

PHILIPPINE DAILY INQUIRER

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Tax amnesty pushed

Measure seeks to clear up all tax cases in BIR, Customs

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A massive tax amnesty is being pushed for legislation this year to raise P26 billion in revenues for the government and augment the P969.2 billion to be generated from the first tax reform package in the next five years, the Department of Finance said.

"We can't really say how many will avail [themselves of tax amnesty]. What we did was look at past amnesties and how much they collected. In 2008, P13 billion was collected. Using the same estimate, we may collect P26 billion," Finance Undersecretary Karl Kendrick T. Chua said, citing that the gross domestic product (GDP) had doubled in the past 10 years.

Finance Secretary Carlos G. Dominguez III earlier said that under its comprehensive tax reform program, the government was planning an amnesty for taxpayers with deficiencies in payments of property taxes,

estate taxes, regular taxes such as income taxes and value-added tax (VAT) as well as an amnesty on pending tax cases in court.

Dominguez also said the DOF was looking at settlements through the payment of a minimum of 40-percent basic tax as amnesty tax.

According to Dominguez, the amnesty program would be legislated "to clear up all tax cases."

Dominguez told reporters last month that the general tax amnesty program would be part of package "1B," which would also involve estate tax amnesty and higher motor vehicle user's charge among other tax administration measures such as lifting bank secrecy in criminal cases and automatic exchange of information.

Chua said the plan to legislate a final amnesty would be "absolute" in the sense that availment would clear all tax dockets in the Bureaus of Internal Revenue and of Customs as well as in the courts.

It would, however, exclude criminal cases, Chua said.

Once legislated, there would no longer be any tax amnesty for the next 25 years, according to Chua.

The DOF had plans to impose a higher amount for delayed amnesty payments while also planning to allow compromise for cases pending at the Court of Tax Appeals that have assessments, while those without assessments would have to pay a 5-percent tax on net worth.

Dominguez said that Congress already committed to pass package 1B in the first quarter of 2018 as these measures were only removed by legislators from the original first tax reform package proposed by the DOF.

Dominguez said on Monday that "package 1B was crucial to keep the 3-percent-of-GDP deficit target" for 2018.

Last Dec. 19, President Duterte signed into law package 1A of the Tax Reform for Acceleration and Inclusion (TRAIN)

* taxation
* DEPARTMENT OF FINANCE (DOF)

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TAX amnesty pushed

Act under Republic Act No. 10963, which, beginning Jan. 1 this year, slashed and restructured personal income tax rates that stayed the same for two decades and jacked up or slapped new taxes on the consumption of oil, cigarettes, sugary drinks and vehicles.

Based on the DOF's estimates, packages 1A and 1B will generate a total of P969.2 billion in revenues, of which P786.4 billion will come from RA 10963 and P182.7 billion from package 1B.

Taking into account the five items vetoed by the President from RA 10963, package 1A is expected to raise P89.9 billion in net revenues this year—P63.3 billion from tax policy measures, on top of P26.6 billion from legislated tax administration measures.

Once package 1B is passed, it will add another P38.9 billion in revenues this year, bringing the total net revenue of the first tax reform package as a whole to P128.8 billion.

This year, the govern-

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ment stands to lose P146.6 billion in foregone revenues from the lower personal income tax rates as well as donors' and estate taxes, which will be offset by higher taxes on various goods to be shouldered by consumers.

In 2019, packages 1A and 1B will result in a revenue gain of P175.1 billion; P221.7 billion in 2020; P224.3 billion in 2021, and P219.2 billion in 2022.

"The tax reform can fund the following over the next five years: 629,120 public school classrooms; or 2,685,101 public school teachers; or 60,483 rural health units; or 484,326 barangay health stations; or 1,324

provincial hospitals; or 35,745 kilometers of paved roads; or 786,400 kilometers of temporary bridge upgrades; or 2,665,763 hectares of irrigated land," Dominguez said.

Part of the proceeds of the TRAIN law will also fund the ambitious "Build, Build, Build" infrastructure program.

Under "Build, Build, Build," the government plans to roll out 75 flagship, game-changing projects, with about half targeted to be finished within President Duterte's term, alongside spending a total of up to P9 trillion on hard and modern infrastructure until 2022 to usher in "the golden age of infrastructure." INQ