MSMEs sector as they can be considered the “backbone of the economy”. According to Senator Win, there are almost a million MSMEs registered in the country. The good Senator plans to propose measures that aim to expand the benefits for MSMEs and take a closer look at their tax regime. The intention is to enable MSMEs to recoup the losses they suffered due to the pandemic, and give them enough breathing space to ensure their economic recovery.

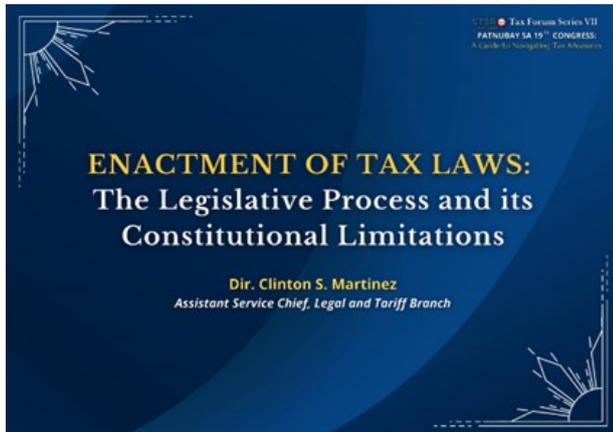
**DISCUSSION PROPER: FROM THE BASICS OF TAXATION TO THE EXPECTATIONS FOR THE 19TH CONGRESS**

The forum proper was divided into 6 discussions, wherein each presenter delved into a topic that ranged from an introduction about the STSRO, the basics of taxation, tax laws passed, and the proposed tax measures for the 19<sup>th</sup> Congress.

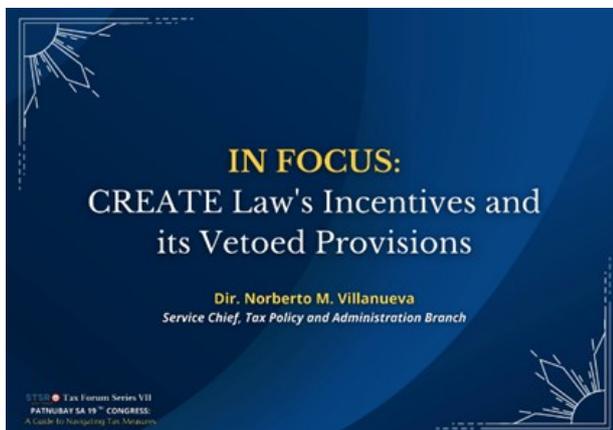


The first presenter was **Director Maria Lucrecia Mir**, Service Chief of the Direct Taxes Branch, who

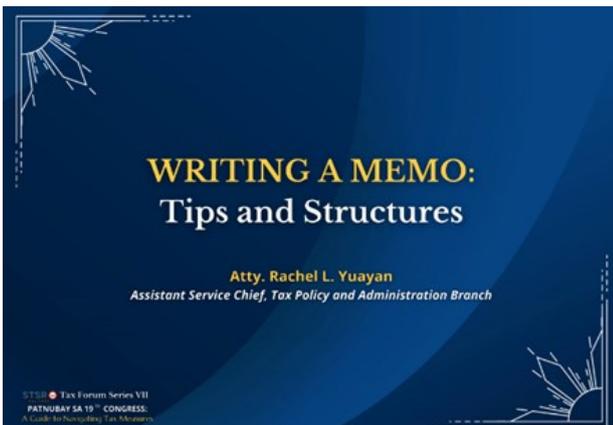
introduced the STSRO as an office from its early beginnings, its people, and its function at the Senate. The discussion also focused on its role as Secretariat and Technical Staff of the Committee on Ways and Means, and its attached Oversight Committees.



Director Clinton Martinez, Assistant Service Chief of the Legal and Tariff Branch, provided an overview of the unique legislative process involved in tax legislation as well as discussed the Constitutional limitations of the power of taxation.



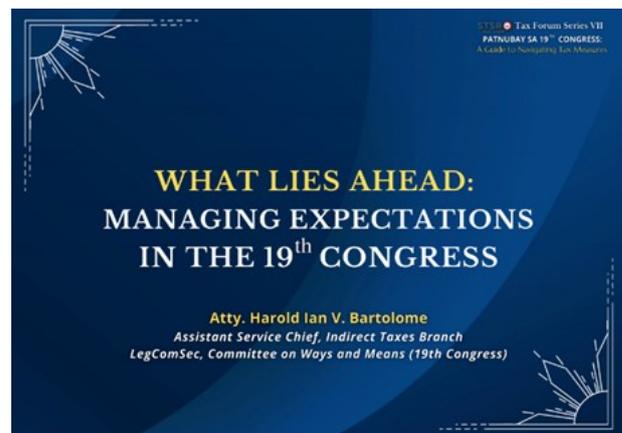
The third discussion focused on the incentive provisions of the CREATE law, with a focus on its vetoed provisions. The 3<sup>rd</sup> presenter, Director Norberto Villanueva, Service Chief of the Tax Policy and Administration Branch, also gave the participants a guideline on how to craft measures that will pass executive and judicial scrutiny.



As technical writing skills are a vital tool for every legislative staff, Atty. Rachel Yuayan, Assistant Service Chief of the Tax Policy and Administration Branch, presented a general outline of the structure and standards every good memo must satisfy.



The next presenter gave the audience a throw-back picture of every tax proposal successfully passed by the Committee during the 18<sup>th</sup> Congress, with a brief description of the salient features of each measure. Director Marvee Felipe, Assistant Service Chief of the Direct Taxes Branch, also enumerated the amount of legislative work accomplished by the Ways and Means Committee in the past Congress.



To give the participants a glimpse of what to expect in the 19<sup>th</sup> Congress, the last discussion revolved around the priority legislation of the new Marcos administration. Atty. Harold Ian Bartolome, Assistant Service Chief of the Indirect Taxes Branch, provided an overview of some measures from the previous Congress that were included in the said priority list. Atty. Harold gave also highlights of the tax measures that were identified by the President during the first SONA.

The Tax Forum Series by the STSRO has always served as a venue for intellectual discussion, and interaction between experts and stakeholders. The exchange of ideas, and forging of partnerships are just some of the reasons why the STSRO strives to continue this tradition. As we slowly move towards a normal working environment, it is expected that committee work will be in full swing once again. The Committee on Ways and Means together with the

STSRO will exert all efforts to ensure that priority tax measures will be analyzed, heard, and debated on the floor. This is in recognition of the President's call for revenue measures, and tax administration reforms that will increase revenue collection. However, the

public can be assured that the Committee will work with a mindset of fulfilling its mandate while pushing for the advocacy laid down by our Chairperson of putting taxpayers first.



## WHAT LIES AHEAD: Managing Expectations in the 19th Congress

**Atty. Harold Ian V. Bartolome**  
Director II, Indirect Taxes Branch

With several packages of the Duterte administration's comprehensive tax reform program passing into laws in the 17<sup>th</sup> and 18<sup>th</sup> Congresses, the administration of President Ferdinand Romualdez Marcos, Jr. (President Marcos, Jr.) inherits a progressive and investor-friendly tax system that is seen to help in sustaining our pandemic-stricken economy. Through former President Rodrigo Duterte's leadership, controversial measures like the Tax Reform for Acceleration and Inclusion law (TRAIN), Corporate Recovery and Tax Incentives for Enterprises Act (CREATE), Sin Taxes laws<sup>1</sup>, Tax on Philippine Offshore Gaming Operations, to name a few, were passed. These achievements now serve as a means to collect more revenue and as a springboard for the 19<sup>th</sup> Congress in assessing our current tax policies and to recalibrate measures, with the end in view of providing our constituents an efficient and equitable taxation system.

In the seventh Tax Forum of the Senate Tax Study and Research Office (STSRO) entitled, "*Patnubay sa 19<sup>th</sup> Congress: A Guide to Navigating Tax Measures*," which was held on 20 July 2022, then incoming<sup>2</sup> Chairperson of the Senate Committee on Ways and Means, Senator Win Gatchalian (Sen. Win) shared his plans of a taxpayer-centric leadership, pivoting our focus on our taxpayers as partners in nation-building.

**Understanding the Pain of Taxpayers.** Crucial to the life of a Senator is the choice of the Committee/s that he or she would be handling. Sen. Win bared to the Tax Forum's attendees that his background in finance and his interest in the inner workings of government led him to consider chairing the Senate Committee on Ways and Means in the 19<sup>th</sup> Congress. Sen. Win likewise lamented the abuse, harassment, and the second-class treatment accorded to taxpayers despite their great contributions to our government's efforts in providing better services. Further, the good Senator enunciated the pain taxpayers

have to go through in shelling out a large percentage of their hard-earned income for taxes, the inconveniences of lining up to pay taxes, and the damaging effects of corruption, misappropriation of public funds, and wasted monies.

**Putting Taxpayers First.** For the 19<sup>th</sup> Congress, it is expected that the Senate Committee on Ways and Means shall shift its focus more on its oversight functions. According to Sen. Win, people want to join in nation-building, but need to be assured that they will be treated fairly. If given the opportunity to lead the Senate Committee on Ways and Means, Sen. Win vowed to protect the interests of taxpayers by providing them gold standard treatment; making sure that taxpaying is as simple as buying goods online; focusing on the small and thriving micro, small, and medium enterprises (MSMEs); and to go after erring government officials by making sure that they are held to account. Moreover, Sen. Win promised to continue to simplify our tax regime, taking into consideration the reforms made by the past Duterte administration.

**Priority Tax Measures of the Marcos, Jr. Administration.** In May 2022, the Department of Finance prepared a proposed fiscal consolidation program<sup>3</sup> for the then incoming Marcos administration, citing the need to increase revenues to pay for pandemic-related spending and to sustain economic growth, to wit:

1. Motor Vehicle User's Charge or the Road User's Tax Reform;
2. Rationalization of our Mining Fiscal Regime;
3. Real Property Valuation Reform;
4. Imposition of Value Added Tax on Digital Service Providers;
5. Imposition of Excise Tax on Single-Use Plastics;
6. Passive Income and Financial Intermediary Taxation Act (PIFITA);

7. Deferment of TRAIN's Personal Income Tax Reduction;
8. Expansion of the VAT Base and Possible VAT Rate Reduction;
9. Repeal of the Immediate Expensing of Input VAT on Capital Goods;
10. Repeal of Excise Tax Exemption of Pickup Trucks and the Imposition of Excise Tax on Motorcycles;
11. Imposition of Mandatory Admission Charges in Casinos and Taxes on Gross Gaming Revenues of Electronic Betting Activities;
12. Imposition of Excise Taxes on Luxury Goods;
13. Health Taxes Reform;
14. Petroleum Taxes Reform;
15. Imposition of Tax on Cryptocurrencies; and
16. Imposition of Carbon Tax.

On 25 July 2022, President Marcos, Jr., in his first State of the Nation Address, finally bared his priority tax measures, to wit:

1. Tax Package 3, or the Valuation Reform Bill that will provide for the establishment of real property values and valuation standards in the country and the development of a Real Property Information System, which is a database of all real property transactions and declarations in the country;
2. Tax Package 4, or the Passive Income and Financial Intermediary Taxation Act (PIFITA) that will reform capital income and financial services taxation by redesigning the financial sector taxation into a simpler, fairer, and more efficient revenue neutral tax system; and
3. Digital Services Tax, which seeks to answer the need for new sources of revenue and to anticipate the increasing digitization of our economy. The imposition of value-added tax on online transac-

tions aims to finance the country's recovery plan. The measure likewise encourages nonresident digital service providers to establish their presence in the country.

President Marcos, Jr. further highlighted the need for tax administration reforms to increase revenue collection, to realign expenditure priorities, and to improve spending efficiency.

**Asikasong STSRO.** Needless to say, STSRO shall be ready to assist the Senate Committee on Ways and Means in the legislative process. Priorities will be heard and their features will be scrutinized with STSRO proactively providing the best professional and technical support to the Chairperson and Members of the Committee on Ways and Means, its Oversight Committees, and the Senate as a whole. Living up to its mandate, STSRO shall study measures, guided by the 1987 Constitution, existing laws, rules and regulations, and tempered by a balancing of interests of all our stakeholders. The synergy of all four branches of STSRO, under the leadership of Director General Atty. Rodelio T. Dascil, will again be at its best in the 19<sup>th</sup> Congress. As done in the past, STSRO shall be ready to be of service to our Senators and ultimately, our taxpayers.

References:

- 1 Republic Act No. 11346 (Tobacco Tax Law of 2019) and Republic Act No. 11467 (Sin Tax Reform on Alcohol and E-cigarette Products)
- 2 Senator Win Gatchalian was elected as Chairperson of the Senate Committee on Ways and Means on 26 July 2022.
- 3 <https://www.bworldonline.com/top-stories/2022/05/26/450950/marcos-urged-to-impose-new-taxes/> and <https://www.rappler.com/business/department-finance-proposals-marcos-jr-new-taxes-slash-vat-exemptions/>



**Tax Forum Series VII**



Registration



## ALL ABOARD: STSRO and Its Effective Processing of Tax Measures

**Maria Lucrecia R. Mir, PhD, MNSA**  
Director III, Direct Taxes Branch



The establishment of the Senate Tax Study and Research Office was not whimsical. It had a rich history worthy of recording and remembering.

RA 2211 (May 15, 1959) is the mother of tax research in the Philippines. It gave birth to the Joint Legislative Executive Tax Commission or JLETC. A core organization called Technical Staff provided technical support.

With martial law in 1972, Congress was effectively abolished. The JLETC commission proper was dissolved. But the Technical Staff stayed on and was converted into the National Tax Research Center that was initially placed under the administrative supervision of NEDA. When Congress was re-established in 1987 under the Cory Aquino government, the NTRC became an attached agency to the DOF.

Recognizing once again the vital role of tax research in the realm of policy making, the Senate of the Philippines, on May 5, 1989 via Resolution No. 52 created a counterpart body and christened it the Senate Tax Study and Research Office. In the House of Representatives, the STSRO counterpart is the Congressional Policy and Budget Research Department.

Thus, this triumvirate composed of STSRO – CPBRD – DOF may be likened as the modern-day JLETC.

The reason for our being is the provision of technical support to the Chairperson and members of the Committee on Ways and Means. By technical support we mean timely and all-encompassing research, accurate and in-depth analysis of data, and our own brand of recommendation. Our goal is for our output to serve as vital input to the Senators' policy making and legislative work.

Hence, we continue the 33-year old tradition of our predecessors and as envisioned by our institutional architects who framed Senate Resolution No. 52. Behind us are more than 60 tax laws from the date STSRO was born up to the last days of the President Duterte administration.

We know and we feel that taxes are the most

pervasive and the strongest of all the powers of the government. Yet, we all have to admit that taxes are the lifeblood of the government, without which, collectively as a nation, we cannot subsist.

We deliver what are expected of us, working within and despite any technological or infrastructural limitations.

Basically, since our main job is tax research, we are required and expected to be skilled Marites. Why? Because we have to dig deep into the issues and implications of every tax proposal. Because taxes are like the sword of Damocles representing uncertainty in the country's economy. Therefore, when we conduct studies on tax proposals, we are always guided by the fundamental principles of a sound tax system namely: fiscal adequacy, administrative feasibility and theoretical justice.

We maintain cordial and professional dealings with stakeholders in both the government and private sectors because taxation is a matter of give and take, and that what we know in theory often needs the collaboration of those in tax practice.

Our outputs include technical papers or briefers, analysis of numerical data, other information, the impact of tax proposals, and estimation of revenue gains or losses. We also propose alternatives in case we don't agree with what was initially proposed through the drafting of bills and resolutions for the consideration of our principals.

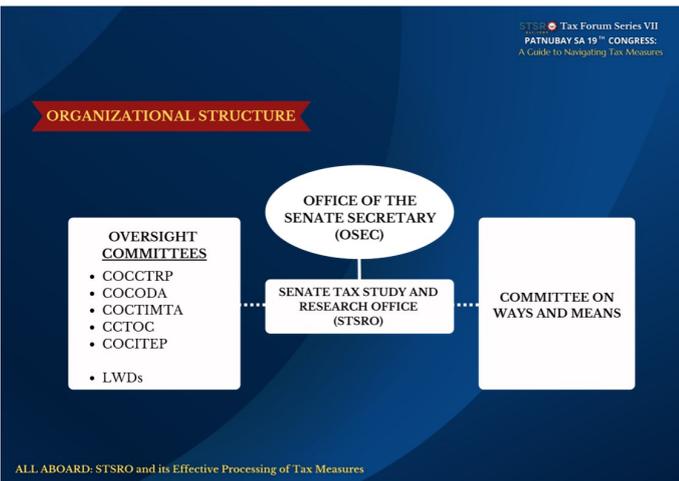
But let me say this – we are not the generator or source of revenue data or statistical information. These data come from the revenue collectors such as the BIR and BOC, and data generators such as PSA and private stakeholders. What we do is analyze these numbers for purposes of providing professional technical support to our Chairperson and members of the Committee on Ways and Means.

In terms of organizational structure, the solid line shows that STSRO is primarily and administratively under the wings of the Office of the Senate Secretary or OSEC. The dotted lines show that we are functionally working for the Committee on Ways

and Means and its various oversight committees, as their technical arm.

as a matter of tradition, would still conduct study and submit our comments and recommendations to our Chairperson.

In conducting our research, we are guided by the fundamental precepts of a sound tax system, namely fiscal adequacy, administrative feasibility, and theoretical justice. Our research goes deep into the historical background of the proposal; for example, has this been tackled in the previous congress? If yes, what happened?



We have an office of the Director General that supervises both the technical and administrative functionalities of STSRO. Our head of office is Director General Atty. Rodelio Dascil who is a pillar of STSRO and considered an institution at the Senate. We have four technical services or branches that cater to the various types of national internal revenue taxes and local taxes. These are the Direct Taxes Branch, Indirect Taxes Branch, Tax Policy and Administration Branch, and Legal and Tariff Branch.

Providing the best professional and technical support to the Chairperson and members of the Committee on Ways and Means and its oversight committees starts with its roster of personnel. At the STSRO, we have 5 lawyers, 3 statisticians/mathematicians, 2 economists, 1 CPA, 4 trained in development policy studies, and 4 in management. We don't stop learning and widening our perspectives and networks thru graduate and post graduate studies, management and technical trainings in both local and foreign schools. Some of us have been formerly employed at the DOF, BIR, NTRC and in other offices within the Senate, and the private sector – these have contributed to the development of the so-called institutional memory that is vital in research.

Over the years, the STSRO has developed and produced exemplary employees who have been recognized as such by the OSEC and Senate. From 2012, we had 9 Honor Roll nominees, 2 OSEC Departmental awardees, and 1 Most Outstanding Senate overall awardee.

On a daily basis, we at STSRO eat and drink tax bills, so to speak. We are always on the alert for bills and resolutions that are primarily referred to the Committee on Ways and Means, and for bills and resolutions that are secondarily referred to the Committee.

We are also on the look-out for bills that have tax implications but are neither referred primarily nor secondarily to our Committee. In this case, we recommend to our Committee Chairperson to manifest for a change in referral. Should this move fail, the STSRO,

We also read about the theoretical foundation of the tax proposal. For example, what have the earlier economists, tax practitioners, or policy makers said about this proposal? Are there theories that back this up?

Has other tax jurisdictions applied this tax? What are the country experiences?

We also seek the opinion of stakeholders – the people and sectors who will be directly and indirectly affected should the tax proposal becomes law. We consult historical data and project the potential revenue gain or loss based on certain parameters suggested by the proponents, stakeholders or experts.

The STSRO Technical Branches practice division of labor in the sense that our work is divided basically on the nature of the taxes. But on more crucial proposals, we work seamlessly and our staff becomes a pool of readily-available soldiers willing to take on any tasks.

The Direct Taxes Branch specifically handles the conduct of studies on individual and corporate income taxes, estate and donor's taxes, and the administrative requirements for direct taxes. It prepares estimates of the impact of tax measures on government revenue, and tax burden on corporate and individual income taxpayers. It is the technical arm for the Congressional Oversight Committee on the Comprehensive Tax Reform Program or COCCTRP.

The Indirect Taxes Branch focuses on indirect taxes such as value-added tax, excise tax, documentary stamp tax, and other percentage taxes. It

prepares studies, briefers, fiscal estimates and statistics on indirect taxation. It is the lead branch to assist the Joint Congressional Oversight Committee on Illicit Trade of Excisable Products under RA 11467 and monitoring local water districts' performance under RA 10026.

The Legal and Tariff Branch handles matters relating to the legal implications of proposed bills or other tax-related issues. This is also the Branch that scrutinizes measures regarding customs administration, and monitors the related issuances by the Bureau of Customs. The Branch also studies proposals related to tariff, and attends hearings conducted by the Tariff Commission. The Branch prepares reports on customs or tariff related provisions under international trade agreements such as the World Trade Organization, ASEAN Free Trade Area, and the Kyoto Protocol. It acts as the technical staff for the Congressional Customs and Tariff Oversight Committee. The Legal and Tariff Branch also looks into Sections 129 to 383 of the Local Government Code.

The Tax Policy and Administration Branch is specifically concerned with the policy and administration aspects of taxation. It conducts research and as-

sesses the effects of proposed tax and other fiscal incentives for investment, tax concessions for welfare, health, environmental and cultural reasons. It studies and helps formulate proposals for reforms in tax policy and administration to enhance revenue generation. It provides information on tax systems of other countries and statistics on tax and in the availment of fiscal incentives granted under the Tax Code. The branch monitors and coordinates with the Fiscal Incentives Review Board in relation to its function as the main administrator and implementing agency on the grant of fiscal incentives pursuant to RA 11534 or CREATE Act. It also monitors the availments and movements in the Official Development Assistance or ODA.

**FINAL WORD**

Ladies and gentlemen, we are a bunch of friendly employees of the Senate of the Philippines. Feel free to call in case your office wishes to file a tax bill or encounter a crossroad in your proposal. Feel free also to scroll and explore the Senate website because the journals of the STSRO are published there.

Thank you for your attention. God bless us.



**TAX LAWS: Limits and Legislative Process**

**Clinton S. Martinez**  
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Atty. Sherry Anne C. Salazar  
Director III, Legal and Tariff Branch

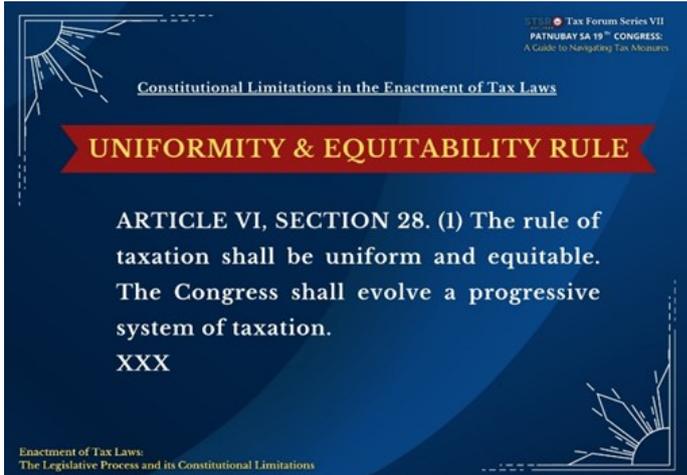
One of the essential powers of any government is its authority to impose taxes, for after all it is the lifeblood of every nation. Without taxes, government operations will come to a halt and ultimately paralyzed. While the scope and nature of the power of taxation is far and wide, the same is not without limits. In fact, there are inherent limitations as well as those enshrined under the Constitution that stand as safeguards in the exercise of this power. In the same vein, legislative work requires knowledge of these limitations in order to draft law proposals that would pass both executive and judicial scrutiny.

Initially, we should be reminded of the **3 Basic Principles of a Sound Tax System**, these are as follows:

1. *Fiscal adequacy* – sources of revenue should be sufficient to meet the expenditures of the government.
2. *Administrative feasibility* - clear and plain; capable of enforcement; easy to implement.

3. *Theoretical justice* - based upon ability of the citizens to pay.

On the other hand, some of the **Constitutional limitations** regarding the power of taxation are as follows:



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Constitutional Limitations in the Enactment of Tax Laws

**UNIFORMITY & EQUITABILITY RULE**

ARTICLE VI, SECTION 28. (1) The rule of taxation shall be uniform and equitable. The Congress shall evolve a progressive system of taxation.

XXX

Enactment of Tax Laws:  
The Legislative Process and its Constitutional Limitations

In a general sense, *uniformity* means that all taxable articles or kinds of the same class are taxed at the same rate wherever it is found. While *equitability* or *equity in taxation* simply implies that the tax is based on one's ability to pay. In short, **equality and uniformity in taxation means that all taxable articles or kinds of property of the same class shall be taxed at the same rate.**<sup>1</sup>

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Constitutional Limitations in the Enactment of Tax Laws

**PROGRESSIVITY RULE**

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XXX

Enactment of Tax Laws:  
The Legislative Process and its Constitutional Limitations

Tax progressivity is typically linked to a tax schedule with a rising rate as income rises. In particular, the tax system is considered progressive if the marginal tax rates constitute an increasing function of income.<sup>2</sup> A progressive tax system is defined as one with a rising average tax rate, but there is no consensus on how to measure the degree of progressivity.<sup>3</sup> To put it simply, progressivity means the tax rate increases as the tax base increases.

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Constitutional Limitations in the Enactment of Tax Laws

**ORIGINATING RULE**

Art. VI, Sec. 24. All appropriation, revenue or tariff bills, bills authorizing increase of the public debt, bills of local application, and private bills shall originate exclusively in the House of Representatives, but the Senate may propose or concur with amendments.

Enactment of Tax Laws:  
The Legislative Process and its Constitutional Limitations

A look at the constitutional provision on origin of tax measures would easily show that it is not the law — but the revenue bill — which is required by the Constitution to "originate exclusively" in the House of Representatives. What the Constitution prohibits is for the Senate to begin the legislative process first, by sending its own revenue bill to the House of Representatives for its consideration and action. This is the initiation that is prohibited to the Senate.<sup>4</sup>

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Constitutional Limitations in the Enactment of Tax Laws

**NON-IMPAIRMENT CLAUSE**

Article III, SECTION 10. No law impairing the obligation of contracts shall be passed.

Enactment of Tax Laws:  
The Legislative Process and its Constitutional Limitations

The purpose of the non-impairment clause of the Constitution is to safeguard the integrity of contracts against unwarranted interference by the State.<sup>5</sup> As a rule, contracts should not be tampered with by subsequent laws that would change or modify the rights and obligations of the parties.<sup>6</sup> The constitutional guaranty of non-impairment of obligations of contract is limited by the exercise of the police power of the State, in the interest of public health, safety, morals and general welfare.<sup>7</sup> The economic interests of the State may justify the exercise of its continuing and dominant protective power notwithstanding interference with contracts.

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Constitutional Limitations in the Enactment of Tax Laws

**ABSOLUTE MAJORITY RULE**

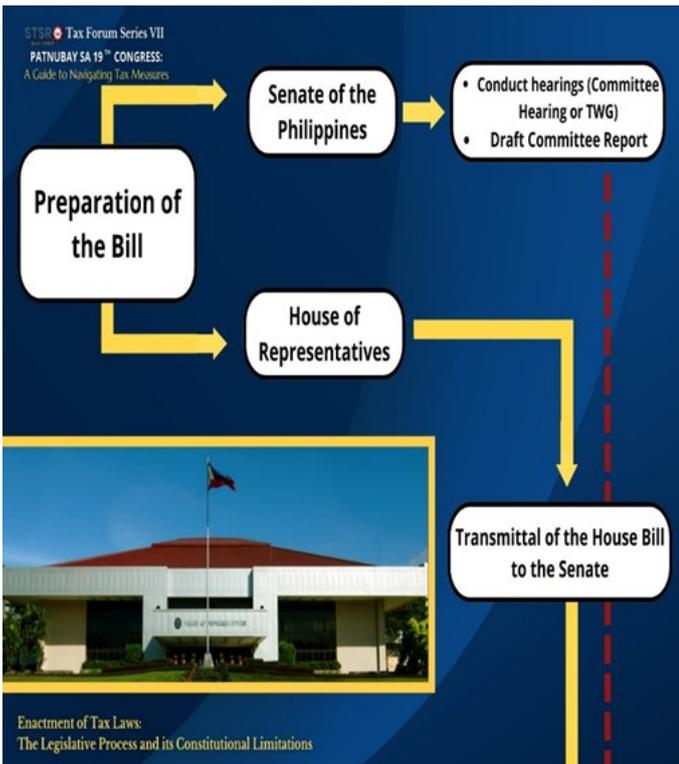
ARTICLE VI, SECTION 28. (4) No law granting any tax exemption shall be passed without the concurrence of a majority of all the members of the Congress.

Enactment of Tax Laws:  
The Legislative Process and its Constitutional Limitations

The power of the legislative to grant exemptions must be made with much discretion, in pursuant to a public purpose, and not done arbitrarily. Bills providing for tax exemptions must be passed by majority of ALL members and NOT merely by a majority of those present. Note also that tax amnesties, tax condonations, and tax refunds are treated in the same manner as tax exemptions, and hence requires the absolute majority vote as well.

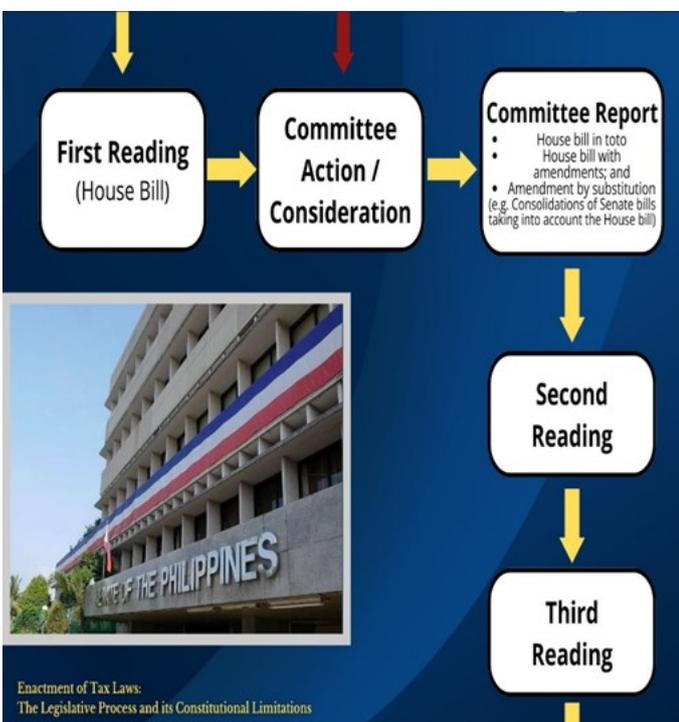
Guided by these limitations, legislators must craft their proposals in such a way that will satisfy the above rules so as to ensure a smooth transition as it goes through the legislative mill. It is, however, necessary to remember that tax measures follow a different procedure compared to other bills. This unique process is attributed mainly to the doctrine of origina-

tion that governs tax legislation. Briefly, the following are the steps on how a tax proposal becomes a law:



**Preparation of the Bill.** Any member of Congress may draft and file a bill. A bill proposal may also come from other government agencies, civic society groups, stakeholders, and other constituents.

At the HOR, the bill will undergo hearings and 3 readings there before it is transmitted to the Senate. After transmittal, the House bill will read during plenary and referred to the appropriate committee for consideration.



**First Reading.** This is the time when the title and number of the bill is read, and referred to the pertinent committee/s.

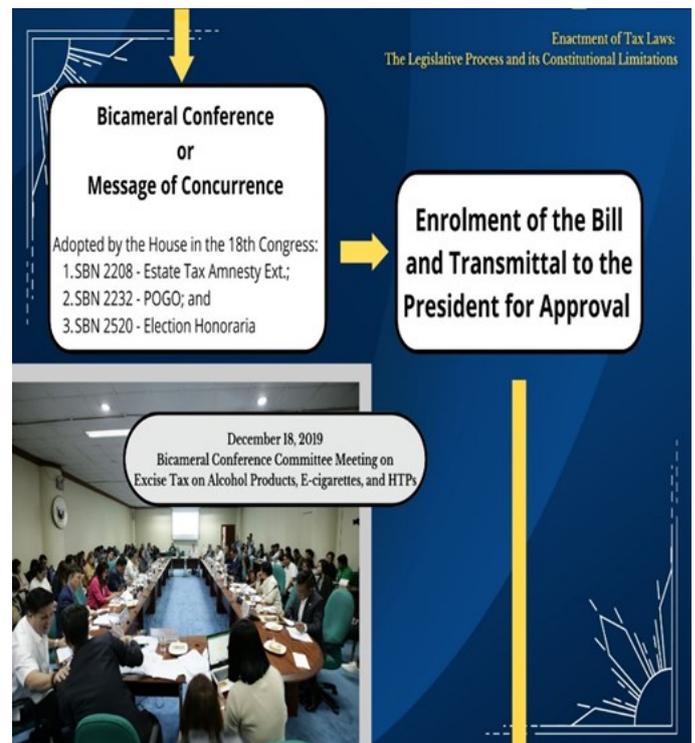
**Committee Action.** The committee/s shall conduct public hearings and/or TWGs regarding the proposed measure and invite stakeholders to submit their comments or recommendations on the said bill. At the conclusion of the hearings or TWG, the Committee shall prepare a draft Committee Report. This Committee Report may take various forms:

- (a) Adopting the HB in toto;
- (b) Adopting the HB with Amendments, taking into consideration the Senate bill/s; and
- (c) Or amendment by substitution, taking into consideration the House bill.

**NOTE:** The Senate Committee on Ways and Means may conduct its own hearing/s, TWG or even solicit comments from stakeholders while waiting for the transmittal of the House counterpart measure. It can even prepare in advance a Committee Report but cannot file the same in the absence of the House counterpart bill.

**Second Reading.** The Committee Report is filed and sponsored on the floor by the Chairperson. This is followed by the periods of interpellation, and amendment.

**Third Reading.** After incorporating the revisions made during the period of amendments, the bill is once again called on the floor for nominal voting by the Senators.



**Bicameral Conference or Message of Concurrence.** In case there are disagreeing provisions between the Senate and the House versions of the bill, then a Bicameral Conference Committee shall be

formed to reconcile both versions. This Committee must then come up with a bicam report that will be subject again to a vote by both Houses for ratification. In other instances, as where there is no disagreement, the Lower House may choose to adopt the version of the Senate, and simply send a *Message of Concurrence* to the Senate.

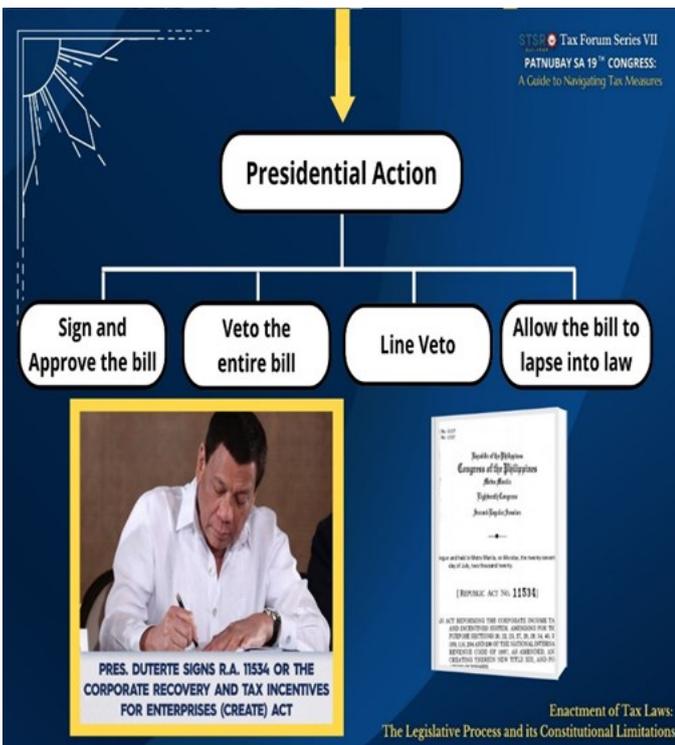
**Enrollment of the Revenue or Tariff Bill and Transmittal to the President for Approval.** After ratification of the bicam report by both Houses, the final copy shall be signed by the Senate President and the House Speaker. The enrolled bill shall be transmitted to the Office of the President for approval.

**Presidential Action.** The following are the different actions that the President may take on the enrolled bill, to wit:

- (1) Approval – President signs the bill;
- (2) Veto - this could either be a partial or line veto (e.g. TRAIN law and Tax Amnesty law), or a veto of the entire bill (e.g. HB 7575 Bulakan Aero City Bill); and
- (3) Inaction – lapse into law. (*The President shall communicate his veto of any bill to the House where it originated within thirty days after the date of receipt thereof; otherwise, it shall become a law as if he had signed it. "30 days after receipt"*) e.g. EPR law.

References:

- 1 *Sison v. Ancheta*, GRN L-59431 (25 July 1984).
- 2 Retrieved from <http://www.ntrc.gov.ph/images/journal/2006/i20060708-Progressivity%20of%20the%20Individual%20Income%20Tax%20Rate%20Structure%20of%20Selected%20ASEAN%20Countries.pdf> on 3 October 2020.
- 3 Retrieved from [file:///C:/Users/User/Downloads/wp18246%20\(1\).pdf](file:///C:/Users/User/Downloads/wp18246%20(1).pdf) on 4 October 2020.
- 4 *Tolentino v. Sec. of Finance*, GRN 115455 (1994).
- 5 *Goldenway Merchandising Corporation vs. Equitable Bank*, G.R. No. 195540, March 13, 2013
- 6 *Siska Development Corporation v. Office of the President of the Phils.*, G.R. No. 93176, April 22, 1994
- 7 *Rita Caleon vs. Agus Development Corporation*, G.R. No. 77365, April 7, 1992





## The CREATE Law and Its Vetoes Provisions

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This presentation is not merely all about the detailed features of RA 11534 or the Corporate Recovery and Tax Incentives for Enterprises Act or CREATE. While this may generally enlighten you on the salient points of the law, this will also provide you with insights relative to the importance of having the visions of the legislative and executive departments

complement or be perfectly aligned with each other particularly in the realm of legislation.

This is to say that to ensure the passage and implementation of meaningful legislation for our constituents, it is crucial that we in Congress understand the relevance of working hand in hand with the Presi-

dent and his alter egos in the preparation and crafting of legislative measures. Moreover, it is likewise critical to take into consideration the context and intent of existing laws, statutes and jurisprudence, at least in the legislation concerning special economic zones, investment promotion agencies, and tax, fiscal investment incentives.

### Pre-CREATE Scenario

Prior to the enactment of RA 11534 or the CREATE law on March 26, 2021, 14 investment promotion agencies or IPAs including PEZA and BOI were all authorized by their respective charters to grant varying tax incentives without the DOF as member in most of the IPA Boards. Outside the NIRC or the Tax Code, there were 123 laws that grant investment incentives and 192 laws that grant non-investment incentives, or a total of 315 laws.

Moreover, tax incentives were in lieu of all taxes and were granted indiscriminately and literally forever and worse, regardless whether they contribute or not to the economy in terms of jobs, exports, or productivity. In the ASEAN, the Philippines offered the most generous special income tax rates including the Income Tax Holidays and the 5% rate for Gross Income Earned or GIE.

But the most adverse impact was in terms of foregone revenue, which reached P301 billion and P481.7 billion in 2015 and 2019, respectively, excluding local taxes and leakages. With this scenario, the efforts to rationalize, simplify and modernize the grant of investment incentives has begun, emanating either or both from Congress and the executive branch.

### Fiscal Incentives Rationalization: Historical Background

The CREATE law, which comes in the midst of great uncertainties arising from the adverse economic implications of the Covid-19 pandemic, is actually the culmination of almost three (3) decades of initiative to restructure and modernize the fiscal incentives system in the country. The first ever fiscal incentives reform bill, House Bill No. 4935 or "The Investments and Incentives Code", was filed in the House of Representatives during the 10th Congress (1995-1998).

Although similar measures were then re-filed every year thereafter, it was during this outgoing 18th Congress that a consolidated fiscal rationalization measure gained strong support from a sitting President, members of both chambers of Congress, and various stakeholders especially the business sector. After its approval in the Lower House and upon transmittal to the Senate, House Bill No. 4157 or the Corporate Income Tax and Incentives Rationalization Act (CITIRA) has been refined and recalibrated further and has eventually evolved into what it is now – the Corporate Recovery and Tax Incentives for Enterprises Act or CREATE.

The CREATE measure was eventually approved by the Senate on November 26, 2020 and ratified by both legislative chambers on February 3, 2021. On March 26, 2021, after some twenty-five (25) years after the filing of the first incentives reform measure, President Rodrigo Duterte finally signed into law Republic Act No. 11534 or the CREATE law. It should be noted, however, that some of its provisions were vetoed by the President.

### Key Finding: Cost Outweighed Benefits

Ever since the introduction in Congress of the 1<sup>st</sup> incentives rationalization measure, the position of and recommendation by our office as technical arm of the Committee on Ways and Means has always been the conduct of a scientific cost-benefit-analysis primarily by the NEDA, as per its mandate pursuant to the TIMTA law or at least by the DOF, being the main proponent of President Duterte's comprehensive tax reform program.

But it was only during the 18<sup>th</sup> Congress that a scientific cost-benefit analysis was commissioned by no other than the DOF. The study showed that on average, there is no difference between the performance of firms receiving incentives and firms not receiving incentives in terms of employment, exports, investments, and productivity. This means that many incentives are redundant and therefore, costly and unnecessary.

But more significantly, the CBA indicated that the costs of granting tax incentives generally outweighed its overall benefits to the economy, even after accounting for employment generated and spillovers, both direct and indirect. With this, the quest for a rationalized grant of incentives has become even more relevant, urgent and intense.

### Salient Features of the RA 11534 or the CREATE Law

The CREATE law introduced a new Title XIII in the National Internal Revenue Code, as amended. Consistent with being the first-ever revenue-eroding tax reform in the country's history, CREATE has also become the largest fiscal stimulus program for enterprises, originally projected to provide about One (1) trillion pesos worth of tax relief over the next ten (10) years. In particular, the law intends to (a) improve the equity and efficiency of the corporate tax system by lowering the rate, widening the tax base, and reducing tax distortions and leakages; and (b) develop a more responsive and globally-competitive tax incentives regime that is performance-based, targeted, time-bound, and transparent; among other purposes. CREATE also mandated the a) Reduction of the Corporate Income Tax (CIT) Rate; b) Repeal of the Improperly Accumulated Earnings Tax (IAET); c) Temporary Reduction of Tax for Proprietary Educational Institutions and Hospitals; d) Additional Transactions Exempt from The Value-Added Tax; and e) Equitable and Rationalized Tax Incentives Scheme.

## Grant of Incentives: Before and After

The biggest game-changer as embodied in the CREATE law is the expansion of the power of the current Fiscal Incentives Review Board (FIRB) from an overseer of tax subsidies for government agencies and government-owned and controlled corporations (GOCCs) to a grand policymaker, regulator, and administrator relative to the grant of tax subsidies to government agencies and tax incentives by IPAs and other incentives-administering entities. To rectify the previous flaw in the composition of the governing Boards of most IPAs, the Secretaries of the Department of Finance and Trade and Industry now sit as co-chairpersons of the new FIRB.

The discretion, though, of the expanded FIRB is not absolute. While it assumes responsibility as approver of tax incentives only for projects/ activities worth above 1 billion pesos, the approval of those whose value is P1 Billion and below is delegated to the IPA where the application for incentives is filed. But while the FIRB's power to grant incentives is limited to the aforementioned value threshold, it maintains its overall oversight and regulatory mandate over all registered business enterprises (RBEs), IPAs, and similar entities or instrumentalities.

The law likewise redefines the current Investment Priority Plan (IPP) – as structured under Executive Order No. 226 or the Omnibus Investment Code of 1987 – and renames it as the Strategic Investment Priority Plan (SIPP). The new SIPP shall still be formulated by the Board of Investments (BOI), in coordination with the FIRB, IPAs, other government agencies administering tax incentives, and the private sector, subject to the President's approval. As provided, only projects/ activities that are identified and listed in the investment plan shall be considered in the grant of incentives.

## Fixed Menu of Incentives as per CREATE

The centerpiece of the new Title XIII of the NIRC under the CREATE law is the menu of tax incentives. Unlike the previous regime, where numerous fiscal and non-fiscal incentives were granted through various laws including IPA charters, the list of incentives under the new law was framed to be leaner but otherwise targeted, time-bound, and performance-based.

The fixed menu of incentives as per CREATE are as follows: (1) Income Tax Holiday (4-7 years for all industries); (2) Special Corporate Income Tax (10 years for export only after ITH); (3) Enhanced Deductions (10 years for export and 5 years for domestic after ITH); (4) Duty exemption on importation of capital equipment, raw materials, spare parts, or accessories (available for all industries); and (5) VAT exemption on importation and zero-rating on local purchases (available for all industries).

## Incentives by Tier: Location and Type of Industry

The determination of the period of availment is based both on the economic level of the location of the registered activity and on the type of the industry. The combination of these criteria, as applied to incentive applications, decides the period of years a qualified activity may enjoy the set of incentives granted.

Hence, the lower the economic level of the area where the project will be located, and the more critical or significant to economic development the applied activity is, the longer period of incentives may be granted. Meanwhile, industries located in areas recovering from armed conflict or major disaster and those relocating from NCR during the duration of their incentives shall get two (2) and three (3) additional years of ITH, respectively.

## Enhanced Deductions

As previously presented in the menu of incentives, the law sustains the grant of a set enhanced deductions after the expiration of ITH to qualified enterprises. But this time, these were restructured to be more and better than the old scheme.

## Transition to CREATE

In the transition to the new regime, registered business enterprises whose projects or activities were granted an income tax holiday prior to the effectivity of the law are allowed to continue with their availment for the remaining period as specified in their registration contracts. On the other hand, those currently availing of the 5% GIE are likewise allowed to enjoy such incentives for ten more (10) years.

## Vetoed Provisions

The 1987 Constitution, through Article VI, Section 27 (1), has granted the President with the power to reject a bill or joint resolution and thus, prevent its enactment into law. Generally, when a President disapproves a bill, such disapproval is manifested by executing a veto to invalidate the whole law.

However, an exception exists under Article VI, Section 27 (2) when the bill is an appropriation, revenue or tariff bill. When any of these bills are concerned, the President may execute a line or item veto. Said veto will not affect or invalidate the entire bill but only the particular item under consideration.

When President Rodrigo Duterte approved RA No. 11534 or the CREATE law on March 26, 2021, he also vetoed some of its provisions. For instructive purposes, let me guide you through the vetoed items along with the possible implications of such disapproval.

1. Increasing the VAT-exempt threshold on sale of real property: Item (P) of the amended Section 109 of the NIRC, as amended, under Section 12 of the law. – The veto retains the current threshold of

- VAT exemption for sales of house and lot and other residential dwellings valued at P2 million and below, pursuant to the Tax Code, as amended by the TRAIN law. The adjustment of the VAT threshold to P4.2 million and below as per CREATE indeed excludes from the net those taxpayers who have the capacity to spend more on real estate properties. While the deletion of the proposed adjustment would be advantageous in terms of expanding the tax base – thus, generating more revenue – and in enforcing a tax regime that is fair and not distortive, it would effectively allow for the increase in the cost of house acquisition and may adversely impact on the government's parallel effort to address the country's severe housing backlog and eventually provide more shelter for the people.
- Mandating a ninety (90)-day period for the processing of general tax refund (Deleting the entire Section 14 of the CREATE Act). – The President lauds but at the same time views the proposed 90-day threshold in the diligent processing of tax refund as difficult to implement, citing that this may compel the BIR to either act on the tax refund haphazardly or deny an application outright due to the short assessment period allowed in the CREATE law. While this may hold true, this is not entirely impossible and impractical if the BIR would have the interest and decisiveness to employ the right administrative process and system.
  - Definition of "Investment Capital": Item (G) of the new Section 293 of the National Internal Revenue Code of 1997, as amended, under Section 16 of the CREATE Act. - The veto, which effectively sustains the inclusion of the value of land and working capital in the formula for the computation of investment capital, is convenient and advantageous to investors. While it may translate to a less stringent condition and may encourage more investments, it defeats the intent of Congress to require more considerable investment in the form of buildings, machineries, equipment, and infrastructure. Legislators deem that the willingness of investors to make huge investment in such capital outlays would indicate their sound financial capacity as well as their willingness to establish their operations in the country in the long term. Including the value of land and working capital in the formula would easily allow investors to come up with the required investments and make them eligible for better incentives – without having to spend substantially on infrastructure and machineries.
  - Redundant incentives for domestic enterprises: Portions of the new Sections 294, 295, and 196 of the Tax Code, under Section 16 of the CREATE Act. – The veto of the President further reduces the incentives granted to domestic enterprises as compared to those offered to export industries. The President's veto 1) removes the distinction between a critical and non-critical domestic activity and simply classifies them as domestic market enterprise/activity; and 2) retains the 4-7 years of ITH
- for domestic market enterprises as well as the 5 years of Enhanced Deductions thereafter, but removes the grant of SCIT/5% GIE as an option after ITH expiration. The removal of the SCIT or 5% GIE incentives for domestic enterprises will have no greater impact on the country's domestic enterprises considering that E.O. No. 226 or the Omnibus Investment Code of 1987 does not grant the 5% GIE as an incentive to its locators, which are mostly domestic industries.
- Allowing existing registered activities to apply for new incentives for the same activity: Provisions under the new Section 296 of the Tax Code under Section 16 of the CREATE Act. – The veto clarifies and sustains the grant of incentives to "qualified expansion or entirely new project" by both export and domestic enterprises, subject to the qualifications provided in the SIPP and performance evaluation by the FIRB. While it supports allowing export enterprises – registered prior to the effectivity of the law – to have the option to reapply and avail of the incentives granted under Section 294(B) for the same period as provided in said Section, it removes the other option that explicitly allows for an extension for a maximum of 10 years. But even with the deletion of the provision "and may still be extended for a certain period not exceeding 10 years at any one time", it is our view that said export industries may still apply and be eligible for incentives as long as the registered activities being applied for are qualified expansion or entirely new projects.
  - Clarifying the limitations on the power of the FIRB: Proviso under the new Section 297 of the Tax Code under Section 16 of the CREATE Act. – The deletion of this provision affirms the stand of the President that although IPAs have the delegated power to grant incentives at a certain threshold (P1 Billion and below), the FIRB remains to be the highest and central policy-making body as far as administration of fiscal incentives in the country is concerned. The veto affirms further the FIRB's oversight function on all IPAs and particularly over RBEs regardless whether the set of incentives of an RBE was granted either by the FIRB or the concerned IPA based on investment threshold.
  - Specific industries named under activity tiers: Provisions in the new Section 296(B) of the Tax Code, under Section 16 of the CREATE Act. – The veto on the specific activities specified under Tiers 1 and 2 in Section 296(B) basically allows for flexibility of the CREATE law in the grant of incentives. Policy thrusts and priorities indeed change over-time and as such, the President views that explicit listing of activities should not be included in the law to allow discretion for future administrations to determine what industries should be given priority and support in terms of incentives. Without the veto, future administrators would have difficulty in revising the legislated listing and would have to depend on Congress in amending the CREATE law for the purpose of accommodating revisions,

which may be necessary and relevant to the changing times.

8. Provision granting the President the power to exempt any investment promotion agency from the reform: Provisions under Section 301 of the Tax Code under Section 16 of the CREATE Act. – The veto denies the President with the discretion to fully exempt any IPA, upon its request, from the coverage particularly of Section 297 or from the expanded power of the FIRB to approve and grant incentives to registered business enterprises, and the power to modify the policy on thresholds for FIRB approval, subject to conditions. The CREATE law has already given the President the power to modify the grant of incentives subject to specific conditions. Further expanding such power to the extent of completely exempting IPAs from the coverage of the tax incentive provisions of CREATE is indeed unnecessary if not insensible, taking into consideration the risks of exposing the law to undue discretions and self-serving interests of public authorities.
9. Automatic approval of application for incentives: Proviso under the new Section 297(B) of the Tax Code. – The President's veto is deemed to allow sufficient time for the FIRB to review the application for tax incentives given that such perks are not rights but otherwise, privileges granted by the state. The President may have viewed the proposed twenty (20) days approval period as inadequate for the FIRB to approve or disapprove applications based on merits and regards such processing period limit as tantamount to sacrificing diligence over expediency. In the deletion of the subject provision, business registered enterprises may just have to be vigilant in monitoring the pro-

gress of their applications and likewise be prompt in filing complaints relative to acts that may be deemed in violation of RA No. 11032 or the Ease of Doing Business Act of 2018. Otherwise, the removal of the threshold may encourage delay in the action on applications and worse, may pave the way for corruption arising from undue or abusive discretion by approving authorities.

### Conclusion

Incidentally, on July 1, 2022, newly-elected President Ferdinand Marcos, Jr. vetoed the enrolled House Bill No. 7575 or "AN ACT ESTABLISHING THE BULACAN AIRPORT CITY SPECIAL ECONOMIC ZONE AND FREEPORT". The President cited, and I quote, "the bill's infringement on or conflict with other agencies' mandates and authorities and the substantial fiscal risks it poses by significantly narrowing down our tax base with its mandated incentives applicable to registered enterprises". The veto emphasized that RA 11534 or the CREATE law already allows eligible enterprises to apply for and avail of tax incentives outside economic zones by providing a favorable incentive package without the need for creating new special economic zones.

This veto of two (2) significant measures by a past and a sitting President underscores the importance of understanding well the interplay and correlation between the mandates, priority agenda, and policy direction of both Houses of Congress and the Executive branch. As legislative, technical staff of your respective Senators' offices, knowing these dynamics by heart would enhance your competence and creativity in the crafting of legislative measures, at least along the intent of having them approved in their entirety by the President.



Tax Forum Series VII



Opening Ceremony



*In This Corner:*

**The Philippine Customs Modernization Project**

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*Makabagong Aduana, Matatag na Ekonomiya* – the slogan used by the Bureau of Customs (BOC) in their thrust to reengineer their processes. This is pursuant to Section 109 of Republic Act No. 10863, or the Customs Modernization and Tariff Act (CMTA), directing the BOC to *utilize information and communications technology to enhance customs control and to support a cost-effective and efficient customs operations geared towards a paperless customs environment.*

In line with the bureau’s pursuit of continuous innovation, the World Bank (WB) had approved an \$88.28 million loan for the Philippine Customs Modernization Project (PCMP), in October 2021 – at the height of the COVID-19 pandemic.<sup>1</sup> The project was then formally launched on March 2021.<sup>2</sup> It should be noted that the total project cost for the PCMP is estimated at \$104.38 million. The total project cost includes funding from the WB and other sources.<sup>3</sup>

One year after the launch of PCMP, the BOC reported that it has automated and streamlined 139 or 82% of its 170 processes and procedures through WB’s funding.<sup>5</sup> Some of the automated processes are the following:

The PCMP comprises of three (3) components,<sup>4</sup> to wit:

*Modernization of Customs Operations* component will support the modernization of BOC’s core customs processing system (CPS), related technical infrastructure, and internal capacity.

*Organizational Development* component will reorganize BOC’s workforce; and will upgrade its back-office, human resource management and training curriculum.

*Project Management and Implementation Support* will ensure the use of a strong methodology-based project management approach to the PCMP through the Philippine Support and Quality Assurance (PSQA) in support to the project.

Customs Processing System (CPS) Project	Description	Related Issuances
1. Prepayment System (BPS) for all types of Declarations and Pre-payment Online Inquiry System (POIS)	<ul style="list-style-type: none"> <li>Allow Exporters and importers to register an account for transaction payment purposes. Funds in the said account cannot be withdrawn but can be transferred to other prepayment accounts of the same holder’s name.</li> <li>The said system will only charge three hundred fifty pesos (P350.00) in loading funds to the account through any Land-bank branch at the ports.</li> </ul>	<ul style="list-style-type: none"> <li>CMO 18-2021</li> </ul>
2. PASS5/6 <sup>6</sup>	<ul style="list-style-type: none"> <li>The Payment Application System involves both cash and non-cash payments and the application of these payments to the duties, taxes and fees payable.</li> <li>The processes are primarily based on the Business Process Design document of the Banker’s Association of the Philippines and information gathered during several discussions with the primary business process experts of the BOC and BAP</li> </ul>	

Customs Processing System (CPS) Project	Description	Related Issuances
3. M-Payment	<ul style="list-style-type: none"> <li>The improvement from a batch process to on-line transmission of the electronic abstract of payment coming from the Authorized Agent Banks using mobile technology. This electronic abstract of payment will be matched with the ACOS system generated payable. Upon confirmation, the BOC system sends an SMS confirmation message to the consignee and a release instruction is subsequently generated for transmission to the Arrastre operator for the release of the goods via cell phone.</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>
4. Automated Management System (ABMS) Bonds System	<ul style="list-style-type: none"> <li>A system for processing bond transactions established pursuant to CMO 14-2012. It monitors and ages bond balances and flags those that have matured. These bonds are a form of security to guarantee payment of duties and taxes and other obligations to the BOC.</li> </ul>	<ul style="list-style-type: none"> <li>CMO 30-2020</li> </ul>
5. Authorized Economic Operator (AEO) Online Portal	<ul style="list-style-type: none"> <li>The AEO is an online portal for BOC-accredited importer, exporter, customs broker, forwarder, freight forwarder, transport provider, etc.</li> <li>It promotes trade facilitation and to provide a seamless movement of goods through secure international trade supply chains with the use of risk management and modern technology.</li> </ul>	<ul style="list-style-type: none"> <li>CAO 5-2017</li> <li>CMO 9-2020</li> <li>CMO 26-2021</li> </ul>
6. Automated Inventory Management System (AIMS) for Customs Bonded Warehouses (CBW)	<ul style="list-style-type: none"> <li>AIMS is an automated system to be adopted by the CBW operator as a tool to determine and monitor the stock inventory of bonded goods from the time of its entry into the CBW up to liquidation of the goods declaration covered by the Warehousing Single Administrative Document (W-SAD)</li> </ul>	<ul style="list-style-type: none"> <li>CMO 20-2021</li> </ul>
7. Electronic Advance Ruling System (e-ARS)	<ul style="list-style-type: none"> <li>The e-ARS is a web portal for electronic submission of application and supporting documents for advance ruling on valuation and rules of origin of shipments</li> </ul>	<ul style="list-style-type: none"> <li>CAO 03-2016</li> <li>CMO 32-2021</li> </ul>
8. Customer Care Portal System (CCPS)	<ul style="list-style-type: none"> <li>CCPS is a web-based application introduced in June 2019 that allows stakeholders to electronically submit their concerns, as well as upload documents using the portal. Issues, concerns and requests are assigned a unique ticket number that clients can use to track the progress and responses online.</li> </ul>	
9. Document Tracking System (DTS)	<ul style="list-style-type: none"> <li>A system under the CCPS for stakeholders to check the status of their documents submitted to the BOC</li> </ul>	
10. Cargo Targeting System	<ul style="list-style-type: none"> <li>A cargo manifest risk assessment solution developed by the World Customs Organization (WCO) to enable its Members to carry out international best practice on cargo risk assessment to manage risk and facilitate trade and thus implement key parts of the WCO's SAFE Framework of Standard to Secure and Facilitate Global Trade and the Revised Kyoto Convention</li> </ul>	<ul style="list-style-type: none"> <li>CMO 48-2019</li> </ul>

Customs Processing System (CPS) Project	Description	Related Issuances
11. Alert Orders Monitoring System (AOMS)	<ul style="list-style-type: none"> <li>A web application for the recording and monitoring of AOs issued, as well as the succeeding actions taken</li> </ul>	<ul style="list-style-type: none"> <li>CMO 47-2019</li> <li>CAO 07-2019</li> <li>CMO 19-2018</li> <li>CMO 06-2019</li> </ul>
12. Parcel and Balikbayan Boxes Tracking System (PBTS)	<ul style="list-style-type: none"> <li>A system under the CCPS that provides updates on the parcel or balikbayan box as it goes through the different stages of customs clearance</li> </ul>	
13. Informal Entry System (IES) for Low Dutiable Value	<ul style="list-style-type: none"> <li>A system for the informal entry process of low-value, dutiable shipments (express shipments)</li> </ul>	<ul style="list-style-type: none"> <li>CAO 02-2021</li> <li>CMO 09-2021</li> </ul>
14. Trade Engine (TRE)	<ul style="list-style-type: none"> <li>The core Customs System, containing the exchange rate and tariffs, the risk management and taxation management, among others.</li> </ul>	
15. Electronic Tracking of Containerized Cargo (E-TRACC)	<ul style="list-style-type: none"> <li>Web-based system that allows the Bureau to track, monitor, and audit the location and condition of cargoes, as well as obtain real time alarms on, among others, diversion and tampering of, cargoes</li> </ul>	<ul style="list-style-type: none"> <li>CAO 15-2019</li> <li>CMO 04-2020</li> </ul>
16. Enhanced Value Reference Information System (e-VRIS)	<ul style="list-style-type: none"> <li>The database of reference values that will operate in the electronic to mobile (E2M) system, it is designed to determine if the declared value made by the importer actually represents the transaction value or the price actually paid or payable when sold for export to the Philippines</li> </ul>	<ul style="list-style-type: none"> <li>CMO 16-2020</li> </ul>
17. Internal Administration Management System (IAMS)	<ul style="list-style-type: none"> <li>A framework that facilitate the management of electronic or digital identities of personnel.</li> </ul>	<ul style="list-style-type: none"> <li>CMO 15-2021</li> </ul>
18. Automated Routing and Monitoring System (ARMS)	<ul style="list-style-type: none"> <li>An application integrated in the E2M System that randomly assigns consumption goods declaration to customs operations officers. It replaced the Declaration and Verification System.</li> </ul>	<ul style="list-style-type: none"> <li>CMO 25-2021</li> </ul>
19. Inventory Management System (IMS) for CY/CFS	<ul style="list-style-type: none"> <li>A system that generates real-time and accurate information on the status of goods received, stored, and withdrawn from off-dock and off-terminal accredited CFWs.</li> <li>It has a system-generated billing invoice that allows automatic computation of fees.</li> </ul>	<ul style="list-style-type: none"> <li>CAO 9-2019</li> </ul>
20. Client Profile Registration System (CPRS) Status Online Inquiry	<ul style="list-style-type: none"> <li>A module of the Bureau of Customs (BOC) electronic to mobile (e2m) project that facilitates an automated process of registration and renewal of all BOC stakeholders including exporters by appropriate BOC accrediting offices.</li> </ul>	<ul style="list-style-type: none"> <li>CMO 46-2019</li> </ul>

Customs Processing System (CPS) Project	Description	Related Issuances
21. Electronic Certificate of Origin (eCO)	<ul style="list-style-type: none"> <li>An international trade document attesting that goods in a particular export shipment were wholly obtained, produced, manufactured, or processed in a particular country.</li> <li>It will be transmitted electronically between ASEAN Member States (AMS) through the ASEAN Single Window (ASW).</li> </ul>	<ul style="list-style-type: none"> <li>CMO 15-2019</li> </ul>
22. National Customs Enforcement Network (NCEN)	<ul style="list-style-type: none"> <li>The system developed by World Customs Organization (WCO) to provide Customs Administrations the ability to collect, store, analyze and disseminate law-enforcement data effectively at the national level to establish robust intelligence capabilities, and enhance profiling on a strategic, tactical, and operational level.</li> </ul>	<ul style="list-style-type: none"> <li>CMO 08-2021</li> </ul>

With these improvements in place, important processes like the trade management and registration, duty payment, cargo inspection, and clearance and release, among others will be integrated seamlessly in the customs processing system (CPS).

**Ndjamé Diop**, WB Country Director for Brunei, Malaysia, Thailand, and the Philippines, said that *“Improved efficiency at the Bureau of Customs will reduce trade costs and support Philippines’ competitiveness...Automation will reduce face-to-face interactions and delays, and increase accountability, all of which strengthens efficiency and improve the business environment.”*<sup>7</sup>

Relatively poor trade facilitation in the Philippines makes for an unfavorable environment for micro, small and medium enterprises (MSMEs) to engage in export of their goods.<sup>8</sup> In 2020, MSMEs comprise 99.51% of the total number of business enterprises operating in the country.<sup>9</sup> The sector’s disinterest to venture into exports would be forgone revenues for the government. It is believed that this lost opportunity can be addressed through the PCMP.

Parallel to the advocacies of the BOC and WB, Committee on Ways and Means Chairperson, **Senator Win Gatchalian** – in the recently held Tax Forum Series VII – disclosed his plans to prioritize the

taxpayers and the MSMEs in the 19<sup>th</sup> Congress. He said that taxpayers should be given first-class treatment, and that paying taxes should be as easy as booking a flight or hotel.

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Q Tax Forum Series VII 





## WRITING A MEMO: Tips and Structure

Atty. RACHEL L. YUAYAN

Director II, Tax Policy and Administration Branch

A **memorandum** is a comprehensive and organized written document that summarizes and analyzes proposed measures or bills based on legal research in order to come up with a recommendation or support a conclusion. It is structured depending on certain factors, such as but not limited to, the following: purpose; need of your reader/recipient; nature of the situation or problem; and existing laws, jurisprudence, executive issuances or circulars.

The memorandum referred to herein is a legal memorandum that deals with tax measures. Its basic structure includes the following:

1. Data gathering, research and analyses. - Know your deadline or the target date of submission first. If the issues involve require more time in collecting data and information, it is necessary to create a lead time and an allowance for stakeholders' response time, which may be affected by bureaucratic protocols or confidentiality of the data. Furthermore, it is imperative to be guided with the following outline:
  - The Problem/Issue/Controversy.
  - Stakeholders, recipients or beneficiaries.
  - Brief history or antecedental facts.
  - Options or alternatives.
  - Recommended solution/s.
2. Writing a draft. - A draft is the framework of a well-structured and polished memorandum, hence the writing may not have a clear direction yet. It could be a smorgasbord of complex ideas and overwhelming data, or the lack of data. It should contain the basic parts, i.e. introduction; body, which includes the issue, discussion and analysis; and conclusion.
3. Verify data and facts. – This is done by revisiting the collected data, experts' positions and opinions, applicable laws, rules, policies, and jurisprudence, if any. Proper citation or attribution to the author of such references is mandatory.
4. Revisions and editing, which is more than a quick

skim for grammatical typos as it may involve a paradigm shift. Subjecting your work to peer review is also encouraged.

5. Finalize the memorandum.

### II. Tips

1. The memorandum should be easily comprehended or digested by your reader/s. It should be clear so they will understand the case and the laws that affect it.
2. Use of a numbering sequence in the heading. Aside from the standard format of indicating the author's identity, the recipient of the memorandum, the date, and the subject, it is suggested to use a numbering sequence in the heading, especially if it will give rise to more issues or cases that require additional legal memoranda.
3. Include "Terms of Reference" at the beginning of the memorandum to help your reader understand the objectives. It will state the scope of the memorandum by providing the reason or purpose for which it was made. This information will help the reader understand the intentions and motivations of the author of the memorandum.
4. If applicable, use of diagrams, charts, or tables to summarize and outline important facts.
5. Avoid using equivocal or ambiguous language, i.e., open to more than one interpretation, such as "it seems that" or "it would appear that". **Do not be indirect, inconclusive, or indecisive.** Base your answers on reasons that are legally supported.
6. Ask questions, such as but not limited to, the following:
  - Who is/are involved?
  - What issue/problem that needs to be solved?
  - What is the current status of the subject matter?

- What do you think your principal will do, and how it will affect their legislative agenda?
7. Write the memorandum with the intention to revise it again.

Remember that writing itself is a rethinking process, which may involve a paradigm shift or a fundamental change in approach or underlying assumptions. What you initially thought as a successful theory may vary as you put your ideas into writing. The bottomline is: just keep on writing.

References:

- 1 Acts of the Chief Executive of the Philippines, whether in the exercise of executive power or broader powers conferred by emergency or at particular periods.
- 2 Are written statements of government issuances prescribing policies, rules and regulations, and procedures promulgated pursuant to law. They provide information or guidance.



## A Tribute to the Forever Muse and Ms. Hawaiian Girl of the STSRO

**Marvee Anne C. Felipe**  
Director II, Direct Taxes Branch

In 1991, when I was still in Grade 1, I cannot but forget the eruption of Mount Pinatubo which was considered the second-largest volcanic eruption of the 20<sup>th</sup> century, and by far the largest eruption to have affected so many lives in the country.

At this very moment, Ms. Zenaida G. Sanchez or “Ate Zen” as I call her, has just started working in the Senate, particularly in the Senate Tax Study and Research Office, as a Legislative Staff Officer. The Senate office that time was still located at the now National Museum and the Senate President of that time was the late Senator Jovito R. Salonga.

Ate Zen has been serving in the Senate and the STSRO for 31 years since the 8<sup>th</sup> Congress and she has been a constant figure in the Committee on Ways and Means. As Assistant to the Committee Secretary, she has displayed her exceptional skills in persuading and looking for ways to reach the resource persons and convince them to attend the hearings. Her stint as a Banquet Manager at the Philippine Plaza for 2 years might have honed her communication and people skills and helped her to be who she is. I personally witnessed this strength of hers as she has assisted me in the Committee in the 18<sup>th</sup> Congress.

One time, we cannot reach a resource person, a UP economics professor, to attend our hearing about TRAIN. But because of her extraordinary ability to find ways to reach our resource persons, Ate Zen contacted the professor’s mother, a senior citizen, through landline, and asked her to relay to the profes-

sor the details of the hearing. Voila! The professor was able to attend the hearing. This only shows how talented Ate Zen is when it comes to contacting resource persons and how she has become an asset to the Committee on Ways and Means over the years.

With her life mantra wherein she believes that age is just a number, she enrolled for postgraduate studies in 2010 at age 53, and she earned her Master’s Degree in Government Management at the Pamantasan ng Lungsod ng Maynila in 2015 at age 58. This only teaches us that age should not be a hindrance in achieving one’s goals and aspirations.

Ate Zen is also best known in the Senate for her signature red lips and make-up. Very rare can you find her without make-up on. That is why when she requested a photo with Senator Nancy Binay during the opening of Session this July, the lady Senator asked Ate Zen to first put a lipstick as she is not used to seeing her without wearing one. Just a trivia, she would use up an entire lipstick in a week during the pre-pandemic period when we still do not wear masks. Just imagine how red her lips must be.

On a daily basis, we would look forward on what her OOTD will be as she is known for her fashion sense including her stylish trench coats, colorful jackets, unique jeans, and shiny, shimmering shoes. No wonder she is the back-to-back-to back winner of the “Best in Costume” in our Christmas parties and the forever muse in our Mini Olympics and sports competitions.

Ate Zen is also considered the life of the office. Every Thursday, the office is in awe every time she delivers her quotable quotes, declamation pieces, poems, and jokes. Most importantly, STSRO is filled with laughter every time she sways her hips and dances to the tune of her favorite music -Tiny Bubbles, Shake Body Dancer, and Rock Baby Rock, to name a few. A certified party animal during her heydays, she displays her knowledge of dance moves of every generation and we can help but dance the afternoon away with her. There were many times that I catch myself smiling, if not laughing, just thinking of how much fun we had.

With just a few days left, Ate Zen will already be retiring (on August 14, 2022 to be exact) as of this writing. We are forever grateful to have worked with her and to have known her. Office days are happier and brighter with her around. I can't imagine how STSRO will look like without our forever muse and Hawaiian girl. I don't know if we can still laugh as hard and as often without her. A close friend and not just a colleague to most of us, Ate Zen will be truly missed. STSRO will never be the same without her and there will never be another Ate Zen who can replace the spot we saved for her in our hearts.

I could really say that Ate Zen is just like the Mt. Pinatubo's eruption that immediately made an im-

act and truly affected the lives of many people but in a good way. Ate Zen's presence can be likened to a volcanic eruption that is attention grabber because of her signature OOTDs, red lipstick, and dance moves. The ash fall can be likened to how vast and long she touched our lives with so much joy and laughter. Believe it or not, until now there is still "lahar" even if the eruption happened 3 decades ago. Certainly, this is how long Ate Zen's effect will linger not just in our minds but in our hearts.

As she closes the chapter of her life in the STSRO and a new chapter in her next destination, we wish her a healthier and a happier life ahead of her. We know that wherever she may be and whoever she will be with, she will bring a ton of smile and laughter in their faces.

Again, we thank Ate Zen for her service in the Senate and most importantly for the friendship she has given to us. We want to let her know that in case she feels sad or alone, we are just a chat away and the STSRO will always welcome her with open arms. Finally, just like in sports where you retire a jersey of a great athlete, Ate Zen's Hawaiian lay and grass skirt will now be finally hung and retired.



## COMMITTEE HEARING

ORGANIZATIONAL MEETING  
AND BRIEFINGCOMMITTEE ON WAYS AND MEANS  
August 16, 2022  
SENATOR WIN GATCHALIAN**Spot Report****Committee on Ways and Means Organizational Meeting and Briefing  
16 August 2022**

Atty. Harold Ian V. Bartolome

Legislative Committee Secretary, Committee on Ways and Means

May I respectfully submit this spot report on the organizational meeting and briefing of the Committee on Ways and Means (Committee), held at Recto Room, 2nd Floor, Senate of the Philippines, GSIS Building, Financial Center, Diokno Boulevard, Pasay City and through Cisco Webex videoconferencing for Senators and their staff.

The meeting started at 10:00 am. It was attended on-site by Senators Tulfo and Tolentino; and virtually, by Senators Angara, Binay, Pia Cayetano, and Pimentel III.

On the agenda are the following:

1. Introduction of new officers of Government agencies;
2. Actual revenues versus target revenues;
3. Breakdown of actual revenues;
4. Tax leakages;
5. Performance of past tax reforms;
6. Mechanisms to stop tax leakages and status of cases filed by Bureau of Internal Revenue and Bureau of Customs;
7. Priority measures of the Marcos Administration; and
8. Other relevant matters.

The Chairperson, Sen. Win Gatchalian (Sen. Win), opened the meeting by welcoming and thanking the Senators and resource persons. He bannered the Committee’s Vision to put focus on the taxpayers and to be the taxpayers’ legislative guardian that balances the interests of Government and stakeholders, and ensures that revenues be effectively allocated for economic and social development. He bared the Committee’s 7-POINT MISSION to be the Senate’s R.E.A.D.I.E.S.T. Committee – Responsiveness, Efficiency and Digitalization, Accountability, Integrity, Equitability and Uniformity, Sustain Revenue Growth, and Taxpayer-Centric Leadership.

Thereafter, the presence of the following resource persons was acknowledged by the undersigned:

Department of Finance (DOF)	1) Secretary Benjamin Diokno 2) Undersecretary Antonette Tionko
Bureau of Internal Revenue (BIR)	1) Commissioner Lilia Catris Guillermo 2) Deputy Commissioner Romeo Lumagui, Jr.
Bureau of Customs (BOC)	Deputy Commissioner Edward James Dy Buco
National Tax Research Center (NTRC)	Executive Director Marlene A. Lucero-Calubag
Fiscal Incentives Review Board (FIRB)	Assistant Secretary Juvy Danofrata
Bureau of Treasury (BTr)	Treasurer Rosalia V. De Leon

The Chairperson manifested that the Committee will simply adopt the pertinent provisions of Rules X and XI of the Rules of the Senate, and Resolution No. 5 or the Rules of Procedure Governing Inquiries, in Aid of Legislation, as the Rules of the Committee on Ways and Means, subject to any Advisory to be issued regarding the use of electronic signatures. The Rules were approved, after motion by Sen. Tolentino and duly seconded by Sen. Tulfo.

As an opening statement, Sen. Tolentino instead made a continuing manifestation as to the export-import rate imbalance and as to how we can address any trade deficit. Sen. Tulfo, on the other hand, inquired into alleged oil smuggling activities, the P8B-contract with SGS, the failure to properly conduct fuel marking, the supposed digitalization of the BOC, and the proliferation of ukay-ukay in relation to Republic Act No. 4653.

Presentations were made by Sec. Diokno of the DOF, with focus on the Medium-Term Fiscal Framework of the Marcos Administration for faster, greener, and more inclusive growth; Comm. Guillermo of the BIR, with emphasis on their Digital Transformation (DX) Program; Comm. Dy Buco of the BOC on their efforts to adopt international best practices to address smuggling, corruption, and personnel development; and National Treasurer De Leon of BTr on the treasury’s sustainability despite external shocks. Details of their presentations can be found in the briefing materials sent to the Committee.

The meeting was adjourned at around 12:30 P.M.

The Committee has the following receivables:

- 1.Details of CREATE investments worth P400B (FIRB);
- 2.Remaining projects for automation/15 un-automated items (BOC);
- 3.Historical success rates of cases with details (BIR and BOC);
- 4.New figures (targets versus actual revenues) from POGO operations;
- 5.Data on MSMEs’ preferred payment scheme under TRAIN (DOF and BIR); and
- 6.Additional data on revenue effort (DOF).

For your consideration.

*Committee on Ways and Means*  
19th Congress Primary Referrals  
as of August 25, 2022

SBN/ HBN/ RESOLUTION	TITLE (Author)	SUMMARY
S. No. 54	<p>"An Act Promoting Business Growth and Recovery by Reducing the Cost of Business Compliance for Micro, Small and Medium Enterprises, Amending for the Purpose the National Internal Revenue Code of 1997, as Amended"</p> <p style="text-align: center;">(Senator Escudero)</p>	<ul style="list-style-type: none"> <li>• <b>Income Tax; TRAIN Law; MSMEs</b> - Self-employed individuals or professionals whose gross sales or gross receipts and other non-operating income do not exceed VAT threshold and mixed-income earners to be 5% (from 8%);</li> <li>• Creditable withholding tax: 1% for the purchase of goods and properties, and 2% for the purchase of services, including the exercise of profession and lease of properties (from 1% - 32%).</li> </ul>
S. No. 71	<p>"An Act Suspending the Imposition of Value-Added Tax and Excise Taxes on Fuel, Amending Sections 106, 107, and 148 of the of the National Internal Revenue Code of 1997, as Amended"</p> <p style="text-align: center;">(Senator Pimentel III)</p>	<ul style="list-style-type: none"> <li>• <b>VAT; Excise Tax; Fuel/Petroleum Products</b> – Suspends VAT on the sale and importation of fuel and excise taxes on fuel when the Dubai crude oil price based on Mean of Platts Singapore (MOPS) reaches or exceeds USD80 per barrel.</li> </ul>
S. No. 76	<p>"An Act Abolishing the Travel Tax on Filipinos and on Nationals of Association of Southeast Asian Nations (ASEAN) Member States Travelling to Other ASEAN Member States"</p> <p style="text-align: center;">(Senator Pimentel III)</p>	<ul style="list-style-type: none"> <li>• <b>Travel Tax; Abolition</b> – Abolishes travel tax imposed on Filipinos leaving the Philippines and Nationals of ASEAN leaving the Philippines and travelling to other ASEAN member states; Repeals PD 1183.</li> </ul>
S. No. 101	<p>"An Act Providing for the Automatic Suspension of Excise Taxes on Regular Gasoline, Unleaded Premium Gasoline, and Diesel, Amending for the Purpose Section 148 of the National Internal Revenue Code, as Amended"</p> <p style="text-align: center;">(Senator Poe)</p>	<ul style="list-style-type: none"> <li>• <b>Excise Tax; Petroleum Products</b> – Automatic suspension of excise tax on regular gasoline, unleaded premium gasoline, and diesel fuel oil when the average Dubai crude oil price based on Mean of Platts Singapore (MOPS) for three (3) months prior to the scheduled increase of the month reaches USD80 per barrel.</li> </ul>
S. No. 111	<p>"An Act Excluding 13th Month Pay from the Computation of Taxable Income, Amending for this Purpose Section 32 (B)(7)(e) of the National Internal Revenue Code of 1997, as Amended"</p> <p style="text-align: center;">(Senator Binay)</p>	<ul style="list-style-type: none"> <li>• <b>Income Tax; Exclusions from Gross Income; 13th Month Pay and other benefits</b> – Exclusion of 13th month pay; and an additional exclusion of Christmas bonuses of government officials and employees, hazard pay of private employees, and other benefits such as productivity incentives and Christmas bonus with a cap of Php90,000.</li> </ul>
S. No. 135	<p>"An Act Allowing the Adoption of Alternative Work Arrangements in Enterprises Registered with Investment Promotion Agencies, Amending for the Purpose Section 309 of the National Internal Revenue Code, as Amended and for Other Purposes"</p> <p style="text-align: center;">(Senator Villanueva)</p>	<ul style="list-style-type: none"> <li>• <b>CREATE; Incentives; Work-From-Home Arrangement</b> – Allows entities registered with Investment Promotion Agencies to enter into voluntary work-from-home arrangements with their employees without losing their tax incentives.</li> </ul>
S. No. 187	<p>"An Act Granting the President of the Philippines the Power to Lower the Rate or Suspend the Imposition of Value-Added Tax on Petroleum Products for a Limited Period of One (1) Year in Times of National Emergency or State of Calamity, Amending for the Purpose Sections 106 and 107 of the National Internal Revenue Code, as Amended"</p> <p style="text-align: center;">(Senator Marcos)</p>	<ul style="list-style-type: none"> <li>• <b>VAT; Petroleum Products</b> – Grants the President of the Philippines the power to lower the rate or suspend the imposition of VAT on the sales and importation of petroleum products in times of a duly declared state of national emergency or state of calamity for a period not exceeding one (1) year upon determination by the President that such lowering of rate or suspension is necessary to protect public interest and welfare.</li> </ul>
S. No. 227	<p>"An Act Granting Tax Deductions to Parents and Legal Guardians of Children with Special Needs"</p> <p style="text-align: center;">(Senator Villar (M.))</p>	<ul style="list-style-type: none"> <li>• <b>Income Tax; Deductions</b> – Grants a qualified taxpayer a deduction of Php50,000 with the following qualifying expenses:             <ol style="list-style-type: none"> <li>a) Tuition in private school;</li> <li>b) Therapy;</li> <li>c) Diagnostic evaluations by a medical professional;</li> <li>d) Tutoring;</li> <li>e) Transportation expenses to school or a medical facility; and</li> <li>f) Specialized instructional materials</li> </ol> </li> </ul>

SBN/ HBN/ RESOLUTION	TITLE (Author)	SUMMARY
S. No. 229	<p>"An Act Providing for the Suspension of Excise Taxes on Unleaded Premium Gasoline, Regular Gasoline, and Diesel Fuel Oil, Amending for the Purpose Section 148 of the National Internal Revenue Code, as Amended"</p> <p>(Senator Padilla)</p>	<ul style="list-style-type: none"> <li>• <b>Excise Tax; Petroleum Products</b> – Automatic suspension of excise tax on regular gasoline, unleaded premium gasoline, and diesel fuel oil when the average Dubai crude oil price based on Mean of Platts Singapore (MOPS) for three (3) months prior to the scheduled increase of the month reaches USD80 per barrel.</li> </ul>
S. No. 250	<p>"An Act Imposing Value-Added Tax on Digital Transactions in the Philippines, Amending for the Purpose Sections 105, 108, 109, 113, and 114, and 236 and Adding a New Section 105-A of the National Internal Revenue Code of 1997, as Amended"</p> <p>(Senator Cayetano (P.))</p>	<ul style="list-style-type: none"> <li>• <b>VAT; Digital Services</b> – Aims to level the playing field between traditional and digital businesses by clarifying the imposition and collection of VAT from digital service providers. The bill does not impose a new tax, but merely strengthens and streamlines the BIR's authority to collect VAT on digital transactions.</li> </ul>
S. No. 293	<p>"An Act Amending Section 220, Chapter II, Title VIII of Republic Act No. 8424, Otherwise Known as an Act Amending the National Internal Revenue Code, as Amended, and for Other Purposes"</p> <p>(Senator Escudero)</p>	<ul style="list-style-type: none"> <li>• <b>Tax Administration; BIR's Jurisdiction</b> – Mandates the BIR to acquire exclusive jurisdiction over all tax-related cases, thereby doing away with the participation of the DOJ in the prosecution of tax cases.</li> </ul>
S. No. 294	<p>"An Act Exempting Pledge of Personal Property Covering a Loan of Money Not Exceeding Ten Thousand Pesos From Documentary Stamp Tax, Amending for the Purpose Section 199 of the National Internal Revenue Code of 1997, as Amended"</p> <p>(Senator Escudero)</p>	<ul style="list-style-type: none"> <li>• <b>Documentary Stamp Tax; Exemption; Pledge of Not Over Php10,000</b> – Documents evidencing the receipt of personal property as security for the payment of an amount not exceeding Php10,000 be exempt from the DST.</li> </ul>
S. No. 314	<p>"An Act Instituting Reforms in Real Property Valuation in the Philippines, Establishing the National Valuation Authority and Appropriating Funds Therefor"</p> <p>(Senator Zubiri)</p>	<ul style="list-style-type: none"> <li>• <b>Real Property Valuation</b> - For valuation purposes, all real property, whether taxable or exempt, shall be valued or appraised at the market value prevailing in the locality where the property is situated, in conformity with the valuation standards adopted under this Act.</li> <li>• Each local Sanggunian shall appropriate the necessary funds equivalent to ten percent (10%) of the one percent (1%) from the original allocation of the Special Education Fund (SEF). The amount so appropriated shall be known as the Real Property Tax Administration Fund (RPTAF).</li> </ul>
S. No. 406	<p>"An Act Providing Incentives to Pharmaceutical Companies Engaged in the Domestic Manufacture of Pediatric Vaccines and Medicines, Amending for the Purpose Section 109 of the National Internal Revenue Code of 1997, as Amended"</p> <p>(Senator Tolentino)</p>	<ul style="list-style-type: none"> <li>• <b>VAT; Vaccines.</b> - SEC. 109. Subject to the provisions of Subsection (2) hereof, the following transactions shall be exempt from the VAT. “(DD) Sale or release of goods or properties or the performance of services other than the transactions mentioned in the preceding paragraphs, the gross annual sales and/or receipts do not exceed the amount of Three million pesos (P3,000,000.00).”</li> </ul>
S. No. 643	<p>"An Act Amending Section 309 of the National Internal Revenue Code, as Amended, and for Other Purposes"</p> <p>(Senator Marcos)</p>	<ul style="list-style-type: none"> <li>• <b>Incentives; Work-From-Home Arrangement.</b> - Any project or activity conducted or performed outside the geographical boundaries of the zone or freeport shall not be entitled to the incentives provided In this Act, unless such project or activity is conducted or operated under another Investment Promotion Agency.</li> </ul>
S. No. 646	<p>"Ac Act Granting Full Tax Benefits to Donations Provided During a State of Calamity, and for Other Purposes"</p> <p>(Senator Marcos)</p>	<ul style="list-style-type: none"> <li>• <b>Donors Tax; Income Tax Deduction.</b> - SEC. 3. Full Tax Benefits. - For purposes of this Act, full tax benefits shall pertain to the following: <ul style="list-style-type: none"> <li>a) Donors Tax Exemption. - Any person who makes a donation during a state of calamity shall be exempted from paying donor's tax.</li> <li>b) Income Tax Deduction. - Any donation, or its monetary equivalent, made during a state of calamity shall be fully deductible for Income tax purposes.</li> </ul> </li> </ul>

SBN/ HBN/ RESOLUTION	TITLE (Author)	SUMMARY
S. No. 693	<p>"An Act Instituting Reforms in Real Property Valuation and Assessment in the Philippines, Reorganizing the Bureau of Local Government Finance, and Appropriating Funds Therefor"</p> <p>(Senator Revilla Jr.)</p>	<ul style="list-style-type: none"> <li>• <b>Real Property Valuation.</b> - SEC. 12. Valuation and Appraisal of Real Property. - For valuation purposes, all real properties, whether taxable or exempt, shall be valued or appraised based on prevailing market values in the locality where the property is situated, in conformity with the valuation standards adopted under this Act. The Secretary of Finance shall promulgate the rules and regulations for the valuation and appraisal of real property pursuant to the provisions of this Act.</li> </ul> <p>SEC. 15. Setting Assessment Levels and Tax Rates. - The approved SMV shall be transmitted to the concerned assessor who shall confer with the local chief executive regarding the approved SMV. The assessor, in coordination with the local treasurer, shall estimate the revenue and tax impact of the new SMV as against the existing assessment levels and tax rates, calculate the expected revenue and level of tax burden that the taxpayers will bear based on the new SMV and recommend amendments on the assessment levels and/or tax rates. The assessor shall prepare a minimum of at least three (3) estimates of the revenue and tax impact based on different scenarios and submit the revenue/tax impact report to the local chief executive and the Sanggunian.</p>
P.S. Res. No. 20	<p>"Resolution Urging the Senate Committee on Ways and Means and the Appropriate Senate Committees to Conduct an Inquiry, in Aid of Legislation, into the Possibility of Imposing and Collecting Taxes from Multinational Online Streaming Services and the Digital Economy in General"</p> <p>(Senator Revilla Jr.)</p>	<ul style="list-style-type: none"> <li>• <b>Taxpayers' Obligations; Digital Economy.</b> - The Bureau of Internal Revenue (BIR) issued Revenue Memorandum Circular No. 55-2013 reminding the taxpayers' obligations in relation to online business transactions including online shopping or online retailing, online intermediary service, online advertisement/classified ads, and online auction.</li> <li>• It is imperative to implement a fair and just taxation scheme, capture transactions of multinational companies related to the digital economy into our tax base, and plug the leakages in our tax laws.</li> <li>• Urge the Senate Committee on Ways and Means and the appropriate Senate Committees to conduct an inquiry, in aid of legislation, into the possibility of imposing and collecting taxes from multinational online streaming services and the digital economy in general.</li> </ul>



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