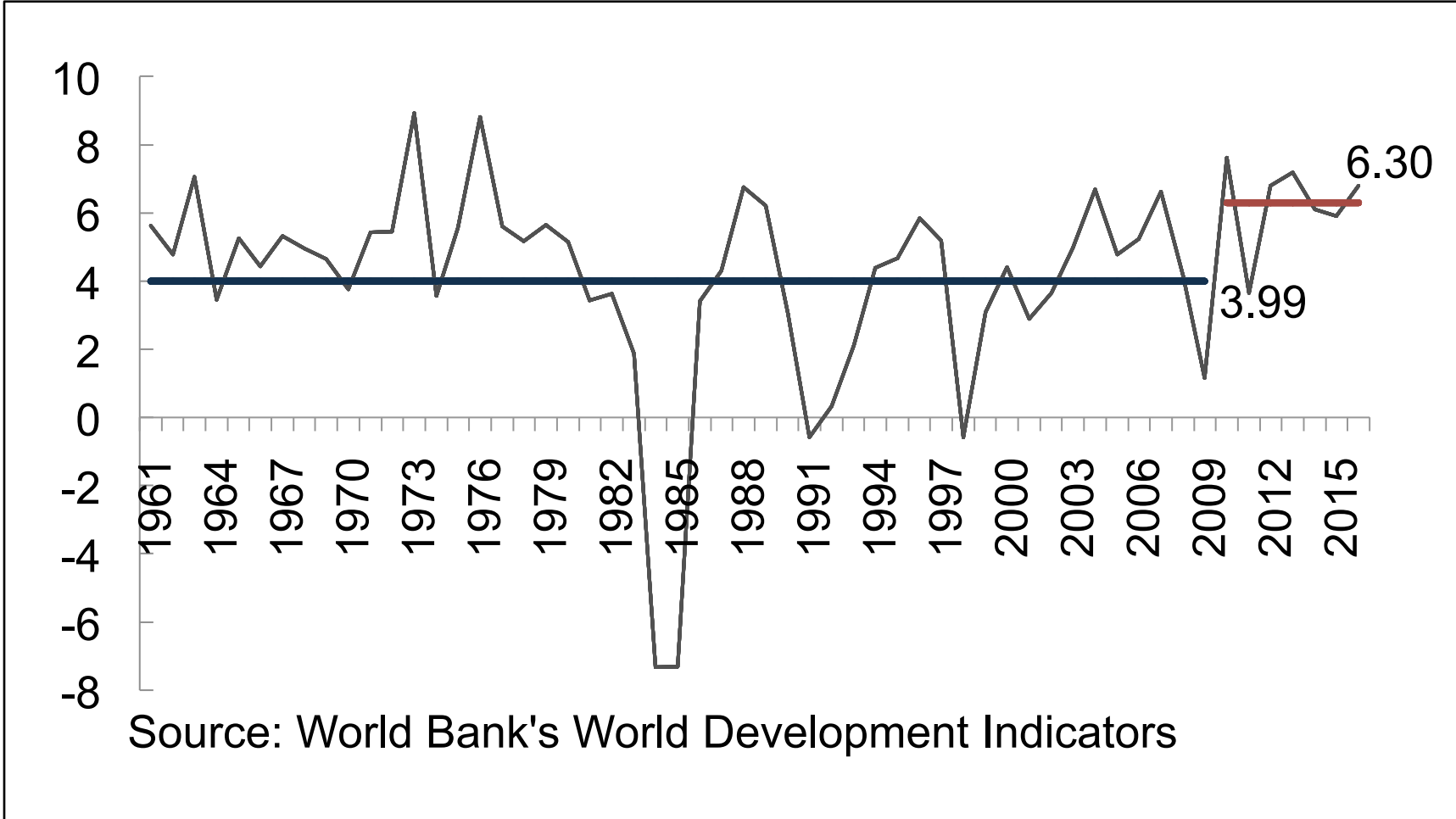




# **Tax reform for sustained and inclusive growth**

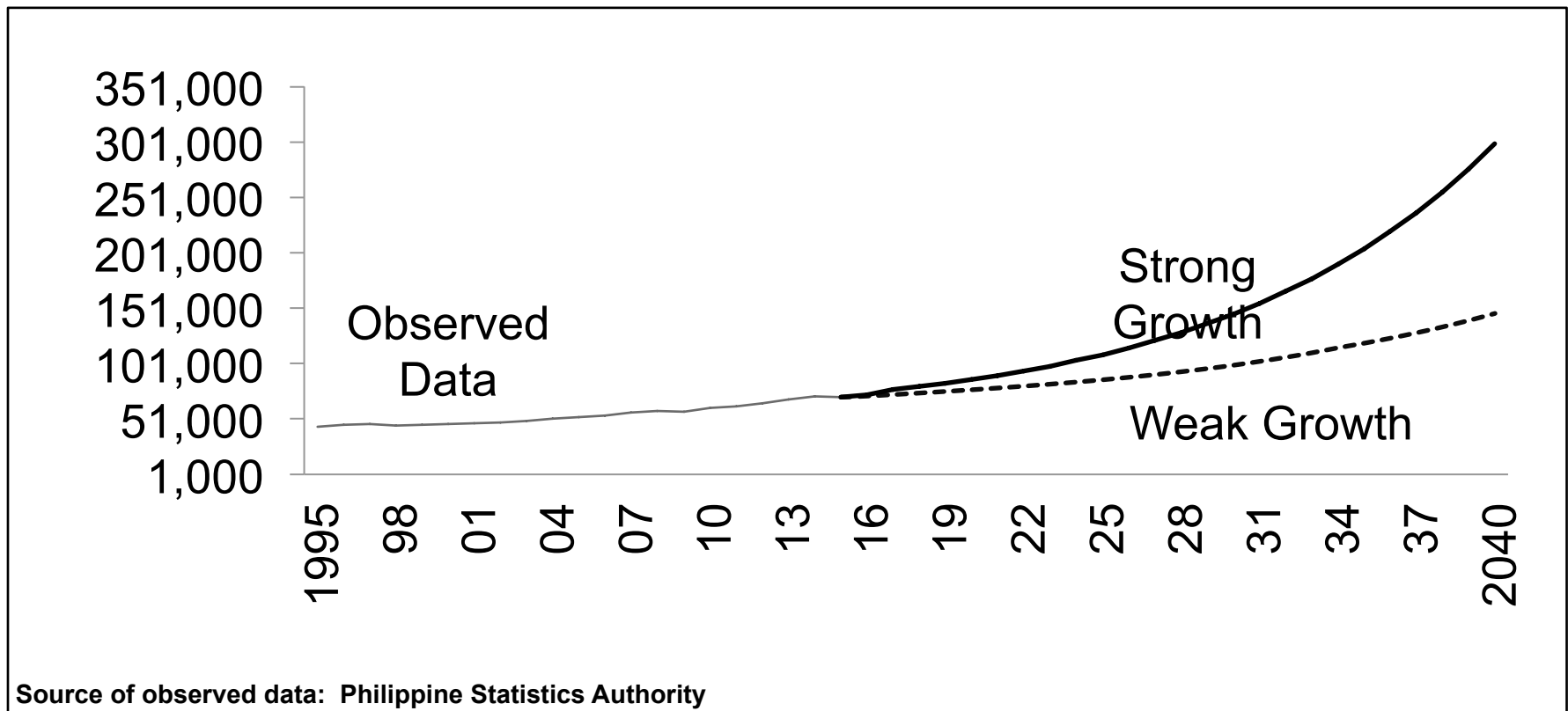
Ramon L. Clarete

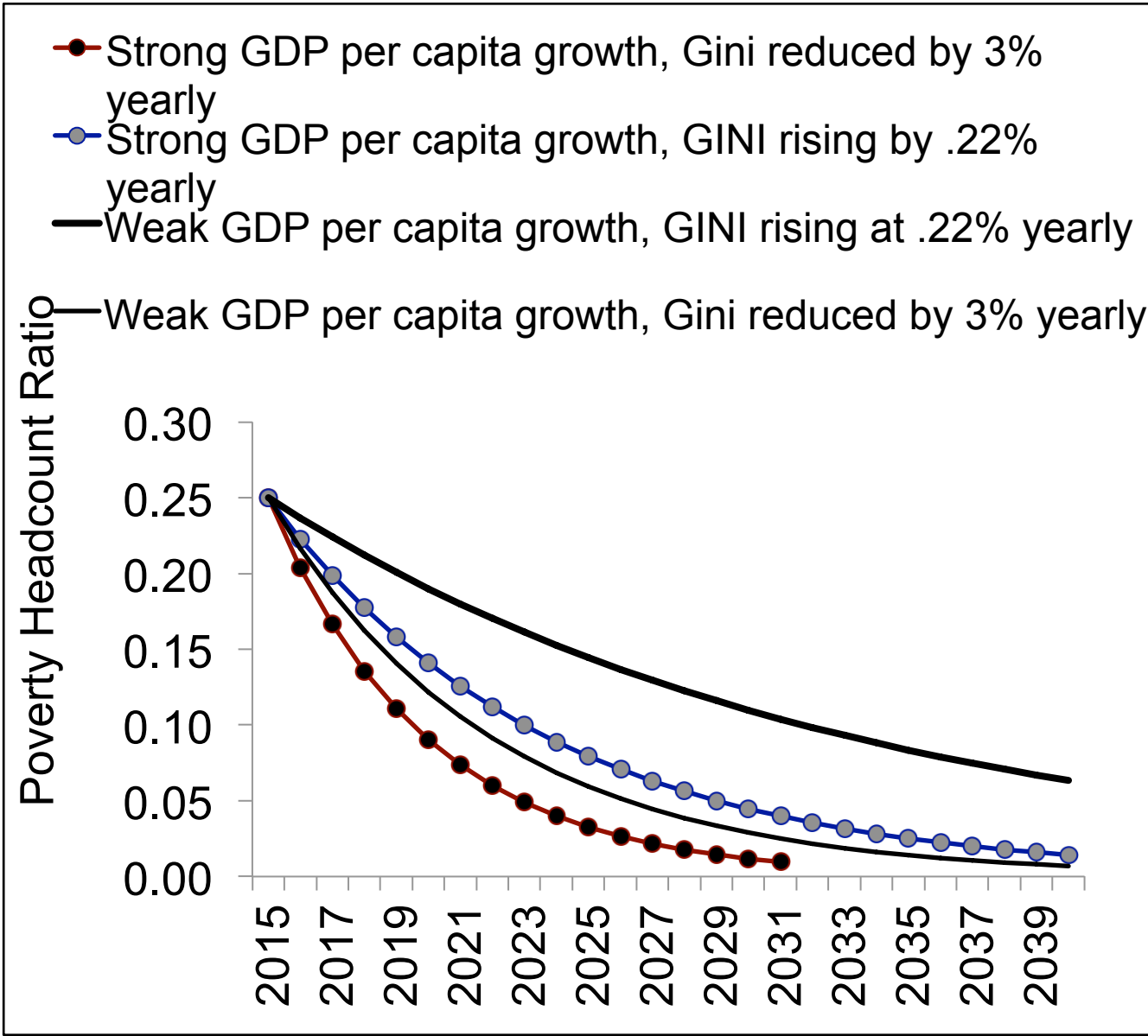
# Economic Growth Record



Source: World Bank's World Development Indicators

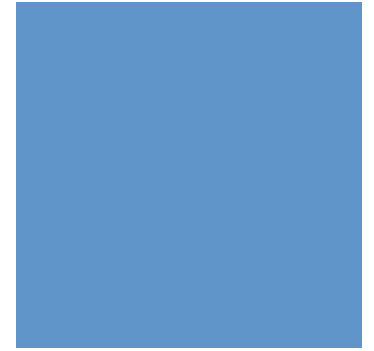
# Ambisyon 2040





Poverty  
elimination  
, 2040

# Agenda for Ambisyon 2040



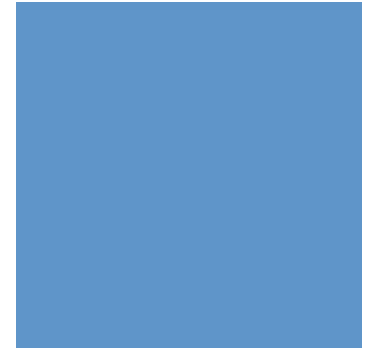
- Sustained growth, at least 6.5%
- Inclusive growth, inequality reduced on average 3% per year

# 9 Priority Sectors



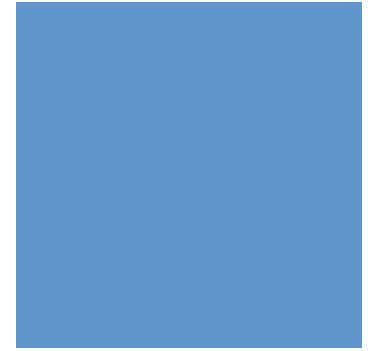
- 1) Housing and urban development
- 2) Manufacturing (food processing, housing-related goods and services, transport)
- 3) Connectivity (roads, ports, airports, bridges, communication)

# 9 Priority Sectors



- 4) Education services
- 5) Financial services
- 6) Health services
- 7) Tourism-related services
- 8) Agricultural development
- 9) Countryside development

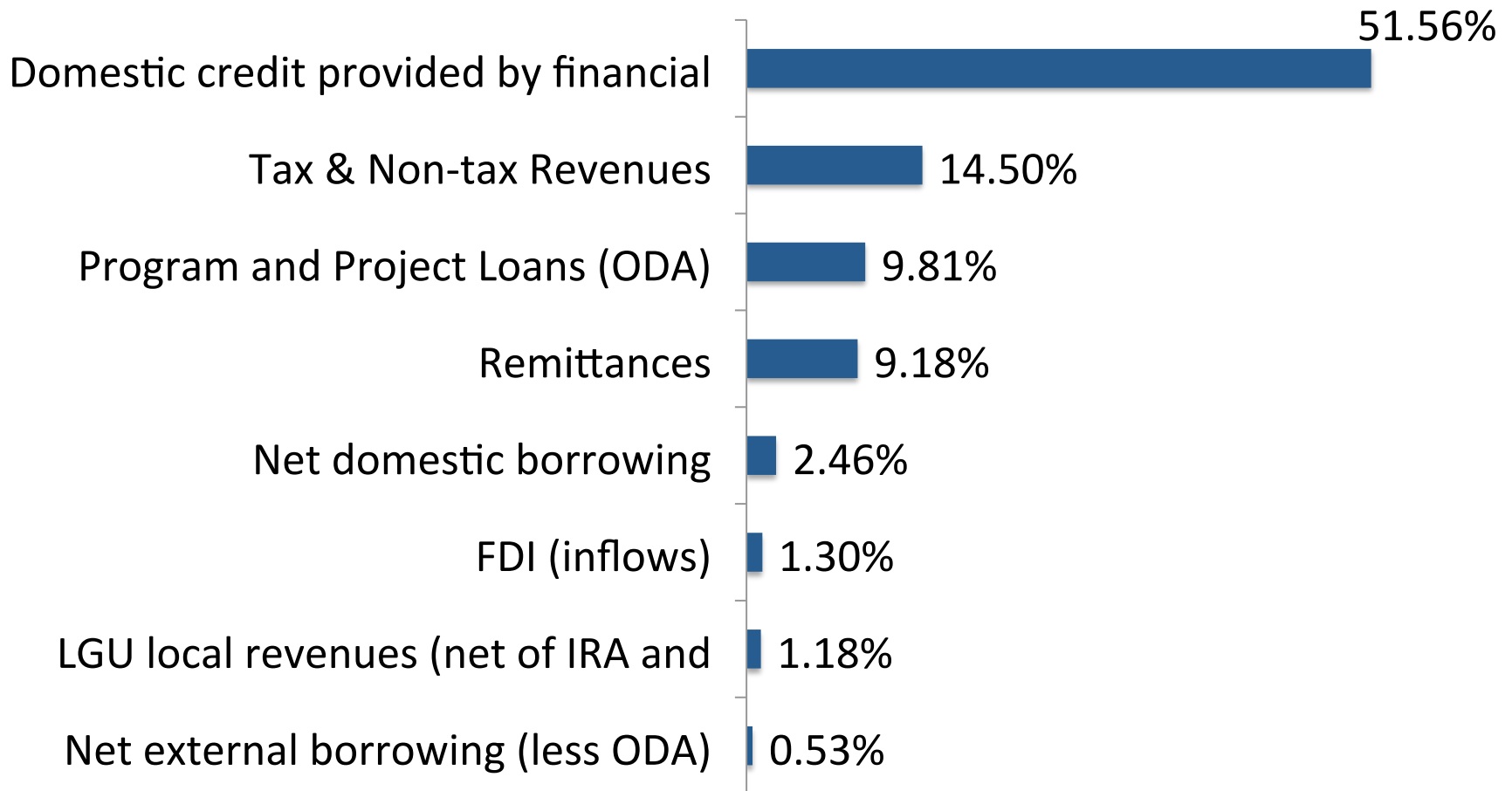
# Development Funding Means



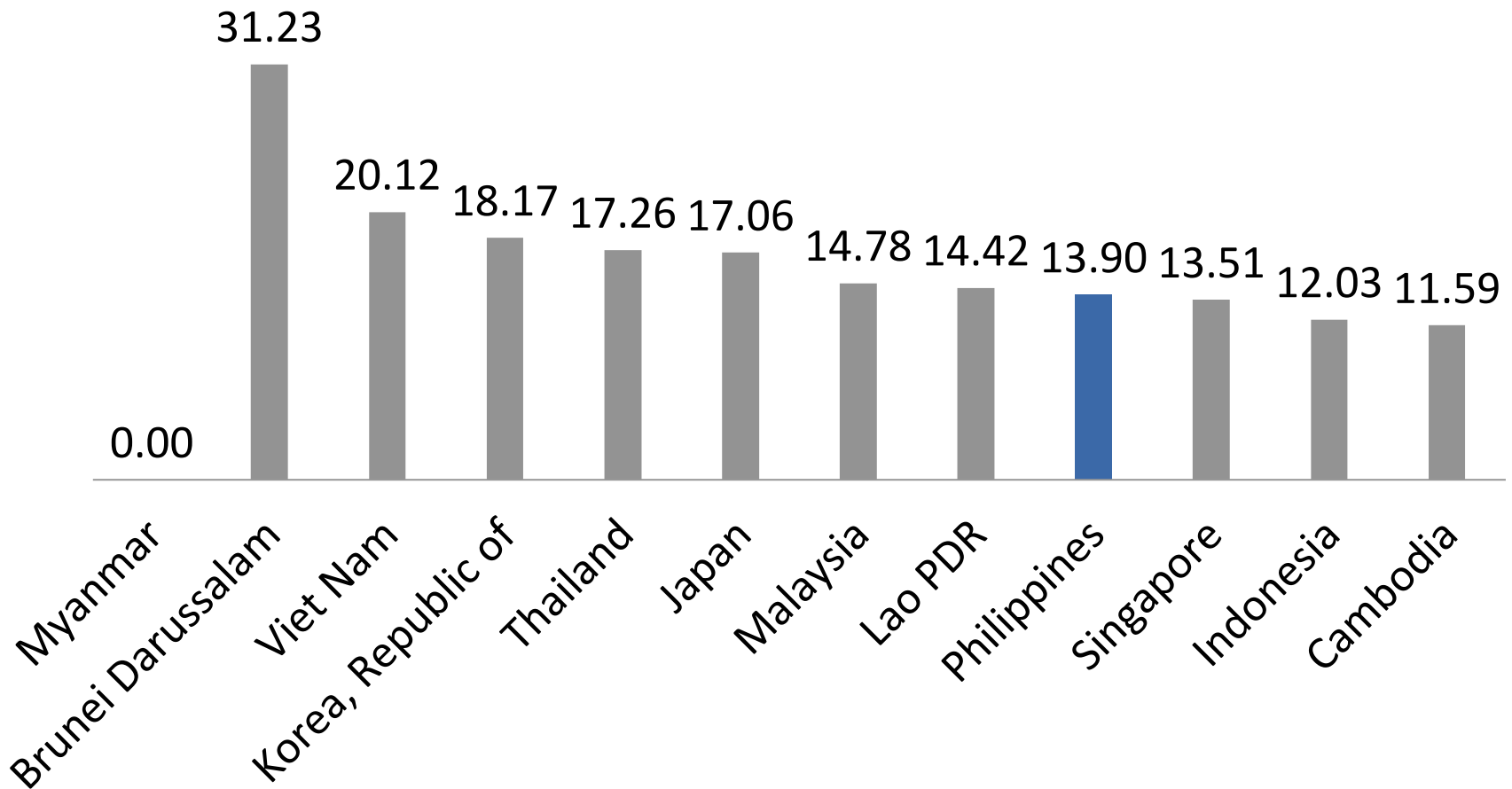
- Tax revenues
- Financial system
- Public-private partnership (PPP)
- Official development assistance (ODA), and
- Remittances.



# Average Fund Flow (% of GDP) 2000 - 2013



# Average Tax Effort, East Asia 2010-2014 (% of GDP)



# Tax Reform Program 2017



- House Bill No. 4774 or Tax Reform for Acceleration and Inclusion (TRAIN), authored by Rep. Dakila Carlo E. Cua
- Substitute bill, HB 5636, got approved at the House last month.
- SB1408 which reflects close the DOF recommended program (and HB No. 4774) is deliberated by the Senate Ways and Means Committee.

# Reform Measures



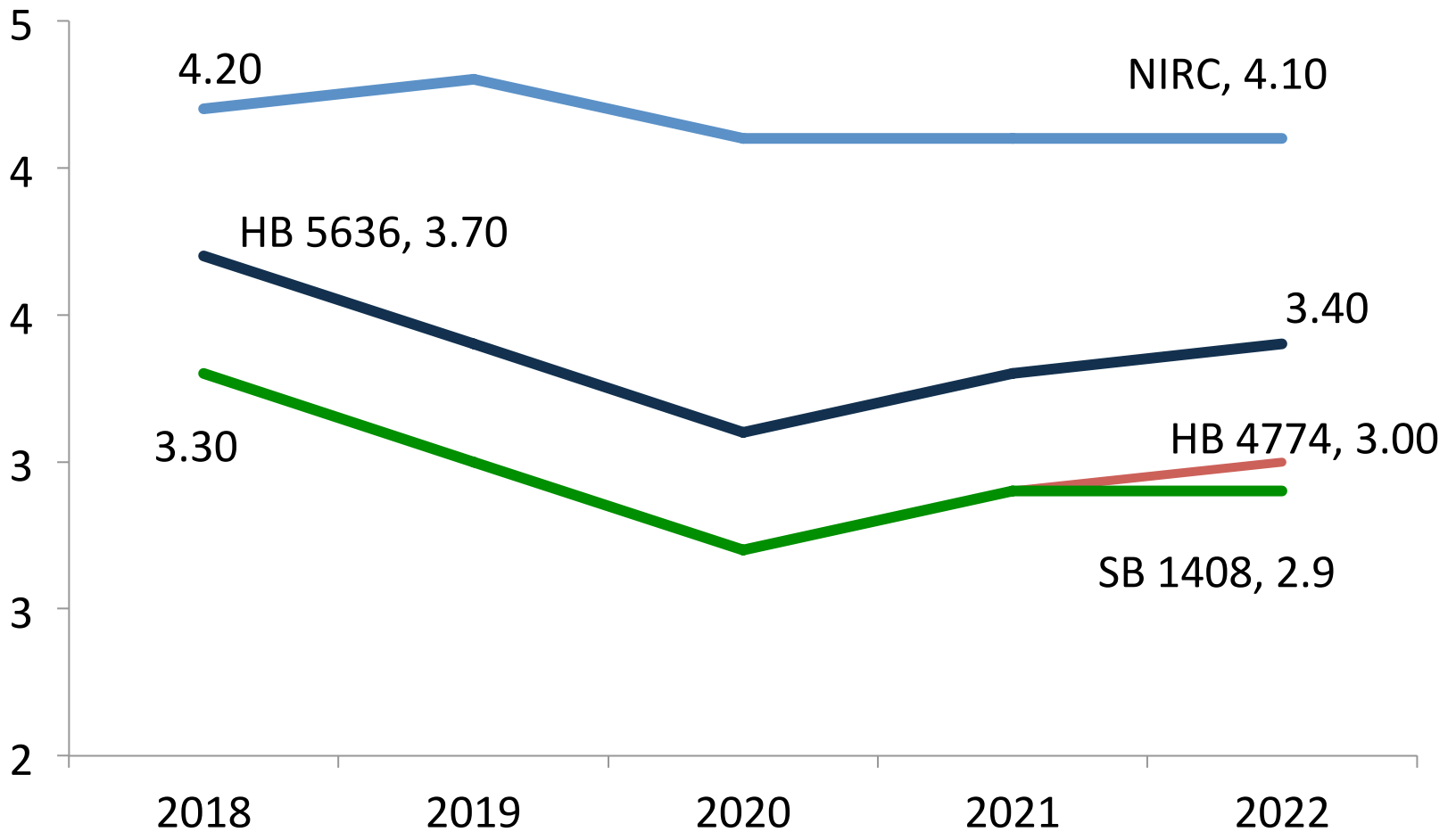
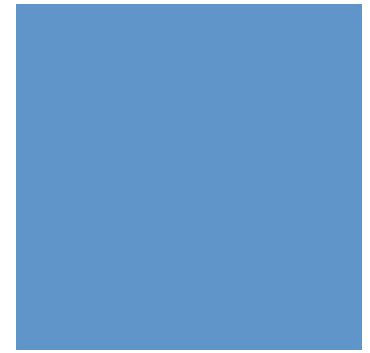
- Tax policy
  - lower personal income taxes,
  - broaden the value added tax (VAT) base,
  - adjust the excise taxes on petroleum and automobiles, and
  - reduce the rates of estate and donor's tax.

# Reform Items

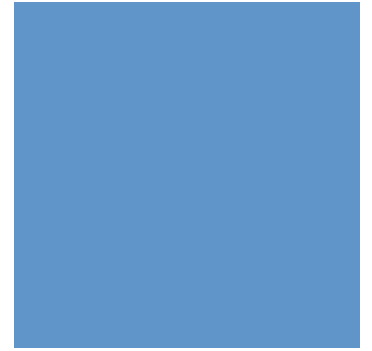


- Tax administration measures:
  - (a) mandatory use of fuel marking;
  - (b) mandatory issuance of e-receipts;
  - (c) mandatory interconnection of large and medium firms' point of sales machines and accounting systems with the Bureau of Internal Revenue (BIR);
  - (d) mandatory use of GPS locks when transporting cargo from ports to economic zones and free ports; and (e) relaxation of bank secrecy for fraud cases.

# Implications on Fiscal Deficit

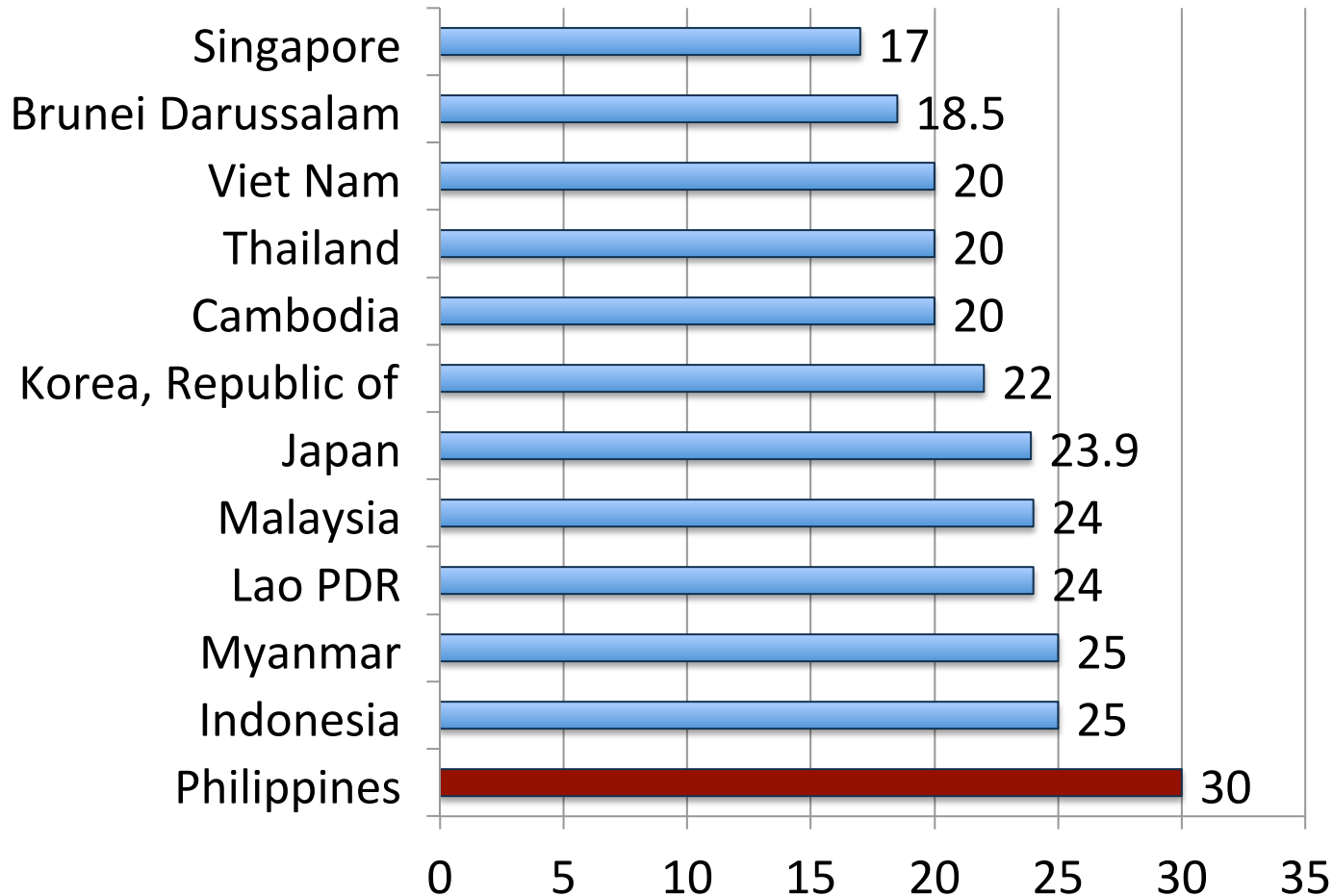


# Other Tax Reform Measures

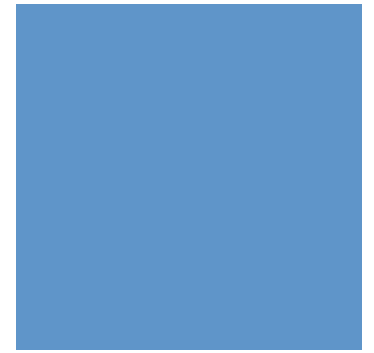


- Reduction of the corporate income tax
- Financial sector tax reform
- Tax transfers

# Corporate Tax Rates in East Asia (%)







Thank you.