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PRE-PLenary CONFERENCE ON THE FY 2019 BUDGET

COMMITTEE	SUBJECT MATTER	DISCUSSIONS
Appropriations	Pre-plenary conference on the proposed FY 2019 budget, and plans and programs of the Department of the Interior and Local Government (DILG) and its attached agencies	<p>The Committee, chaired by Rep. Karlo Alexei Nograles (1st District, Davao City), held a pre-plenary conference with the DILG to thresh out issues and concerns raised by the House Members relative to its proposed FY 2019 budget prior to the deliberations on its budget at the plenary.</p> <p>Committee Vice Chair, Nueva Vizcaya Rep. Luisa Lloren Cuaresma, presided over this pre-plenary conference.</p> <p>Under the FY 2019 National Expenditure Program (NEP), the DILG and its attached agencies are set to receive a budget of P223.99 billion, which is 31% higher than their current year's budget of P170.76 billion.</p> <p>Rep. Rossana "Ria" Vergara (3rd District, Nueva Ecija) inquired if the DILG monitors the local government units' (LGUs) utilization of their calamity fund, which is 5% of their internal revenue allotment (IRA).</p> <p>DILG OIC-Secretary Eduardo Año explained that the Department closely monitors the performance of the LGUs, especially that of the chief executives, to ensure that their resources and funds are properly and wisely utilized.</p> <p>Rep. Francisco Datol Jr. (Party-List, Senior Citizen) asked if there is a budget for the conduct of seminar/workshop for <i>barangay tanods</i> and the purchase of copies of the Katarungan Pambarangay Handbook and the Local Government Code for the <i>Lupong Tagapamayapa</i> (Peace Council), which will help improve their capacity in maintaining peace and order in the barangays. DILG Undersecretary Martin Diño said there is none, but said that he recognizes the important role of the barangays as the "first line of defense" in countering crimes and terrorism.</p> <p>Eastern Samar Rep. Ben Evardone also requested the DILG and the PNP to look into the almost daily cockfighting activities in his province to check if they have proper permits. The DILG chief promised to look into the matter as soon as possible.</p> <p>Meanwhile, Rep. Cuaresma asked about the circumstances behind the supposed botched procurement of computers by the Philippine National Police - Internal Affairs Service (PNP-IAS).</p> <p>PNP Police Deputy Director General Archie Francisco Gamboa explained that instead of computers, the PNP-IAS resorted to buying cellular phones because it erroneously indicated the latter in the list that it submitted to the Department of Budget and Management (DBM). Thus, the Special Allotment Release Order (SARO) issued by the DBM covered the funds for the purchase of cellular phones, and not computers.</p> <p>The DILG was instructed to submit the documents requested by the Committee Members, including those pertinent to the erroneous procurement of cellular phones and several crime statistics.</p>

COMMITTEE MEETING				
COMMITTEE	MEASURES		SUBJECT MATTER	ACTION TAKEN/DISCUSSION
	NO.	PRINCIPAL AUTHOR		
Ways and Means	HB 8252	Rep. Suansing (E.)	Capital Income and Financial Intermediary Taxation Act of 2019	<p>The Committee, chaired by Rep. Estrellita Suansing (1st District, Nueva Ecija), listened to the briefing conducted by the Department of Finance (DOF) on the rationale and major provisions of HB 8252, otherwise known as the Capital Income and Financial Intermediary Taxation Act of 2019. The bill covers the fourth package of the comprehensive tax reform program of the government.</p> <p>Rep. Suansing, who is also the author of HB 8252, said that her bill aims to institute reforms in the taxation of capital income and financial services in the country to make it simpler, fairer, and more efficient, thereby addressing its complicated tax structure, susceptibility to arbitrage, uncompetitiveness, and high administrative and compliance cost, among others.</p> <p>Emphasizing the need to simplify the tax system on capital income, DOF Undersecretary Karl Kendrick Chua pointed out that there are currently 80 different tax bases and tax rates applicable to capital income and financial services which are problematic not only for businesses but also for the tax administrators. The DOF, Chua added, proposes the imposition of the following rates which will harmonize the tax rates on similar transactions:</p> <ul style="list-style-type: none"> • 15% on interest income and dividends; • 0.6% stock transaction tax that will gradually be brought down to 0.1%; • 5% gross receipts tax on banks and quasi banks; • 2% tax on life insurance premium; and • 5% tax on non-life insurance premium. <p>Chua also discussed the DOF's proposed reforms in the documentary stamp tax system as well as its recommendation to repeal various special tax laws and even some provisions in the National Internal Revenue Code (NIRC).</p> <p>Rep. Johnny Ty Pimentel (2nd District, Surigao del Sur) asked about the impact of the proposed rates on insurance companies.</p> <p>Philippine Insurers and Reinsurers Association (PIRA) Executive Director Michael Rellosa objected, in particular, to the proposed 5% tax on non-life insurance premium, claiming that it will significantly hurt the financial position of insurance companies. He recommended that the 12% value-added tax (VAT) on insurance premiums be retained instead.</p> <p>Likewise, Trust Officers Association of the Philippines (TOAP) Senior Vice President Ma. Cristina Barbara Concepcion stated that many provisions of HB 8252 will adversely affect the financial sector, including those engaged in the collective investment scheme or those individuals who pool their money to invest in securities and other assets.</p> <p>Rep. Manuel Zubiri (3rd District, Bukidnon) questioned DOF's proposal to raise the tax on the dividend income from 10% to 15%, which would mean an additional burden</p>

Continuation... Ways and Means				<p>to the Filipinos. Chua replied that the change in the tax rate on dividend income is in line with the principle of unifying the tax rates for interests, dividends and capital gains at 15%.</p> <p>National Tax Research Center (NTRC) Executive Director Trinidad Rodriguez added that 33 out of 42 countries impose a 15% tax rate on dividend income.</p> <p>The Committee requested the stakeholders present in the meeting to submit their respective position papers on the bill and their comparative assessment on the tax rates in the country with those of the member-countries of the Association of Southeast Asian Nations (ASEAN).</p>
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DISCUSSION WITH AGENCIES/ ENTITIES		
COMMITTEE	SUBJECT MATTER	DISCUSSIONS
Metro Manila Development	Discussion on the quality of service and the proper installation of "outside plant facilities" of public utilities in Metro Manila	<p>The Committee, presided by Rep. Bayani Fernando (1st District, Marikina City), will continue its discussion on the issues raised regarding the services and the installation of outside plant facilities of public utilities in Metro Manila.</p> <p>Outside plant facilities pertain to the electrical and cable wires of electricity and telecommunications service providers and the water treatment plants and systems of water service providers.</p> <p>Rep. Fernando said that the purpose of the meeting is to come up with regulatory standards and guidelines on the proper installation of outside plant facilities that would ensure public safety and the quality of services of public utility companies, and at the same time maintain or improve the aesthetics of the community.</p> <p>The Committee Chair, Rep. Winston "Winnie" Castelo (2nd District, Quezon City), agreed with the statement of Rep. Fernando, adding that in doing their business, the public utilities and service providers should give utmost consideration to the interest and welfare of the Metro Manila residents.</p> <p>Rep. Manuel Luis Lopez (1st District, Manila) commented that an efficient delivery of services by public utilities has a bearing on the increase in the gross domestic product (GDP) of Metro Manila.</p> <p>On the part of Rep. Edgar Erice (2nd District, Caloocan City), he said it is the duty of the regulatory bodies to ensure that public utilities and service providers adhere to existing laws and the terms of their contracts with the government.</p> <p>Replying to the comment of Rep. Fernando on the installation of water metering system that disrupts road right-of-way, the head of Manila Water Company, Inc.'s Public Policy Department, Kristoffer Rada, said that his company is amenable to relocating the meter lines if approved by the Metropolitan Waterworks and Sewerage System (MWSS) being the regulatory body. (Manila Water is one of the two water concessionaires operating in Metro Manila, with the East Zone as its designated area.)</p> <p>The Members present in the meeting agreed that the utility companies and service providers should be held accountable and liable for road damages and public inconveniences resulting from the conduct of their operations.</p> <p>The resource persons were requested to submit to the Committee pertinent documents and reports required by the House Members.</p>