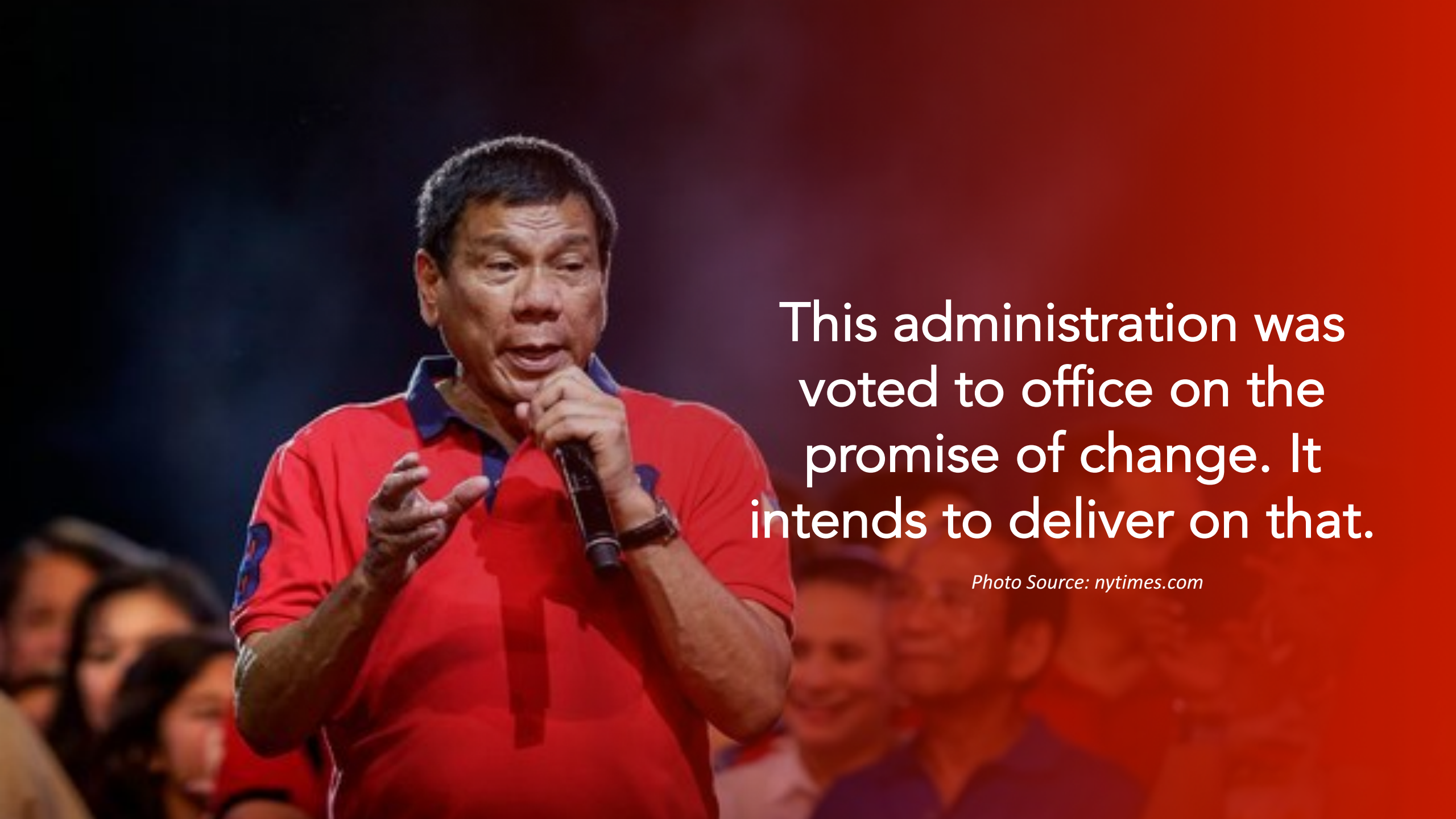


BUILDING ON PAST GAINS

FINANCE SECRETARY CARLOS G. DOMINGUEZ
MANAGEMENT ASSOCIATION OF THE PHILIPPINES
JANUARY 23, 2018, SHANGRI-LA AT THE FORT





This administration was voted to office on the promise of change. It intends to deliver on that.

Photo Source: nytimes.com

To fulfill this mandate, we started the year with the implementation of the Tax Reform for Acceleration and Inclusion or the TRAIN law.




TAX REFORM FOR ACCELERATION AND INCLUSION

We are redesigning our tax system to become:



while also raising the resources needed to invest in our infrastructure and people

The background is a city skyline at dusk, with many skyscrapers and buildings illuminated. The text is centered in a dark blue, bold font. At the bottom, there is a graphic of a flag with a blue field and a yellow star, partially obscured by a red and white border.

**This is the first time in our history
that we passed a tax reform
without a crisis and without an
external force telling us what to do**

This is also the first time we did a tax reform whose main purpose is not debt and deficit reduction, but rather **poverty and inequality reduction**





BUILD

BUILD

BUILD

**MORE RAILWAYS,
MASS URBAN TRANSPORT,
AIRPORTS AND SEAPORTS**

MORE BRIDGES AND ROADS

NEW AND BETTER CITIES

An aerial rendering of a modern urban development. The scene features several multi-story buildings with distinctive facades, some with green roofs. A central area is dominated by a large, paved plaza with a green lawn and a series of steps. People are shown walking, cycling, and sitting on the plaza. The sky is clear with a few birds flying. The overall atmosphere is bright and modern.

Investments in our
infrastructure will open
many more opportunities
in the economy

Photo Source: BCDA

PACKAGE 1B

- Congress is now finalizing this package
- Covers estate and general amnesty, bank secrecy relaxation, automatic exchange of information, and the adjustment in the motor vehicle user charge
- We expect Congress to pass this by March 2018

PACKAGE 2 (submitted last January 15, 2018)


- Corporate taxation and fiscal incentives

PACKAGE 2 plus (by the end of the month)

- Taxes on tobacco, alcohol, mining, coal, and casinos

PACKAGE 3 and 4 (July 2018)

- Property taxation
- Passive income and financial taxes



We are not navigating blindly in pursuing these reforms. Instead, we are marching forward guided by the paths already paved before us



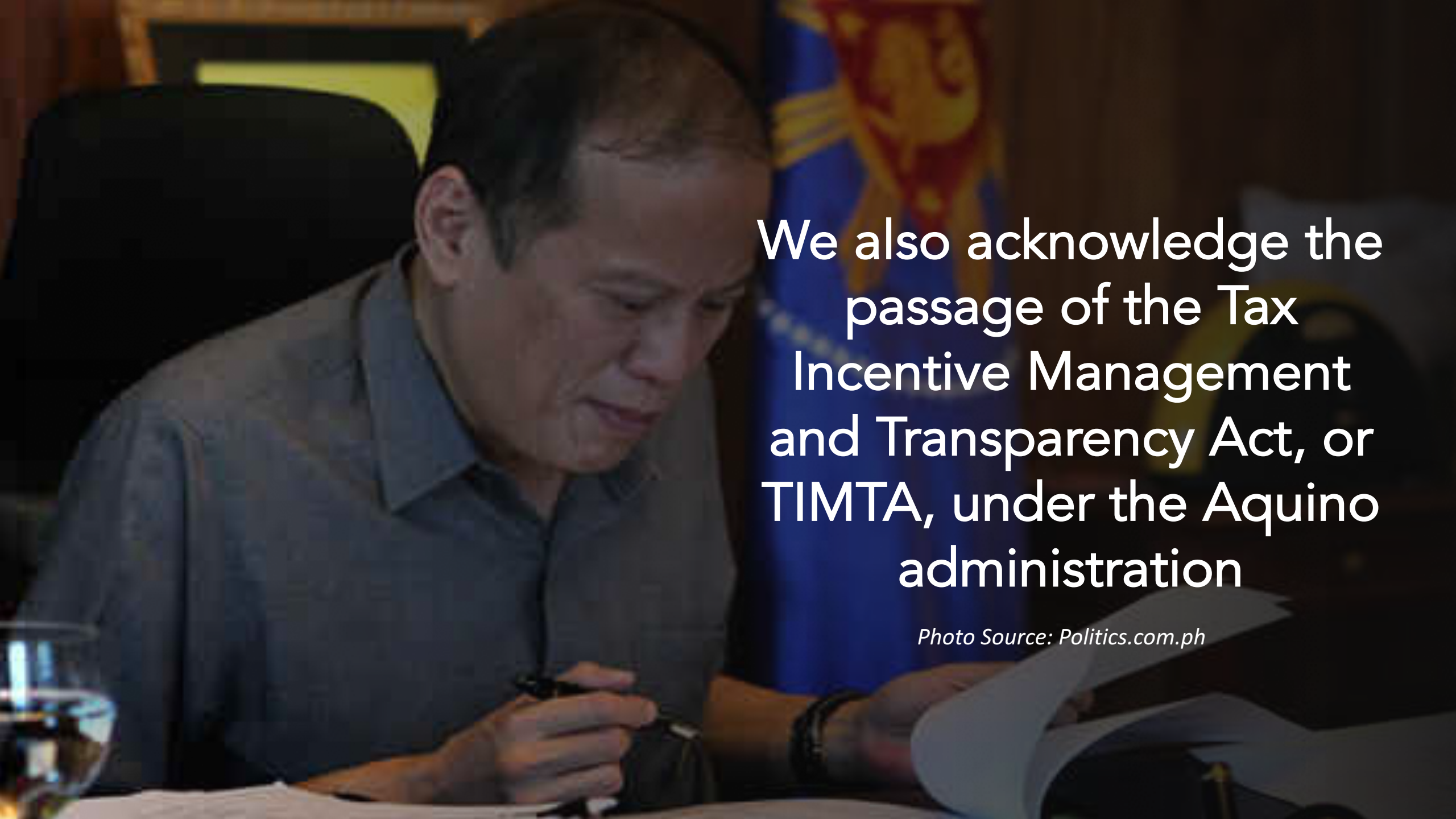


The country's first-ever Philippine Tax Academy will **improve professionalism and competency** in our revenue agencies, both national and local



We thank the Arroyo
administration for
courageously passing the
VAT reform in 2005

Photo Source: Senate Photo Releases

A man with dark hair, wearing a blue button-down shirt, is seated at a desk. He is looking down at a document on the desk, holding a pen in his right hand. The background features a Philippine flag. The text is overlaid on the right side of the image.

We also acknowledge the
passage of the Tax
Incentive Management
and Transparency Act, or
TIMTA, under the Aquino
administration

Photo Source: Politics.com.ph

2015 INCOME TAX INCENTIVES

SECTOR	NET TAXABLE INCOME (NTI) (IN PHP)	INCOME TAX INCENTIVES (IN PHP)	TAX INCENTIVES AS PERCENTAGE OF NTI
MANUFACTURING	240 BILLION	37 BILLION	16 %
SERVICES	327 BILLION	27 BILLION	8 %
ENERGY	81 BILLION	11 BILLION	14 %



In 2015 alone, we gave away a total of
301 BILLION PESOS

worth of income, VAT, and customs duty incentives
to various firms, and this does not yet include local
taxes forgone and leakages

Tax Incentives System



*Maximizing Opportunities for
a Stronger Philippine Economy*

- 14 Investment promotion agencies (IPAs): the BOI, PEZA, and 12 other special economic zone authorities, which are authorized to grant tax incentives under their respective charters.



- 123 investment laws and 210 non-investment laws that provide tax incentives.
- Income Tax Holiday (ITH) is the centerpiece of the incentives system followed by the 5% Gross Income Earned (GIE) tax, and customs duty exemption. The GIE is given indefinitely and is in lieu of income, VAT, and local taxes.
- Since 2015, Tax Incentives Management and Transparency Act (TIMTA) law requires reporting of the tax incentives granted for registered investments.



- 50 years of picking winners thru the IPP, which started in 1968 (RA 5186).

We will continue to **fervently champion** and **improve upon praiseworthy programs,** such as the **TIMTA,** to institute bold reforms that we need to move our country forward



The comprehensive tax reform program will enable our government to deliver the promise of change so that everyone is accorded with equal opportunities

Photo Source: Headwaters Relief Organization



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