

# Committee Daily Bulletin

17<sup>th</sup> Congress  
Third Regular Session

A publication of the Committee Affairs Department

Vol. III No. 1  
July 24, 2018

COMMITTEE MEETING				
COMMITTEE	MEASURES		SUBJECT MATTER	ACTION TAKEN/DISCUSSION
	NO.	PRINCIPAL AUTHOR		
Ways and Means	HBs 7214 & 7458	Reps. Suansing (H.) and Cua	Amending certain sections under Chapters I, II, III, IV, V, and VI of the National Internal Revenue Code of 1997, as amended (by lowering the corporate income tax rate, reforming the corporate income tax system, and broadening the tax base)	<p>The Committee, chaired by Quirino Rep. Dakila Carlo Cua, will deliberate further on the 12 bills in its next meeting.</p> <p>Department of Finance (DOF) Undersecretary Karl Kendrick Chua presented the cost-benefit analysis of granting fiscal incentives, which was conducted by the DOF in relation to the proposed Comprehensive Tax Reform Program (CTRP) 2.</p> <p>The CTRP 2 aims to reduce corporate income tax (CIT) rates and modernize fiscal incentives to investors.</p> <p>Chua explained that while the Philippines has the highest CIT rate among the member-countries of the Association of Southeast Asian Nations (ASEAN) at 30%, its revenue productivity is still very low at 12.3%. On the other hand, countries like Vietnam and Malaysia have higher revenue productivity even if their CIT rates are at 20% and 24%, respectively.</p> <p>Chua added that the Philippines grants the most generous fiscal incentives in the ASEAN region resulting in foregone revenues of about P301 billion in 2015 alone. The DOF's cost-benefit analysis also found that:</p> <ul style="list-style-type: none"> <li>• Investment Promotion Agency (IPA)-registered firms do not perform better than non-IP registered firms in terms of employment, exports and productivity;</li> <li>• For every peso granted as incentive to IPAs, the government collects only 32 centavos in taxes; and</li> <li>• For every peso spent on incentive, between P0.60 and P1.15 comes back as benefit.</li> </ul> <p>To support the country's economic growth objectives, Chua averred that tax incentives should be performance-based, targeted, time-bound and transparent.</p> <p>Meanwhile, Board of Investments' (BOI) Chief for Research and Policy Division Raquel Echague informed the Committee that the BOI has</p>
	HBs 231, 3359 & 7364	Deputy Speakers Singson and Garin	Rationalizing the grant and administration of fiscal incentives	
	HBs 36, 1537, 1658, 2379, 3835 & 5384	Reps. Yap (A.), Herrera-Dy, Angara-Castillo, Deputy Speaker Quimbo, Reps. Zubiri, and Villafuerte	Reducing the corporate income tax rate, amending Sections 27 and 28 of the NIRC, as amended	
	HB 6037	Rep. Benitez	Providing for fiscal incentives for corporations with business enterprises duly established and located in the Island of Mindanao	

Continuation... Ways and Means				<p>approved investments for countryside development amounting to P107.90 billion in 2015 and is expected to implement P507.20 billion worth of registered projects in the coming years.</p> <p>Commenting on HBs 7214 and 7458, Philippine Economic Zone Authority (PEZA) Promotions and Public Relations Group Manager Elmer San Pascual expressed concern on the bills' provisions that would negatively affect PEZA. He suggested that the proposed law should not affect the contracts entered into by PEZA with its registered enterprises and should retain the present set of PEZA incentives, among others.</p> <p>The resource persons were requested to submit their respective position papers for consideration of the Committee in its next meeting.</p>
-----------------------------------	--	--	--	---

TECHNICAL WORKING GROUP MEETINGS				
COMMITTEE	MEASURES		SUBJECT MATTER	ACTION TAKEN/ DISCUSSION
	NO.	PRINCIPAL AUTHOR		
Indigenous Cultural Communities and Indigenous Peoples (Technical Working Group)	HB 4415	Rep. Baguilat	Recognizing and institutionalizing indigenous peoples' (IPs) educational systems within the Philippine educational systems, establishing the guidelines for the accreditation, management and evaluation of learning institutions serving IP learners, appropriating the necessary government funds, financial assistance, incentives and support therefor	<p>The technical working group (TWG), chaired by Ifugao Rep. Teddy Brawner Baguilat Jr., will deliberate further on HB 4415 in its next meeting.</p> <p>HB 4415 was approved by the Committee subject to style and amendment last May 24, but it was referred back to the TWG to fine-tune the amendments.</p> <p>A summary of major revisions made on the bill was presented to the members of the TWG which became the focus of their discussion. The TWG agreed, among others, to revise the section on appropriations to simplify its language.</p> <p>Present during the meeting were representatives from the Indigenous Peoples Education Office (IPsEO) of the Department of Education (DepEd), National Commission on Indigenous Peoples (NCIP), Legal Assistance Center for Indigenous Filipinos (PANLIPI), and the Episcopal Commission on Indigenous Peoples (ECIP).</p>
Trade and Industry (Technical Working Group)	Substitute Bill to HBs 528, 877, 1324, 2917, 5970 & 7245	Reps. Batocabe, Sarmiento (E.M.), Pimentel, Escudero, Roque (H.), and Romualdo	Providing for the Revised Corporation Code of the Philippines	<p>The technical working group (TWG), presided by Committee Secretary Valentino Palanca, will deliberate further on the substitute bill in its next meeting.</p> <p>In the discussion of Section 74 (Books to be kept; stock transfer agent), the TWG agreed to come up with the appropriate text or language that will clarify what information will require the approval of the Securities and Exchange Commission (SEC) before it becomes accessible to the public.</p>

<p>Continuation... Trade and Industry (Technical Working Group)</p>				<p>Attorney Issa Gayas of the National Privacy Commission (NPC) conveyed that corporations should comply with the rules and regulations of the Department of Trade and Industry (DTI) and the NPC with regard to the release of corporate records.</p> <p>Meanwhile, DTI Assistant Secretary Mary Jean Pacheco reiterated DTI's proposal to have a chapter in the bill covering "Related Party Transactions (RPT)."</p> <p>Related Parties refer to the corporation and its controlling shareholders, joint ventures, subsidiaries, associates, affiliates, officers and directors, including their spouses, children and dependent siblings and parents, and that of interlocking director relationships by members of the Board (Source: SEC MC No. 19, Series of 2016).</p> <p>With regard to the bill's Section 39 (Power to deny preemptive right to stockholders of a corporation) and Section 40 (Sale or other disposition of assets by a corporation), Pacheco said that they still need further discussion with the SEC.</p> <p>The resource persons were requested to submit their respective position papers on the proposed law for the TWG's consideration.</p>
---	--	--	--	---