

# Committee Daily Bulletin

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

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COMMITTEE MEETINGS				
COMMITTEE	MEASURES		SUBJECT MATTER	ACTION TAKEN/DISCUSSION
	NO.	PRINCIPAL AUTHOR		
Good Government and Public Accountability	HR 1000	Rep. Marcoleta	Inquiry into what appears to be spurious land deals perpetrated by unscrupulous real estate developers in the Municipality of Mariveles, Bataan with the collusion of concerned agencies and public officials	<p>The Committee, chaired by Camiguin Rep. Xavier Jesus Romualdo, will deliberate further on the issues raised in HR 1000 in another meeting.</p> <p>Rep. Rodante Marcoleta (Party-List, SAGIP), author of HR 1000, alleged that the land deal between the Mariveles Resources and Development Corporation (MRDC) and PMR Group Retirement Plan, Inc. (PMR GRPI) is highly irregular and grossly disadvantageous to the government in terms of uncollected taxes amounting to about P330 million.</p> <p>MRDC President Rafael Garcia III denied that his company is involved in a real estate business. Hence, the lands that the MRDC sold could not be categorized as ordinary assets, which are subject to the payment of income tax. He manifested that the properties were originally intended for a golf course but the plan was discontinued. Since the parcels of land were rendered idle for some time, the MRDC decided to sell the lands to recover capital losses.</p> <p>Based on HR 1000, MRDC acquired large tracts of land in Mariveles covered by titles which are considered spurious, thus became the subject of a complaint for cancellation by the Office of the Solicitor General in 1984. MRDC later sold a portion of its consolidated properties to a shell company, the PMR GRPI, for P732.50 million. Part of said property was in turn "leased" by PMR GRPI to GN Power Dinginin Ltd., Co. for 50 years in the amount of P2.13 billion.</p> <p>Securities and Exchange Commission (SEC) legal counsel Ann Kathleen Gatdula opined that under MRDC's articles of incorporation, the primary purpose for which MRDC was established was to engage in real estate business.</p> <p>Rep. Eugene Michael de Vera (Party-List, ABS) asked about the nature of the properties sold by MRDC and the corresponding taxes</p>

Continuation... Good Government and Public Accountability				<p>that the latter should have paid on the sale transactions.</p> <p>Regional Director Jethro Sabariaga of the Bureau of Internal Revenue's (BIR) Revenue Region IV replied that because the company is engaged in real estate business, the parcels of land sold must be considered not as capital assets but ordinary assets. He explained that capital assets are generally properties that are not intended for sale during the normal course of business. On the other hand, ordinary assets are properties used in trade or business or primarily held for sale by the taxpayer.</p> <p>Sabariaga went on to say that aside from the capital gains (CGT), documentary stamp (DST) and transfer (TT) taxes, ordinary assets are subject to other taxes including income tax and creditable withholding tax (CWT). He stressed that an investigation is being conducted regarding the matter by the BIR Investigation Division and a report will be submitted to the Committee as soon as the results become available.</p> <p>The Committee will invite the following to attend its next meeting to shed light on the issues raised in the resolution:</p> <ul style="list-style-type: none"> <li>• Former BIR regional district officers Victoria Reynante and Laura Samita, who are believed to have facilitated the release of certificates authorizing registration (CAR) of the sale transactions; and</li> <li>• High-ranking officials from Power Group Holdings, Dinginin Holdings, and Therma Power Holdings which are subsidiaries of GNP Power Dinginin, Ltd. Co.</li> </ul>
Legislative Franchises	Substitute Bill to HB 8132	Rep. Tambunting	Granting MORE Minerals Corporation a franchise to establish, operate, and maintain, for commercial purposes and in the public interest, a distribution system for the conveyance of electric power to end users in the City of Iloilo, Province of Iloilo	<p>The Committee, chaired by Rep. Franz "Chicoy" Alvarez (1<sup>st</sup> District, Palawan), approved the Substitute Bill to HB 8132 and the corresponding Committee Report.</p> <p>Energy Regulatory Commission's (ERC) Legal Service OIC-Director Gregorio Ofalsa submitted ERC's supplementary position paper stating its support for the substitute bill, in compliance with the request of the Committee during the previous meeting.</p> <p>MORE Minerals Corporation President Roel Castro presented the transition plan of the company from being a mining company to an electric power distribution company to be renamed as MORE Electric and Power Corporation.</p>
Ways and Means	Substitute Bill to HB 1240	Speaker Macapagal-Arroyo	Giving juridical personality to the present Veterans Memorial Medical Center (VMMC)	The Committee, chaired by Rep. Estrellita Suansing (1 <sup>st</sup> District, Nueva Ecija), approved the tax provision of the Substitute Bill to HB 1240 with amendments.

Continuation... Ways and Means	Substitute Bill to HBs 268, 716, 897, 1578, 1851, 1964, 2579, 2798, 3089, 3365, 3441, 3497, 3500, 4707, 5378, 5387, 5763, 6153, 6210, 6280, 6299, HR 786 & Privilege Speech 195	Reps. Roman, Vargas, Tan (A.), Suansing (E.), Rodriguez (M.), Aragonese, Castelo, Deputy Speaker Escudero, Reps. Alejano, Bolilia, Gatchalian, Nograles (K.A.), Roa-Puno, Herrera-Dy, and Lanete	Institutionalizing a national integrated cancer control program and appropriating funds therefor	The Committee approved with amendments the tax provision of the Substitute Bill to the 23 measures.
	Substitute Bill to HBs 2207, 68, 876, 1274 & 1529	Speaker Macapagal-Arroyo, Reps. Salceda, Sarmiento (E.M.), Biazon, and Gonzales (A.)	Instituting reforms in real property valuation and assessment in the Philippines, reorganizing the Bureau of Local Government Finance, and appropriating funds therefor	The Committee approved the tax provisions of the Substitute Bill to the five bills.
	HB 2660	Rep. Angara-Castillo	Designating the National Music Competitions for Young Artists (NAMCYA) as the national youth development program for music, defining its role and functions as such, and appropriating funds therefor	The Committee approved the tax provision of HB 2660 subject to style and amendment.
	Substitute Bill to HBs 422 & 7994	Reps. Quimbo and Suansing (E.)	Establishing the fiscal regime for mining industry	<p>The Committee agreed to refer back the substitute bill to the technical working group (TWG) to thresh out issues and concerns that were raised during the meeting.</p> <p>On the query of Rep. Suansing if the Department of Finance (DOF) is recommending amendments to the substitute bill, DOF Assistant Secretary Ma. Teresa Habitan replied that the DOF has not yet finalized its proposal particularly on the royalty tax and the "windfall profit" tax provisions of the substitute bill.</p> <p>Similarly, Chamber of Mines of the Philippines Chair Gerald Brimo requested to be given more time in coming up with the Chamber's proposal.</p> <p>Rep. Johnny Ty Pimentel (2<sup>nd</sup> District, Surigao del Sur) suggested that a matrix comparing the proposals of the DOF and the mining industry be prepared in order to have a more organized approach in harmonizing the proposed amendments.</p> <p>The TWG will meet on October 3, 2018.</p>
	Substitute Bill to HB 1848	Rep. Gonzales (A.)	Declaring certain portions of the Welfareville property located in the City of Mandaluyong open for disposition to bona fide residents without public bidding	The Committee will deliberate further on the Substitute Bill to HB 1848. It also agreed to delete the tax exemption provision of the substitute bill as the Welfareville property is

Continuation... Ways and Means				already exempted from the payment of capital gains tax under existing laws being a government-owned land.
	Substitute Bill to HB 2002	Deputy Speaker Garcia-Albano	Creating the Davao International Airport Authority to administer and operate the Francisco Bangoy International Airport and providing funds therefor	The Committee agreed to refer back the substitute bill to the Committee on Government Enterprises and Privatization, where it originated, after determining that there is no provision in the bill that falls under the jurisdiction of the Committee on Ways and Means. The provision in the bill seeking to exempt the Davao International Airport from the payment of realty tax is already in effect given that it is a government entity.
	HR 1324	Rep. Lacson	Inquiry into the alleged violations of Hyundai Asia Resources, Inc. (HARI) of the terms of its registration under the Motor Vehicle Development Program (MVDP) with the end in view of reviewing the effectiveness of this policy in reviving the automotive industry of the country	<p>The Committee terminated its inquiry relative to HR 1324.</p> <p>Board of Investments (BOI) Executive Director Ma. Corazon Dichosa apprised the Committee that the suspension order issued to HARI was lifted last June 20, 2018 after the latter has complied with the conditions set by the BOI.</p> <p>The registration of HARI as a participant to the MVDP was previously suspended due to its alleged violations of the requirements of the program.</p> <p>Bureau of Customs (BOC) Deputy Commissioner Edward James Dy Buco said that HARI already paid its tax deficiencies last May 18, 2018 amounting to P754 million.</p> <p>Replying to the query of Rep. Lianda Bolilia (4<sup>th</sup> District, Batangas), Dichosa said that the BOI has not yet issued the implementing rules and regulations (IRR) for the MVDP because it is still reviewing the program. In the meantime, what is being observed is the MVDP's implementing guidelines under Executive Order 156.</p> <p>Dichosa also informed the Committee that the BOI has already issued a resolution clarifying the terms "completely knocked down" (CKD) and "knocked-down" (KD) condition of automobile units.</p> <p>HR 1324 states that under the MVDP, incentives and reduced importation duties are granted to car manufacturers which import CKD kits or automobiles for assembly in the country before they are sold. This privilege has reportedly been abused when some participating car manufacturers, like HARI, reportedly misdeclared their importation to be CKD when the imported vehicles were actually completely built-up.</p>
	HR 1824	Rep. Suansing (H.)	Inquiry into the possible violations of RA 10863 or the Customs Modernization and Tariff Act (CMTA) in connection with the alleged unauthorized withdrawal of 105	<p>The Committee will deliberate further on HR 1824 in its next meeting.</p> <p>According to Dy Buco, the BOC already filed cases against its personnel who were involved</p>

Continuation... Ways and Means			containers from the Port of Manila, with the end in view of addressing potential loss in government revenue	<p>in the unauthorized withdrawal of 105 containers from the Port of Manila.</p> <p>Dy Buco added that there is still an ongoing investigation of who was involved in the forging of the signatures of BOC officials that led to the lifting of the alert order and consequently the release of the shipments. He also lauded the efforts of the Committee in conducting an inquiry into the matter as this has prompted the BOC to come up with stricter procedures on the issuance and lifting of alert orders.</p> <p>Deputy Speaker Sharon Garin (Party-List, AAMBIS-OWA) recommended that the accreditation of importers and brokers with pending cases should be suspended. Dy Buco confirmed that suspension is the immediate course of action that the BOC undertakes against importers, brokers and consignees involved in anomalous transactions with the BOC.</p>
	HR 1145	Rep. Villanueva	Inquiry into the alleged irregularities in respect of taxes assessed on and collected from Del Monte Philippines, Inc. (DMPI) resulting to revenue loss to the government	<p>The Committee will deliberate further on HRs 1145 and 1162 in its next meeting.</p> <p>Commission on Audit's (COA) Fraud Audit Office Director Bresilo Sabaldan said that the report of the special audit team on the alleged tax assessment irregularities is still under review and for approval by the COA assistant commissioners. Furthermore, Sabaldan said the report merely focused on the documentation and the assessment procedures observed by the BIR, and therefore does not reflect how the final tax assessment was arrived at.</p>
	HR 1162	Rep. Villanueva	Inquiry into the substantial disparity in the amount of deficiency tax liabilities as assessed by the Bureau of Internal Revenue (BIR) and the corresponding payment made by the taxpayer	<p>BIR Large Taxpayers Service - Programs and Compliance Group Director Beverly Milo further explained that the reason for the disparities in the amount of tax deficiency assessed by the BIR and the final payment made by the taxpayer can be attributed to the non-issuance of the "notice of informal conference," which the BIR has stopped implementing in the previous years and was only resumed this 2018.</p> <p>The Notice of Informal Conference is a written statement issued by the BIR informing the taxpayer of the discrepancies in the taxpayer's tax payments for the purpose of conducting an informal conference wherein the taxpayer will be given an opportunity to present his side of the case. Said notice is issued prior to coming up with the preliminary assessment notice (PAN) which contains the total amount of tax deficiency that the taxpayer needs to pay to the BIR.</p> <p>To avoid similar setbacks in the future, the BIR has restored the issuance of the notice of</p>

Continuation... Ways and Means				<p>informal conference starting this year, Milo said.</p> <p>DMPI Chief Legal Counsel Antonio Ungson informed the Committee that the DMPI was able to prove through proper documents that its tax deficiency is only P65.4 million.</p> <p>The COA was requested to submit to the Committee the official report of the special audit team on the matter.</p>
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AGENCY BRIEFING		
COMMITTEE	SUBJECT MATTER	DISCUSSIONS
Muslim Affairs	Briefing by the Task Force Bangon Marawi on the rehabilitation, recovery, and reconstruction efforts in Marawi City	<p>The Committee, chaired by Rep. Bai Sandra Sinsuat Sema (1<sup>st</sup> District, Maguindanao), listened to the briefing conducted by the Task Force Bangon Marawi (TFBM) on the rehabilitation, recovery, and reconstruction efforts in Marawi City.</p> <p>TFBM Secretariat head Falconi Millar presented the summary of foreign donations/grants that were directly placed under the different government agencies. He, likewise, reported that out of the P10 billion budget for the rehabilitation of Marawi under the FY 2018 General Appropriations Act (GAA), a total of P4.60 billion has already been released.</p> <p>Millar said that the Comprehensive Rehabilitation and Recovery Program (CRRP) for Marawi City focuses on six sectors: local governance and peace building; housing and settlement; livelihood and business development; physical infrastructure; social services; and land resources management. To implement the various programs and projects under the CRRP, a total funding requirement of P47.2 billion is needed, Millar added.</p> <p>TFBM was created by virtue of Administrative Order No. 3 series of 2017 issued by the President. It is an inter-agency task force working together for the recovery, reconstruction and rehabilitation of conflict-stricken Marawi City.</p> <p>Rep. Makmod Mending Jr. (Party-List, AMIN) observed the significant amount of foreign donations and government allocations for the rehabilitation of Marawi City. He averred that the sources of these funds as well as their utilization should be properly documented to ensure transparency and accountability.</p> <p>Rep. Mauyag "Jun" Papandayan Jr. (2<sup>nd</sup> District, Lanao del Sur) asked about the status of distribution of the Department of Social Welfare and Development's (DSWD) financial assistance of P25,000 per family displaced during the armed conflict in Marawi.</p> <p>DSWD Undersecretary Luzviminda Ilagan explained that the Department could not release the funds yet considering that the validation of the profile of the internally displaced persons (IDP) has not yet been finalized. Nevertheless, Ilagan assured the Committee that other forms of assistance have already been provided to the IDPs.</p>

<p>Continuation... Muslim Affairs</p>		<p>Rep. Papandayan chided the DSWD for the slow-paced rehabilitation of Marawi and delayed release of financial assistance to the IDPs. Ilagan requested to be given two weeks to finalize the list of IDP beneficiaries.</p> <p>Rep. Amihilda Sangcopan (Party-List, AMIN) questioned how the National Economic and Development Authority (NEDA) was able to come up with the CRRP prior to the IDP profiling.</p> <p>NEDA Supervising Economic Development Specialist Claire Michelle Balde said that the CRRP was based on the result of the post conflict needs assessment as well as the respective proposals of the concerned government agencies.</p> <p>Replying to Rep. Sema's query, Millar said that the debris clearing of Marawi's "ground zero," or the most affected areas in Marawi, will commence on the second week of October this year.</p> <p>The TFBM was requested to submit a quarterly report on the disbursement of funds for the Marawi rehabilitation as well as the status of implementation of the programs, projects, and activities undertaken in the war-torn city.</p> <p>The Committee will invite the heads of the Department of National Defense (DND), Department of Environment and Natural Resources (DENR), and Bureau of Treasury (BTr) to attend its next meeting on the rehabilitation of Marawi.</p>
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