

# Committee Daily Bulletin

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COMMITTEE MEETING				
COMMITTEE	MEASURES		SUBJECT MATTER	ACTION TAKEN/DISCUSSION
	NO.	PRINCIPAL AUTHOR		
Ways and Means	HBs 231& 3359	Deputy Speakers Singson and Garin (S.)	Rationalizing the grant and administration of fiscal incentives	<p>The Committee, chaired by Quirino Rep. Dakila Carlo Cua, will deliberate further on HBs 231 and 3359 in another meeting.</p> <p>Department of Finance (DOF) Undersecretary Karl Kendrick Chua said the DOF is currently doing research and consultations with concerned government agencies to be able to draft a modern fiscal incentives package. He added that granting tax incentives should be anchored on the following:</p> <ul style="list-style-type: none"> <li>• Tax incentives should be given to companies that provide productive investments and have high social returns;</li> <li>• The grant of tax incentives should be transparent and time-bound; and</li> <li>• There should be an overarching law covering all fiscal incentive programs of the government.</li> </ul> <p>Chua also advised the Committee that tax incentives should complement, and not substitute, the macroeconomic fundamentals which the investors really consider in putting up their business, such as better infrastructure, competitive power cost, good governance, and effective bureaucracy.</p> <p>Department of Trade and Industry (DTI) Undersecretary Ceferino Rodolfo affirmed the need to modernize the outdated incentive package being granted by the Board of Investments (BOI), an attached agency of DTI, to be globally competitive and encourage the entry of more foreign direct investments (FDIs) to the country.</p> <p>Cooperative Development Authority (CDA) Chair Orlando Ravanera advised against removing the tax exemptions being enjoyed by cooperatives as it will adversely affect the more than 25,000 cooperatives with 14 million members, who are mostly small-scale farmers. He appealed to the Committee to retain the tax incentives granted to cooperatives in the context of social justice.</p> <p>Likewise, Acting Chief Amparo Ampil of the Economics and Policy Analysis Division of the Department of Agriculture (DA) requested that tax incentives granted to fishermen be maintained.</p> <p>The various investment promotion agencies (IPAs) such as the Subic Bay Metropolitan Authority (SBMA), Bases Conversion Development Authority (BCDA), Philippine Economic Zone Authority (PEZA) and Cagayan Economic Zone Authority (CEZA) expressed apprehension on the</p>

<p>Continuation... Ways and Means</p>				<p>bills saying that these may discourage big investors to put up their business in the country.</p> <p>Zamboanga City Special Economic Zone Authority (ZAMBOECOZONE) Chair and Administrator Christopher Lawrence Arnuco requested that enhanced incentives should be provided to Mindanao to boost development in the area.</p> <p>Acting Chair and Administrator Patrick Lester Ty of the Authority of the Freeport Area of Bataan (AFAB) said that fiscal incentives create favorable situations for foreign direct investments. He emphasized that the benefits of FDIs outweigh the problems associated with the grant of incentives such as foregone revenues for the government.</p> <p>When asked by Rep. Cua if there are indeed some corporations that pass themselves off as cooperatives just to avail of incentives intended for cooperatives, Ravanera assured the Committee that in the CDA's conduct of regular monitoring and inspection, it has not yet encountered such a case.</p> <p>On the query of Deputy Speaker Romero "Miro" Quimbo (2<sup>nd</sup> District, Marikina City) about the status of the implementing rules and regulations (IRR) of RA 10708 or the Tax Incentives Management and Transparency Act (TIMTA), Rodolfo answered that the pertinent IRR and the joint department order of DOF and DTI have already been issued. The investors are given until November 15 to submit documents and data needed for the evaluation of tax incentives.</p> <p>TIMTA aims to measure the government's fiscal exposure on the grant of fiscal incentives and to monitor, review, and analyze the economic impact of granting these incentives to optimize their social benefits.</p> <p>ABS Party-List Rep. Eugene Michael de Vera said that the grant of tax incentives should be time-bound stressing that these should only be granted as a head-start for companies.</p> <p>The DTI and DOF were directed to come up with a cost-benefit analysis of the existing fiscal incentives. Also, BCDA and PEZA were asked to submit a report on the number of jobs created and the revenues generated by the investors in their respective jurisdictions.</p>
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