

FOURTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

OFFICE OF THE SECRETARY

7 JUL 13 2007

SENATE

RECEIVED BY: 

S. NO. 1448

Introduced by Senator Antonio F. Trillanes IV

EXPLANATORY NOTE

When the Expanded Value Added Tax (EVAT) law was promulgated in the latter part of 2005, it has alarmed every concerned sector due to its repercussion on the price of basic commodities. It was during the same year where the widespread Asian economic crisis was causing a direct hit on the economic survival of Filipinos particularly the poor where financial hardships were evident.

The immediate passage of the EVAT law was prioritized during the last Congress in order to bolster the revenue of the government to narrow down the widening Consolidated Public Sector Deficit (CPSD) that reached P200 billion not to mention the \$600 billion NAPOCOR debt which is badly hurting the economy. In order to do so, the Department of Finance is eyeing to collect somewhere between P50 billion to P60 billion each month to attain a balanced budget by 2009.

However, after almost three years of implementation of the EVAT law, the national government is still short of its monthly collection particularly from this tax on sales. To give a more concrete example, it has been reported by the BIR that as of June 27, 2007; taxes collected for the month amounted to only P36.9 billion, which is P19.62 billion lower than the target collection of P56.52 billion for June.

Moreover, said tax collections is actually a P10.92 billion drop as compared to P47.82 billion during the same period of last year. The recorded P307.44 billion aggregate collection from January to June, 2007; is apparently significantly lower than the targeted P352.69-billion for the period.

It is evident therefore that the enforcement of the EVAT which provides the payment of 12% tax on sales is ineffective in narrowing the CPSD. Worse, it became an addition additional financial burden to the already cash-strapped public.

This bill which proposes to repeal the EVAT law is envisioned to help the consumers to make both ends meet. The government should instead look for other means to improve financial position of the country that has lesser or no effect at all to the people.

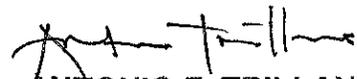
Policy makers should implant measures to prevent a decline in the government's income by being relentless in its revenue collections like the pursuit of tax evaders and technical smugglers, and rationalizing the granting of fiscal incentives.

In addition, the national government should undergo fiscal reforms by eradicating corruption and drastically cutting down on unnecessary spending such as junkets, lavish celebrations, out-of-town meetings, etc.

This representation firmly believes that if only the government has the political will towards economic progress, the aforementioned twin-alternative revenue programs to ***Plug Revenue Leakages and Rationalize Government Spending***, will easily be doable and be more than enough to duplicate if not surpass the revenues given-up if the EVAT law will be totally scrapped.

Filipino citizens should not pay for the inefficiencies of its government.

I am urging my colleagues to heed the call of the people and take cognizant of the interest of the greater majority by supporting the immediate passage of this piece of legislation.


ANTONIO F. TRILLANES IV
Senator

**FOURTEENTH CONGRESS OF THE)
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7 APR 13 2 5 21

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SENATE

S. NO. 1448

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**AN ACT
REPEALING REPUBLIC ACT NUMBERED 9337, OTHERWISE
KNOWN AS EXPANDED VALUE ADDED TAX (EVAT)**

*Be it enacted by the Senate and House of Representatives of
the Philippines in Congress Assembled:*

1 **SECTION 1.** Any provision of law to the contrary
2 notwithstanding, Republic Act Numbered 9337 entitled "An Act Amending
3 Sections 27, 28, 34, 106, 107, 108, 109, 110, 111, 112, 113, 114, 116, 117,
4 119, 121, 148, 151, 236, 237 and 288 of the National Internal Revenue
5 Code of 1997, as amended, and for other purposes" is hereby repealed.

6
7 **SEC. 2.** This Act shall take effect fifteen (15) days following its
8 publication in two (2) national newspapers of general circulation in the
9 Philippines.

Approved,