

Committee Daily Bulletin



17th Congress
First Regular Session

A publication of the Committee Affairs Department

Vol. I No. 101
April 26, 2017

COMMITTEE MEETING				
COMMITTEE	MEASURES		SUBJECT MATTER	ACTION TAKEN/DISCUSSION
	NO.	PRINCIPAL AUTHOR		
Ways and Means	HB 292	Rep. Suansing (H.)	Imposing excise tax on sugar sweetened beverages by inserting a new section 150-A in the National Internal Revenue Code of 1997, as amended	<p>The Committee, chaired by Quirino Rep. Dakila Carlo Cua, will deliberate further on HBs 292 and 3720 in its next meeting.</p>
	HB 3720	Rep. Lanete	Amending certain provisions of RA 8424, otherwise known as the National Internal Revenue Code of 1997	<p>Rep. Estrellita Suansing (1st District, Nueva Ecija), co-author of HB 292, said that the primary objective of the bill is to address public health concerns caused by too much consumption of sugar sweetened beverages (SSBs), and to generate additional revenue for the government.</p> <p>Representatives from the Department of Finance (DOF), National Tax Research Center (NTRC), Bureau of Internal Revenue (BIR), Department of Health (DOH), World Health Organization (WHO), Philippine Dental Association (PDA), Philippine Pediatric Dental Association (PPDA), Philippine Diabetes Association, Philippine Society of Endocrinology and Diabetes, and Philippine Coalition for the Prevention and Control of Non-Communicable Diseases (PCPCNCD) expressed support for the bills.</p> <p>However, Beverage Industry Association of the Philippines (BIAP) Director Roman Romulo said that based on the study conducted by the Food and Nutrition Research Institute (FNRI), the incidence of overweight and obesity is increasing despite a decline in the consumption of SSBs.</p> <p>Romulo insisted on using local data as basis for studying the impact of the proposed measure on public health and on the sugar farmers and small and medium enterprises (SMEs).</p> <p>Rep. Suansing maintained that limiting the intake of SSB is beneficial to a person's health. She added that studies done by foreign institutions are relevant to the country, adding that these have been proven valid in other countries where they were implemented or applied. On the impact of the proposed law on SMEs, Rep. Suansing said that <i>sari-sari</i> stores may shift to selling healthy beverages instead.</p> <p>Asked by Deputy Speaker Sharon Garin (Party-list, AAMBIS-OWA) on the revenue that may be realized once the proposed law imposing excise tax on SSBs is passed, BIR legal counsel Nina Asuncion said that the BIR can come up with figures based on the gross</p>

Continuation... Ways and Means				<p>sales of leading soft drink companies.</p> <p>The resource persons were requested to submit to the Committee their position papers on HBs 292 and 3720.</p>
	HB 3719	Rep. Lanete	Amending certain provisions of RA 8424	<p>The Committee will deliberate further on HB 3719 in its next meeting.</p> <p>HB 3719 imposes an excise tax on manufactured goods that have sodium chloride as an ingredient.</p> <p>ACT TEACHERS Party-List Rep. Antonio Tinio suggested that the Committee study the bill further, noting that imposing a one peso (P1.00) tax on every milligram of sodium "in excess of one-third of the allowable daily intake of sodium chloride" as prescribed by the DOH may be exorbitant.</p> <p>Dr. Ma. Elizabeth Caluag of the DOH's Lifestyle Related Disease Division expressed her support to the proposed measure as she explained the ill-effects of consuming too much salt.</p> <p>On the other hand, representatives from the DOF, BIR, and the PCPCNCD requested for ample time to study the measure.</p> <p>The DOF and the BIR were requested to submit to the Committee their proposed tax scheme relative to HB 3719.</p>
	HB 5089	Rep. Tiangco	Withdrawing all tax exemptions and incentives granted to all telecommunications services company with legislative franchise	<p>The Committee will deliberate further on HBs 5089 and 5444 in its next meeting.</p> <p>Deputy Speaker Garin, author of HB 5444, said that her bill aims to reimpose the franchise tax of eight percent on the gross receipts of telecommunications companies (telcos) in lieu of the value-added tax (VAT) that is currently imposed on them.</p>
	HB 5444	Deputy Speaker Garin	Reimposing franchise tax on telephone, telegraph and telecommunication entities, amending for the purpose Sections 108 (A) and 119 of RA 8424, as amended	<p>Both the DOF and the National Telecommunications Commission (NTC) expressed their support to the bills.</p> <p>NTC Deputy Commissioner Edgardo Cabarios suggested that the National Economic and Development Authority (NEDA) be asked to comment on the impact of the proposed law on the economy.</p> <p>The DOF, BIR and NTC were requested to submit their position papers on the two bills.</p>
	HB 4839	Deputy Speaker Garin	Amending Sections 141, 142 and 143 of the NIRC of 1997, increasing and restructuring the excise tax rates on alcohol	<p>The Committee will deliberate further on HB 4839 in its next meeting.</p> <p>Deputy Speaker Garin, author of HB 4839, said the measure seeks to increase the excise tax rates on distilled spirits, wines and fermented liquors to generate additional revenues for the government.</p> <p>DOF Undersecretary Karl Chua informed the Committee that the DOF is currently waiting for the outcome of the review of the implementing rules and regulations (IRR) of the Sin Tax Reform Act (RA 10351).</p>

Continuation... Ways and Means				<p>Atty. Iris Merin, tax manager of Diageo Philippines, Incorporated, a manufacturer and distributor of beer and wine products, suggested that a full implementation of the Sin Tax Law should first be done instead of imposing another round of tax increases, which will pose unnecessary burden to the consumers.</p> <p>Asked by Rep. Tinio on the possibility of adjusting the 30 percent excise tax imposed on alcohol products, Chua replied that it can be done and promised to submit a study on the matter.</p>
	HB 3436	Rep. Castelo	Imposing a 20 percent tax on lotto earnings, ten percent of which will be used for housing and another ten percent for education, and prescribing a mechanism therefor	<p>The Committee will deliberate further on HB 3436 in its next meeting.</p> <p>1-CARE Party-List Rep. Carlos Roman Uybarreta commented that imposing a 20 percent tax on lotto earnings would result to "double taxation" since the prize fund is already being taxed at five percent.</p> <p>Chua said that the DOF proposes that the 20% tax on lotto earnings will replace the existing 5% tax.</p> <p>Atty. Gay Alvar of the Philippine Charity Sweepstakes Office (PCSO) objected to the proposed measure, citing its negative impact on the revenues of the PCSO. Alvar added that the intent of the bill is already being served by the PCSO through its financial support to the government's housing and education programs.</p> <p>The PCSO was requested to submit to the Committee its counter proposal to HB 3436.</p>

TECHNICAL WORKING GROUP MEETING				
COMMITTEE	MEASURES		SUBJECT MATTER	ACTION TAKEN/ DISCUSSION
	NO.	PRINCIPAL AUTHOR		
Technical Working Group/ Ad Hoc Subcommittee on Tax Reform for Acceleration and Inclusion (Ways and Means)	Draft Substitute Bill to HB 4774	Rep. Cua	Tax Reform for Acceleration and Inclusion (TRAIN) Act	<p>The technical working group (TWG)/Ad Hoc Subcommittee, chaired by Quirino Rep. Dakila Carlo Cua, will deliberate further on the draft substitute bill in its next meeting.</p> <p>The discussion focused on Sections 13 to 21 of the draft substitute bill, proposing amendments to the following provisions of the National Internal Revenue Code (NIRC) of 1997 (RA 8424):</p> <ul style="list-style-type: none"> • Section 84 (Rates of Estate Tax); • Section 86 (Computation of Net Estate); • Section 99 (Rates of Tax Payable by Donor); • Section 106 (Value-Added Tax on Sale of Goods or Properties); • Section 107 (VAT on Importation of Goods); • Section 108 (VAT on Sale of Services and Use or Lease of Properties); • Section 109 (Exempt Transactions); • Section 116 (Tax on Persons Exempt from VAT); and • Chapter V of Title V (Excise Tax on Petroleum Products).

<p>Continuation... Technical Working Group/ Ad Hoc Subcommittee on Tax Reform for Acceleration and Inclusion (Ways and Means)</p>				<p>Among the agreements reached during the meeting were as follows:</p> <ul style="list-style-type: none"> • The VAT refund application for certain transactions under Section 106 of the NIRC shall be acted upon within 90 days from the filing thereof; and • The existing Customs Modernization and Tariff Act (CMTA) shall be one of the bases in determining the transactions that will be VAT-exempt. <p>Party-List Reps. Anthony Bravo (COOP NATCCO) and Rico Geron (AGAP) objected to the proposal of Finance Undersecretary Karl Chua to remove the VAT-exempt privilege of the cooperatives.</p> <p>Chua clarified that while cooperatives will no longer be exempted from VAT under the proposed law, their products, particularly goods coming from agricultural credit cooperatives, will still be exempted.</p> <p>On the proposed increase in excise tax on petroleum products, Chua said that the increase, as proposed by the Department of Finance (DOF), will be implemented as follows: P1.00 per liter on the first year (2018); P2.00 per liter on the second year (2019); and P3.00 per liter on the third year (2020). The liquefied petroleum gas (LPG) will not be covered by the proposed tax increases, he added.</p> <p>Deputy Speaker Sharon Garin (Party-List, AAMBIS-OWA) suggested that the excise tax on petroleum products be fixed at P1.00 per liter per year for three years.</p> <p>On the other hand, Rep. Arthur Yap (3rd District, Bohol) proposed to exempt kerosene from the increase in excise tax to shield poor families from the expected subsequent price increase.</p> <p>The DOF will be requested to look into the possibility of creating a trust fund from where tax refunds due to exporters can be readily drawn.</p> <p>The TWG will study further the proposal of the DOF to remove from the list of VAT-exempt transactions the lease of residential units with a monthly rental not exceeding P10,000.00.</p> <p>Issues not resolved by the TWG will be elevated to the Mother Committee for the latter's consideration.</p>
--	--	--	--	---