



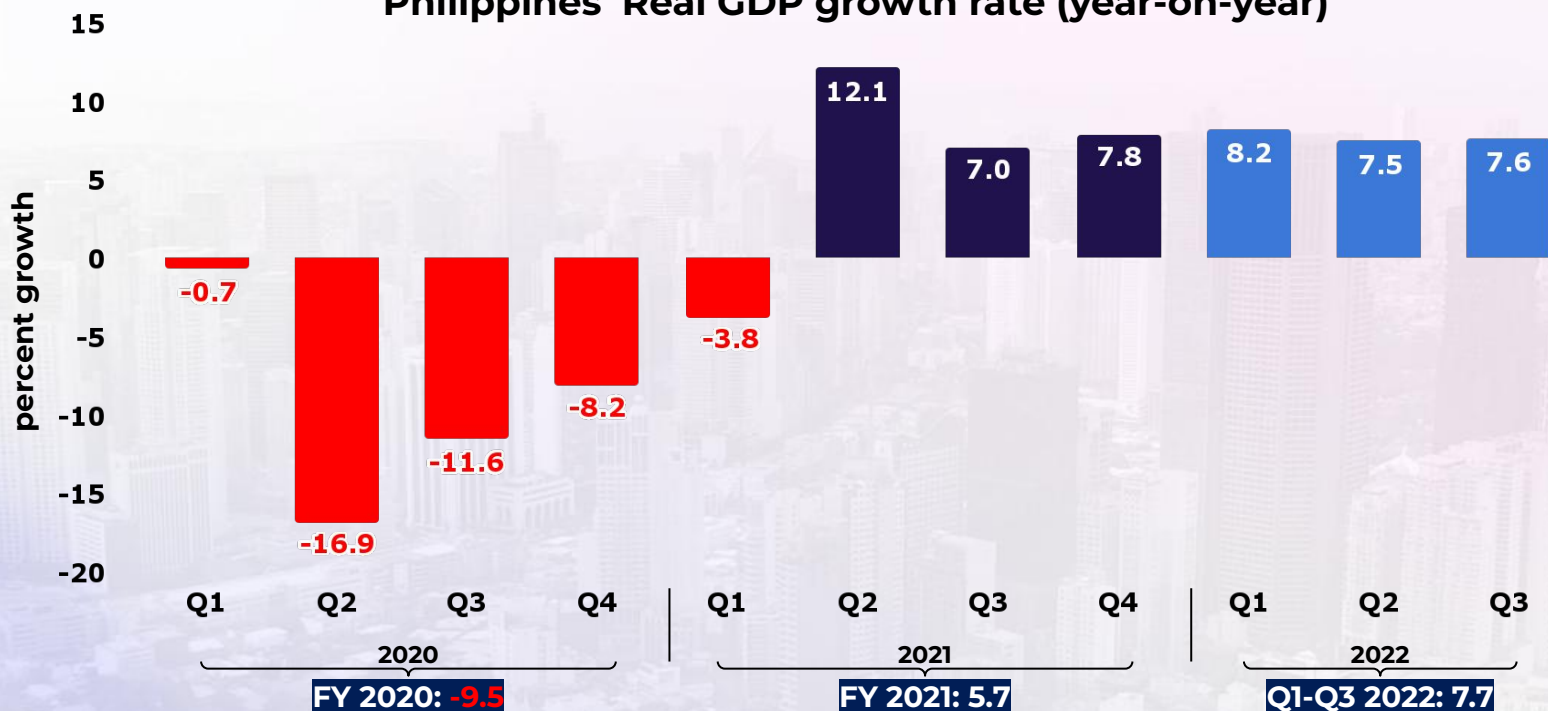
Arangkada Philippines Forum Reform, Rebuild, Recover

BENJAMIN E. DIOKNO
SECRETARY OF FINANCE

December 6, 2022

The economy grew by **7.7 percent** in the first three quarters of 2022, driven by domestic demand and growth in the services and industry sectors

Philippines' Real GDP growth rate (year-on-year)



The Development Budget Coordination Committee's revised growth assumptions remain ambitious and achievable

Year	Growth Assumptions (% of GDP)
↓ 2022	6.5 to 7.5
2023	6.0 to 7.0
2024 - 2028	6.5 to 8.0

High levels of employment and productivity underpin our growth outlook

September 2022 Employment Situation

Employment Rate

95.0% ↑

Unemployment Rate

5.0% ↓



Our gross international reserves indicate that we have more than enough liquidity buffer equivalent to **7.5 months' worth of imports.**



US\$94.1 BILLION

As of end-October 2022

Investment inflows reflect confidence in the Philippines' business environment

Net Foreign Direct Investment Inflows (in USD billions)



Data Source: BSP
*Jan-August 2022

Government measures to address inflation



Provide targeted support for vulnerable sectors



Ramp up domestic food production and continue importation of key commodities



Secure adequate power supply



Improve distribution efficiency down to the regions

Despite external headwinds and talks of a slowing world economy, the Marcos administration is determined to **think bigger, aim higher, and go further** than it has ever been.



We will capitalize on the strength of our macroeconomic fundamentals, revisit areas where we can enhance our policy environment, and explore new opportunities for **high and broad-based growth.**



The Medium-Term Fiscal Framework serves as our beacon towards fiscal sustainability and long-term growth

1. Promote efficient tax administration through digitalization



2. Establish a fairer and more efficient tax system



3. Introduce tax measures that will promote environmental sustainability to address climate change



4. Pursue the remaining tax reform packages of the previous administration



The Medium-Term Fiscal Framework will promote sustainable long-term growth and solid fiscal management



Bring down our
debt-to-GDP
ratio to less than
60 percent by
2025, and around
50 percent by
2028



Reduce fiscal
deficit to 3.0
percent of
GDP by 2028



Maintain high
investment in
infrastructure at
5 to 6 percent of
GDP annually

The P5.268-T National Budget for 2023 was passed by Congress in record time



The House of Representatives approved the following MTFF measures on third reading:



Imposition of VAT on digital transactions

Levels the playing field between traditional and digital businesses



Imposition of excise tax on single-use plastics

Curtails plastic waste generation while generating government revenues



Package 4 of the CTRP

Makes the taxation of passive income, financial intermediaries, and financial transactions simpler, fairer, and more efficient

We look forward to the passage of other key MTFE measures. We are also studying the feasibility of additional tax measures.



**Real Property
Valuation and
Assessment
Reform Bill**



**Rationalization of
the mining fiscal
regime**

FOR STUDY

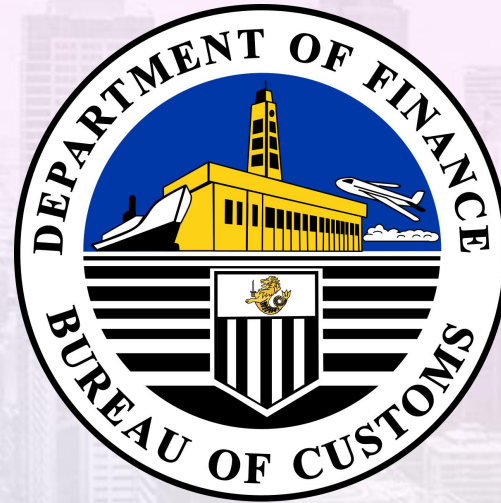


**Higher sin
taxes on
alcohol and
e-cigarettes**



Carbon tax

Revenue agencies have fully embraced digitalization



A hand holding a blue sign with text. The background features a network of white lines and dots on a light blue gradient, and a purple and orange abstract shape on the left side.

The government has established an enabling policy environment that incentivizes enterprises employing **advanced technologies**, enhances the **ease of doing business**, and widens **private sector participation** in large-scale projects.

The Marcos administration is faithfully implementing the Corporate Recovery and Tax Incentives for Enterprises Act

Provides hefty corporate income tax rate cuts



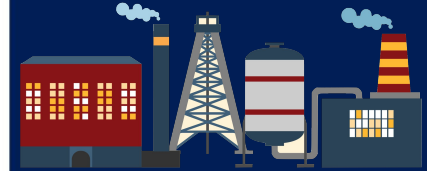
Provides 10-ppt cut in the corporate income tax rate of domestic MSMEs (from 30 percent to 20 percent), and 5-ppt reduction (from 30 percent to 25 percent) for other corporations

Provides more flexibility in the grant of fiscal and non-fiscal incentives



Provides an enhanced incentives package that is performance-based, time-bound, targeted, and transparent

Incentivizes innovation, R&D, and advanced tech



Identifies priority industries, projects, and activities that can be granted fiscal incentives through the Strategic Investment Priority Plan

Our new economic liberalization laws widen the space for international firms to invest in previously protected sectors



Amendments to the Public Service Act

- Opened up public services to 100 percent foreign ownership, and retain public utilities as majority Filipino-owned, subject to the 60-40 ownership rule.



Amendments to the Retail Trade Liberalization Act

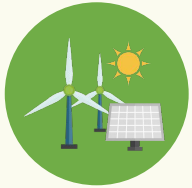
- Lowered the minimum paid-up capital requirement for foreign corporations from USD 2.5 million to USD 500,000.
- Simplified the qualification requirements of foreign retailers.



Amendments to the Foreign Investment Act

- Mandated a review of the Foreign Investment Negative List every two years.
- Liberalized the practice of professions.
- Enhanced transparency in monitoring foreign investments.

We have opened up the renewable energy sector to full foreign ownership



**Accelerate
energy
transition**



**Achieve energy
security
through clean,
affordable
energy**



**Drive green
investments**



**Create green
jobs**

Public-Private Partnerships will allow us to sustain our current momentum of infrastructure spending despite budgetary constraints.

The revised IRR of the Build-Operate-Transfer Law enhances the transparency and accountability of the PPP mechanism.





We are investing in our people's skillbuilding and overall welfare to further boost the competitiveness of Filipino talent.

A hand with a dark skin tone is holding a blue rectangular sign with rounded corners. The sign contains white and yellow text. The background is light gray with a white geometric network pattern in the top right corner. There are orange and purple decorative shapes in the bottom left corner.

**With these reforms in place,
our vision of a **truly inclusive and
sustainable economy** is closer to
reality than ever before**

**The private sector's
technologies, expertise, and
vast network will be key to
unlocking the very best of what
the Philippine economy has to
offer.**





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