

Philippine Star

WEDNESDAY | JANUARY 31, 2018

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'Bawas VAT' bill filed to ease TRAIN impact

Sen. Risa Hontiveros is pushing for a measure that aims to cushion the effects of the Tax Reform for Acceleration and Inclusion (TRAIN) law by reducing the value-added tax (VAT) rate from 12 to 10 percent.

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Hontiveros filed yesterday Senate Bill 1671 or the "Bawas VAT" bill, which seeks to provide relief to the majority of the population affected by the TRAIN law.

She said once the bill is passed, the VAT rate will progressively go down initially to 10 percent effective Jan. 1, 2019 and to eight percent on Jan. 1, 2022 if the previous year's realized revenues from VAT reported in the budget of expenditures and sources of financing submitted to Congress equal or exceed 4.5 percent of the gross domestic product (GDP).

The measure also seeks to align the country's tax system with the ASEAN region.

She said the 4.5 percent of GDP trigger in the bill represents an amount exceed-

ing the revenue being generated by Thailand's VAT rate of seven percent, giving "ample room to further reduce the VAT rate to achieve full alignment with the ASEAN norm of eight percent."

"The government said that the TRAIN law will be beneficial in the long term. As they say, the people must make short-term sacrifices for long-term gains. But the truth is, the TRAIN law has a big uncompensated impact on large families and individuals earning less than the minimum wage," Hontiveros said.

"We are asking people who have already suffered and sacrificed so much in life to make more uncompensated sacrifices. This is simply unjust and unsustainable," she said.

- Paolo Romero

* SENATE BILL

* TAXATION

* TRAIN