

Sotto cool to TRAIN suspension, eyes VAT reduction

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Senate President Vicente Sotto III is not keen on supporting calls to suspend the Tax Reform for Acceleration and Inclusion (TRAIN) law but is eyeing the possible reduction of the value-added tax (VAT) and other measures to stem the rising prices of commodities while protecting the government's revenue stream.

Sotto said pending the results of the coming Senate inquiry into the rising prices of goods, he initially agrees with the findings of economic managers that the inflation spike was due to several external factors, including the strengthening of the US dollar and increasing oil prices in the world market.

"We can study which provisions of the TRAIN can be considered as excessive and should be suspended. Now, if amendments are really needed – for example lowering the VAT to 10 percent – then we can put that in TRAIN 2," Sotto told radio

dzBB, referring to the second package of the Duterte administration's tax reform.

He said there were many taxation issues that Congress did not fully tackle during the deliberations on TRAIN last year, such as taxing certain industries that not have been properly taxed for decades.

Suspending the TRAIN should be carefully studied as the law has allowed the government to fund many vital programs such as salary increases and free education while raising the threshold of taxable personal income, he said.

He noted the TRAIN law allows for the suspension of the excise taxes on petroleum if the price of oil reaches \$80 per barrel.

Sotto, however, also stressed economic managers should give convincing justifications before the Senate committee on trade, commerce and entrepreneurship, chaired by Sen. Aquilino Pimentel III while the TRAIN should continue to be implemented in its present form.