

Leftist lawmakers to bring TRAIN to SC next week

Leftist congressmen will challenge the newly-enacted Tax Reform for Acceleration and Inclusion (TRAIN) law before the Supreme Court next week, a lawmaker said on Saturday.

The congressmen claimed the law, which they described as "antipoor," was passed illegally and that it was "regressive," or imposes a burden on people who could least afford it.

But government economists and lawmakers who voted to pass the law defended the TRAIN, saying tax cuts, subsidies and infrastructure spending would ultimately benefit the poor.

Procedural issue

ACT Teachers Rep. Antonio Tinio, a member of the leftist Makabayan bloc, said the law's passage in the House was invalid.

"Procedural issues would include the invalid ratification, without a quorum and without any voting," Tinio told reporters in a news briefing in Quezon City.

Tinio said the bill was passed in the House of Representatives late one December night when there were barely 10 people on the floor.

In the last two minutes of a six-hour plenary session, Deputy Speaker Raneo Abu, who presided over the session, hurriedly declared its ratification, ignoring Tinio's repeated objections.

Regressive tax

Moreover, the law imposed regressive taxes that would have a detrimental effect on the poor.

"The poor will be at the losing end of this law, while the

rich will benefit," said economist Sonny Africa, executive director of the leftist think tank Ibon Foundation.

"The government uses the [TRAIN's] provisions on lower income tax as smokescreen, when in reality, only a small portion of the population [will] benefit from it," Africa said.

"Within the first three years of TRAIN -- 70 percent [of its proceeds] will go to 'Build, Build, Build' program," said Africa, referring to the government's ambitious infrastructure spending program.

"[But] if you look at it, 60 percent of the flagship projects are just in the National Capital Region, Central Luzon and Southern Tagalog."

"If they want the TRAIN to reach the poorest households, why are the projects centered

[in those regions], while the rest of Visayas and Mindanao get only around 15 to 20 percent each?" he asked.

Give reform a chance

But Deputy Speaker Fredenil Castro maintained that the Train was "not prejudicial" to low-income families and the public should give the law a chance.

"I don't think it's fair to judge the law as early as now because it has just been a few days since it was implemented," he said. "The way I understand the TRAIN law is that it is a give-and-take."

i-Pacman Rep. Mikee Romero argued that TRAIN iniquities in the old tax system.

"TRAIN is one of the most historic tax laws of the country. It corrects the gross injustice the old income tax system has been inflicting upon the middle class and the poor since the 1990s," Romero said.

He said the tax cuts in the law were "the most effective shock absorber of Filipino fami-

* TAX REFORM FOR ACCELERATION AND INCLUSION (TRAIN)

↓ SUPREME COURT

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lies, especially those in the middle class, against the price increases resulting from tax hikes in the TRAIN tax reform law."

"Note also that already factoring the impact of TRAIN, the inflation forecast of the [Development Budget Coordination Committee] for 2018 to 2020 is 3 percent plus or minus 1 percentage point," he said.

For 2018, the Bangko Sentral forecast is 3.4 percent, he added.

Reverse redistribution

Echoing Africa's sentiments, Tinio said the TRAIN law worked in a reverse way of redistributing wealth, which should be the goal of taxation.

"It is the poor who are subsidizing the higher take home pay of the middle and upper classes," the lawmaker said. "Essentially, this TRAIN law is a transfer of wealth upwards."

Moreover, the tax cuts in the law did not really benefit the poor because they are exempt from income taxes anyway, lawmakers said.

"While they are already tax exempt, their wage is not increased. In fact, due to the new taxes and the rise in prices is further reduce their already small purchasing power," said Anakpawis Rep. Ariel Casilao.

"The effect of this 'price shock' can be crippling to the 15.2 million poor families and even to the whole economy," said Bayan Muna Rep. Carlos Zarate, adding they are already readying their petition to the Supreme Court. INQ