



OPENING REMARKS

CARLOS G. DOMINGUEZ
Secretary of Finance

*Virtual Economic Briefing
PH-US at 75: Strengthening Ties through Sustainable Recovery
April 15, 2021*

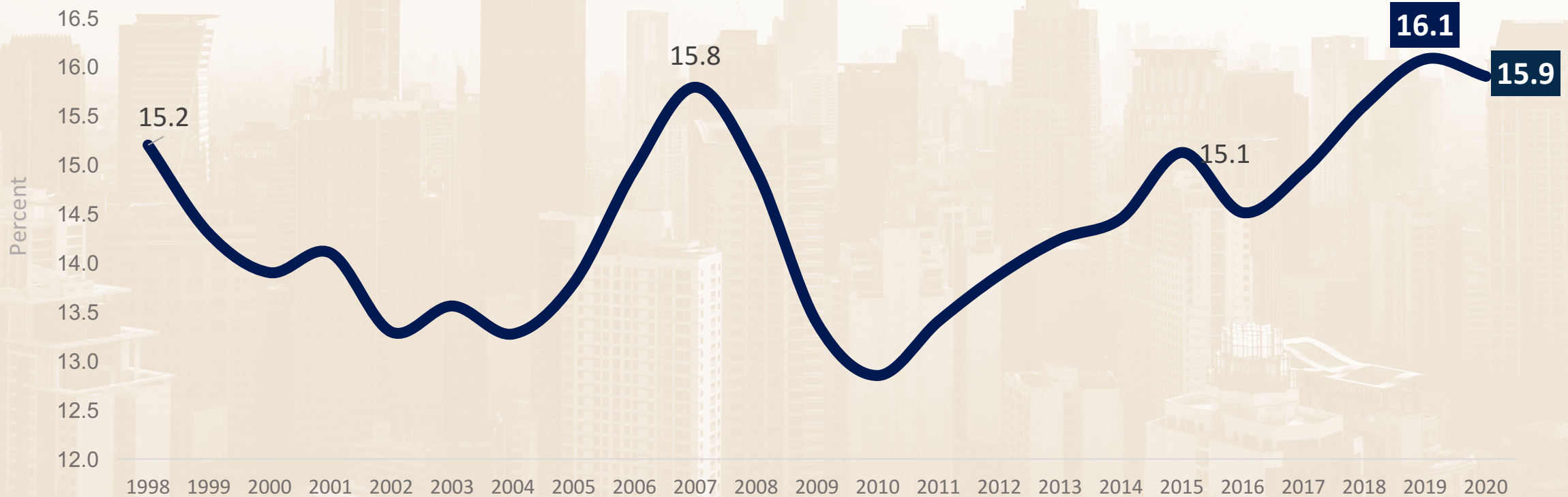
This pandemic is a test of fiscal stamina and it was fortunate that when it hit us,

the Philippines was financially ready.



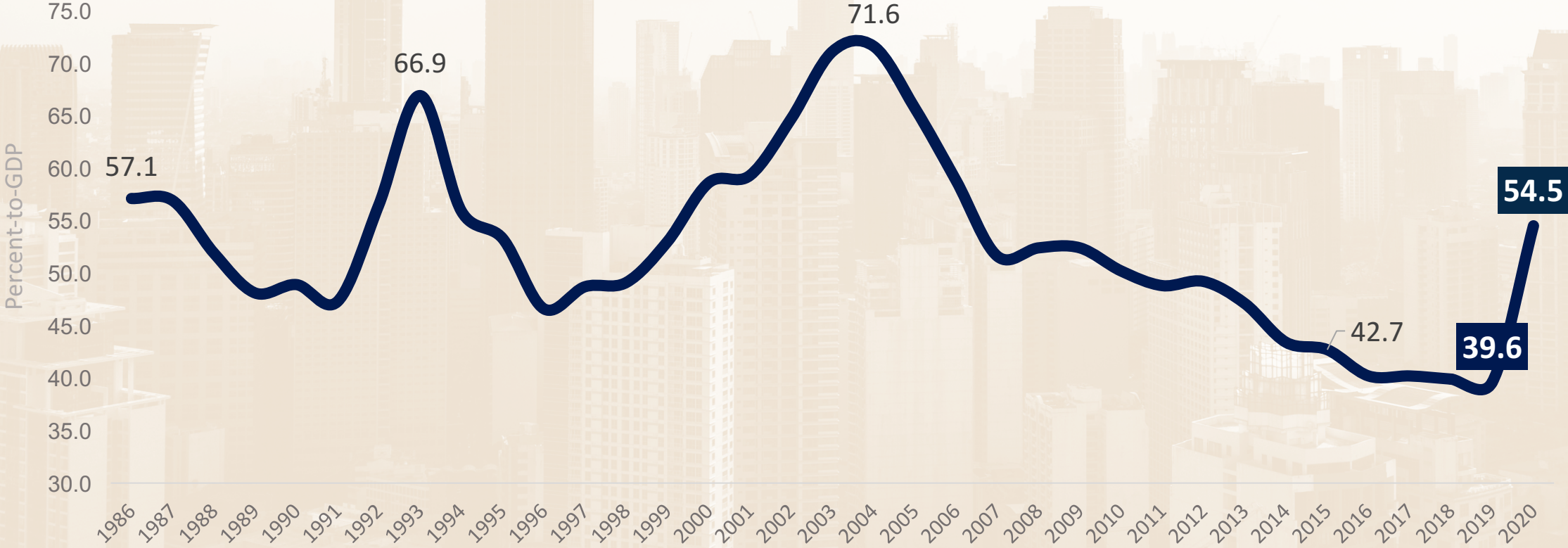
We entered 2020 with a record high revenue effort at 16.1 percent of our GDP due to our tax reforms and improved tax administration.

REVENUES AS PERCENTAGE OF GDP



We entered 2020 with a historic low debt-to-GDP ratio of 39.6 percent, much lower than most emerging economies.

NATIONAL GOVERNMENT DEBT-TO-GDP RATIO



Source: Bureau of the Treasury

The game-changing reforms we had institutionalized over the last five years cemented our overall macroeconomic stability and allowed us to respond decisively to the health crisis.



Series of Tax Reform
Laws



Ease of Doing
Business Law



Build, Build, Build
Program



Rice Tariffication Law



Digitalization Efforts



Universal Health Care
Program

The Comprehensive Tax Reform Program

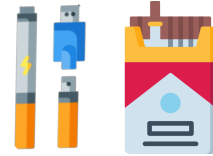
Signed into law

1



**Tax Reform For
Acceleration and
Inclusion (TRAIN)**

2



**Tobacco Tax
Reform**

3



Tax Amnesty

4



**New Sin Tax
Reform**

5



**Corporate Recovery
and Tax Incentives
for Enterprises
(CREATE)**

Pending Congressional Approval

1



**Property Valuation
Reform**

2



**Passive Income
and Financial
Intermediary
Taxation**

The President signed into law the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act on March 26, 2021.



Largest fiscal stimulus program for enterprises in the country's history

The CREATE law provides P1 trillion (USD 20.5 billion) worth of tax relief over the next 10 years.



Provides hefty corporate income tax rate cuts

The law provides an immediate 10 percentage point cut in the corporate income tax rate of domestic MSMEs (from 30 percent to 20 percent), while the rest of the firms enjoy a 5-percentage point reduction (from 30 percent to 25 percent).



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

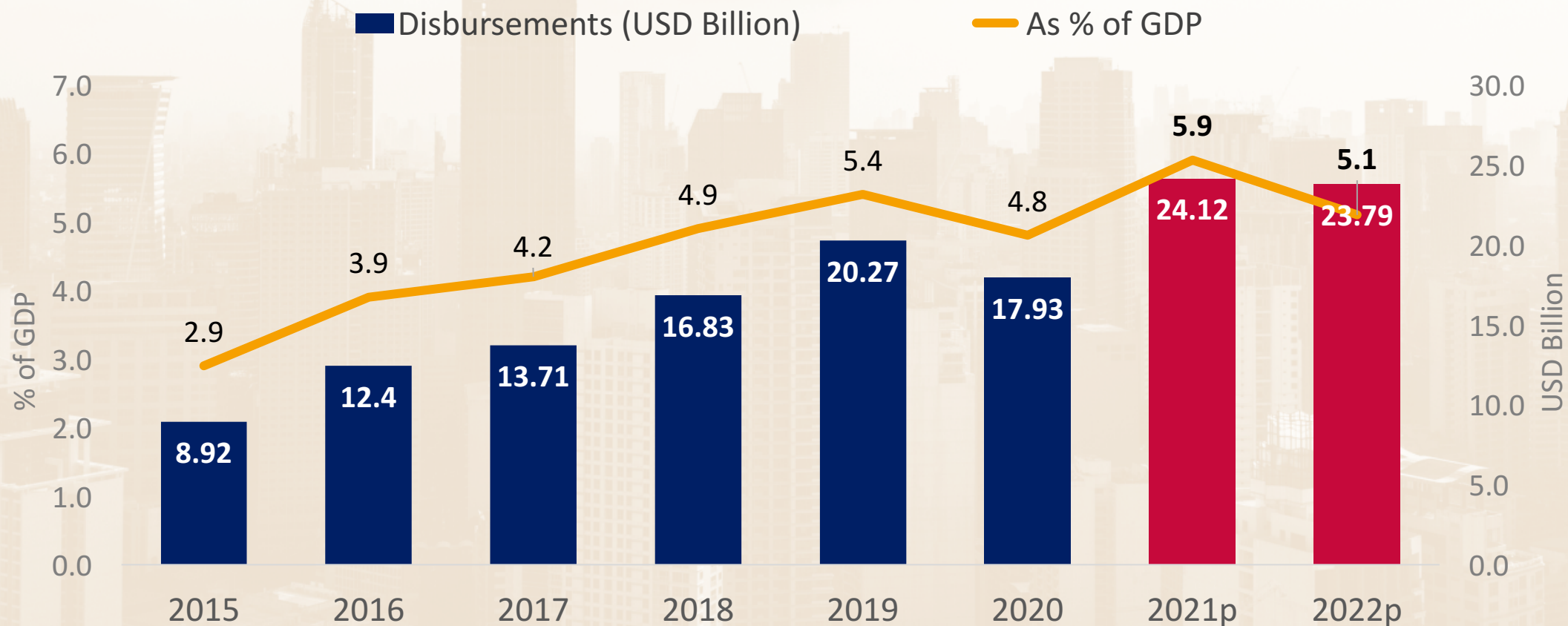
The law rationalizes fiscal incentives, creating an enhanced incentives package that is performance-based, time-bound, targeted, and transparent.

In this battle against COVID-19, we are committed to **continue striking a delicate balance** between providing substantial support to the economy and maintaining our policy of long-term debt sustainability.



We are maintaining the pace of our Build, Build, Build program.

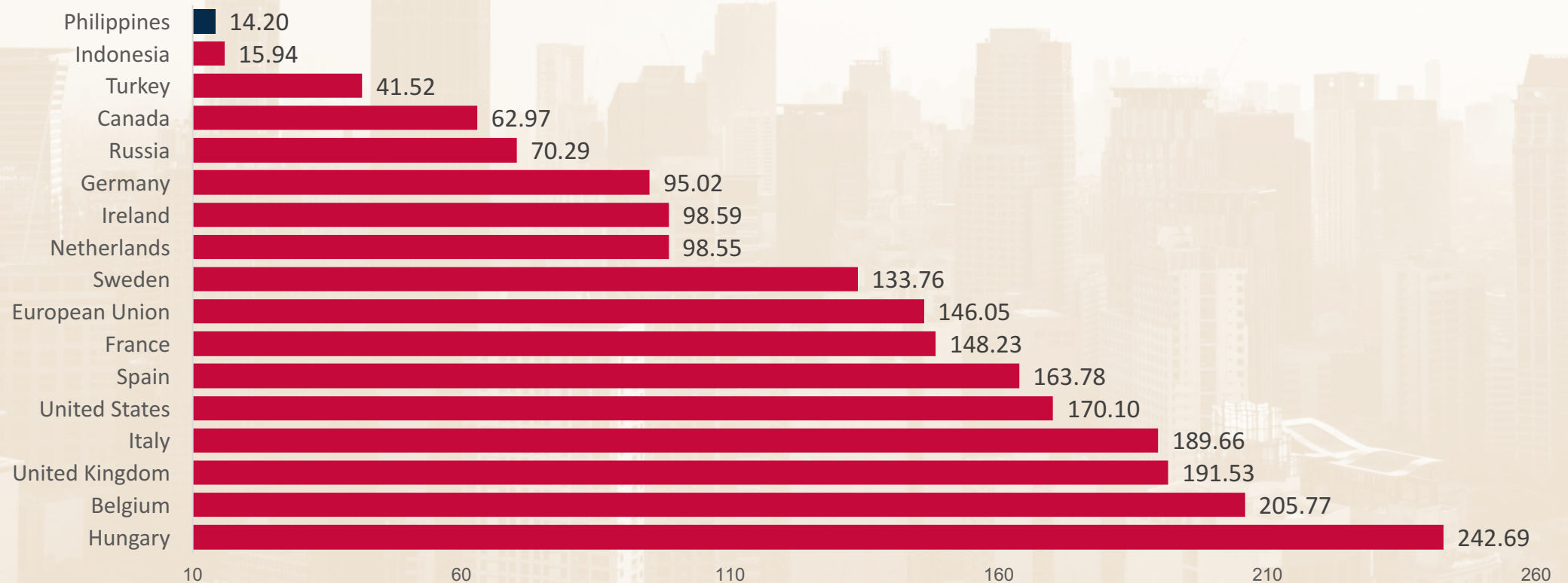
INFRASTRUCTURE SPENDING AS PERCENTAGE OF GDP



The Philippines' death rate is roughly 14 people per hundred thousand of its population. Other countries have over 150 deaths per one hundred thousand population.

COVID-19 DEATHS PER 100,000 POPULATION OF SELECT COUNTRIES

As of April 14, 2021



The Philippine government has a total budget of USD 1.70 billion for the procurement of COVID-19 vaccines.

NATIONAL VACCINATION PROGRAM BUDGET

Source	Particulars	Amount (In USD Million)
General Appropriations	DOH Budget	51.5
	Bayanihan II	206.2
Subtotal		257.7
Multilateral Sources	World Bank	500.0
	ADB	400.0
	AIIB	300.0
Subtotal		1,200.0
Others	Savings and other ODA arrangements as necessary	243.3
Subtotal		243.3
Total Funds (Vaccines, logistics and other supplies)		1,701.03

The strategy to finance majority of the vaccination program through the World Bank, ADB, and AIIB assures the public of two things:



The vaccines have passed the stringent criteria for safety and effectiveness.



The vaccine procurement is totally transparent.

Concerns over election risks are unfounded given the Duterte administration's strong commitment and track record in pursuing strategic reforms.

We have ample political will and capital that we will judiciously use until the end of the President's term.



We are committed to pursue the remaining tax reform packages that will allow a simpler, fairer, and more efficient tax system.



Package 3: Property Valuation Reform

This aims to promote the development of a just, equitable, and efficient real property valuation system that is based on international standards.



Package 4: Passive Income and Financial Intermediary Taxation

This aims to simplify the taxation of passive income and financial services and transactions by reducing the number of combinations of tax bases and rates from 80 to about 40.

We will push for the passage of complementary bills that will open up the country to more foreign direct investments.

**Retail Trade
Liberalization Act**

Aims to remove barriers to foreign investments in the local retail sector.

Foreign Investments Act

Seeks updates to the declaration of policy to encapsulate inclusive economic growth, advancements in technology, and the dynamic relationships among global and regional economies.

Public Service Act

Aims to open more businesses to foreign participation and make our economy more progressive.

We have ongoing digitalization programs to improve the delivery of public services.

Electronic invoicing System



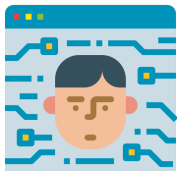
The system is capable of processing and storing electronic invoices issued by taxpayers on near real-time. This will make it easy to issue digital receipts and capture and upload the data in the receipt to a centralized database.

Customs Modernization Project



This aims to transform the Bureau of Customs into a world class agency by streamlining and upgrading its systems and processes through information and communications technology.

National digital ID system

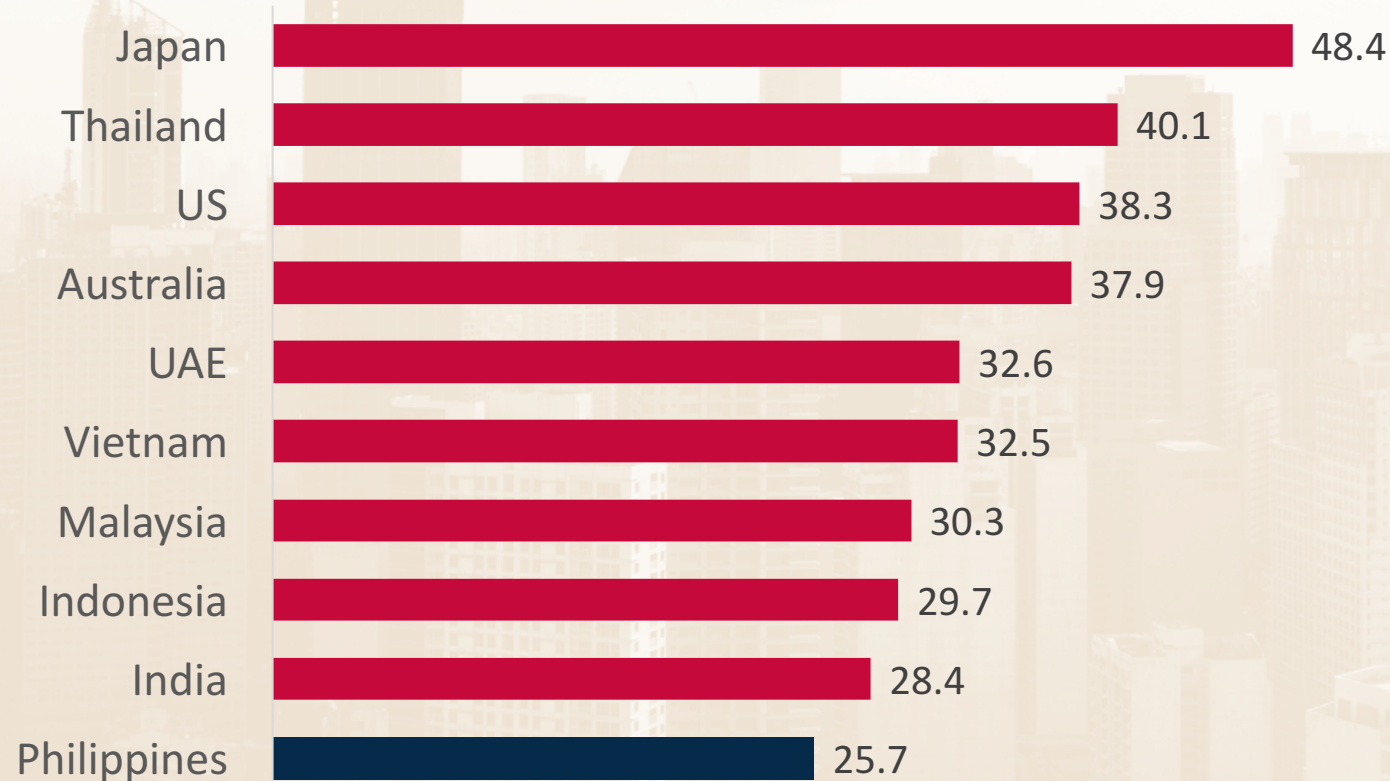


As a foundational digital ID system, this will transform how services are delivered and accessed in the Philippines, and accelerate our transition to a digital economy, including the shift to paperless and cashless transactions.

Our highly talented, tech-savvy, and young workforce is our key asset.

MEDIAN AGE OF SELECT COUNTRIES

Retrieved on April 14, 2021



Source: Worldometer

Even with the ongoing pandemic, the Philippines acknowledges the urgency of putting forward stronger climate adaptation and mitigation measures.



We are staunchly committed to adhere to the targets set by the Paris Agreement on climate change action.



We will push for the enactment of a legislative measure banning single-use plastics.



We aim to mobilize investments in renewable energy, sustainable urban planning, and climate-smart agriculture.

Even with the unprecedented crisis, the Duterte administration will continue to work hard until the last minute of its term to undertake the reforms we had set out to do in our zero-to-ten-point socioeconomic agenda.



Peace and Order Stability



Continue macroeconomic policies



Tax Reform Program



Ease of Doing Business



Rural Development



Security of Land Tenure



Human Capital Development



Build, Build, Build Program



Promote Science and Technology, and Creative Arts



Social Protection Program



Responsible Parenthood and Family Planning

We will make sure that these measures
**will be irreversible and will form the
foundation of an inclusive, sustainable,
and investment-driven economy for the
Filipino people.**





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