NO TAXES, NO INFRA

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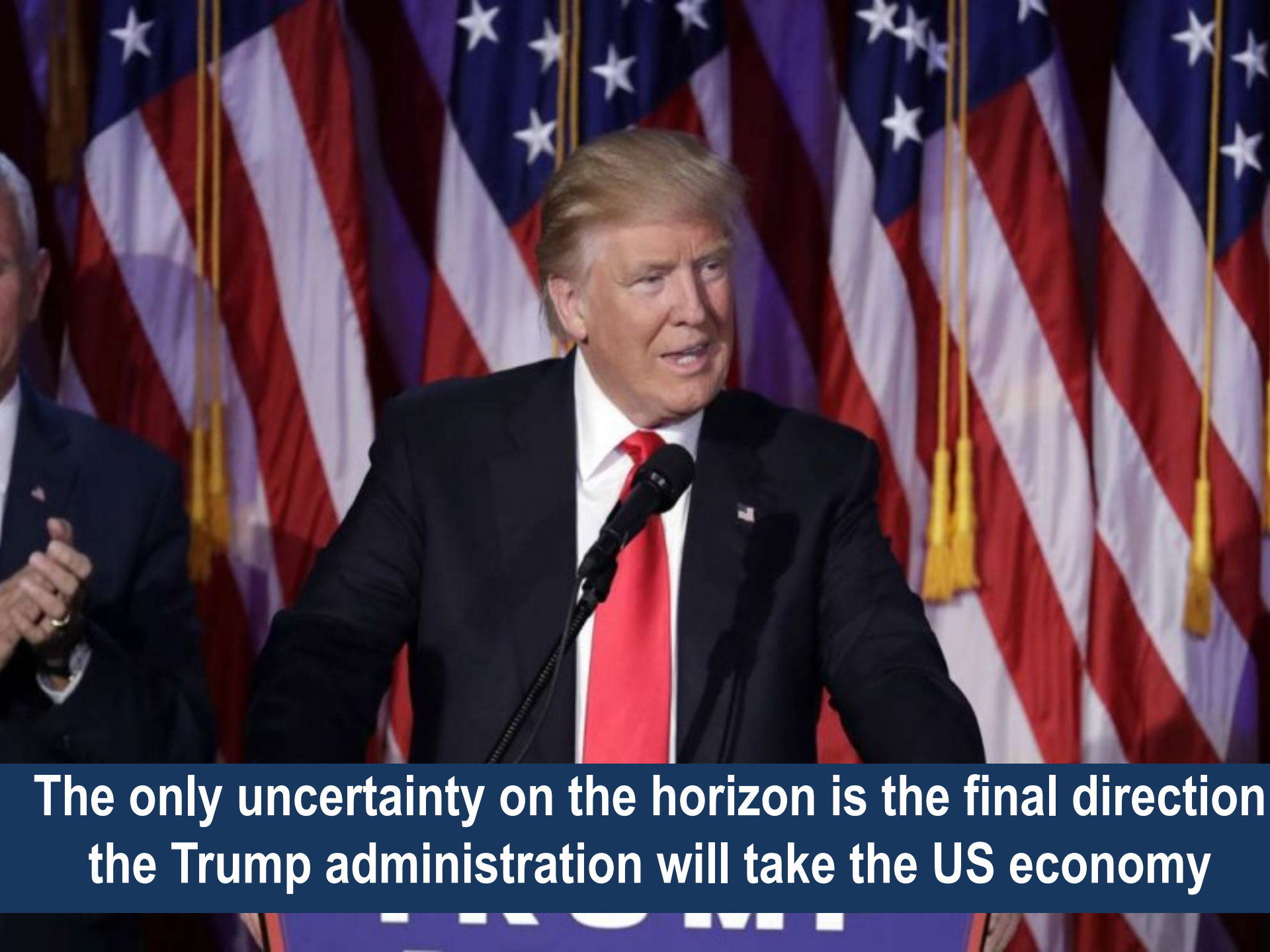
SECRETARY OF FINANCE, REPUBLIC OF THE PHILIPPINES

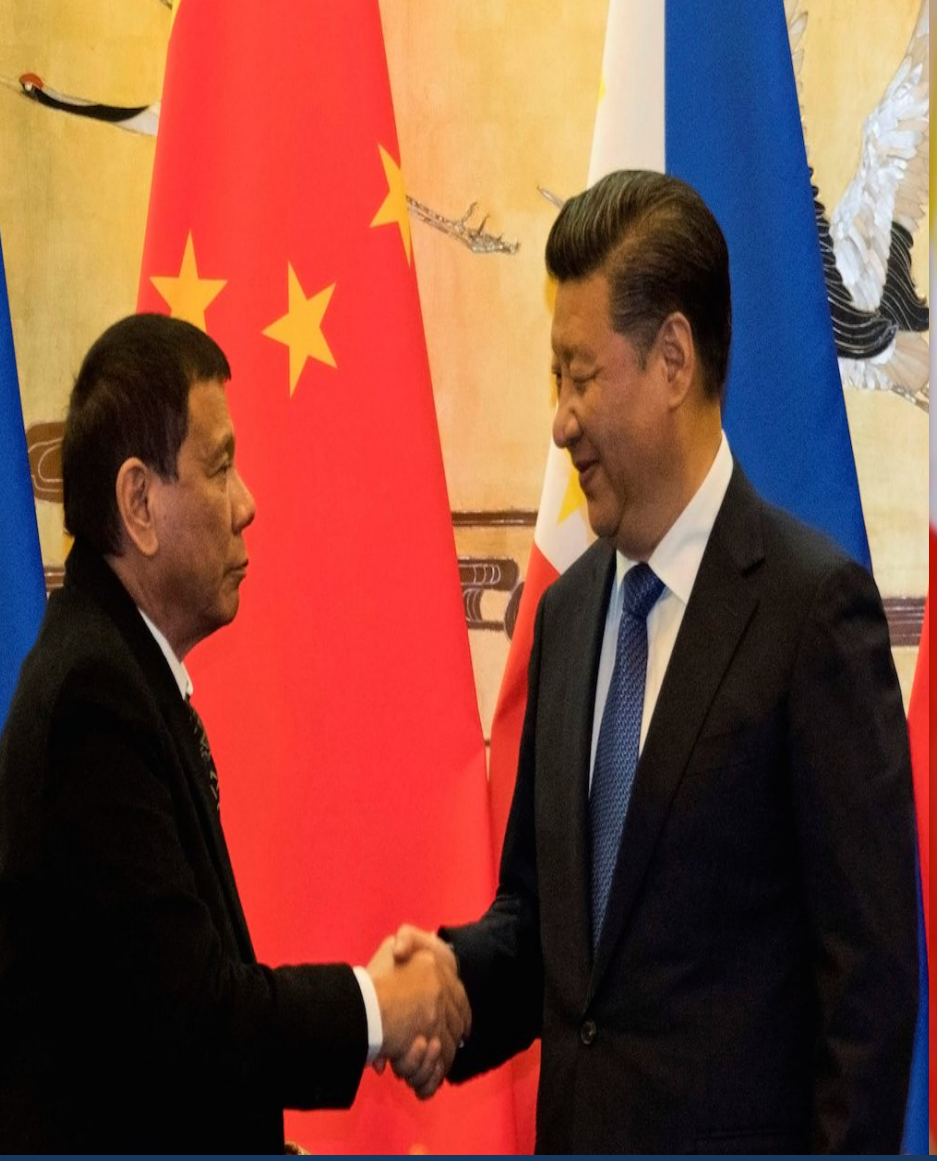
REMARKS BEFORE THE MANILA TIMES 5TH BUSINESS FORUM
FEBRUARY 10 2017

The private sector is the main driver of our economic growth

Increased investment flows and broader investments in infrastructure



The only uncertainty on the horizon is the final direction the Trump administration will take the US economy



We have so far concluded trade, investment and development assistance agreements with China and Japan

All these gains should more than offset whatever possible protectionist policies the Trump administration might decide to institute

10-POINT SOCIOECONOMIC AGENDA

Continue macroeconomic policies

Tax reform

Ease of doing business

Infrastructure building

Rural development

Land administration

Human capital development

Science, technology and arts

Social protection program

Reproductive health

The goal is not only to achieve high growth but also shape that growth so that it will become truly inclusive

Our growth must be investment-led instead of consumption-led

Investment-led growth creates meaningful employment

Rapidly upgrade our infrastructure

Groundbreaking public investments program

Further improve tax administration

Infrastructure gap

We cannot have a truly inclusive growth pattern until we are able to close the infrastructure gap

Reduce the poverty rate to 14% of the population by the end of the Duterte administration

Bring the country to high middle-income status by 2040

Rapidly modernize the agricultural sector to relieve rural poverty

Increase investments in infrastructure

Open up more public-private partnership projects

We need to raise an additional:

P366 BILLION

Per year over the medium term to fund increased public investments in infra, education and public health

Cut individual and corporate income tax rates

Bring income taxes from the top

32%

To a more reasonable

25%

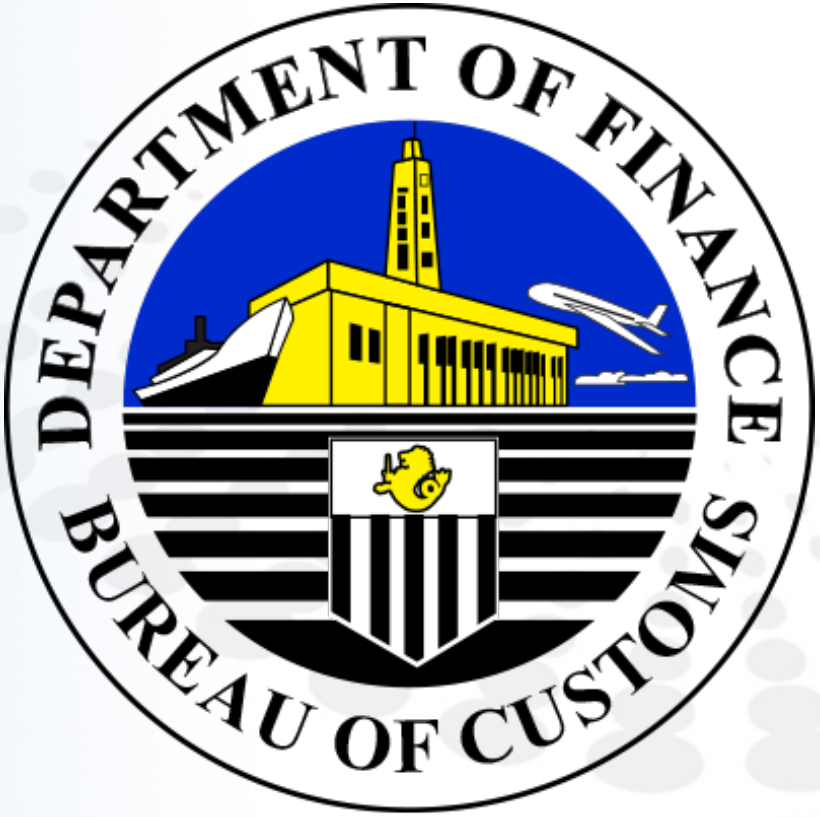
BIR’s Large Taxpayer Unit monitors fewer than 3,000 taxpayers

Thailand has a VAT rate of 7%

Philippines has a VAT rate of 12%

Review and reduce the exemptions to VAT

Introduce new revenue instruments that will bring up aggregate revenue



BIR and BOC are now yielding over 97% of targeted collections

Congress to be a stanch partner in reinventing our tax system

Public investments must be raised

Millions of young Filipinos will be joining the workforce

Modernize and build new roads, railways and ports

Build the necessary infra to feasibly move tourists to our prime destinations

More power resources to support an enlarged industrial base to compete capital

Bring in a cutting edge digital infrastructure to expand the BPO sector

Unless we produce new revenues, we cannot build the infra we need

This is the time for our country to break out from low growth and broad poverty

The key is the tax reform package that will bring:

P800 BILLION

Additional revenues

Reduce the poverty rate to 14% of the population by the end of the Duterte administration

It will make our economy a growth driver for the region and a model for the rest of the world

“There is a tide in the affairs of men.
Which, taken at the flood, leads on to fortune;
Omitted, all the voyage of their life is bound
in shallows and miseries. On such a fool sea,
we are now afloat, and we must take the current
when it serves, or lose our ventures.”

-William Shakespeare

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