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Tax Summit 2024

Tax Reforms Unlocked: Opportunities and implications for taxpayers

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Shangri-La The Fort, BGC, Taguig

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Presentation from the BIR
State of taxation: EOPT Reforms

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Background

Republic Act (RA) No. 11976, otherwise known as the "Ease of Paying Taxes (EOPT) Act", was signed into law on January 5, 2024 by President Ferdinand R. Marcos, Jr., together with his VETO message. It was published in the Official Gazette on January 7, 2024 and took effect on January 22, 2024 or 15 days from its publication in the Official Gazette.

The law aims to simplify tax filings, particularly for those classified as Micro and Small Taxpayers, by introducing the file-and-pay anywhere system and allowing most of the tax processes to be done online. It also included the shift to an invoice system to improve the registration process as well as to accelerate the processing of VAT refunds. The following are the significant amendments to the Tax Code brought about by the EOPT Act:

Classification of Taxpayers

Classification	Threshold
Micro Taxpayers	With Gross Sales of less than ₱ 3,000,000
Small Taxpayers	With Gross Sales of ₱ 3,000,000 but less than ₱ 20,000,000
Medium Taxpayers	With Gross Sales of ₱ 20,000,000 but less than ₱ 1,000,000,000
Large Taxpayers	With Gross Sales of ₱ 1,000,000,000 and above

Special Concessions for Micro and Small Taxpayers

Micro and Small Taxpayers shall enjoy the following special concessions under the EOPT Act:

- Simplified Income Tax Return – two (2) pages
- Reduced rate of 10% for civil penalties under Section 248 of the Tax Code, as amended
- 50% reduction on the interest imposed under Section 249 of the Tax Code, as amended
- Reduced fine of ₱ 500 as penalty for failure to file certain information under Section 250 of the Tax Code, as amended
- Reduced compromise penalty rate of 50% for violations of Section 113, 237 and 238 of the Tax Code, as amended

File and Pay Anywhere

The EOPT Act now allows taxpayers to file their tax returns and pay their taxes, either electronically or manually, with any Authorized Agent Bank, Revenue District Office (through its Revenue Collection Officers), or Authorized Tax Software Provider. This gives taxpayers the flexibility in filing and paying their taxes anywhere without worries of incurring administrative penalties for filing at the wrong venue.

Ease of Registration

Registration facilities shall be made available to all taxpayers including those not residing in the Philippines. The Annual Registration Fee of ₱ 500 was also removed under the EOPT Act. This provides taxpayers engaged in business, especially Micro and Small Taxpayers, with immediate financial relief by reducing their administrative expenses. Furthermore, the registration of taxpayers shall be cancelled or transferred upon the mere filing of an application for cancellation/transfer with the RDO where the taxpayer is registered.

Deductions from Gross Income

The withholding of taxes as a requirement for deductibility expenses (per Section 34(K) of the Tax Code) has been repealed. This means that non-withholding of taxes in certain payments will no longer be a ground for the disallowance of claims for deductible expenses.

Simplified Timing of Withholding

Under the EOPT Act, the obligation to deduct and withhold the tax arises at the time the income has become payable. This eliminates the need for the payor to consider when the obligation becomes due, demandable or legally enforceable. Instead, it focuses on the more straightforward concept of when the income has become payable.

Invoicing Requirements

Previously, taxpayers' claim for deductions and VAT credit or refund have been disallowed for non-compliance with invoicing requirements, particularly with the "business style." Under the EOPT Act, "business style" has been removed as a mandatory information to be contained in the invoice.

The threshold for mandatory issuance of invoices is increased to ₱ 500, which shall be adjusted to its present value every 3 years based on the Consumer Price Index, as published by the Philippine Statistics Authority (PSA).

In case of failure of the VAT-registered person to provide complete information in the invoice, the issuer shall be liable for non-compliance. However, the VAT shall still be allowed to be used as input tax credit on the part of the purchaser if the lacking information do not pertain to the following:

a. Amount of sales;
b. Amount of VAT;
c. Name and TIN of both the purchaser and issuer/seller;
d. Description of goods or nature of services; and
e. Date of the transaction.

Value-Added Tax (VAT)

Under the EOPT Act, the rule on the VAT treatment of sales of goods and services is harmonized, thereby requiring the issuance of sales invoice for both. The VAT invoice is the sole supporting document required in declaring output taxes and claiming input taxes. In addition, the "gross sales" shall now be the sole basis for the sale of goods or properties, sale of services, and use or lease of properties. This will align the accrual basis of accounting for both Income Tax and VAT.

The EOPT Act also mandates that the ₱ 3,000,000 VAT threshold shall be adjusted every 3 years based on the Consumer Price Index, as published by the PSA.

Risk-Based Classification of VAT Refund

VAT refund claims shall be classified into low-, medium-, and high-risk based on the amount of VAT refund claim, tax compliance history, and frequency of filing VAT refund claims, among others. Medium- and high-risk claims shall be subject to audit and other verification processes. Low-risk claims are not subject to audit and other verification processes, which will result in faster resolution of applications for refund of creditable input taxes.

E O P T

Output VAT on Uncollected Receivables

Output VAT pertaining to uncollected receivables may be deducted on the next quarter after the lapse of the agreed upon period to pay, provided that the seller has fully paid the VAT on the transaction and the VAT component of the uncollected receivables has not been claimed as an allowable deduction. In case of recovery of uncollected receivables, the output VAT pertaining thereto shall be added to the output VAT of the taxpayer during the period of recovery.

Tax Refund of Erroneously Paid Taxes

The Tax Code currently does not prescribe a period within which the Commissioner must process and decide on claims for erroneously paid taxes. The amendment introduced by the EOPT Act fixes the period to decide applications for refund of erroneously paid taxes to within 180 days from the submission of complete documents. This ensures that taxpayers' claim for refund of erroneously paid taxes are resolved immediately.

Clarification on Certain Provisions of the Tax Code

The EOPT Act institutionalizes existing policies in the Tax Code by providing clear provisions on the following:

1. **Filing of Returns by OFW** – Exemption from filing of Income Tax Returns for OFWs and OCWs on income solely derived from abroad.
2. **Authority to Print** – A clear provision that the issuance of Authority to Print (ATP) shall be free of charge.

Preservation of Books of Accounts

Period for preservation of taxpayer's books of accounts and other accounting records shall be for 5-years reckoned from the day following the deadline for filing a return, or if filed after the deadline, from the date of the filing of the returns, for the taxable year when the last entry was made in the books of accounts.

Publication of All Tax-Related Provisions

All tax-related information required to be published pursuant to any law, rules, and regulations may be published electronically in the Official Gazette, or the BIR's official website. Thus, all matters requiring publication relating to taxpayers may now be found at the BIR website (www.bir.gov.ph).

Other Changes in the Tax Code

1. Removal of "wrong venue" penalty in Sec. 248 of the Tax Code
2. Codification of "filing of return" and "payment of tax"
3. Rules on claim for refund due to dissolution of business

Digitalization of BIR Services

In order to improve the performance and efficiency in the delivery of its services, the BIR is mandated to adopt an integrated digitalization strategy by providing automated end-to end solutions for the benefit of taxpayers.

EOPT and Digitalization Roadmap

The BIR is mandated to develop an EOPT and Digitalization Roadmap to ensure ease of compliance of tax laws, rules and regulations, such as the adoption of simplified tax returns, streamlining of tax processes, reduction of tax or documentary requirements, and digitalization of BIR services.

Scan the QR code to know more about the EOPT Act or access www.bir.gov.ph.

For queries/clarifications on the EOPT Act and its implementing Revenue Regulations, please e-mail eopt@bir.gov.ph.

Sa Tamang Buwis, Pag-asenso'y Mabilis

BAGONG PILIPINAS

birgovph birgovph1 (02) 8538-3200

BUREAU *of* INTERNAL REVENUE

Salient Features of Ease of Paying Taxes (EOPT) Act

(Republic Act No. 11976)

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Global tax trends: Pillar 2 and the shifting tax paradigm

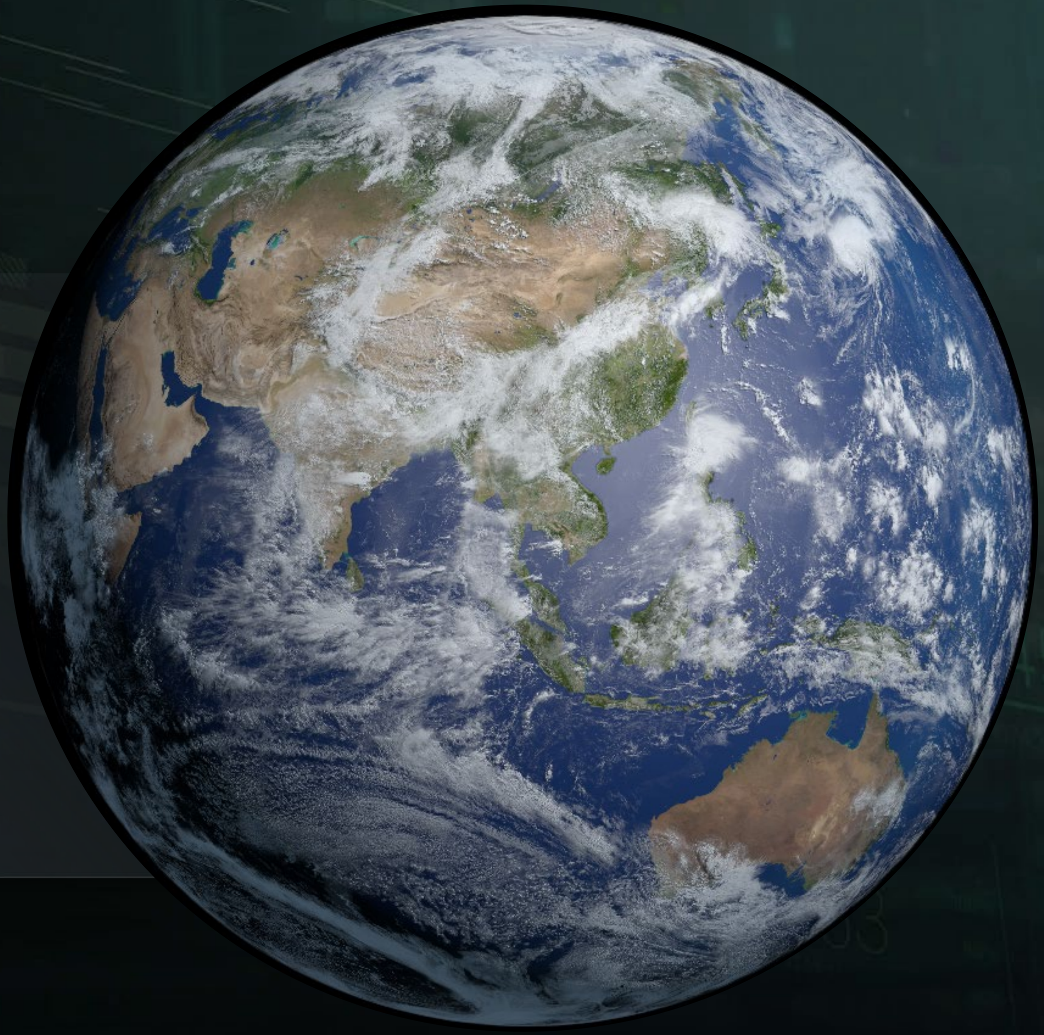
Carlo Navarro

Deloitte Philippines Tax & Legal Leader and
Southeast Asia Transfer Pricing Leader

Global tax trends:
Pillar Two and the shifting tax paradigm

Agenda

- Overview of BEPS 2.0: Pillar Two and the Global Minimum Tax
- Protecting our Taxing Right
- Compliance Requirements for FY2024
- Impact on Tax Incentives



Global Minimum Tax

15%

Ensures that in-scope MNE groups pay a **global minimum tax of 15%** wherever they operate

Applies to:

- Multinational entities with consolidated group revenues of at least **EUR 750 million**; and
- Operating in at least **two jurisdictions**.

Protecting our Taxing Right

Loss of potential tax revenue from top-up taxes

Should the Philippines not adopt rules as such as the **Income Inclusion Rule, Undertaxed Payments Rule**, and the **Qualified Domestic Minimum Top-up Tax Rule,** it may lose potential tax revenue from top-up taxes that could have been paid by an MNE Group in the Philippines.

Scenario 1

Ultimate Parent *Philippines*	ETR: 25%	✗ IIR ✗ UTPR ✗ QDMTT
Subsidiary A *Singapore*	ETR: 17%	✓ IIR ✗ UTPR ✗ QDMTT
Subsidiary B *Malaysia*	ETR: **8%**	✓ IIR ✗ UTPR ✗ QDMTT

Singapore collects top-up tax

Scenario 2

Ultimate Parent *Philippines*	ETR: **5%**	✗ IIR ✗ UTPR ✗ QDMTT
Subsidiary A *Singapore*	ETR: 17%	✓ IIR ✗ UTPR ✗ QDMTT
Subsidiary B *Malaysia*	ETR: 20%	✓ IIR ✓ UTPR ✗ QDMTT

Malaysia collects top-up tax

Scenario 3

Ultimate Parent *Philippines*	ETR: 25%	✓ IIR ✗ UTPR ✗ QDMTT
Subsidiary A *Singapore*	ETR: **5%**	✓ IIR ✗ UTPR ✗ QDMTT
Subsidiary B *Malaysia*	ETR: **8%**	✓ IIR ✓ UTPR ✗ QDMTT

Philippines collects top-up tax

Scenario 4

Ultimate Parent *Philippines*	ETR: **5%**	✓ IIR ✗ UTPR ✓ QDMTT
Subsidiary A *Singapore*	ETR: 17%	✓ IIR ✗ UTPR ✗ QDMTT
Subsidiary B *Malaysia*	ETR: **8%**	✓ IIR ✗ UTPR ✓ QDMTT

Philippines and Malaysia collects top-up tax

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Ultimate Parent
Philippines

ETR: 25%
✗ IIR ✗ UTPR
✗ QDMTT

Subsidiary A
Singapore

ETR: 17%
✓ IIR ✗ UTPR
✗ QDMTT

Subsidiary B
Malaysia

ETR: 8%
✓ IIR ✗ UTPR
✗ QDMTT

Singapore collects top-up tax

Scenario 2

Scenario 3

Scenario 4

ETR: 5%
No IIR No UTPR
✗ QDMTT

ETR: 17%
No IIR No UTPR
✗ QDMTT

ETR: 8%
No IIR No UTPR
✓ QDMTT

Philippines and Malaysia collects top-up tax

Income Inclusion Rule ("IIR")

Under the IIR, the top-up tax of an MNE Group shall be collected by the jurisdiction of the Ultimate Parent's domicile. If such jurisdiction is not implementing the IIR, the jurisdiction of the next Intermediate Parent of the MNE Group shall have a right to collect the top-up tax.

Protecting our Taxing Right

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Scenario 1

Entity	ETR	IIR	UTPR	QDMTT
Ultimate Parent *Philippines*	25%	✗	✗	✗
Subsidiary A *Singapore*	17%	✓	✗	✗
Subsidiary B *Malaysia*	**8%**	✓	✗	✗

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Entity	ETR	IIR	UTPR	QDMTT
Ultimate Parent *Philippines*	**5%**	✗	✗	✗
Subsidiary A *Singapore*	17%	✓	✗	✗
Subsidiary B *Malaysia*	20%	✓	✓	✗

Malaysia collects top-up tax

Scenario 3

Entity	ETR	IIR	UTPR	QDMTT
Ultimate Parent *Philippines*	25%	✓	✗	✗
Subsidiary A *Singapore*	**5%**	✓	✗	✗
Subsidiary B *Malaysia*	**8%**	✓	✓	✗

Philippines collects top-up tax

Scenario 4

Entity	ETR	IIR	UTPR	QDMTT
Ultimate Parent *Philippines*	**5%**	✓	✗	✓
Subsidiary A *Singapore*	17%	✓	✗	✗
Subsidiary B *Malaysia*	**8%**	✓	✗	✓

Philippines and Malaysia collects top-up tax

Protecting our Taxing Right

Loss of potential tax revenue from top-up taxes

Should the Philippines not adopt rules as such as the **Income Inclusion Rule, Undertaxed Payments Rule**, and the **Qualified Domestic Minimum Top-up Tax Rule,** it may lose potential tax revenue from top-up taxes that could have been paid by an MNE Group in the Philippines.

Scenario 1

	ETR: 25% No IIR No UTPR ✗ QDMTT
	ETR: 17% No IIR No UTPR ✗ QDMTT
	ETR: 8% No IIR No UTPR ✗ QDMTT

Singapore collects top-up tax

Scenario 2

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Subsidiary A *Singapore*	ETR: 17% ✓ IIR ✗ UTPR ✗ QDMTT
Subsidiary B *Malaysia*	ETR: 20% ✓ IIR ✓ UTPR ✗ QDMTT

Malaysia collects top-up tax

Undertaxed Payments Rule

The UTPR shall apply where the Ultimate Parent is the low-taxed entity and the IIR has not been fully applied in the Ultimate Parent's jurisdiction. The top-up tax shall be allocated to the jurisdictions implementing the UTPR based on constituent entity's tangible assets and employee headcount.

Protecting our Taxing Right

Loss of potential tax revenue from top-up taxes

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Entity	ETR	IIR	UTPR	QDMTT
Ultimate Parent *Philippines*	25%	✓	✗	✗
Subsidiary A *Singapore*	5%	✓	✗	✗
Subsidiary B *Malaysia*	8%	✓	✓	✗

Philippines collects top-up tax

Scenario 4

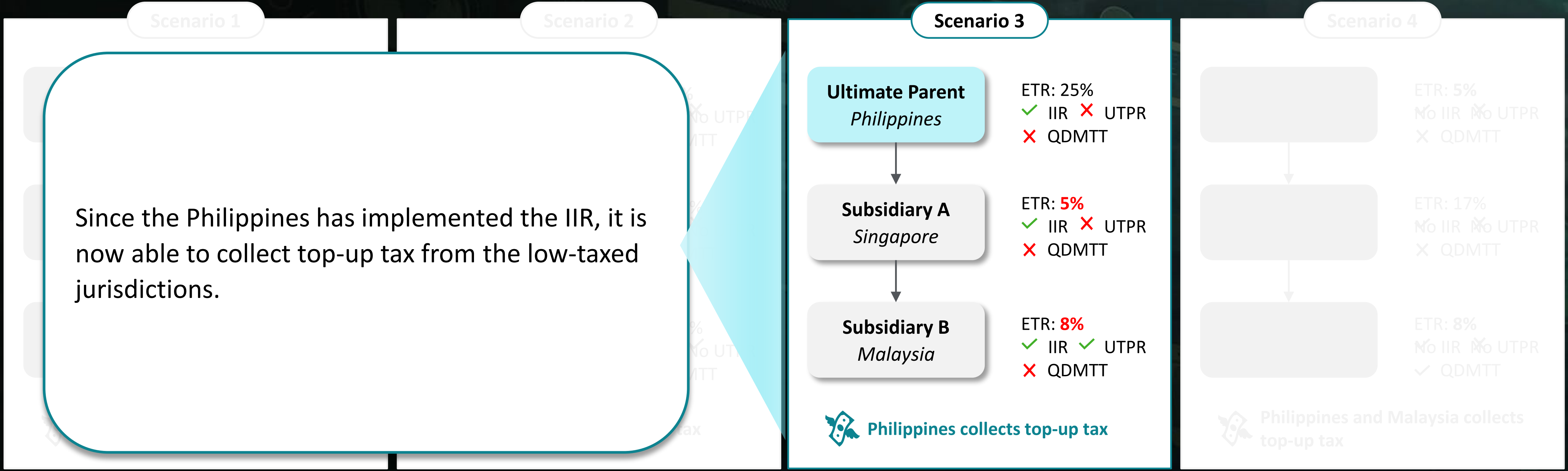
Entity	ETR	IIR	UTPR	QDMTT
Ultimate Parent *Philippines*	5%	✓	✗	✓
Subsidiary A *Singapore*	17%	✓	✗	✗
Subsidiary B *Malaysia*	8%	✓	✗	✓

Philippines and Malaysia collects top-up tax

Protecting our Taxing Right

Loss of potential tax revenue from top-up taxes

Should the Philippines not adopt rules as such as the **Income Inclusion Rule, Undertaxed Payments Rule**, and the **Qualified Domestic Minimum Top-up Tax Rule,** it may lose potential tax revenue from top-up taxes that could have been paid by an MNE Group in the Philippines.



Protecting our Taxing Right

Loss of potential tax revenue from top-up taxes

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Entity	ETR	IIR	UTPR	QDMTT
Ultimate Parent *Philippines*	25%	✗	✗	✗
Subsidiary A *Singapore*	17%	✓	✗	✗
Subsidiary B *Malaysia*	8%	✓	✗	✗

Singapore collects top-up tax

Scenario 2

Entity	ETR	IIR	UTPR	QDMTT
Ultimate Parent *Philippines*	5%	✗	✗	✗
Subsidiary A *Singapore*	17%	✓	✗	✗
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Malaysia collects top-up tax

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Ultimate Parent *Philippines*	25%	✓	✗	✗
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Philippines collects top-up tax

Scenario 4

Entity	ETR	IIR	UTPR	QDMTT
Ultimate Parent *Philippines*	5%	✓	✗	✓
Subsidiary A *Singapore*	17%	✓	✗	✗
Subsidiary B *Malaysia*	8%	✓	✗	✓

Philippines and Malaysia collects top-up tax

Protecting our Taxing Right

Loss of potential tax revenue from top-up taxes

Should the Philippines not adopt rules as such as the **Income Inclusion Rule, Undertaxed Payments Rule**, and the **Qualified Domestic Minimum Top-up Tax Rule,** it may lose potential tax revenue from top-up taxes that could have been paid by an MNE Group in the Philippines.

Scenario 1

ETR: 25%
No IIR No UTPR
✗ QDMTT

ETR: 17%
No IIR No UTPR
✗ QDMTT

ETR: 8%
No IIR No UTPR
✗ QDMTT

Singapore collects top-up tax

Scenario 2

Scenario 3

Qualified Domestic Minimum Top-up Tax

With the QDMTT, countries are given the priority to collect top-up taxes from MNE Groups domiciled within their own jurisdiction.

Scenario 4

Ultimate Parent
Philippines

ETR: 5%
✓ IIR ✗ UTPR
✓ QDMTT

Subsidiary A
Singapore

ETR: 17%
✓ IIR ✗ UTPR
✗ QDMTT

Subsidiary B
Malaysia

ETR: 8%
✓ IIR ✗ UTPR
✓ QDMTT

Philippines and Malaysia collects top-up tax

Compliance Requirements for FY2024

Amendments to IAS 12 Disclosures

Changes to Deferred Tax Expense

"**Mandatory temporary exception**" provides temporary relief for companies from having to account for deferred taxes arising from the implementation of the Pillar Two Model rules

Changes to Current Tax Expense

Under IAS 12, a company will be required to:

- Report information that would help users of the financial statements better understand the entity's exposure to Pillar Two;
- Disclose qualitative and quantitative information about the entity's exposure and progress of its assessment;
- Disclose separately its Pillar Two income tax once the legislation becomes effective.

- The International Accounting Standards Board (IASB) has finalised the amendments to IAS 12 Income Taxes which was issued on 23 May 2023.

Compliance Requirements for FY2024

Amendments to IAS 12 Disclosures

No legislation / Legislation is not yet enacted	• For periods with no legislation, no disclosure is required
Legislation is enacted or substantially enacted ***but not yet in effect***	• Disclose mandatory temporary exception to recognizing and disclosing information about deferred tax assets and liabilities related to P2 income taxes. • To help users understand P2 exposure arising from P2 legislation at the end of reporting period, an entity shall disclose either: a) known or reasonably estimable **qualitative and quantitative** information about exposure to P2 income taxes. Examples include: i. qualitative information about how an entity is affected by P2 legislation and the main jurisdictions in which exposures to P2 income taxes might exist ii. quantitative information such as indication of the proportion of the entity's profits that might be subject to P2 income taxes and the applicable average effective tax rate or indication of how the entity's average effective tax rate would have changed if P2 legislation had been in effect b) a statement to the effect that information is **not known or reasonably estimable** and about the progress in assessing its exposure.
Legislation is enacted and in effect	• Disclose mandatory temporary exception to recognising and disclosing information about deferred tax assets and liabilities related to P2 income taxes. • Disclose separately its current tax expense (income) related to Pillar Two income taxes. • Disclose qualitative and quantitative information

Protecting our Taxing Right

Current tax incentives will lose its benefits

For Philippine companies who are currently enjoying tax incentives in the Philippines, they will have to pay top-up taxes if their ETR falls below 15%. Therefore, tax incentives will have reduced significance.

Under Normal CIT Regime

Gross income	500
LESS: Deductions	(200)
Tax Base	300
Income tax (25%)	**75**

ETR: $\frac{75}{300}$ = 25%

Under Enhanced Deductions Regime

Gross income	500
LESS:	
Deductions	(200)
Enhanced Deductions	(100)
Tax base	200
Income tax (20%)	**40**

ETR: $\frac{40}{300}$ = 13.33%

Top-up tax of 5.01

Under 5% SCIT Regime

Gross income	500
LESS: Deductions	(200)
Tax Base	300
Income tax (5%)	**15**

ETR: $\frac{15}{300}$ = 5%

Top-up tax of 30

Under ITH Regime

Gross income	500
LESS: Deductions	(200)
Tax Base	300
Income tax (0%)	**0**

ETR: $\frac{0}{300}$ = 0%

Top-up tax of 45

Singapore's Refundable Investment Credit

Innovative Response to Pillar Two

- The RIC works as a tax credit with a refundable cash feature and is awarded based on qualifying expenditures incurred by a company, for a qualifying project over a period of up to ten years.
- If awarded, companies will be able to use the credits to offset their payable corporate income tax and any unutilized credits will be refunded to the company in cash within four years from when the company satisfies the conditions for receiving the credits.
- Depending on the project type, qualifying expenditure categories may include the following:

Capital Expenditures

Manpower Costs

Training Costs

Professional fees

Intangible asset costs

Fees for outsourced work in SG

Materials and consumables

Freight & logistics costs

Singapore's Refundable Investment Credit

Accounting Treatment

Income Tax Return

Gross income	500
LESS:	
Standard Deductions	(50)
Qualified Expenditures	(120)
Taxable Income	330
MULTIPLY: SG Tax Rate	17%
Tax Expense	56.10
RIC	(60)
Tax Payable (Refundable Credit)	**(3.90)**

Accounting Books

To record Qualified Expenses incurred:

Qualified Expenses	60	
Other asset (RIC)	60	
Cash		120

To record the refundable feature of the RIC:

Current tax expense	56.10	
Receivable from government	3.90	
Other asset (RIC)		60

When determining the accounting treatment of these credits, an entity may consider them to be a form of government grant or assistance as prescribed by IAS 20 – *Accounting for Government Grants*

Singapore's Refundable Investment Credit

Accounting Treatment

Income Tax Return

Gross income	500
LESS:	
Standard Deductions	(50)
Qualified Expenditures	(120)
Taxable Income	330
MULTIPLY: SG Tax Rate	17%
Tax Expense	56.1
RIC	(6
Tax Payable (Credit)	**(3.9**

Accounting Books

To record Qualified Expenses incurred:

Qualified Expenses	60	
Other asset (RIC)	60	
Cash		120

To record the refundable feature of the RIC:

	56.10	
	3.90	
		60

When determining the accounting treatment of these cre ... ent grant or assistance as prescribed by I

Grants related to Income

Under IAS 20, *grants related to income* relate to those government grants other than those related to assets. For refundable credits that are grants related to income, an entity makes an election to present the benefit as:

- Other income (gross presentation); or
- An offset to the related costs (net presentation).

Singapore's Refundable Investment Credit

Accounting Treatment

Income Tax Return

Gross income	500
LESS:	
Standard Deductions	(50)
Qualified Expenditures	(120)
Taxable Income	330
MULTIPLY: SG Tax Rate	17%
Tax Expense	56.10
RIC	(60)
Tax Payable (Credit)	**(3.90)**

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The Other asset item for the RIC was derecognized while a receivable was set up to recognize the refundable feature of the RIC.

As there are no strict guidelines on how these RICs must be accounted for in the books, the taxpayer may also opt to partially derecognize the RIC in the amount that was used to offset against the Tax Expense. The remaining portion may be "refunded" in cash.

To record the refundable feature of the RIC:

Current tax expense	56.10	
Receivable from government	3.90	
Other asset (RIC)		60

When determining the accounting treatment of these credits, an entity may consider them to be a form of government grant or assistance as prescribed by IAS 20 – *Accounting for Government Grants*

Singapore’s Refundable Investment Credit

Qualified Refundable Tax Credit

- The OECD defines a Qualified Refundable Tax Credit (“QRTC”) as a refundable tax credit that is payable as a cash or cash equivalent within four years from when the taxpayer satisfies the conditions for receiving such credit.
- Singapore’s RIC meets the definition of a QRTC as its refundable feature is receivable by the taxpayer within four years from when it satisfies the conditions for receiving the credits.
- While both QRTCs and non-QRTCs reduce the ETR, QRTCs reduce the ETR to a lesser extent as it increases the claimant’s income (the denominator of the ETR formula), while a non-QRTC reduces the covered taxes (the numerator).

Singapore’s Refundable Investment Credit

Qualified Refundable Tax Credit

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- While both QRTCs and non-QRTCs reduce the ETR, QRTCs reduce the ETR to a lesser extent as it increases the claimant’s income (the denominator of the ETR formula), while a non-QRTC reduces the covered taxes (the numerator).

ETR under Non-QRTC

$$\frac{\text{Covered tax: } 56.10 - 3.90}{\text{GloBE Income: } 450} = 11.60\%$$

Assuming that the RIC does not qualify as a QRTC under the Pillar Two Rules, the RIC would simply result in a reduction of the taxpayer’s Covered Taxes as per the Commentary on Article 4.1.3. of the Pillar Two Rules

Assumptions: Covered taxes = 56.10, GloBE Income = 450, RIC = 3.90

Singapore's Refundable Investment Credit

Qualified Refundable Tax Credit

- The OECD defines a Qualified Refundable Tax Credit ("QRTC") as a refundable tax credit that is payable as a cash or cash equivalent within four years from when the taxpayer satisfies the conditions for receiving such credit.
- Singapore's RIC meets the definition of a QRTC as its refundable feature is receivable by the taxpayer within four years from when it satisfies the conditions for receiving the credits.
- While both QRTCs and non-QRTCs reduce the ETR, QRTCs reduce the ETR to a lesser extent as it increases the claimant's income (the denominator of the ETR formula), while a non-QRTC reduces the covered taxes (the numerator).

The Commentary on Article 3.2.4. of the Pillar Two rules prescribe the addition of the refundable portion of the RIC to the taxpayer's GloBE Income should it meet the qualifications of a QRTC.

Consequently, the taxpayer's ETR is much higher under the QRTC system than in a non-QRTC regime.

ETR under Non-QRTC

$$\frac{\text{Covered tax: } 56.10 \ \boxed{-\ 3.90}}{\text{GloBE Income: } 450} = 11.60\%$$

ETR under QRTC

$$\frac{\text{Covered tax: } 56.10}{\text{GloBE Income: } 450 \ \boxed{+\ 3.90}} = 12.36\%$$

Assumptions: Covered taxes = 56.10, GloBE Income = 450, RIC = 3.90

Singapore's Refundable Investment Credit

Qualified Refundable Tax Credit

- The OECD defines a Qualified Refundable Tax Credit ("QRTC") as a refundable tax credit that is payable as a cash or cash equivalent within four years from when the taxpayer satisfies the conditions for receiving such credit.
- Singapore's RIC meets the definition of a QRTC as its refundable feature is receivable by the taxpayer within four years from when it satisfies the conditions for receiving the credits.
- While both QRTCs and non-QRTCs reduce the ETR, QRTCs reduce the ETR to a lesser extent as it increases the claimant's income (the denominator of the ETR formula), while a non-QRTC reduces the covered taxes (the numerator).

ETR under QRTC

$$\frac{\text{Covered tax: } 56.10}{\text{GloBE Income: } 450 \quad + 3.90} = 12.36\%$$

Assumptions: Covered taxes = 56.10, GloBE Income = 450, RIC = 3.90

Effectively, the taxpayer will not pay any current income taxes as the total RIC of 60 can cover the taxpayer's tax expense, and the excess 3.90 can be refunded in cash within 4 years.

60	–	56.10	=	3.90
RIC		*CIT*		*Net Savings*

Deloitte.

Director General
Rodelio Dascil
Senate Tax Study and Research Office

Executive Director
Mark Lester Aure
National Tax Research Center

Atty. Ross Vincent Sy
Group Manager, Enterprise Regulations and Support Services Group, Philippine Economic Zone Authority

Erwin P. Vibora
Muntinlupa City Treasurer

CREATE Law: Making the case for MORE incentives

Celeste Ilagan
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Global Investment & Innovation Incentives (Gi3) Leader, Deloitte Philippines

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BusinessWorld

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Tax Summit 2024

Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE Act)

(Republic Act No. 12066)

Background

- Republic Act No. 12066 or Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE) was signed into law on 08 November 2024.

- CREATE MORE is effective 15 days from its publication in the Official Gazette or in a newspaper of general circulation. (RA 12066 was **uploaded in Official Gazette on 13 November 2024** and thus, CREATE MORE **shall take effect on 28 November 2024**.

- Implementing Rules and Regulations (IRR) to be issued within 90 days from the effectivity of the law (26 February 2025)

CREATE MORE objectives

01 Enhance tax incentives

02 Clarify rules on VAT incentives

03 Strengthen governance and accountability

04 Improve “ease of doing business”

05 Clarify transitory rules for pre-CREATE RBEs

06 Simplify VAT refund process

Summary of tax incentives granted under CREATE MORE

INCOME TAX INCENTIVES

- **Income Tax Holiday (ITH)**

Exemption from payment of income tax on registered project or activity

- **Special Corporate Income Tax (SCIT)**

5% tax based on gross income earned, in lieu of all national and local taxes, including local fees and charges

- **Enhanced Deduction Regime (EDR)**

20% tax on taxable income under enhanced deductions

INDIRECT TAX INCENTIVES

- **Zero percent (0%) VAT** - on local purchase of goods and services directly attributable to the registered project or activity of an Registered Business Enterprise (RBE)
- **VAT exemption on importation** – on importation of goods and services directly attributable to registered project or activity of an RBE.
- **Duty-free importation** – importation of capital equipment, raw materials, spare parts, or accessories directly attributable to the registered project or activity of RBEs, including goods used for administrative purposes.

Enhanced tax incentives under CREATE MORE

1. **Revised IT Incentives Menu**
2. Enhanced Deduction Regime
3. Special Corporate Income Tax
4. RBE Local Tax (RBELT)
5. High Value Domestic Market Enterprise (HVDME)
6. Extended period of availment
7. Work From Home
8. Extension vs Expansion

Introduction of option to avail directly EDR or SCIT

Option/ Type of Registered Business Enterprise	Registered Export Enterprise (REE)	Domestic Market Enterprise/High-Value DME
Option 1 – ITH + SCIT	✓	X
Option 2 – ITH +EDR	✓	✓
Option 3 – SCIT	✓	X
Option 4 - EDR	✓	✓

Enhanced tax incentives under CREATE MORE

1. Revised IT Incentives Menu
2. **Enhanced Deduction Regime**
3. Special Corporate Income Tax
4. RBE Local Tax (RBELT)
5. High Value Domestic Market Enterprise (HVDME)
6. Extended period of availment
7. Work From Home
8. Extension vs Expansion

- Reduced regular corporate income tax rate under Enhanced Deduction Regime from 25% to 20%
- Increase additional deduction for power expense from 50% to 100%
- Deduction for reinvestment allowance available to manufacturing extended to tourism enterprises available until 31 December 2034
- Introduced 50% additional deduction for expenses on exhibitions, trade mission or trade fairs
- NOLCO during first 3 years for carry over within the next 5 consecutive years immediately following the <u>last year of ITH entitlement</u>

Enhanced tax incentives under CREATE MORE

1. Revised IT Incentives Menu
2. Enhanced Deduction Regime
3. **Special Corporate Income Tax**
4. RBE Local Tax (RBELT)
5. High Value Domestic Market Enterprise (HVDME)
6. Extended period of availment
7. Work From Home
8. Extension vs Expansion

The 5% SCIT which is in lieu of national and local taxes, shall include LOCAL FEES AND CHARGES.

The exemption from national and local taxes, including local fees and charges for projects or activities under SCIT shall apply prospectively to projects or activities granted with tax incentives under CREATE Law upon effectivity of CREATE MORE.

Enhanced tax incentives under CREATE MORE

1. Revised IT Incentives Menu
2. Enhanced Deduction Regime
3. Special Corporate Income Tax
4. **RBE Local Tax (RBELT)**
5. High Value Domestic Market Enterprise (HVDME)
6. Extended period of availment
7. Work From Home
8. Extension vs Expansion

- Local Government Units (LGUs) <u>may</u> enact an ordinance to impose Registered Business Enterprise Local Tax (RBELT)
- RBELT rate should not be more than 2% of RBEs' <u>gross income as defined under the Tax Code</u>
- RBELT shall be available to RBEs during the income tax holiday and under enhanced deduction regime
- 2% RBELT shall be <u>in lieu of all local taxes and local fees and charges imposed by the local government units.</u>
- 2% RBELT shall be remitted directly to the LGU Treasurer's Office
- Allocation rules apply in case LGUs cover same RBEs

Enhanced tax incentives under CREATE MORE

1. Revised IT Incentives Menu
2. Enhanced Deduction Regime
3. Special Corporate Income Tax
4. RBE Local Tax (RBELT)
5. **High Value Domestic Market Enterprise (HVDME)**
6. Extended period of availment
7. Work From Home
8. Extension vs Expansion

HIGH VALUED DOMESTIC MARKET ENTERPRISE (HVDME)

- Enterprises with investment capital of more than P15 billion and engaged in import-substituting, OR
- With export sales are at least USD100 million in the immediately preceding year
- Similar to DMEs, HVDMEs are entitled to ITH and EDR but not SCIT income tax incentive. They are also entitled to duty and VAT zero-rating/exemption privileges

Enhanced tax incentives under CREATE MORE

1. Revised IT Incentives Menu
2. Enhanced Deduction Regime
3. Special Corporate Income Tax
4. RBE Local Tax (RBELT)
5. High Value Domestic Market Enterprise (HVDME)
6. **Extended period of availment**
7. Work From Home
8. Extension vs Expansion

SCIT and EDR enjoyment period increased from 10 to 27 years

Option/ Type of Registered Business Enterprise	Investment Promotion Agencies (IPAs)	Fiscal Incentives Review Board (FIRB)
Option 1 – ITH + SCIT	ITH 4-7 years SCIT 10 years	ITH 4-7 years SCIT 20 years
Option 2 – ITH +EDR	ITH 4-7 years SCIT 10 years	ITH 4-7 years SCIT 20 years
Option 3 – SCIT	SCIT 14-17 years	SCIT 24-27 years
Option 4 - EDR	EDR 14-17 years	EDR 24-27 years

** Duration of tax incentives will depend on industry tier and location of project or activity.*

*** CREATE MORE included in the list of activities under Tier 3 cyber-security, artificial intelligence and data-center.*

Enhanced tax incentives under CREATE MORE

1. Revised IT Incentives Menu
2. Enhanced Deduction Regime
3. Special Corporate Income Tax
4. RBE Local Tax (RBELT)
5. High Value Domestic Market Enterprise (HVDME)
6. Extended period of availment
7. **Work From Home**
8. Extension vs Expansion

WFH not exceeding 50% of total workforce

RBEs with registered project or activity under an Investment Promotion Agency administering an economic zone or freeport

Enhanced tax incentives under CREATE MORE

1. Revised IT Incentives Menu
2. Enhanced Deduction Regime
3. Special Corporate Income Tax
4. RBE Local Tax (RBELT)
5. High Value Domestic Market Enterprise (HVDME)
6. Extended period of availment
7. Work From Home
8. **Extension vs Expansion**

Extension

No ITH, extension not to exceed 5 years for IPA or 10 years for FIRB

Conditions:
- Employs at least 10,000 direct local employees
- Maintains number during its registration, even if no longer complies with conditions and qualifications in SIPP

Expansion

Eight years for IPA and 13 years for FIRB of SCIT or EDR subject to approval of IPA/FIRB

Conditions:
- Meets the qualifications in the SIPP
- Subject to performance review by the IPA/FIRB

Summary of income tax-based incentives

Incentive Body/ Options / Duration of Income Tax Incentives	Investment Promotion Agency (IPA) (Investment capital not exceeding P15 B)		Fiscal Incentives Review Board (FIRB) (Investment capital exceeding P15B)	
	Registered Export Enterprise (REE)	Domestic Market Enterprise	Registered Export Enterprise (REE)	Domestic Market Enterprise (DME)
Option 1. ITH + EDR	4 to 7 years ITH + 10 years EDR	4 to 7 years ITH + 10 years EDR	4 to 7 years ITH + 20 years EDR	4 to 7 years ITH + 20 years EDR
Option 2. ITH + SCIT	4 to 7 years + 10 years SCIT	Not available	4 to 7 years ITH + 20 years SCIT	Not available
Option 3. EDR	14 to 17 years	14 to 17 years	24 to 27 years	24 to 27 years
Option 4. SCIT	14 to 17 years	Not available	24 to 27 years	Not available

Clarity on VAT rules

Conditions for entitlement to indirect tax incentives

1. Zero percent (0%) VAT on local purchase of goods and services and VAT exemption on importation

- The local purchase and importation of goods and services should be directly attributable to export activity
- The RBE continue to meet the terms and conditions of its registration and 70% export threshold for the immediately preceding year.
- Directly attributable refers to goods and services that are incidental to and reasonably necessary for the export activity of the export-oriented enterprise.
- The determination of what is "directly attributable" to the registered project or activity of the registered business enterprise shall be made by the relevant investment promotion agency.
- Export Marketing Bureau of the Department of Trade and Industry to determine compliance with the 70% export threshold.
- Failure to meet the threshold shall result in the disqualification from entitlement to VAT zero-rating on local purchases and VAT exemption on importation of goods in the immediately succeeding year.

Clarity on VAT rules

From negative to positive list

NEGATIVE LIST (CREATE)

Local purchases of goods relating to the following services shall not be considered as "directly and exclusively used" in the registered project or activity of a registered export enterprise, to wit:

1. Janitorial services;
2. Security services;
3. Financial services;
4. Consultancy services;
5. Marketing and promotion; and
6. Services rendered for administrative operations such as human resources, legal, and accounting.

POSITIVE LIST (CREATE MORE)

The CREATE MORE definition of the term "directly attributable" specifically includes the following services.

1. Janitorial services
2. Security services
3. Financial services
4. Consultancy services
5. Marketing and promotion services
6. Services rendered for administrative operations such as human resources, legal and accounting

Clarity on VAT rules

Conditions for entitlement to indirect tax incentives (cont.)

2. Duty exemption on importation

- The exemption from duty covers importation of capital equipment, raw materials, spare parts, or accessories directly attributable to the registered project or activity of RBEs, including goods used for administrative purposes.
- The imported goods are not produced or manufactured domestically in sufficient quantity and at reasonable prices, subject to prior approval of IPA.
- The RBE continues to meet the terms and conditions of its registration and 70% export threshold for the immediately preceding year.

What if the duty-free imported item is subsequently sold or transferred?

1. If sold or transferred after 5 years from date of importation with notice to the IPA and no violation of RBE's registration terms and conditions - exempt
2. If subsequently sold or transferred within 5 years to another enterprise not availing of duty exemption, with approval of IPA or there is proven technical obsolescence - subject to taxes and duties based on <u>net book value</u>.

Exempt from duties and donor's tax - If donated to the Government of the Philippines or to any of its agencies or political subdivisions, including fully-owned government corporations, TESDA, state universities (SUCs) or DepEd and CHED accredited schools.

Clarity on VAT rules

1. Local sale by RBEs of goods and services

RBE (seller) → RBE (Domestic Market Enterprise) or Non-RBE (Buyer)

Local sale of RBEs, regardless of the income tax incentive regime, shall be subject to 12% VAT.

The liability to pay and remit the VAT to the government rests with the buyer of the goods and services

2. 0% VAT on export sales

a. Sales to bonded warehouses of export- oriented enterprises

b. Sales subject to 0% VAT under special laws

c. Sale of goods and services to export-oriented enterprises (at least 70% of total annual production should be export sales) and directly attributable to export activity

3. Input tax on VAT-exempt sales

Input tax paid on local purchases attributable to VAT-exempt sales shall be deductible from gross income.

Improving Ease of Doing Business

Faster process in applying for tax incentives

2 

FIRB and IPA should decide on application for tax incentives within 20 working days from receipt of all required documents.

One-time extension allowed but should not exceed additional 20 working days

More efficient approval process

₱15b

Increased investment capital threshold for projects delegated to Investment Promotion Agencies from ₱1 billion to ₱15 billion

Promoting efficient delivery of service

IPA One-Stop Action Center

- Serves as initial point of contact for foreign investment leads
- Assist foreign investors in setting up and conduct of registered projects or activities
- Assist in obtaining licenses and permits from LGUs

BIR RBE Taxpayer Service

- Support end-to-end tax compliance of RBEs
- Implement simplified filing and payment process for RBEs

Revised transition rules for pre-CREATE project/activities

Coverage of local tax exemption of RBEs under 5% GIT registered prior to CREATE

5% GIT

5% GIT is in lieu of national and local taxes

Local tax exemption of RBE under 5% GIT registered prior to CREATE Law covers local fees and charges

Longer sunset provision on tax incentives (income tax, indirect and local tax exemption)

2034

Tax incentives	Expiration
1. ITH only	End of ITH period
2. ITH and 5% GIT after ITH	31 December 2034
3. 5% GIT only	31 December 2034

CREATE law incentives for pre-CREATE registered projects or activities

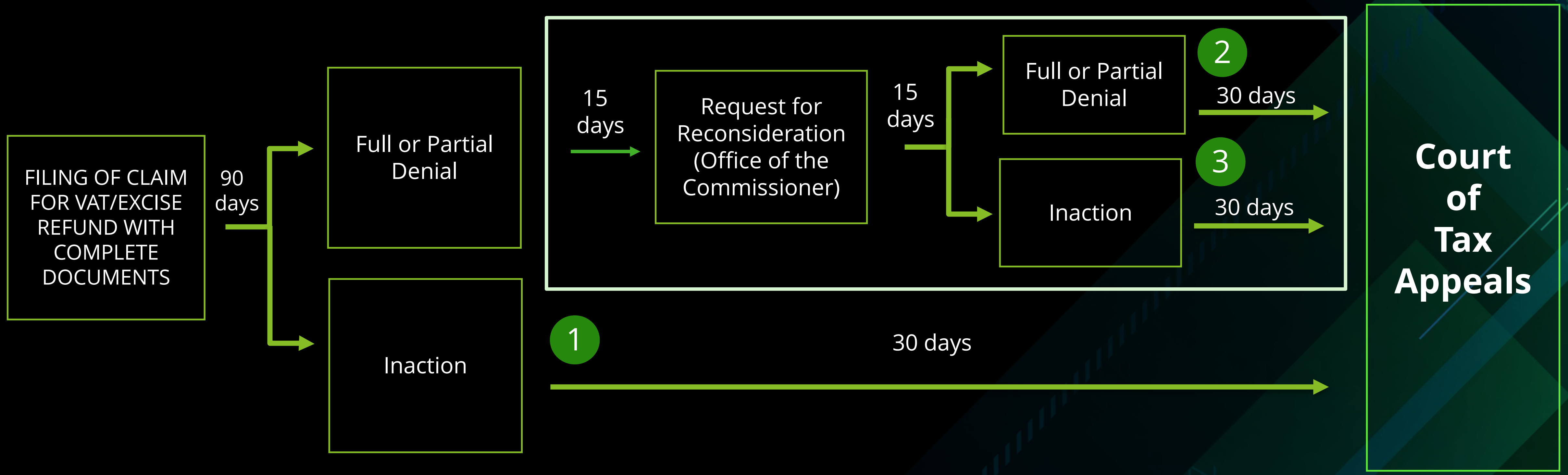
12/31/2024

Existing registered projects or activities registered prior to effectivity of CREATE Law may qualify to register on or before 31 December 2024, and avail of incentives under CREATE Law subject to criteria and conditions under SIPP.

VAT Process under CREATE MORE

VAT REFUND PROCESS	CREATE/EOPT	CREATE MORE
Period to act on VAT refund application	90 days from submission of claim/application for VAT refund with complete documentary requirements	No change
Documentary Requirements	Original copies of invoices (RMC 71-2023 and RMC 115-2024)	Certified True Copies of Invoices and other documents specifically limited to those prescribed in the revenue issuances
Manner of processing and granting of VAT refund	Mandates the establishment by the Department of Finance of a VAT refund center in the Bureau of Internal Revenue and Bureau of Customs (BOC) that will handle the processing and granting of cash refunds of creditable withholding tax	Mandates the establishment by the Department of Finance of a VAT refund center in the Bureau of Internal Revenue and Bureau of Customs (BOC) that will handle the electronic processing and granting of cash refunds of creditable withholding tax

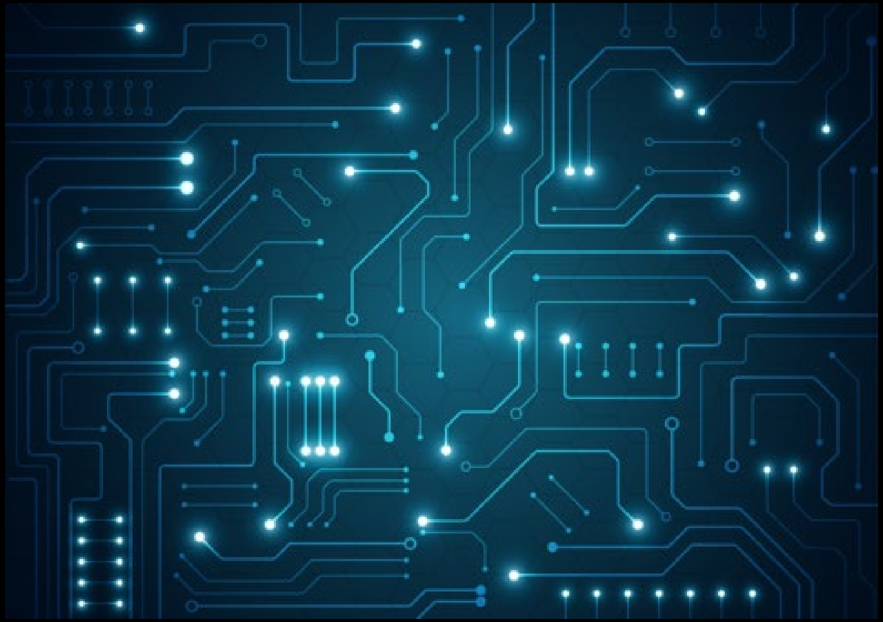
VAT Process under CREATE MORE



Appeals process introduced under CREATE MORE

Judicial appeal triggers under CREATE MORE

Incentives for electronic invoicing system



COVERAGE:

Large taxpayers, exporters and those engaged in electronic commerce, including taxpayers who will voluntarily choose to issue electronic invoices, and electronically report their sales data to the BIR

TAX INCENTIVES:

1. Additional deduction on total cost for setting up the electronic sales reporting system (ESRS) which may be availed only once
   - Micro and small taxpayers – 100% additional deduction
   - Medium and large taxpayers – 50% additional deduction
2. Exemption from tax on importation of the electronic sales reporting system

Other reform measures under CREATE MORE

Excise tax on petroleum products sold to international carriers

Exemption from excise tax on petroleum products

Petroleum products sold to international carriers of Philippine or foreign registry directly importing the petroleum product on use or consumption outside the Philippines

Refund of excise tax on petroleum products

Suppliers may refund the excess tax paid on petroleum products sold to international carriers within two years after payment of excise tax.

Return filed showing an overpayment shall be considered a written claim for refund.

Other reform measures under CREATE MORE

15%

Creditable withholding tax rate shall not exceed 15%.

Income Exempt under Treaty (Section 32(B)(5) - shall include income from agreements entered into by the President with economies and administrative regions, subject to concurrence of the Senate, and binding upon the Government of the Philippines.

CREATE Law : Making the case for MORE Incentives

Tax Reforms Unlocked: Opportunities and Implications for Taxpayers

Deloitte Philippines Tax Summit 2024

November 19, 2024

Presentation by

Atty. RODELIO T. DASCIL, *MNSA*

Director General

Senate Tax Study and Research Office (STSRO)

STSRO

Est. 1989

ENACTED INTO A LAW

CREATE MORE

S. No. 2762
H. No. 9794

Republic of the Philippines
Congress of the Philippines
Metro Manila

Nineteenth Congress

Third Regular Session

Begun and held in Metro Manila, on Monday, the twenty-second day of July, two thousand twenty-four.

[REPUBLIC ACT NO. 12066]

AN ACT AMENDING SECTIONS 27, 28, 32, 34, 57, 106, 108, 109, 112, 135, 237, 237-A, 269, 292, 293, 294, 295, 296, 297, 300, 301, 308, 309, 310, AND 311, AND ADDING NEW SECTIONS 135-A, 295-A, 296-A, AND 297-A OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND FOR OTHER PURPOSES

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. Section 27(A) of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 27. *Rates of Income Tax on Domestic Corporations.* –

(A) *In General.* – Except as otherwise provided in this Code, an income tax rate of twenty-five percent (25%) effective July 1, 2020 is hereby imposed upon the taxable income derived during each taxable year from all sources within and without the

SEC. 33. *Separability Clause.* – If any provision of this Act is declared unconstitutional, the remaining parts or provisions hereof not affected thereby shall remain in full force and effect.

SEC. 34. *Repealing Clause.* – All laws, decrees, executive orders, implementing rules and regulations, issuances, or any part thereof inconsistent with the provisions of this Act are deemed repealed, amended, or modified accordingly.

SEC. 35. *Effectivity.* – This Act shall take effect after fifteen (15) days following its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,

FERDINAND MARTIN G. ROMUALDEZ
Speaker of the House of Representatives

FRANCIS "CHIZ" G. ESCUDERO
President of the Senate

This Act, which is a consolidation of Senate Bill No. 2762 and House Bill No. 9794, was passed by the Senate of the Philippines and the House of Representatives on September 10, 2024.

REGINALD S. VELASCO
Secretary General
House of Representatives

RENATO N. BANTUG JR.
Secretary of the Senate

Approved: NOV 08 2024

FERDINAND ROMUALDEZ MARCOS JR.
President of the Philippines

REPUBLIC OF THE PHILIPPINES
PBBM006407

Office of the President
MALACAÑANG RECORDS OFFICE
CERTIFIED COPY
ATTY. LOVELY V. TOLENTINO-NAVA
ACTING DIRECTOR IV
9-11-2024

CREATE MORE

Ceremonial Signing

CREATE MORE

AMENDMENTS TO THE CREATE ACT:

SECTION 1. Section 27 (A) of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 27. *Rates of Income Tax on Domestic Corporations.* –

(A) *In General.* – Except as otherwise provided in this Code, an income tax rate of twenty-five percent (25%) effective July 1, 2020 is hereby imposed upon the taxable income derived during each taxable year from all sources within and without the Philippines by every corporation, as defined in Section 22(B) of this Code and taxable under this Title as a corporation, organized in, or existing under the laws of the Philippines: *Provided*, That corporations with net taxable income not exceeding Five million pesos (P5,000,000.00) and with total assets not exceeding One hundred million pesos (P100,000,000.00), excluding land on which the particular business entity's office, plant, and equipment are situated during the taxable year for which the tax is imposed, shall be taxed at twenty percent (20%): *Provided, further*, That registered business enterprises under the enhanced deductions regime as provided in Section 294(C) of this Code shall be taxed at rate equivalent to twenty percent (20%) on their taxable income derived from registered projects or activities during each taxable year.

x x x."

- **Adjustment in CIT rate for corporations with net taxable income not exceeding with total Php5M and assets not exceeding Php100M.**

CREATE MORE

AMENDMENTS TO THE CREATE ACT:

SEC. 2. Section 28(A)(1) of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 28. *Rates of Income Tax on Foreign Corporations*. –

(A) *Tax on Resident Foreign Corporations*. –

(1) *In General*. – Except as otherwise provided in this Code, a corporation organized, authorized, or existing under the laws of any foreign country, engaged in trade or business within the Philippines, shall be subject to an income tax equivalent to twenty-five percent (25%) of the taxable income derived in the preceding taxable year from all sources within the Philippines effective July 1, 2020: *Provided*, That registered business enterprises under the enhanced deductions regime as provided in Section 294(C) of this Code, shall be subject to a tax rate equivalent to twenty percent (20%) of their taxable income derived from registered projects or activities during each taxable year.

xxx.
xxx.
xxx.

(B) *Tax on Nonresident Foreign Corporation*. –
(1) *In General*. – xxx."

- **Lowered CIT rate for enterprises under EDR from 25% or 20%**

CREATE MORE

AMENDMENTS TO THE CREATE ACT:

SEC. 4. Section 34 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 34. *Deductions from Gross Income.* –

x x x

(B) Interest. — xxx

(C) Taxes. — xxx

(1) *In General.* — xxx

(2) *Limitations on Deductions.* — xxx

(3) *Credit Against Tax for Taxes of Foreign Countries.* — xxx

(4) *Limitations on Credit.* — xxx

(5) *Adjustments on Payment of Incurred Taxes.* — xxx

(6) *Year in Which Credit Taken.* — xxx

(7) *Proof of Credits.* — xxx

(8) *Input Tax Attributable To VAT-Exempt Sales.* — Input tax paid on local purchases attributable to VAT-exempt sales shall be deductible from the gross income of the taxpayer.

xxx."

- Added Input Tax Attributable To VAT-Exempt Sales on Section 34 (C)

CREATE MORE

AMENDMENTS TO THE CREATE ACT:

SEC. 6. Section 106 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 106. *Value-Added Tax on Sale of Goods or Properties.* –

(A) *Rate and Base of Tax.* – xxx.

(1) 'Goods or Properties.' The term '*goods or properties*' xxx;

(2) The following sales by VAT-registered persons shall be subject to zero percent (0%) rate:

(a) *Export Sales.* – The term 'export sales' means:

(1) xxx;

(2) Sale of raw materials or packaging materials to a non-resident buyer for delivery to a resident local export-oriented enterprise to be used in manufacturing, processing, packing or repacking in the Philippines of the said buyer's goods and paid for in acceptable foreign currency and accounted for in accordance with the rules and regulations of the Bangko Sentral ng Pilipinas (BSP);

(3) Sale of goods to export-oriented enterprise whose export sales is at least seventy percent (70%) of the total annual production of the preceding taxable year: *Provided*, That such goods are directly attributable to the export activity of the export-oriented enterprise: *Provided*, *further*, That the Export Marketing Bureau of the Department of Trade and Industry (DTI) shall determine compliance with the aforementioned threshold. Any export-oriented enterprise that fails to meet the threshold shall be disqualified from availing of VAT zero-rating on local purchases in the immediately succeeding year: *Provided*, *finally*, That input tax otherwise due on VAT zero-rated local purchases attributable to VAT-exempt sales shall be paid and deductible from the gross income of the taxpayer. For this purpose, 'directly attributable' shall refer to goods and services that are incidental to and reasonably necessary for the export activity of the export-oriented enterprise, including janitorial, security, financial, consultancy, marketing and promotion services, and services rendered for administrative operations such as human resources, legal, and accounting;

- **Cross-Border Principle deleted in Senate version**
- **Essential services such as janitorial, security, financial consultancy, marketing and human resources are exempted from the VAT**

CREATE MORE

AMENDMENTS TO THE CREATE ACT:

(4) The sale of goods, supplies, equipment and fuel to persons engaged in international shipping or international air transport operations: *Provided*, That the goods, supplies, equipment and fuel shall be used for international shipping or air transport operations; and

(5) Sales to bonded manufacturing warehouses of export-oriented enterprises.

The Department of Finance (DOF) shall establish a VAT refund center in the Bureau of Internal Revenue (BIR) and in the Bureau of Customs (BOC) that will handle the electronic processing and granting of cash refunds of creditable input tax.

An amount equivalent to five percent (5%) of the total VAT collection of the BIR and the BOC from the immediately preceding year shall be automatically appropriated annually and shall be treated as a special account in the General Fund or as trust receipts for the purpose of funding claims for VAT refund: *Provided*, That any unused fund, at the end of the year shall revert to the General Fund: *Provided, further*, That the BIR and the BOC shall be required to submit to the Congressional Oversight Committee on the Comprehensive Tax Reform Program (COCCTRP) a quarterly report of all pending claims for refund and any unused fund.

(b) x x x
(c) x x x
(d) Those sales subject to zero percent (0%) VAT under special laws.
x x x."

- **Exempts international carriers from paying VAT on imported fuel, goods and supplies used for international shipping or air transport operations**
- **Senate version transferred the power from the BIR to the DOF to process VAT refunds and establish a center in the VAT refund BIR, including granting of cash refunds for creditable inputs taxes**

CREATE MORE

AMENDMENTS TO THE CREATE ACT:

SEC. 11. A new Section 135-A shall be introduced in the National Internal Revenue Code of 1997, as amended. The new Section 135-A shall read as follows:

"SEC. 135-A. *Refund of Excise Tax on Petroleum Products.* – No refund or credit of excise tax paid by suppliers on otherwise exempt sales under section 135 shall be allowed, unless the taxpayer files a written claim for refund with the Commissioner, within two (2) years after the payment of excise tax: *provided, however,* That a return filed showing an overpayment shall be considered a written claim for refund.

The Commissioner shall process and decide the refund under this provision within ninety (90) days from the submission of complete documents supporting the application filed. Should the Commissioner deny the claim for refund in full or in part, the commissioner shall communicate in writing to the taxpayer, the legal and/or factual basis for the denial.

The taxpayer shall have fifteen (15) days from receipt of the denial to file a request for reconsideration, which shall be resolved by the commissioner within fifteen (15) days from the receipt thereof. Failure to file a request for reconsideration within the fifteen (15)-day period shall render the decision final.

CREATE MORE

AMENDMENTS TO THE CREATE ACT:

In case of full or partial denial of the request for reconsideration, or failure on the part of the Commissioner to act on the application for refund or request for reconsideration within the periods prescribed above, the taxpayer affected may, within thirty (30) days from the receipt of the decision denying the request for reconsideration, or after the lapse of the period to decide on the application for refund or request for reconsideration, in cases where no action is made by the Commissioner, appeal the decision with the Court of Tax Appeals.

Failure on the part of any official agent or employee of the BIR to process and decide on the application within the ninety (90)-day period and on the request for reconsideration within the fifteen (15)-day period shall be punishable under section 269 of this Code."

- **New Provision**
  Introduces a system for refunding excise tax on petroleum products sold to international carriers

CREATE MORE

AMENDMENTS TO THE CREATE ACT:

SEC. 13. Section 237-A of the National Internal Revenue Code of 1997, as amended, is hereby further amended, to read as follows:

"Sec. 237-A. *Electronic Sales Reporting System.* – Upon the establishment of a system capable of storing and processing the required data, the Bureau shall require taxpayers engaged in the export of goods and services, and taxpayers under the jurisdiction of the Large Taxpayers Service to electronically report their sales data to the Bureau through the use of electronic point of sale systems, subject to rules and regulations to be issued by the Secretary of Finance as recommended by the Commissioner of Internal Revenue: *Provided*, That the machines, fiscal devices, and fiscal memory devices shall be at the expense of the taxpayer: *Provided, further*, That the Secretary of Finance, upon the recommendation of the Commissioner, may require taxpayers to electronically report their sales data to the Bureau.

- **New Provision**

  Mandates electronic sales reporting of taxpayers engaged in the export of goods and services and under the jurisdiction of the Large Taxpayers Service

CREATE MORE

AMENDMENTS TO THE CREATE ACT:

All taxpayers required to issue and those who voluntarily choose to issue electronic invoices and electronically report their sales data to the Bureau shall be granted, in addition to the allowable deduction provided under section 34(A)(1), the following allowable deductions:

(1) For micro and small taxpayers as defined under section 21(B) of this Code, an additional deduction from taxable income of one hundred percent (100%) of the total cost for setting up an electronic sales reporting system.
(2) For medium and large taxpayers as defined under section 21(B) of this Code, an additional deduction from taxable income of fifty percent (50%) of the total cost for setting up an electronic sales reporting system.

The foregoing allowable deduction shall be availed of only once. The importation of such electronic sales reporting system shall also be exempt from taxes.

xxx."

- **New Provision**
  Additional deductions for micro and small taxpayers and medium and large taxpayers who voluntarily issue e-invoices and report sales data electronically

CREATE MORE

AMENDMENTS TO THE CREATE ACT:

SEC. 16. Section 293 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 293. *Definitions*. – When used in this Title:

xxx

(J) *High-value domestic market enterprises* refer to registered domestic market enterprises with an investment capital exceeding Fifteen billion pesos (Php15,000,000,000.00) and are engaged in sectors considered import-substituting, or with export sales in the immediately preceding year of at least One hundred million us dollars (USD100,000,000.00) or its equivalent in an acceptable foreign currency: *Provided*, That the threshold specified herein may be increased by the Fiscal Incentives Review Board;

- **Definition of High-Value DMEs**

CREATE MORE

AMENDMENTS TO THE CREATE ACT:

(8) Fifty percent (50%) additional deduction on expenses relating to exhibitions, trade missions, or trade fairs; and

(9) Enhanced Net Operating Loss Carry-Over (NOLCO). – The net operating loss of the registered project or activity during the first three (3) years from the start of commercial operation, which had not been previously offset as deduction from gross income, may be carried over as deduction from gross income within the next five (5) consecutive taxable years immediately following the last year of the ITH entitlement period of the project.

(D) Duty exemption on importation of capital equipment, raw materials, spare parts, or accessories, including goods used for administrative purposes, of the registered project or activity;

(E) Value-Added Tax (VAT) exemption on importation and VAT zero-rating on local purchases[.]; and

(F) RBE Local Tax. – The concerned local government unit may, through an ordinance issued by the concerned *Sangguniian*, impose an RBE local tax at the rate of not more than two percent (2%) of RBE's gross income, as defined under section 27(E)(4), during the ITH and EDR, as provided under sections 294 (A) and (C) of this Code, respectively, which shall be in lieu of all local taxes and local fees and charges imposed by the local government unit under Republic Act No. 7160, otherwise known as the "Local Government Code of 1991," as amended: *Provided*, That RBE local tax shall not be imposed on RBEs under SCIT."

- **Provides an optional imposition of an RBE local tax (RBELT) at a rate not exceeding 2% of gross income, which shall be in lieu of all local taxes, fees, and charges during ITH or EDR.**

CREATE MORE

AMENDMENTS TO THE CREATE ACT:

SEC. 18. Section 295 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 295. *Conditions of Availment.* – The availment of tax incentives in the preceding section shall be governed by the following rules:

xxx

(2) The approval of the Investment Promotion Agency was obtained by the RBE prior to the importation of such capital equipment, raw materials, spare parts, or accessories.

xxx

No taxes and duties shall be imposed on subsequent sale, transfer, or disposition of the capital equipment, raw materials, spare parts, or accessories, which were granted tax and customs duty exemption hereunder within the first five (5) years from date of importation. The approval of the Investment Promotion Agency must be secured before the sale, transfer, or disposition of the capital equipment, raw materials, spare parts, or accessories, which were granted tax and customs duty exemption hereunder, and shall be allowed only under any of the following circumstances:

xxx

(c) If donated to the Government of the Philippines or to any of its agencies or political subdivisions, including fully-owned government corporations, TESDA, state universities and colleges (SUCs), or DepEd and CHED-accredited schools: *Provided*, That the donation shall be exempt from import duties and taxes, including donor's tax.

- **Provides tax or duty exemption on donations of capital equipment, raw materials, spare parts, or accessories (C).**

CREATE MORE

AMENDMENTS TO THE CREATE ACT:

(D) The VAT exemption on importation and VAT zero-rating on local purchases shall only apply to goods and services directly attributable to the registered project or activity of a registered export enterprise, or a registered high-value domestic market enterprise, including expenses incidental thereto. The project or activity registered with the Investment Promotion Agency shall be subject to the following conditions:

(1) Sale of goods or services by a VAT-registered seller to a registered export enterprise, regardless of location, shall be subject to zero percent (0%) VAT;

(2) Sale, transfer, or disposal of previously VAT-exempt imported capital equipment, raw materials, spare parts, or accessories shall be subject to the following rules:

I. If the purchaser is a registered export enterprise, regardless of location, the transaction shall be subject to zero percent (0%) VAT; and

II. If the purchaser is a registered domestic market enterprise, regardless of location, the transaction shall be subject to twelve percent (12%) VAT based on the net book value of the capital equipment, raw materials, spare parts, or accessories;

CREATE MORE

AMENDMENTS TO THE CREATE ACT:

Provided, That local sales of goods and/or services by an RBE, regardless of the income tax incentives regime and location, shall be subject to twelve percent (12%) VAT, unless otherwise exempt or zero-rated under Titles IV and XIII of this Code. For this purpose, 'local sales' shall cover sales of goods and services to domestic market enterprises or non-RBEs, regardless of whether the sale occurs within the freeport or economic zones: *Provided*, *further*, That the liability to pay and remit the VAT to the government rests with the buyer of the said goods or services.

Any registered export enterprise that fails to meet the seventy percent (70%) export sales threshold in the immediately preceding year or high-value domestic market enterprise that fails to meet the export sale or investment capital requirement shall be disqualified from availing of duty exemption on importation under Section 294(D), and VAT exemption on importation and vat zero-rating on local purchases under Section 294(E) in the immediately succeeding year.

- **Clarified and Expanded the implementation rules of VAT exemption on imported products and VAT zero-rating on local purchases.**

CREATE MORE

AMENDMENTS TO THE CREATE ACT:

SEC. 29. Section 311 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 311. *Investments Prior to the Effectivity of Republic Act No. 11534.* – RBEs with incentives granted prior to the effectivity of Republic Act No. 11534 shall be subject to incentives granted in their certificate of registration or certificate of registration and tax exemption, and to the following rules:

(A) xxx;

(B) RBEs, whose projects or activities were granted an ITH prior to the effectivity of Republic Act No. 11534 and are entitled to the five percent (5%) tax on gross income earned incentive after the ITH, shall be allowed to avail of the five percent (5%) tax on gross income earned incentive based on Subsection (C), including all corresponding exemptions from national taxes, local taxes, and local fees and charges until December 31, 2034;

- **Included RBEs availing of duty exemption on importation under Section 294(D), VAT exemption on importation, and VAT zero-rating on local purchases under Section 294(E)**

CREATE MORE

AMENDMENTS TO THE CREATE ACT:

SEC. 27. Section 309 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 309. *Prohibition on Registered Activities.* – Except as allowed under this provision, a qualified registered project or activity under an Investment Promotion Agency administering an economic zone or freeport shall be exclusively conducted or operated within the geographical boundaries of the zone or freeport being administered by the Investment Promotion Agency in which the project or activity is registered: *Provided*, That an RBE may conduct or operate more than one qualified registered project or activity within the same zone or freeport under the same Investment Promotion Agency: *Provided*, *further*, That any project or activity conducted or performed outside the geographical boundaries of the zone or freeport shall not be entitled to the incentives provided in this Act: *Provided, furthermore*, That RBEs may institute a 'telecommuting' program as defined under Republic Act No. 11165, otherwise known as the 'Telecommuting Act,' including work-from-home arrangements, which shall not cover more than fifty percent (50%) of the total workforce, and shall be subject to the rules and regulations formulated by the Investment Promotion Agency. The RBEs shall continue to avail of all the incentives provided under this act and under their registration with any applicable Investment Promotion Agency: *Provided, finally*, That double registration for purposes of availing of other incentives under special laws shall not be allowed."

Senate version:
Allows RBEs to institute a telecommuting program as defined under RA 11165, including WFH arrangements

Deloitte.

Media agent
BusinessWorld

The growth agenda:
Strategic tax policies for economic gains

Dr. Cielo Magno

UP School of Economics Associate Professor

Governance, Economic, & Social Development

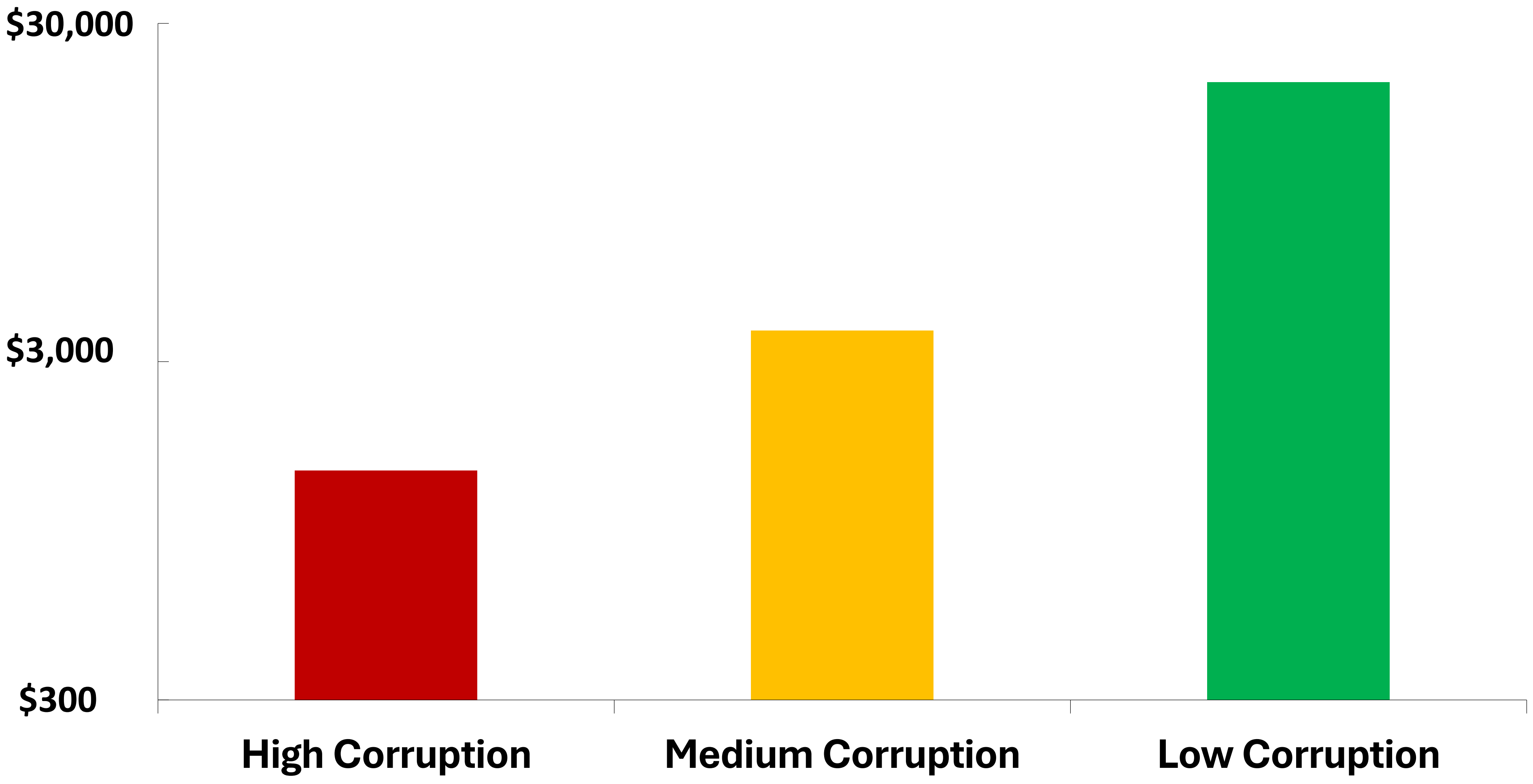
Prof. Cielo Magno
UP School of Economics

Outline

- State of governance
- Economic and social situations
- Strategic Reforms
  - Investments
  - Human Capital
  - Industrial Policy
  - Fiscal Policy
  - Institutional Reforms

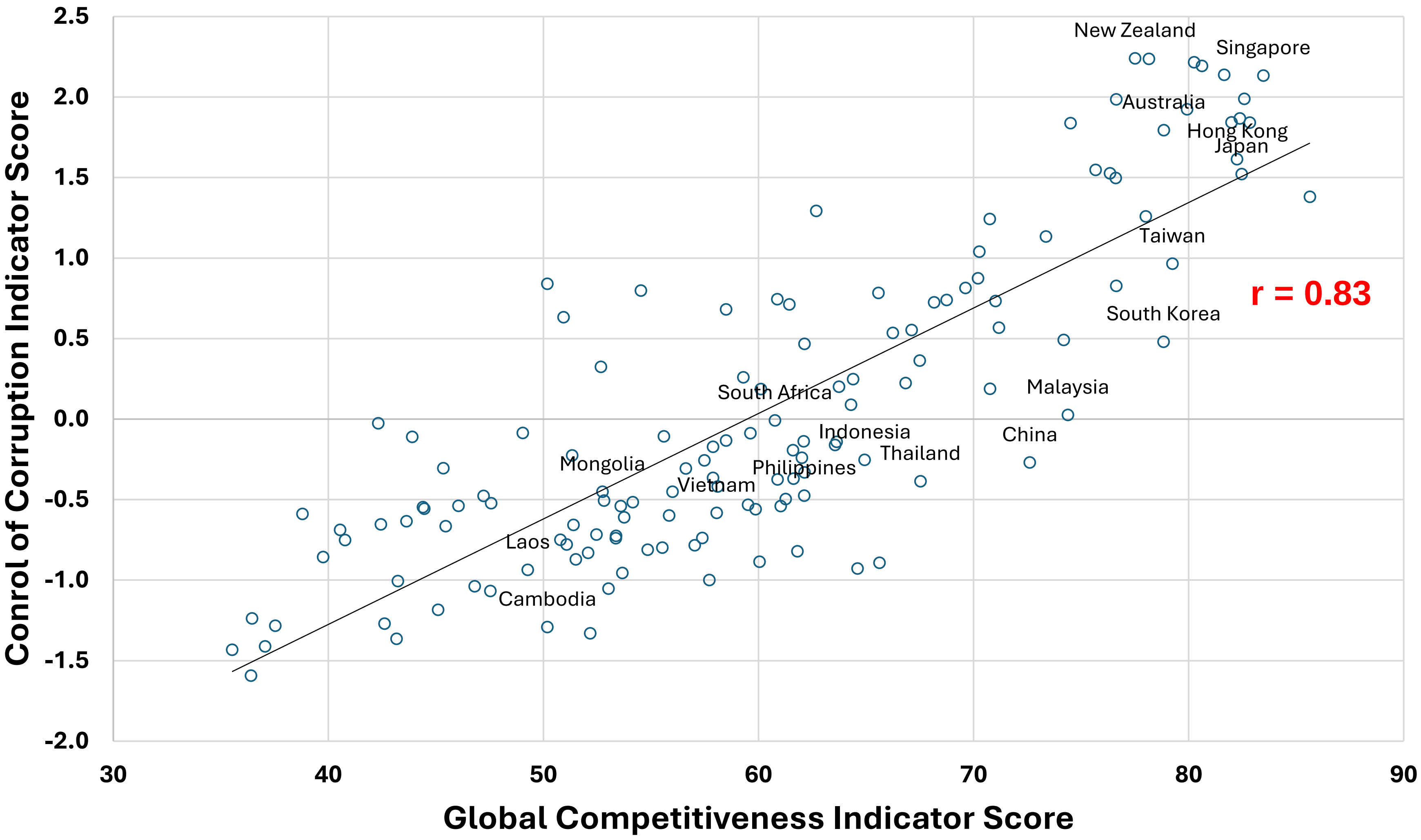
Why governance and corruption matters

The 3X Development Dividend From Improving Governance & Controlling Corruption



Data Source for calculations: KK 2004. Y-axis measures predicted GDP per capita on the basis of Instrumental Variable (IV) results for each of the 3 categories. Estimations based on various authors' studies, including Kaufmann and Kraay.

Close link between WEF Global Competitiveness (2018) & WGI Control of Corruption (2017)



Source: Worldwide Governance Indicators (http://www.govindicators.org) and World Economic Forum Global Competitiveness Report 2018 (https://www.weforum.org/reports/the-global-competitveness-report-2018)

Magno & Quizon 2022: Investments and Institutions

$$
\begin{aligned}
&\ln(FDI_{it}) \\
&= \beta_0 + \beta_1 institution_{it} + \beta_2 gdppc_{it} + \beta_3 mobile_{it} + \beta_4 inf_{it} \\
&+ \beta_5 gfcf_{it} + \beta_6 lf_{it} + \beta_7 lifeexp_{it} + \beta_8 schoollifeexp_{it} + \beta_9 pop_{it} \\
&+ \beta_{10} merchandisetrade_{it} + \beta_{11} \ln(FDI)_{lag_{it}} + v_i + u_{it}
\end{aligned}
$$

- $\boldsymbol{i}$ represents country i; $\boldsymbol{t}$ represents year t
- $\boldsymbol{ln(FDI_{it})}$ is the log of FDI net inflows
- $\boldsymbol{institution_{it}}$ corresponds to an institutional dimension
- $\boldsymbol{gdppc_{it}}$ is the gross domestic product per capita
- $\boldsymbol{mobile_{it}}$ is the mobile subscriptions per 100 people
- $\boldsymbol{inf_{it}}$ is the inflation rate
- $\boldsymbol{gfcf_{it}}$ is the gross fixed capital formation
- $\boldsymbol{lf_{it}}$ is the labor force participation rate
- $\boldsymbol{lifeexp_{it}}$ is the life expectancy at birth
- $\boldsymbol{schoollifeexp_{it}}$ is the expected number of years of schooling
- $\boldsymbol{pop_{it}}$ is the total population
- $\boldsymbol{merchandisetrade_{it}}$ is the sum of merchandise exports and imports
- $\boldsymbol{ln(FDI)_{lag_{it}}}$ is the one-year lag of $\boldsymbol{ln(FDI_{it})}$
- $\boldsymbol{v_i}$ is the time-invariant country fixed effect
- $\boldsymbol{u_{it}}$ is the error term that varies across time and space

Our study

- Investigates how institutions, macroeconomic conditions, and trade policies affect foreign investments
- Data: Worldwide Governance Indicators and World Development Indicators
- 126 countries from 1996 to 2019
- Countries classified as developed or developing
- Panel data estimation technique (fixed-effects)

Our study: results

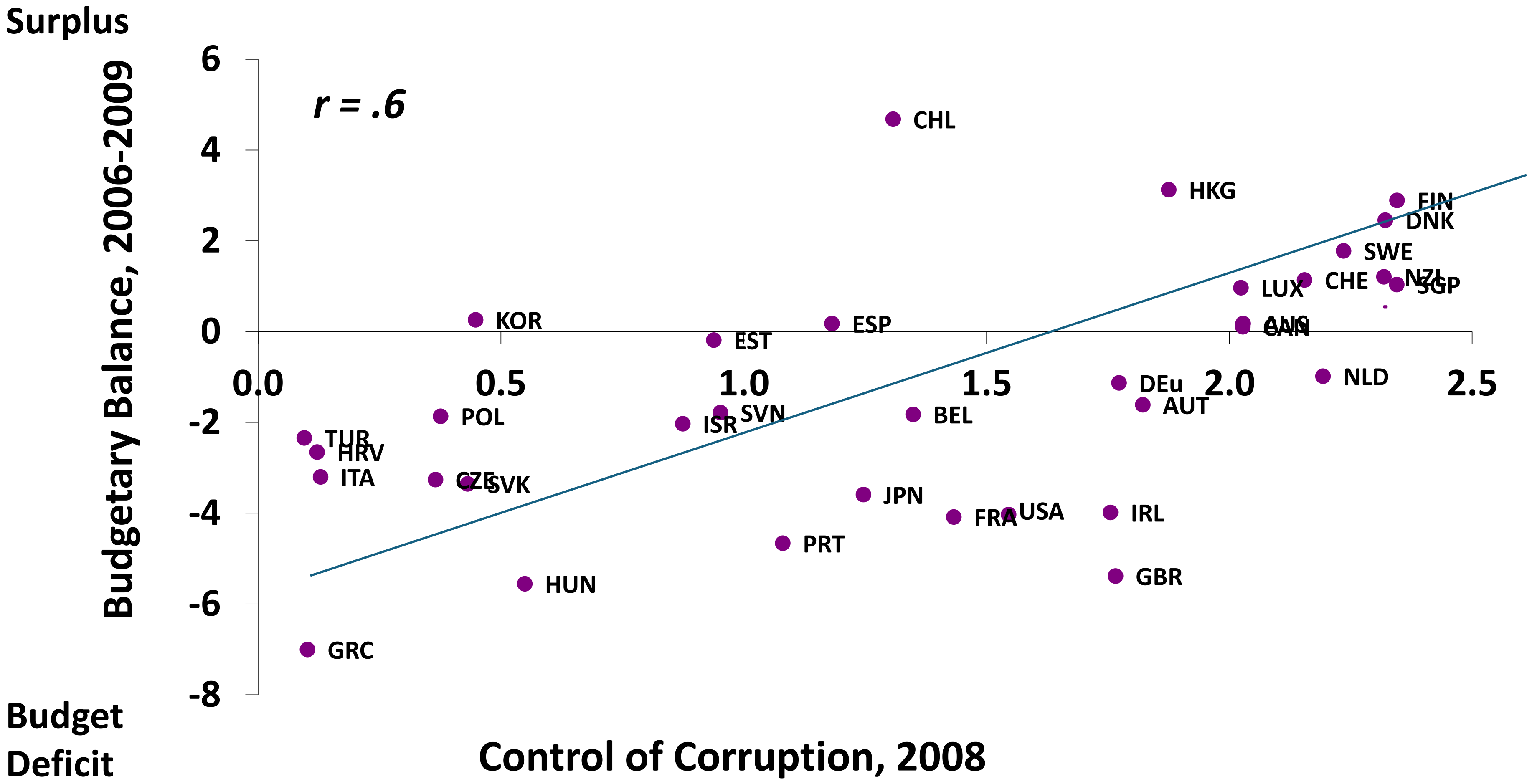
Various literature found that good institutions attract investments, which may be more pronounced to developed countries (Peres et al., 2018 and Sabir et al., 2019).

Our study, on the other hand, provide evidence that good institutions may be more beneficial for developing countries.

Also, while our results show that macroeconomic conditions and trade policies are indeed important in attracting investments, institutional quality may have a more pivotal role (as evidenced by its higher positive coefficients than the other two factors).

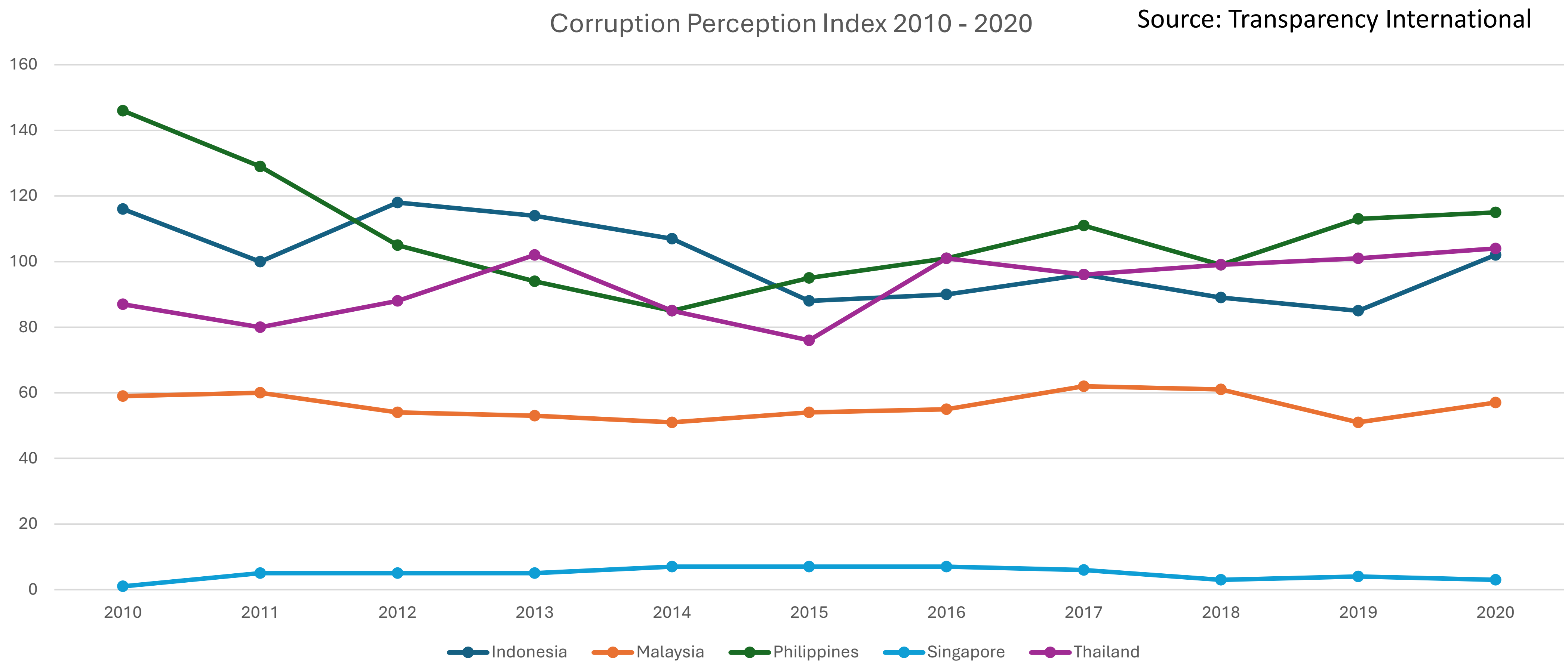
Hence, improvement of accountability, transparency, elimination of corruption, enforcement of the rule of law, regulatory quality, political stability, and government effectiveness will be beneficial for the Philippines and must be considered as a development priority.

Are Budgetary Deficits in Industrialized Countries Associated with Corruption?: Yes



Graph from: D. Kaufmann, *'Corruption and Budget Deficits in Industrialized Countries: Heresy in the Eurozone and Beyond', forthcoming (2010), Brookings Working Paper Series.* Sources of Data for this graph: Control of Corruption, 2008 from the Worldwide Governance Indicators (WGI): Kaufmann, Kraay and Mastruzzi, *"Governance Matters VIII"* (2009). Higher value means better Corruption Control. Budget Balance: Economist Intelligence Unit (EIU), average for budget balance for 2006-2009. A positive (negative) value for budget balance depicts a budgetary surplus (deficit). Chart shows sample of 35 countries of the OECD and other high income economies, except for oil-rich and small islands.

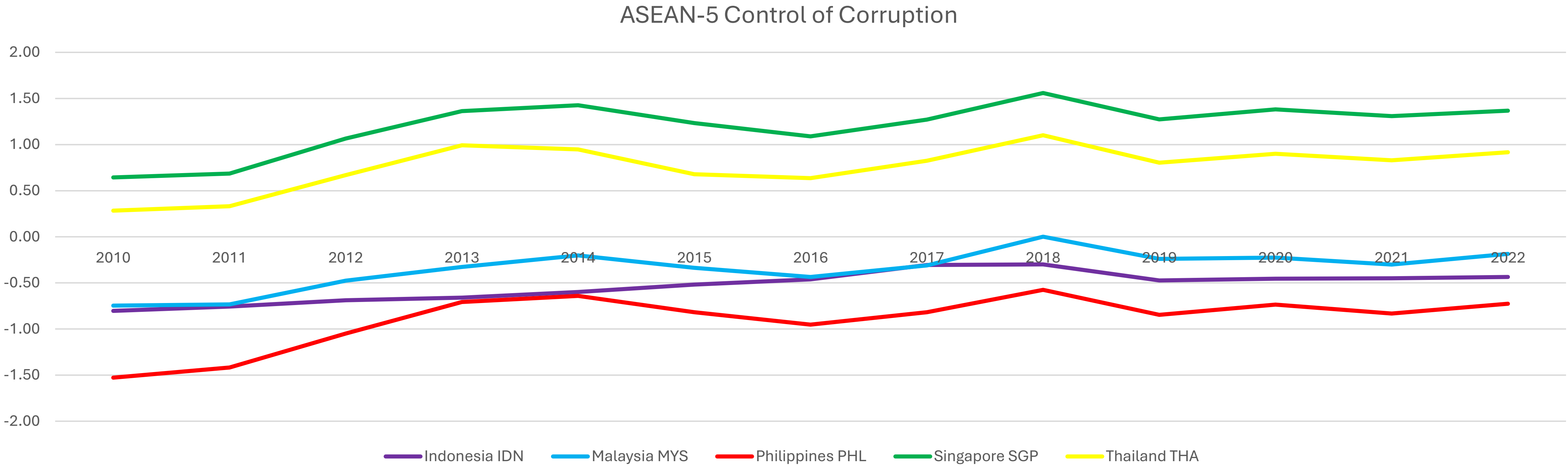
Corruption Perception Index



- Philippines had the worst Corruption Perception Index for the most part of the period 2010-2020. For the period 2010-2015, the declining trend of CPI is statistically significant. The trend, however, reversed during 2016-2020.

Control of Corruption

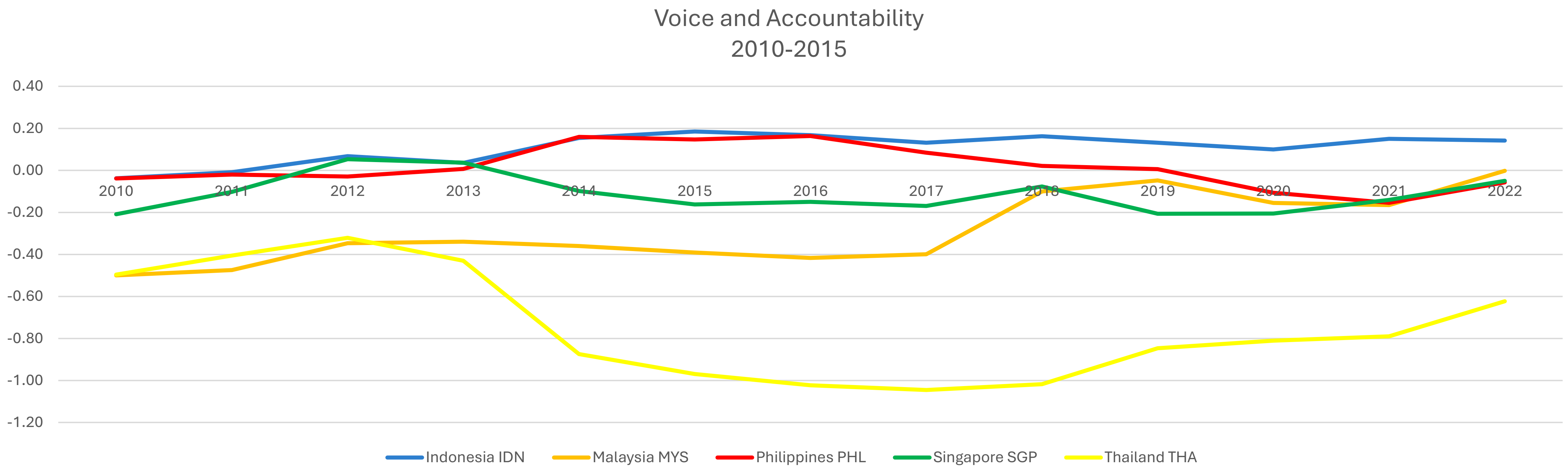
- In 2016-2022, the control of corruption index of the Philippines became the worst among ASEAN 5. In this period, the downward trend is statistically significant. This is the opposite to the upward trend in the previous period, which is statistically significant as well.



Source: World Governance Indicators. https://www.worldbank.org/en/publication/worldwide-governance-indicators

Voice and Accountability

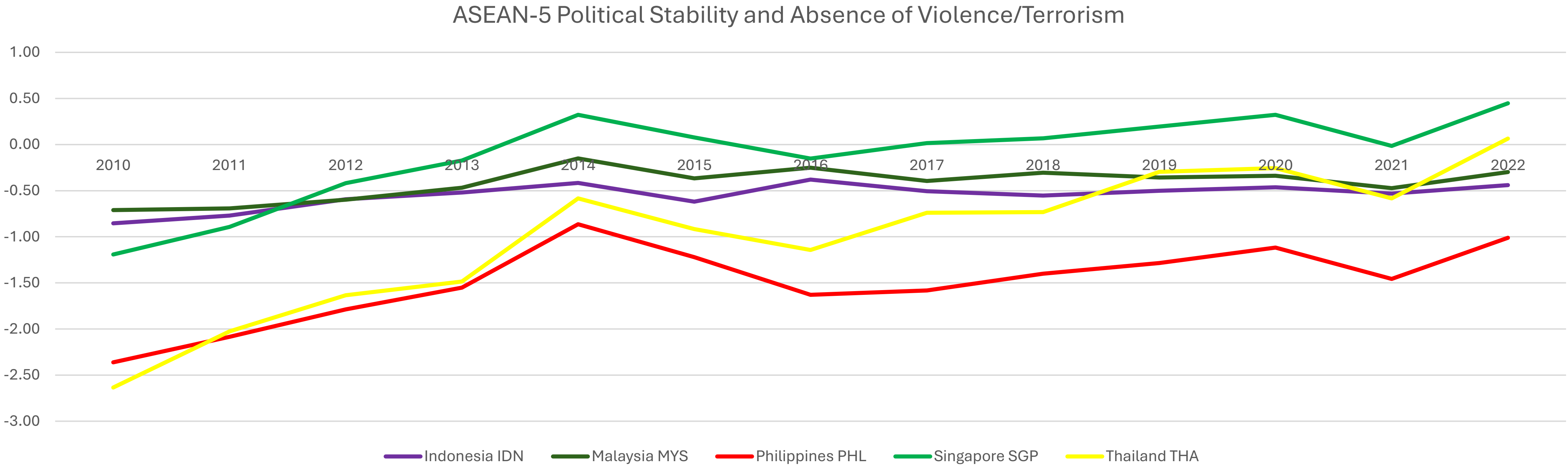
- In 2010-2015, the upward trend of the voice and accountability index of the Philippines is statistically significant. In 2016-2019, it demonstrated a decline, which is also statistically significant.



Source: World Governance Indicators. https://www.worldbank.org/en/publication/worldwide-governance-indicators

Political Stability and Absence of Violence

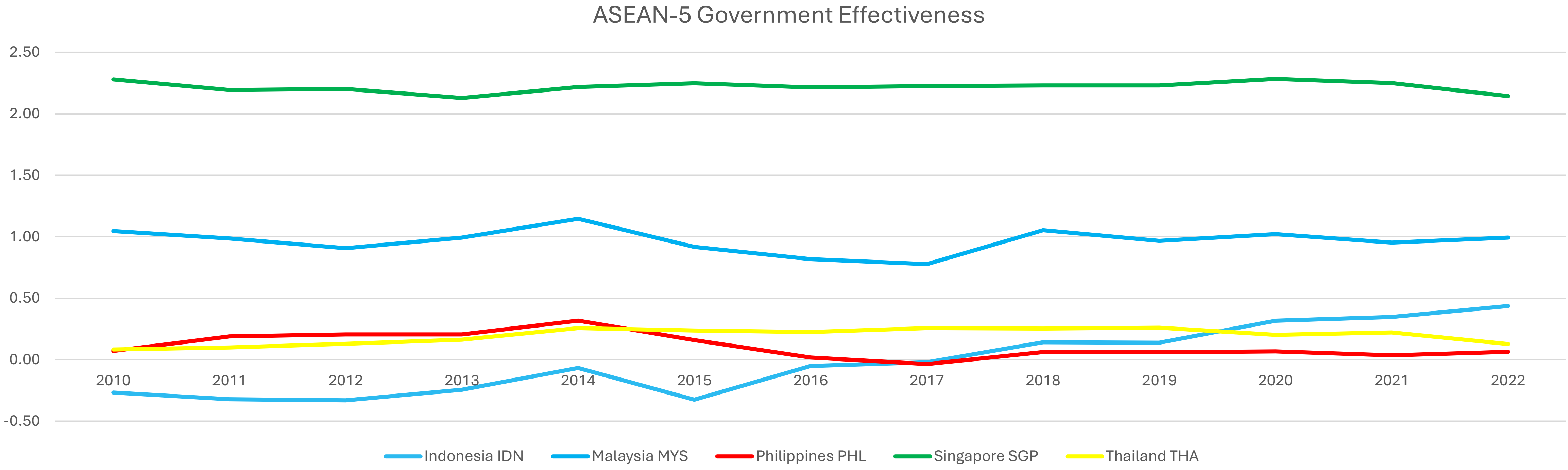
- In 2014-2022, the political stability and absence of violence index of the Philippines became the worst among ASEAN 5. The upward trend during this period became flatter than the previous period.



Source: World Governance Indicators. https://www.worldbank.org/en/publication/worldwide-governance-indicators

Government Effectiveness

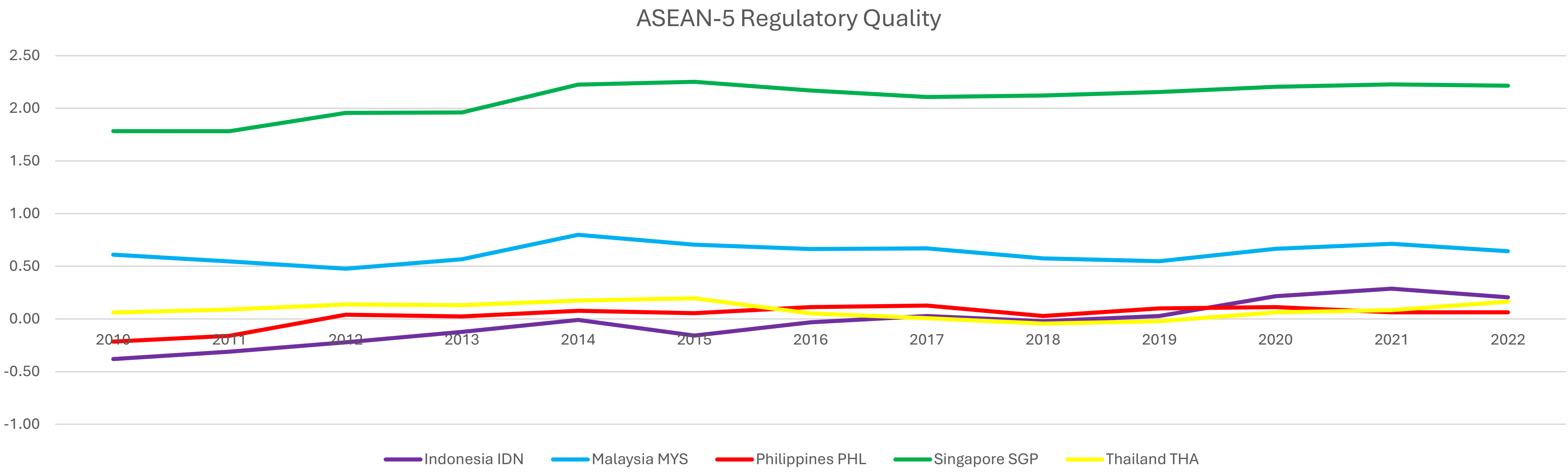
- In 2016-2019, the government effectiveness index of the Philippines became the worst among ASEAN 5. The upward trend in this period is not statistically significant, as opposed to the previous period.



Source: World Governance Indicators. https://www.worldbank.org/en/publication/worldwide-governance-indicators

Regulatory Quality

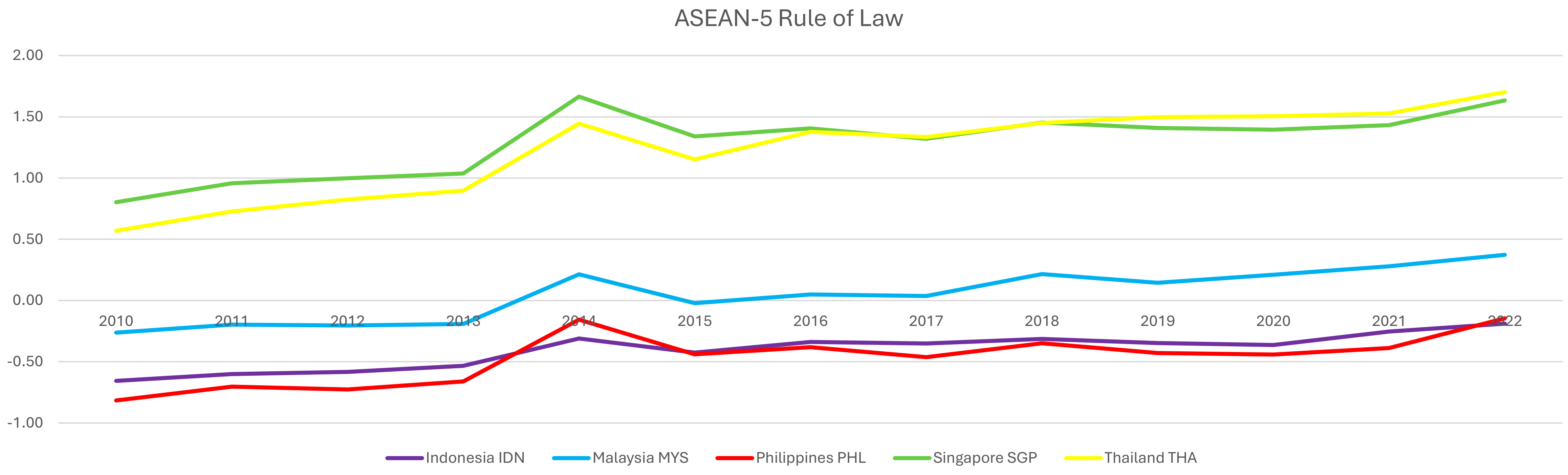
- In 2016-2022, the regulatory quality index of the Philippines became stagnant (remained in the bottom 2). In this period, the trend is downward, although it is statistically insignificant. This is opposed to the upward trend in the previous period, which is statistically significant.



Source: World Governance Indicators. https://www.worldbank.org/en/publication/worldwide-governance-indicators

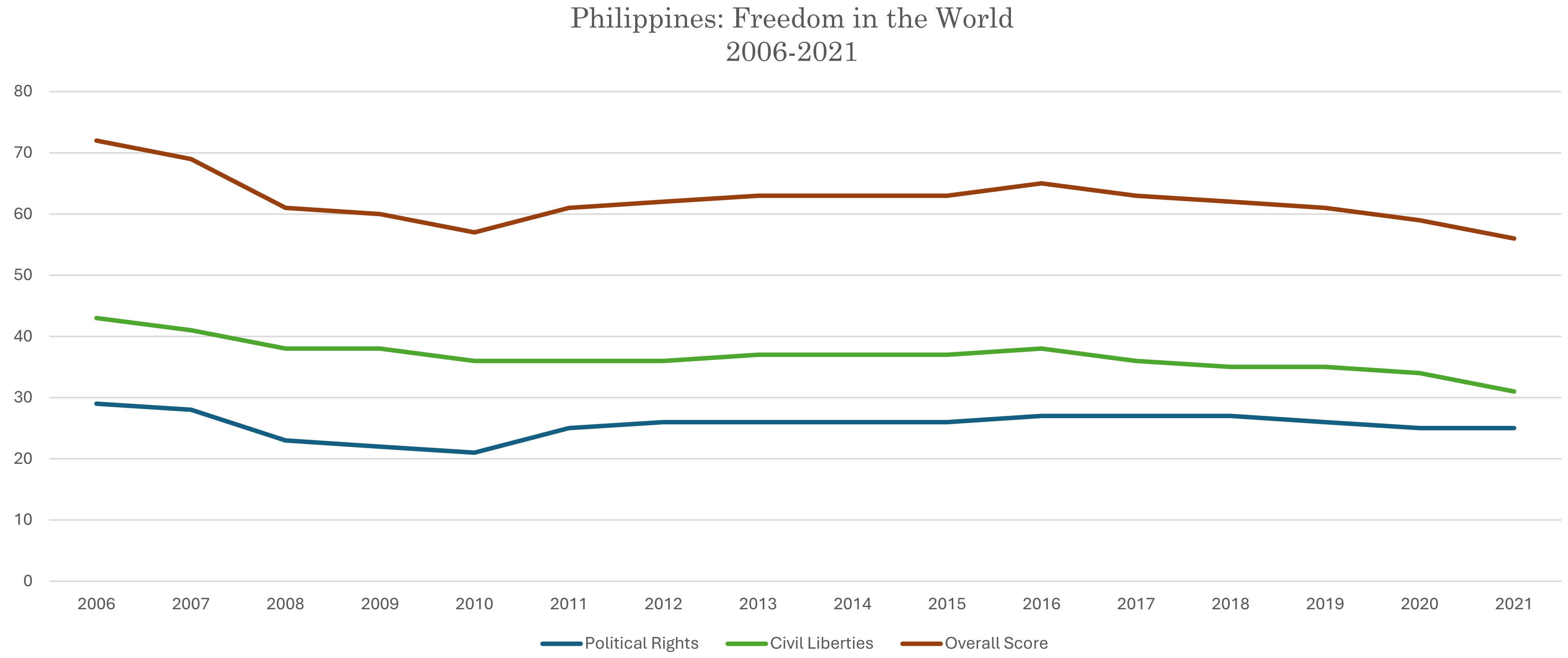
Rule of Law

- In 2016-2022, the rule of law index of the Philippines became the worst among ASEAN 5. In this period, the downward trend is statistically significant. This is the opposite to the upward trend in the previous period, which is statistically significant as well.



Source: World Governance Indicators. https://www.worldbank.org/en/publication/worldwide-governance-indicators

Freedom in World Index: Philippines

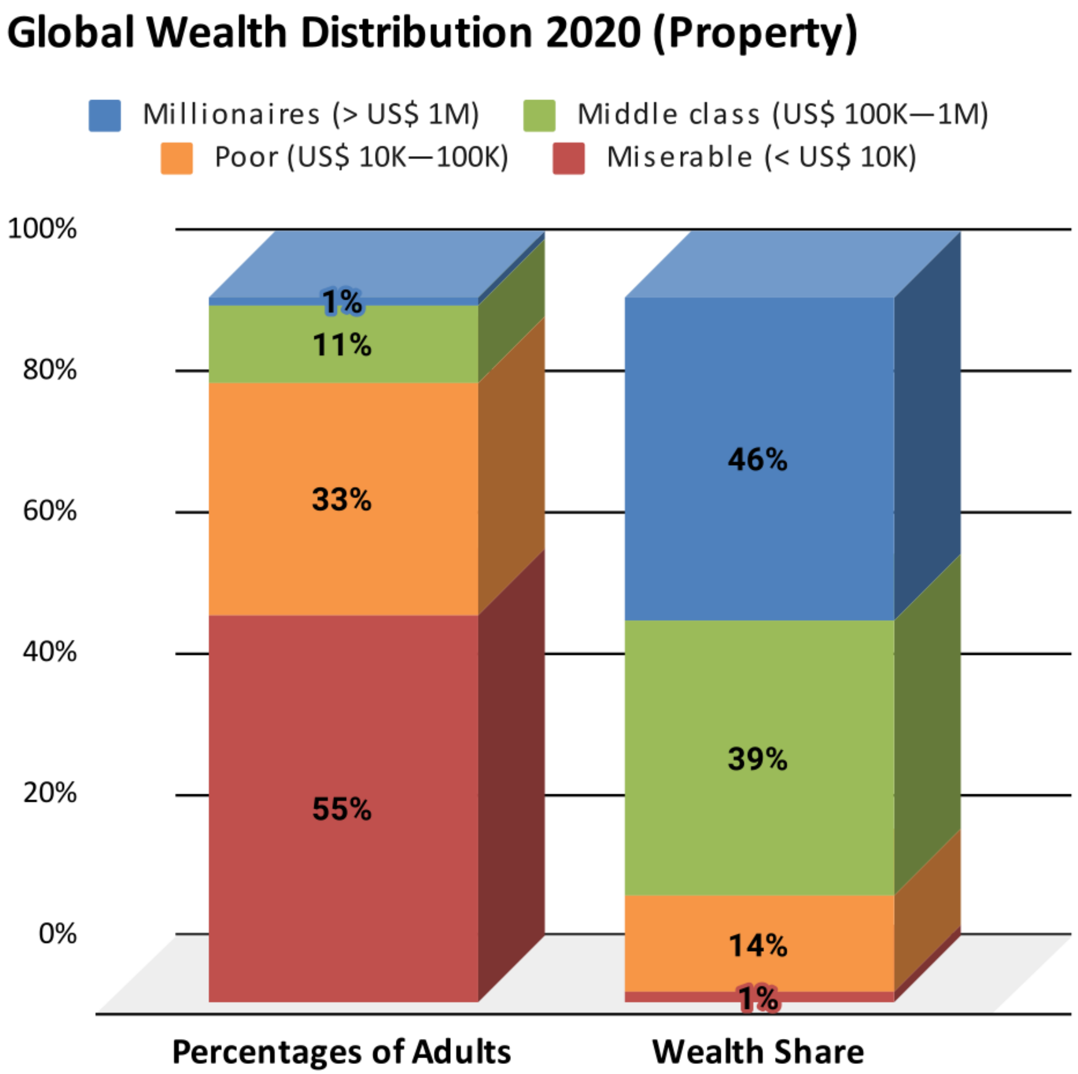


- Philippines had deteriorating freedom in the world indices during the same period.

Source: https://freedomhouse.org/report/freedom-world

Institutional Status

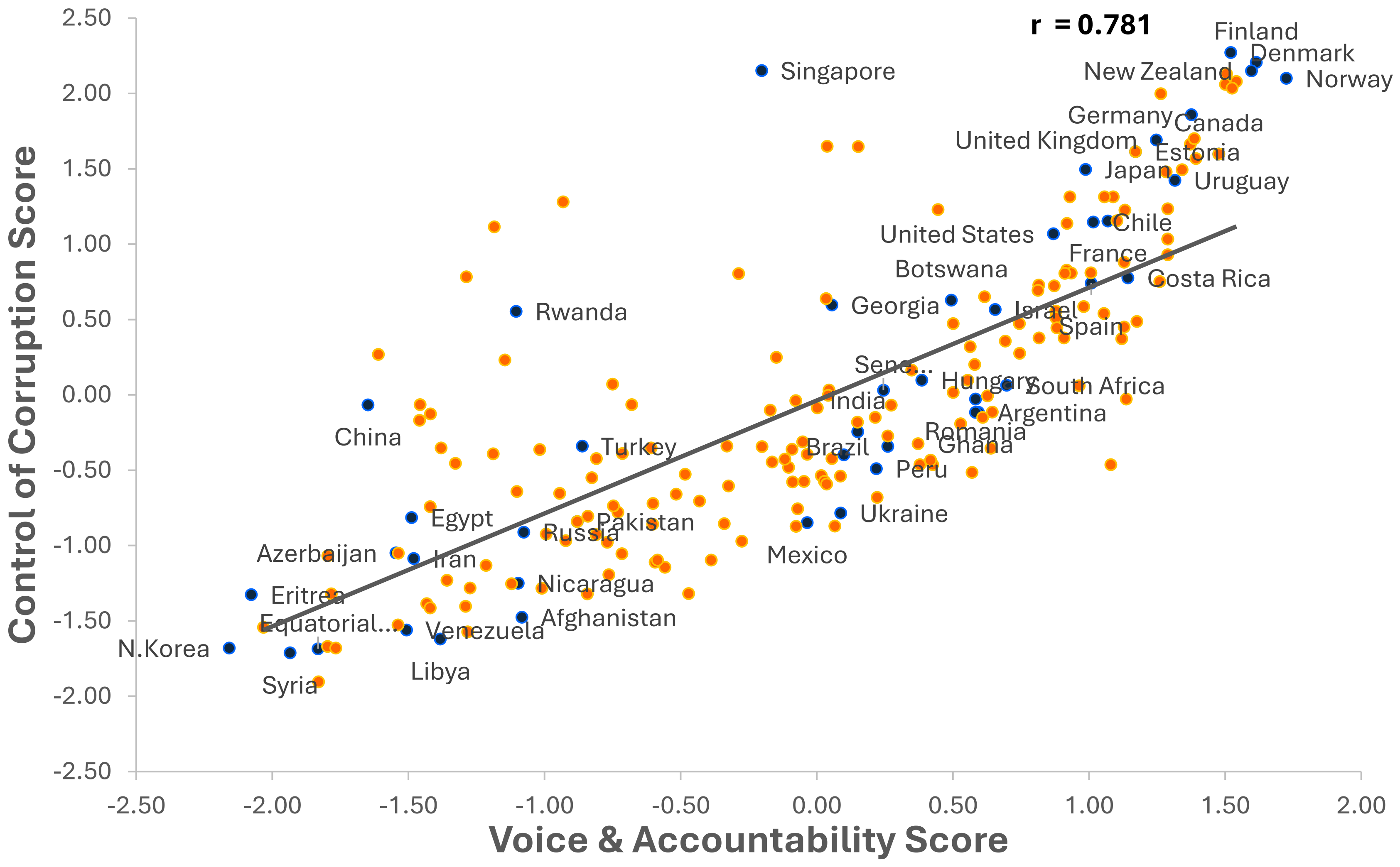
- Compared to our ASEAN 5 neighbors (Indonesia, Malaysia, Singapore, and Thailand), the Philippines is lagging in terms of various dimensions of institutional quality.
- In the recent years, 2016-2022, there are apparent declines or stagnation in the quality of institutions in the Philippines.



Source: Suisse Research Institute, 2021

Some determinants of corruption

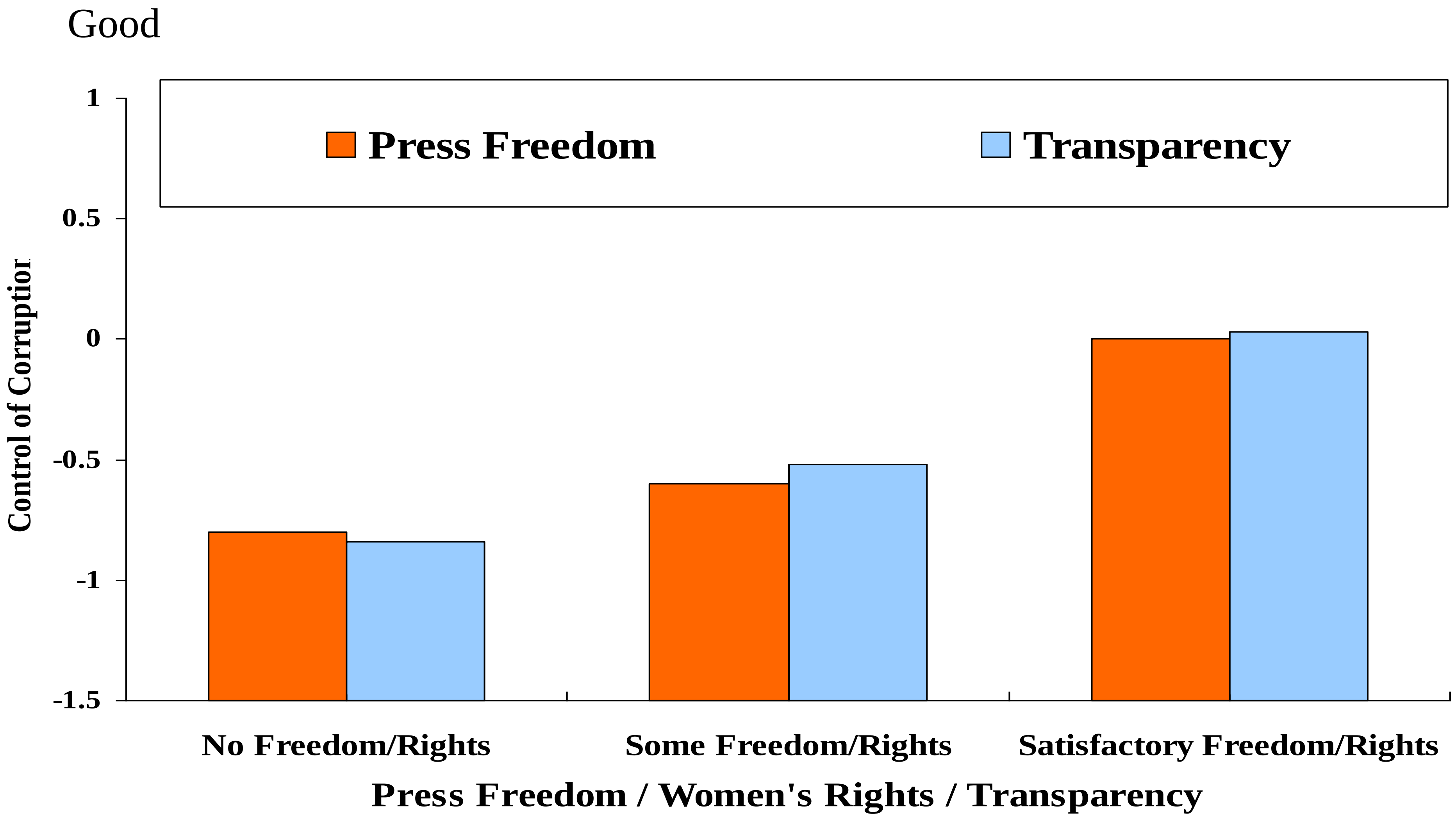
Control of Corruption and Voice & Accountability



Source: Worldwide Governance Indicators (http://www.govindicators.org)

Freedom of the Press and Transparency is Associated with Corruption Control

(Emerging Economy sample-- 135 countries)



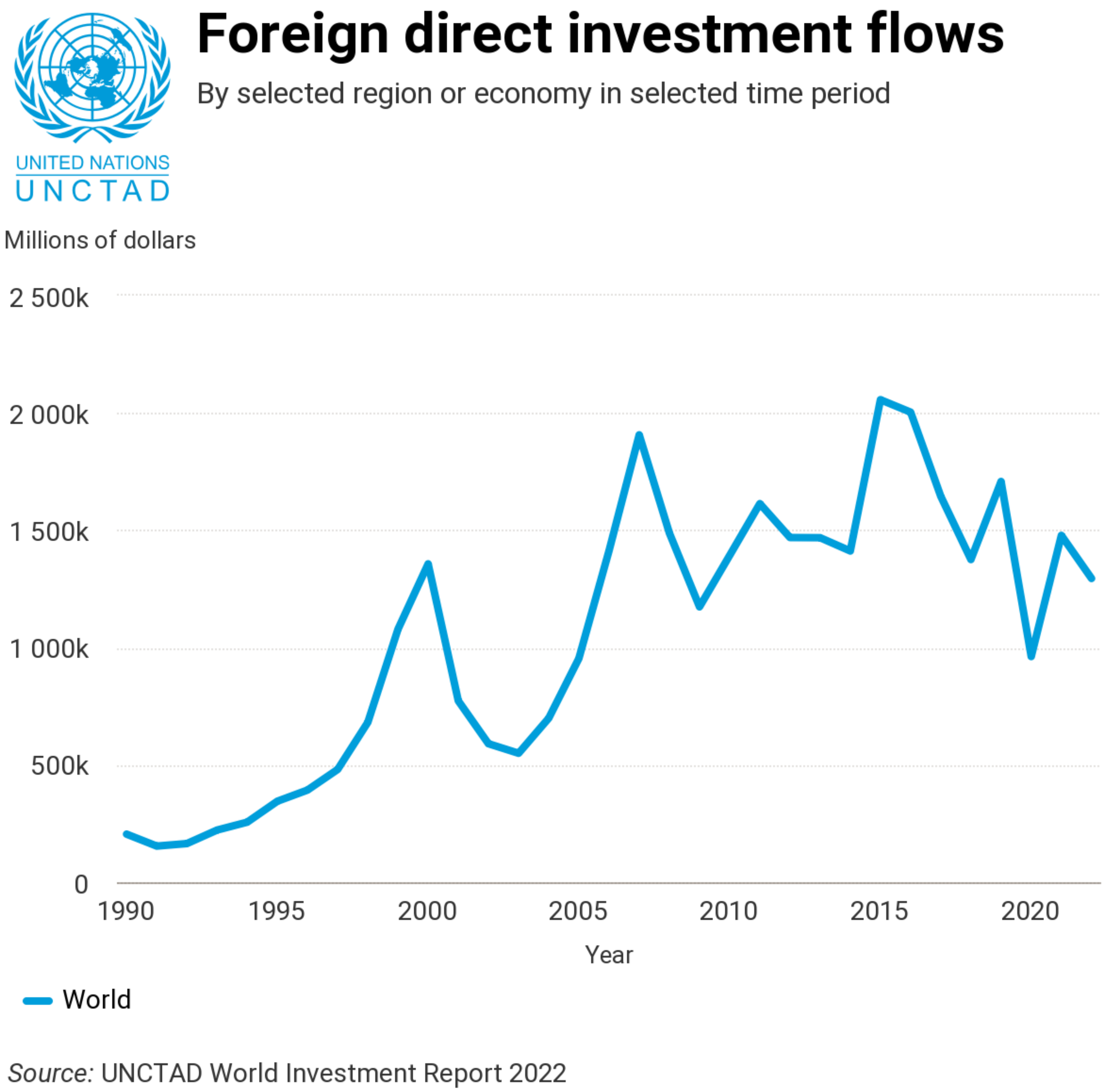
Source for Control of Corruption: : 'Governance Matters IV: Governance Indicators for 1996-2004', Kaufmann, D., A. Kraay and M. Mastruzzi, (http://www.worldbank.org/wbi/governance/govdata/); Source for Press Freedom: Freedom House. Source for Gender Equality: CPIA 2004. Source for Transparency: Transparenting Transparency", A. Bellver and D. Kaufmann. Satisfactory Freedom/Rights reflect higher ratings from Press Freedom, women's rights, gender equality and transparency ratings.

Challenging context

- Traditional corruption
- Tough Governance
  - Kleptocracy
  - Tyranny
- State capture
  - Shapers of laws/regulatory regimes
  - It can be legal
- Global concerns
  - Climate change
  - Energy transition
  - Polarization
  - Growing inequality

Transparency
Accountability
Participation

Economic situation

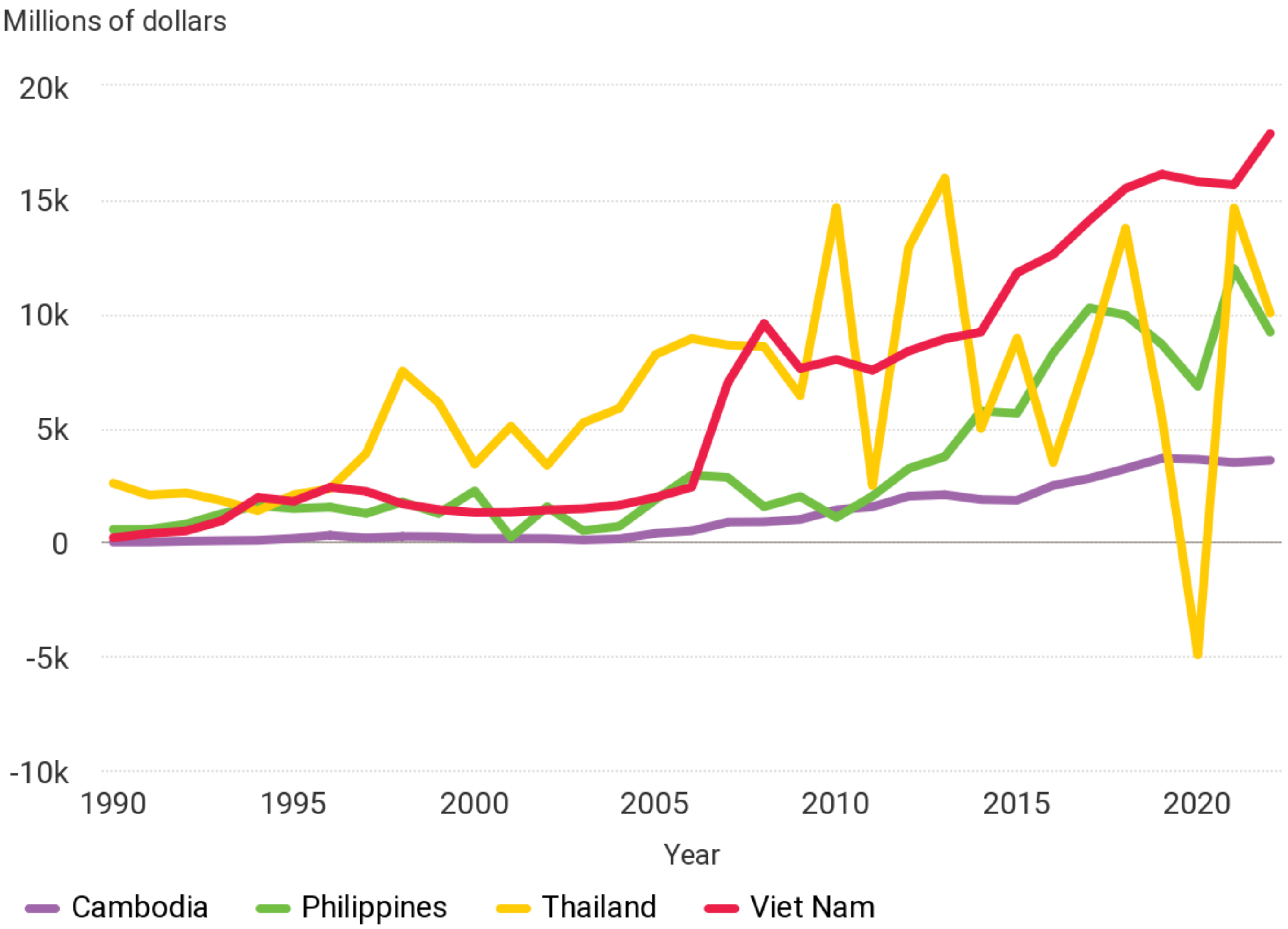


World economy at a glance

- FDI inflows worldwide started to show a declining trend starting 2015

Foreign direct investment flows

By selected region or economy in selected time period



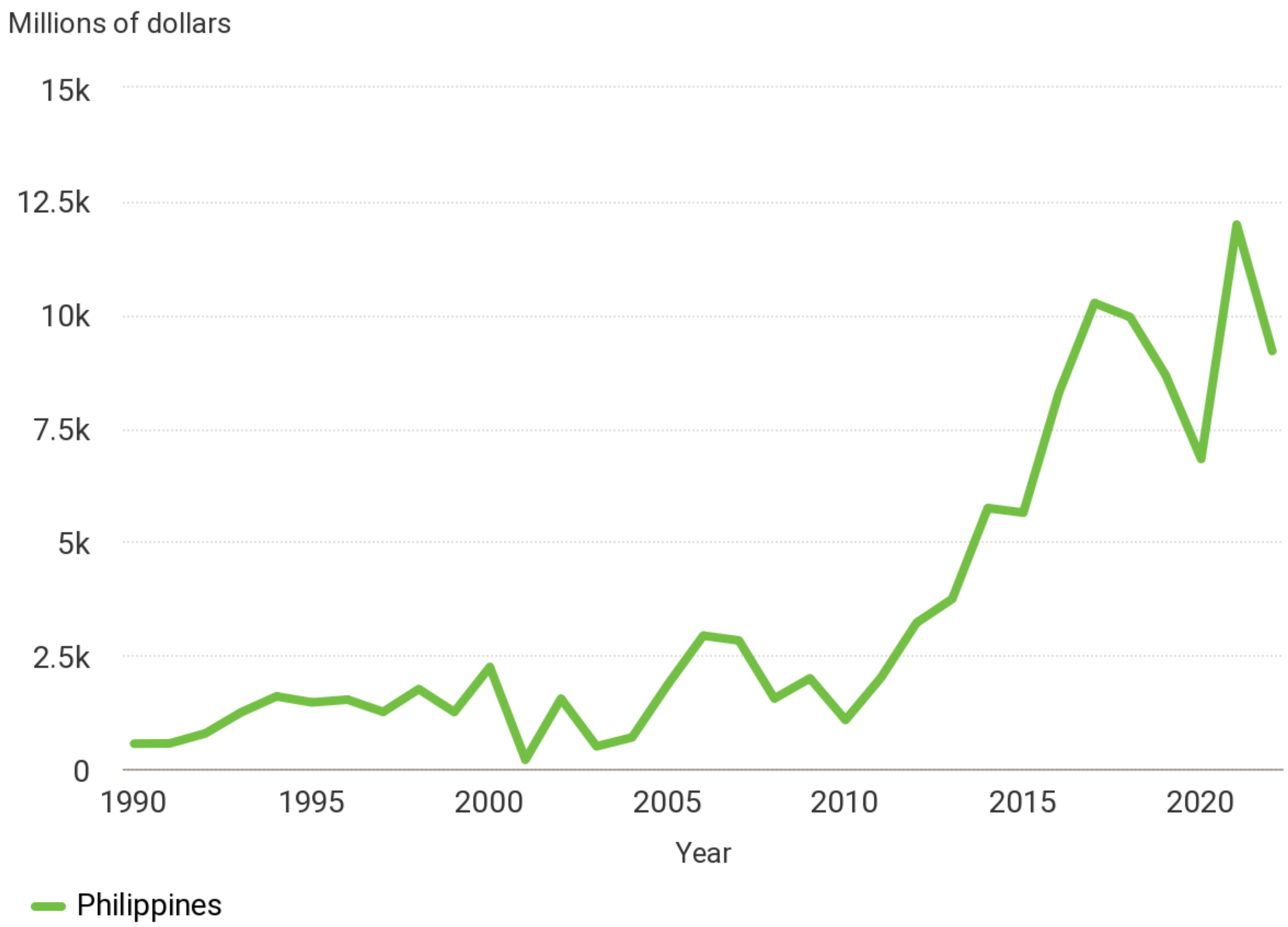
Source: UNCTAD World Investment Report 2022

- General trend for Vietnam and Cambodia is increasing.

  Philippines, generally increasing but has started to decline even before the pandemic started

Foreign direct investment flows

By selected region or economy in selected time period



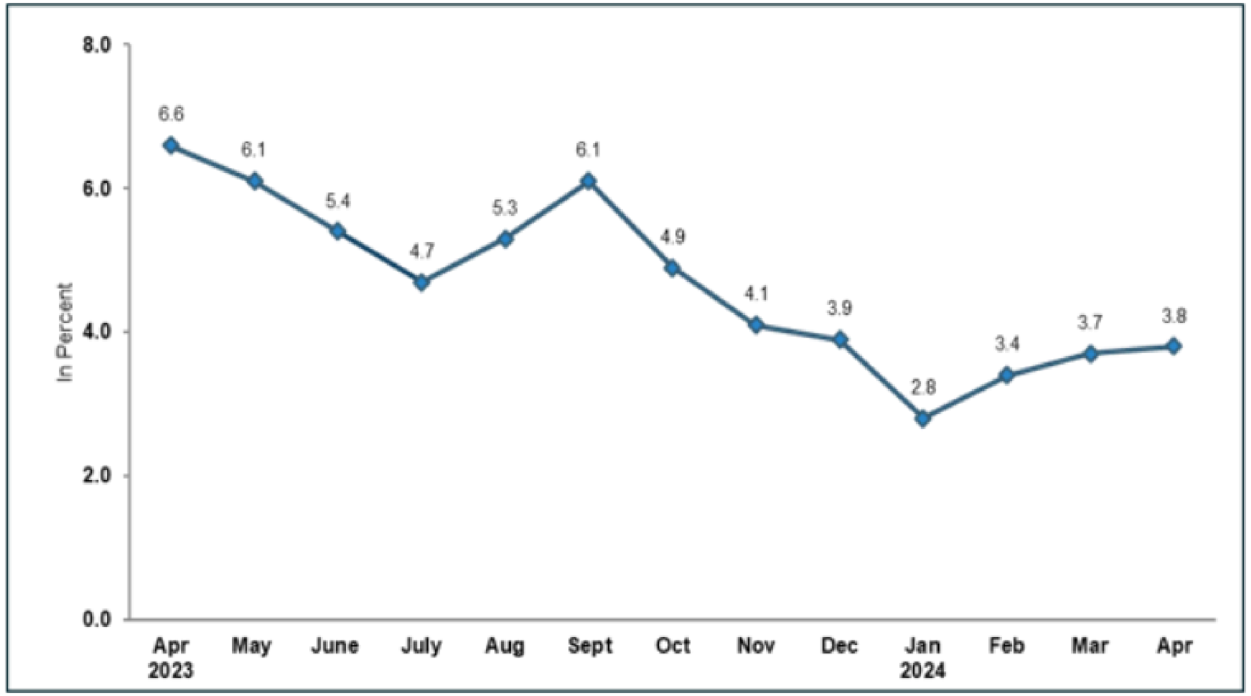
Source: UNCTAD World Investment Report 2022

Local economy at a glance

- The country experienced a declining investment climate even before the onset of COVID-19

Inflation

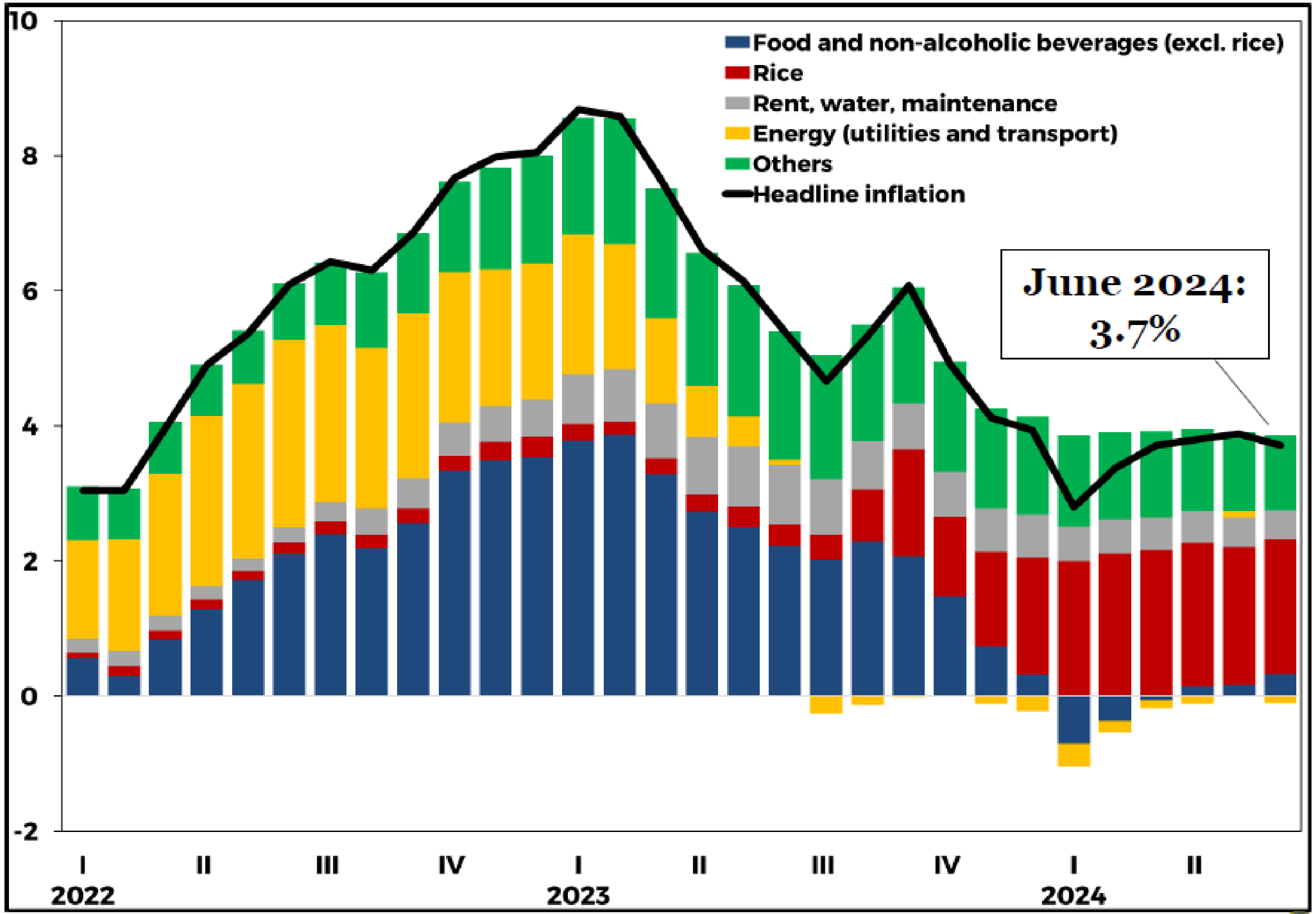
Figure 1. Headline Inflation Rates in the Philippines, All Items
(2018=100)



Source: Philippine Statistics Authority, Retail Price Survey of Commodities for the Generation of Consumer Price Index

Supply-side factors largely drive the inflation dynamics

Inflation and its major components, January 2022 to June 2024



Source: PSA and BSP staff calculations

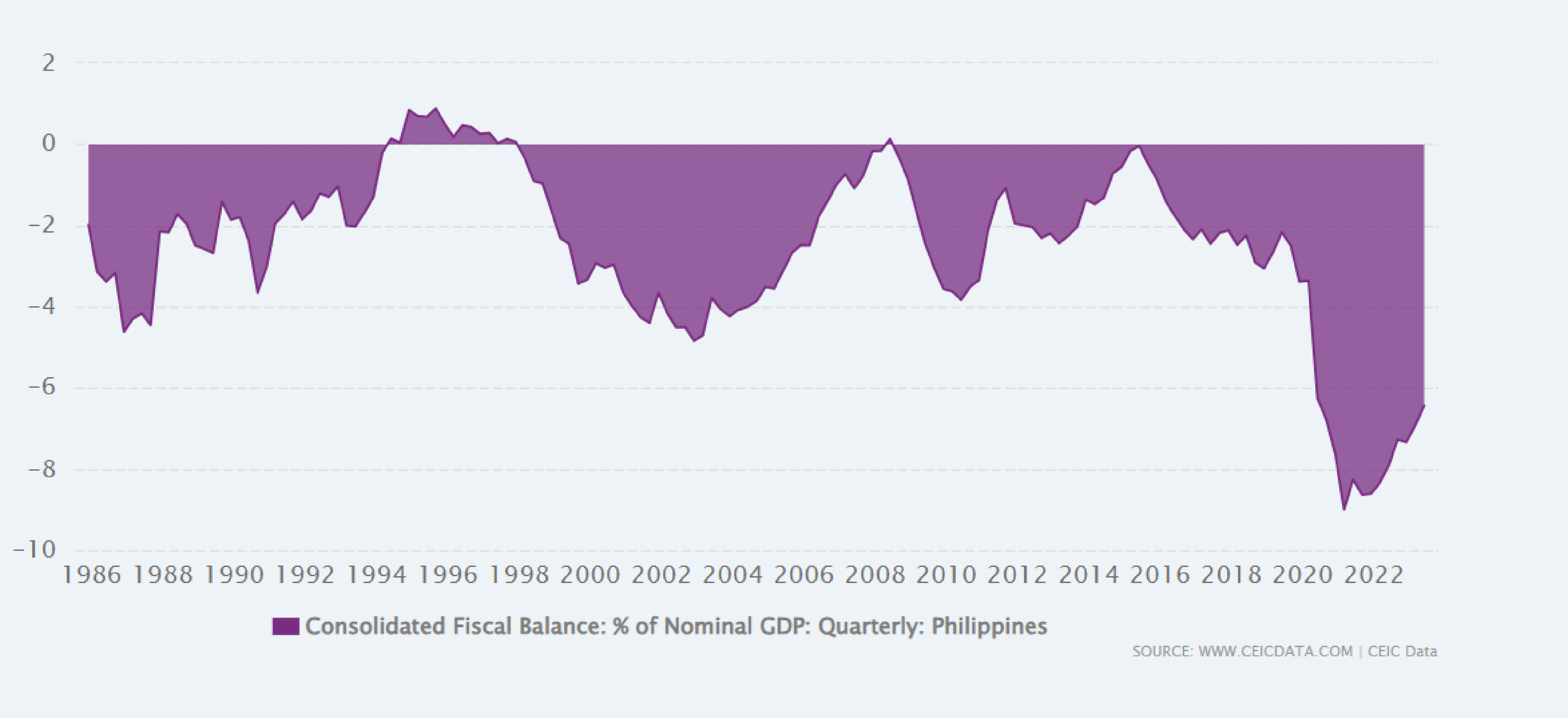
‘Pork prices to go up as DA limits imports’

Jasper Emmanuel Arcalas - The Philippine Star

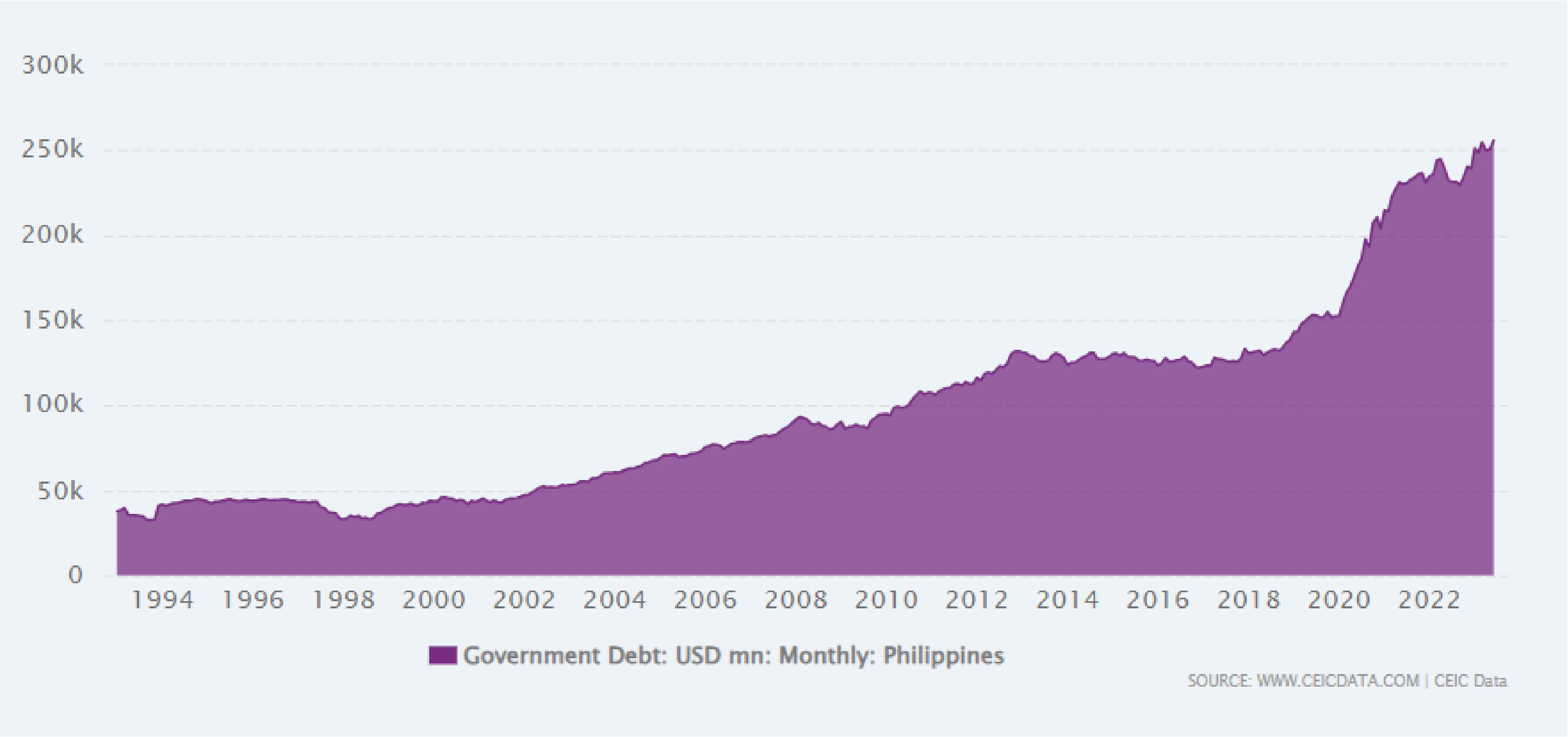
February 27, 2024 | 12:00am

2

PH Fiscal Deficit 1985- June 2023



National Government Debt: March 1993 to June 2023



ECONOMY

Philippines cuts growth target for 2024, raises deficit ceilings

Manila now forecasts 6%-7% growth this year, down from 6.5%-7.5%

https://asia.nikkei.com/Economy/Philippines-cuts-growth-target-for-2024-raises-deficit-ceilings#:~:text=The%20Philippines%20now%20expects%20the,to%202028%20were%20kept%20unchanged.

Fiscal Policies

There will be no new taxes during the remaining years of the Marcos administration, Finance Secretary Ralph Recto said, adding that the government would instead cut unnecessary spending and improve revenue collection efficiency to boost its fiscal health. Mar 25, 2024

Inquirer Business

https://business.inquirer.net › recto-no-new-taxes-until-e...

Recto: No new taxes until end of Marcos term - Inquirer Business

PHILHEALTH BUDGET FOR 2024

National Expenditure Program (NEP)	P101,514,633,000
General Appropriations Act (GAA)	P61,514,633,000
TOTAL DECREASE	P40,000,000,000

Pangandaman also explained that some adjustments were made to DOH's proposed budget for the necessary increase to its Health Facilities Enhancement Program (HFEP) and Medical Assistance for Indigent Patients (MAIP), among others.

https://pco.gov.ph/news_releases/dbm-defends-doh-budget-cut-for-2024/

DBM budget presentation

FY 2025 Total Expenditure Program

Php 6.352 Trillion

10.1% y-o-y growth

22.1% of GDP

*Consistent with the medium-term fiscal program approved by the 188th DBCC Meeting on June 27, 2024.

DBM Budget presentation

FY 2025 Total Expenditure Program, by Source of Appropriation

PARTICULARS	AMOUNT	% DISTRIBUTION
Programmed Appropriations	**4.247 T**	**66.9**
Departments and Agencies	3.526 T	55.5
Special Purpose Funds (SPFs)	721.3 B	11.4
Automatic Appropriations	**2.105 T**	**33.1**
TOTAL	**6.352 T**	**100.0**
Unprogrammed Appropriations	158.7 B	2.5

Fiscal concerns

- Growing unprogrammed appropriations (2024)
  - Unprogrammed appropriations increased by 450B
  - Flood program increased by 29B
  - Convergence and special support program increased by 237B (136%)
  - DPWH – increased by 176B

Fiscal and Political Challenges

- Revenue Eroding Measures
  - CREATE - fiscal incentives by making incentives performance-based, time-bound, and targeted
    - CREATE MORE
  - **PBBM designates parcels of land in Pasig City as Information Technology Park**
    - Arcovia City – Megaworld Corporation
    - https://pia.gov.ph/press-releases/2024/04/04/pbbm-designates-parcels-of-land-in-pasig-city-as-information-technology-park
- HB 9673
  - Revised Cooperative Code of the Philippines
  - Increasing coop threshold from 10 to 50M for non agri and 100M for agri
- Populist Policies
- Congressional insertions in the budget
- Confidential fund/Intelligence Fund/Discretionary Fund
- Opaque government practices
- Cronyism

Strategic Reforms

Importance of investment

- Investments, particularly foreign direct investments, are important since they increase productivity, facilitate transfer of technology, reduce unemployment, provide support to their host countries, among others.

- Source: Jiao, 2016; Sabir et al., 2019

In attracting investments, countries should consider having sound:

- Macroeconomic conditions – natural resource endowment, human capital, infrastructure, economic growth, etc.
- Trade policies – tariffs, non-tariffs barriers, investment/trade treaties, etc.
- Institutional quality - voice and accountability, political stability, government effectiveness, regulatory quality, rule of law, control of corruption, economic freedom, etc.

Source: Ambashi, 2017; Brooks & Sumulong, 2003; Bruinshoofd, 2016; Buitrago & Barbosa, 2021; Karimi et al., 2009; Peres et al., 2018; Sabir et al., 2019; Ullah & Khan, 2017; UNCTAD, 2011; World Bank, 2017, 2021a; Khan, 2019; McCloud & Delgado, 2021; Chipalkatti, Le, & Rishi, 2021; Brada, Drabek, Mendez, & Perez, 2019; Tinatin, 2019; Albino-Pimentel, Dussauge, & El Nayal, 2022; He, Huang, & Fang, 2021

Limits of FDIs: Threshold Externalities

- Developing countries need to have reached a certain level of development in education, technology, infrastructure and health before being able to benefit from a foreign presence in their markets (OECD, 2002).
- Rapid growth cannot occur without relatively overqualified labor, that is, without a high level of human investment relative to per capita income (Azariadis and Drazen, 1990)
- Imperfect and underdeveloped financial markets may also prevent a country from reaping the full benefits of FDI (OECD, 2002).

Sources:

Azariadis, Costas, and Allan Drazen (1990). “Threshold Externalities in Economic Development.” *The Quarterly Journal of Economics*, 105(2): 501–26.

OECD (2002) .”Foreign Direct Investment for Development. Maximizing benefits, minimizing costs.” https://www.oecd.org/investment/investmentfordevelopment/1959815.pdf

Limits of FDIs: Crowding-out of domestic investment

- FDI may crowd-out many local firms and suffocating domestic technological development which may lead to economic decline in the host countries (Lipsey, 2004).
- Through direct product competition, domestic firms may suffer profit losses as Multinational Corporations (MNCs) capture their market shares from them. If the profit losses are severe, the domestic firms may close completely leading to welfare losses in the host economy (Leahy and Montagna, 2000).
- Crowding-out domestic investment is also detested for some non-economic reasons such as the potential loss of national sovereignty (Buffie, 1993).

Limits of FDIs: Crowding-out of domestic investment

- It is particularly important to watch out for the negative effect on domestic investment because of the scarcity of domestic entrepreneurship and the need to foster the available entrepreneurial talent in the developing world (Agosin & Machado, 2005).
- Unrestricted inflow of foreign private capital may not augment investment in developing countries. They end up undermining their domestic investors, lending their own savings to developed countries and increasing their dependence on foreign investors for sustaining economic growth. Maintaining controls on capital flows is a good policy stance (Ghose 2011).

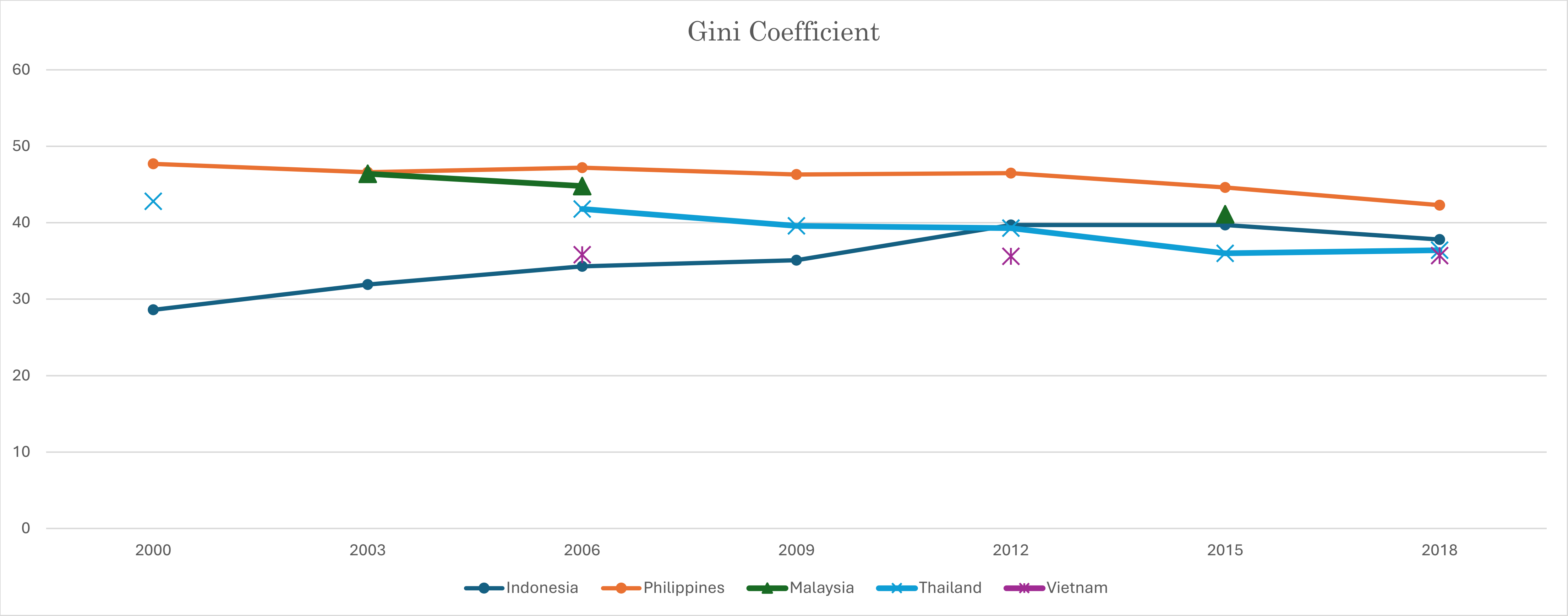
Limits of FDIs: Technology

- For technology transfer to generate externalities, the technologies need to be relevant to the host-country business sector beyond the company that receives them first. The technological level of the host country's business sector is of great importance. Evidence suggests that for FDI to have a more positive impact than domestic investment on productivity, the "technology gap" between domestic enterprises and foreign investors must be relatively limited. Where important differences prevail, or where the absolute technological level in the host country is low, local enterprises are unlikely to be able to absorb foreign technologies transferred via MNEs.

- OECD (2002) ."Foreign Direct Investment for Development. Maximizing benefits, minimizing costs." https://www.oecd.org/investment/investmentfordevelopment/1959815.pdf

Improving human capital

Improving Human Capital through Social Protection Programs: Measuring Inequality



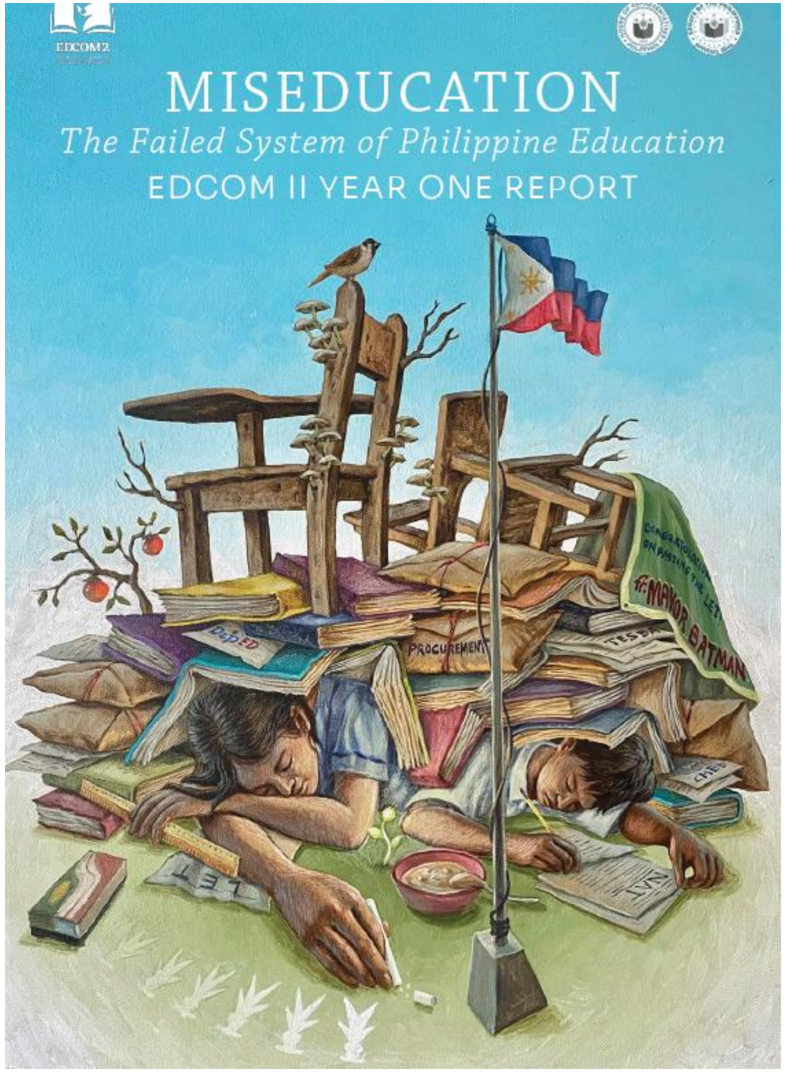
- From the figure above, we can see that although the Gini coefficient of the Philippines improves over time, it still falls behind its ASEAN neighbors.

WB’s Human Capital Index

- The Philippines Human Capital Review" showed that the Philippines Human Capital Index reached 0.52, meaning that a child born in the Philippines in 2020 can only achieve about 52 percent of its potential productivity by the age of 18.
- This is below the regional average of 0.56 for upper middle-income countries.
- Lower than the average for East Asia & Pacific region
  - Vietnam → 0.69
  - Malaysia and Thailand → 0.61
  - Indonesia → 0.54.
- Action is needed to boost learning achievement; reinvigorate the health, nutrition, and education systems; and deploy social safety nets to protect the most vulnerable

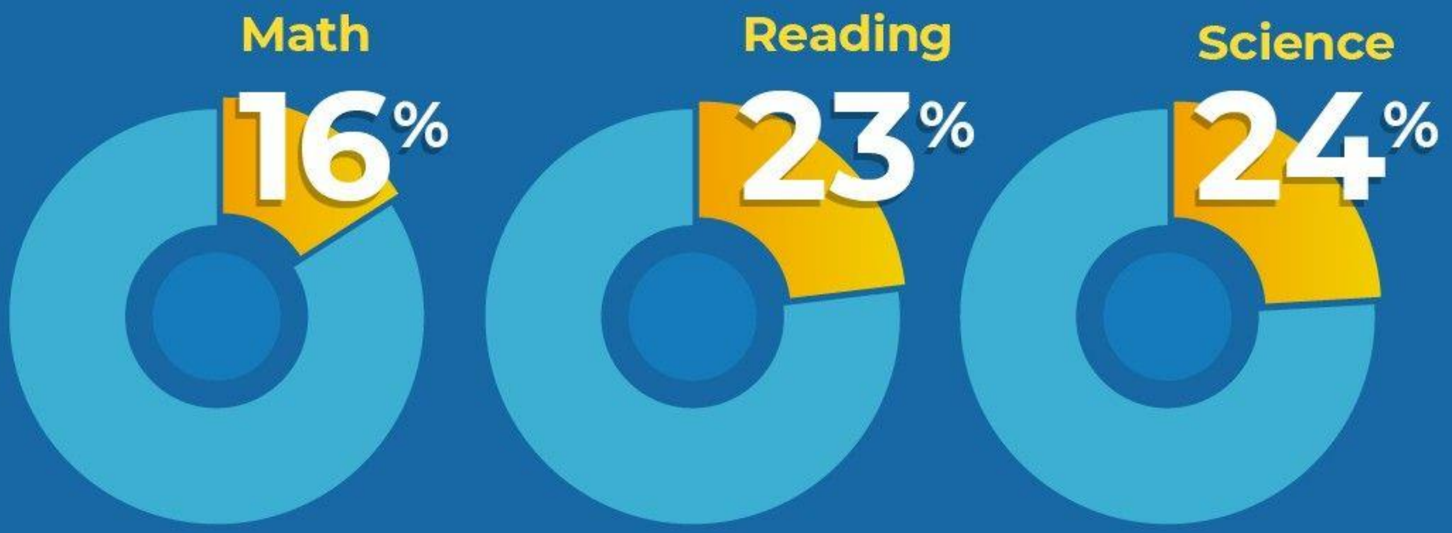
Education at a Glance

- Even before the COVID-19 pandemic, the Philippines faced a significant learning crisis. Statistics revealed that 9 out of 10 children aged 10 years old were unable to read simple texts.
- Equitable access to quality education remains elusive throughout the years of formal education. In 2019, while 82.4% of Filipinos aged 25 and over have reported completing primary education, completion rate for secondary education significantly drops to 30.5% for the said cohort. Completion rate for a Bachelor's or equivalent degree decreases even further to 24.4%.
- Additionally, while 49% of the richest decile attend higher education, only 17% from the poorest decile can do so.
- An average Filipino student spent more time in school but was less productive than their counterparts in comparator countries



Less than a quarter of Filipino students reached basic proficiency in math, reading and science

Based on the PISA 2022 results, most 15-year-old Filipino students do not have the minimum knowledge expected of their age group in all three subjects (formally called "level 2 proficiency").



Source: PISA 2022 data / Chart by Cristina Chi and Enrico Alonzo

philstar GLOBAL

EDUCATION IN THE PHILIPPINES

Philippines is 2nd lowest in 2022 international creative thinking test for students

JUN 19, 2024 2:28 PM PHT

BONZ MAGSAMBOL

The double burden of malnutrition

WHAT ?

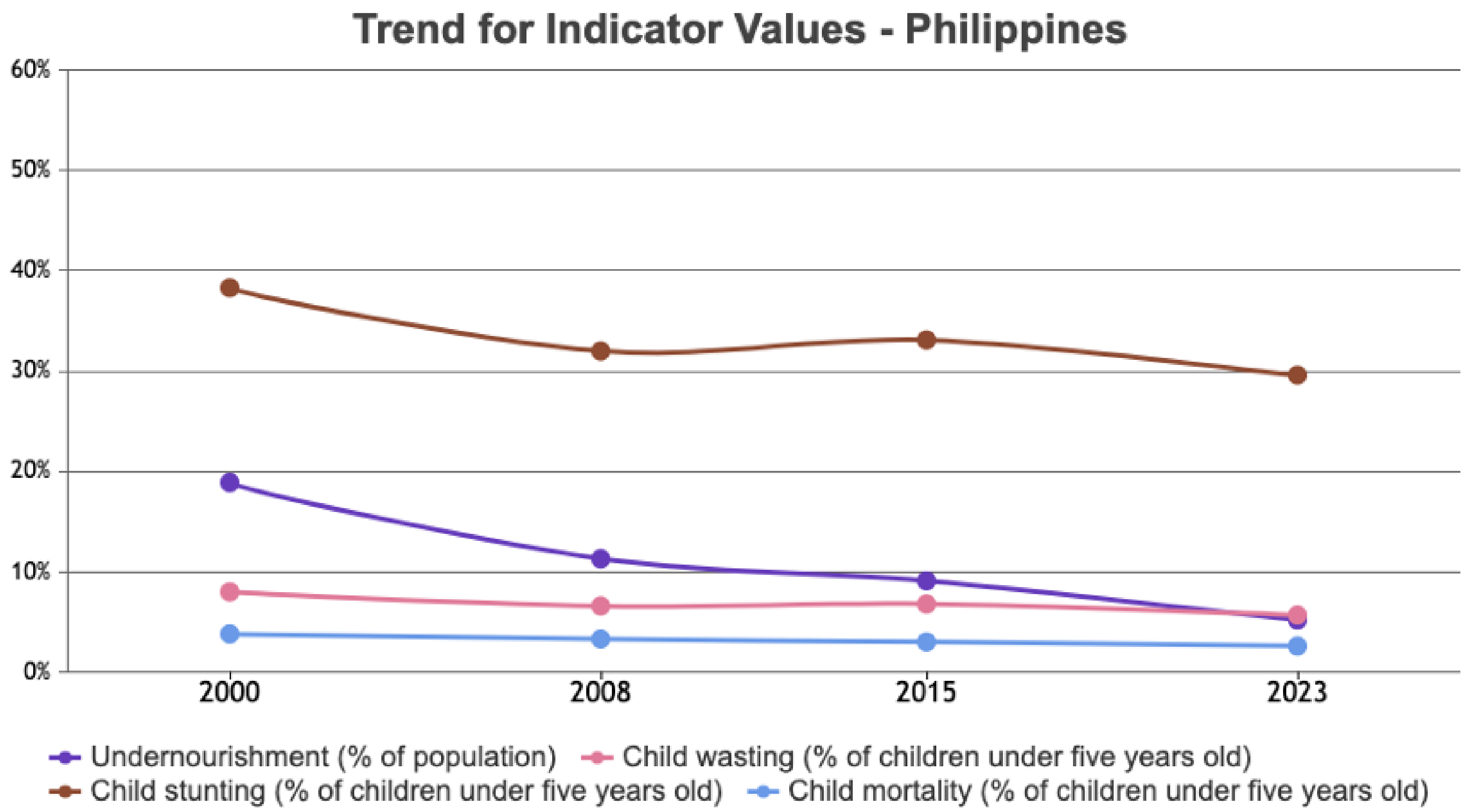
THE DOUBLE BURDEN OF MALNUTRITION IS CHARACTERIZED BY THE COEXISTENCE OF:

Undernutrition (wasting, stunting and micronutrient deficiencies) along with overweight and obesity

and diet-related noncommunicable diseases

within individuals, households and populations

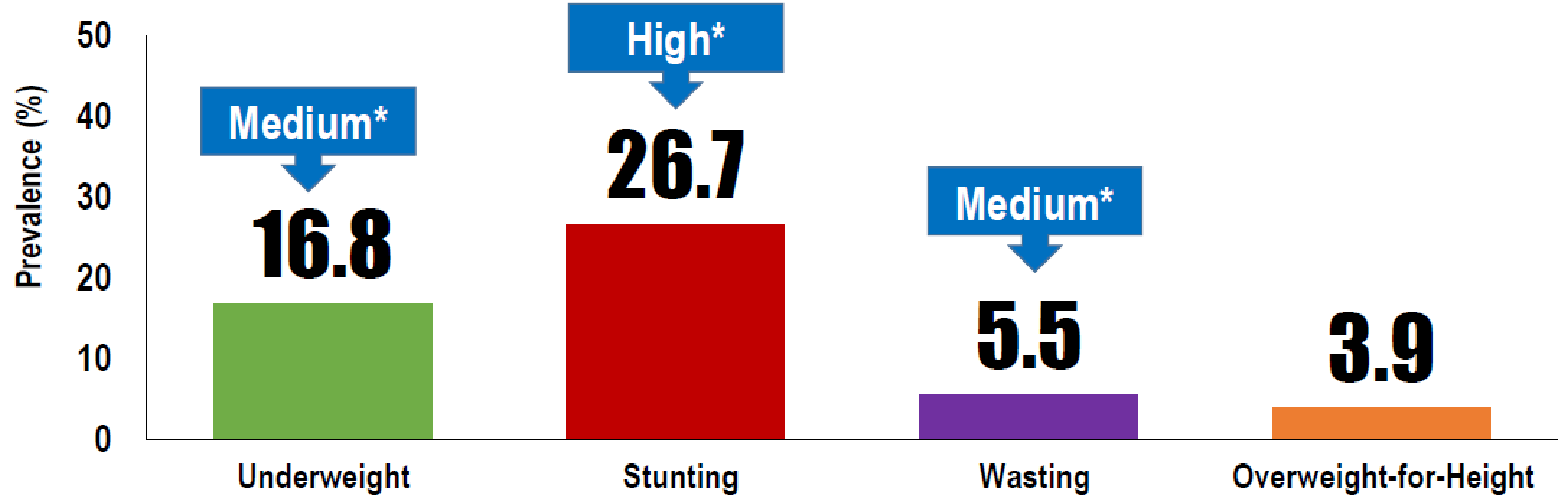
throughout life



NOTE: Data for child stunting and child wasting are from 1998–2002 (2000), 2006–2010 (2008), 2013–2017 (2015), and 2018–2022 (2023). Data for undernourishment are from 2000–2002 (2000), 2007–2009 (2008), 2014–2016 (2015), and 2020–2022 (2023). Data for child mortality are from 2000, 2008, 2015, and 2021 (2023). See Methodology for the formula for calculating GHI scores and the sources from which the data are compiled.

Source: https://www.globalhungerindex.org/pdf/en/2023/Philippines.pdf

Prevalence of malnutrition among children under-five (0 to 59 months): Philippines, 2021

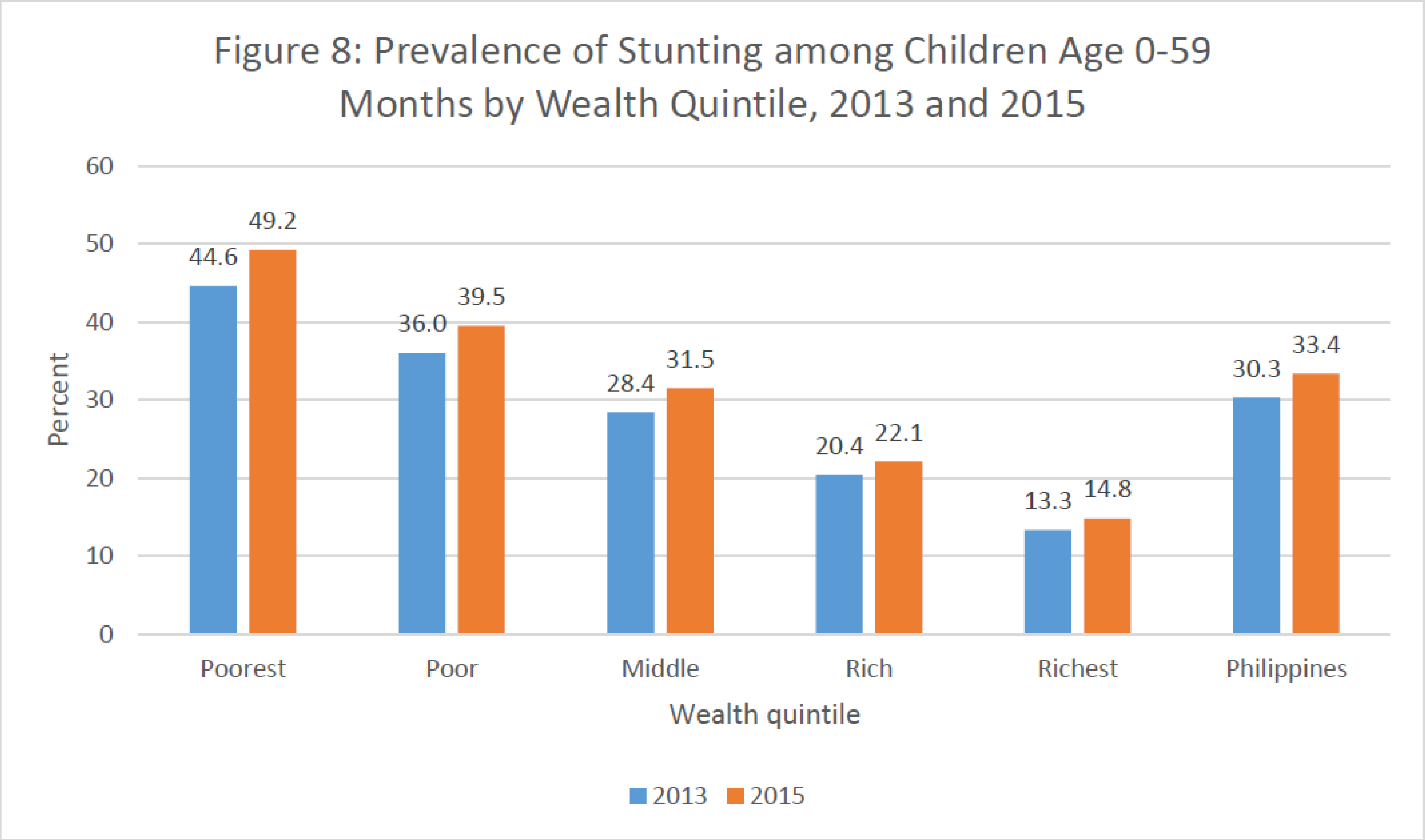


		Underweight	Stunting	Wasting	Overweight-for-Height
95% CI	LL	14.8	23.7	4.7	2.8
	UL	19.1	30.0	6.5	5.4

* Magnitude/severity based on WHO, 1995

** Magnitude/severity based on WHO, 2018

Department of Science and Technology
FOOD AND NUTRITION RESEARCH INSTITUTE
DOST-FNRI



Source: FNRI, NNS 2013 and Updating Survey 2015 as reported in FNRI DOST2016 National Nutrition Summit, February 16, 2016

Implication of Stunting

- Childhood stunting in the Philippines remains to be high, and disproportionately affects the poor
- Stunting reduces the number of years of schooling, cognitive development and has implications on adult health outcomes
- There is a GDP per income penalty for having part of the labor force that has been stunted in childhood
- Therefore, investments in nutrition, especially in the first 1000 days, are expected to have a high rate of return

Supporting the development of industries and enterprises (industrial policy)

Target industries

Targeting sectors are those that are/have:

1. Significant multiplier effects in the economy (i.e. a production in these sectors will lead to significant production in other sectors),
2. Resilient (especially this pandemic), and
3. Sectors that a country has natural advantages (sectors where our country has advantage in terms of human capital, infrastructure, etc.).

Incentivizing social enterprises

1. Making traditional MSME support accessible to SEs and providing special programs and services to SEs
2. Recognition of SEs as a different business category
3. Government support to create demand for the products and services of SEs
4. Adoption of formal policies to promote SEs

Key industries

1. BPO
2. Maritime
3. Mining (downstream) and its linkages

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Maraming salamat po!

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Media agent

BusinessWorld

Keeping up with Taxes: RPVARA, VAT on digital services, and other updates

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Republic Act 12023
VAT on Digital Services

RA 12023
VAT on Digital Services

Relevant Dates

- **October 2, 2024** – Signed into law.
- **October 18, 2024** – Took effect after publication in the Official Gazette.
- **January 16, 2025 –** BIR to issue Implementing Rules and Regulations (IRR) within 90 days from effectivity. Note: Public consult held November 12, 2024.
- **120 days from IRR effectivity** – Non-resident Digital Services Provider (NRDSP) shall be subject to 12% VAT.

Different VAT mindset

Traditional – VAT is applied when service is performed in PH.

RA 12023 – Considers services actually performed outside PH as being performed inside PH if the digital service is **CONSUMED** in PH.

Coverage

What – Any service (exemptions apply) that is supplied over the internet or other electronic network using information technology where the supply of the service is essentially automated, such as online search engine, online marketplace or e-marketplace, cloud service, online media and advertising, online platform, and digital goods.

Who –
Digital Service Providers (DSP)
- Resident Digital Services Provider (RDSP).
- Non-Resident Digital Services Provider (NRDSP) – must register via VAT Digital Service portal (VDS).
- Electronic Marketplace (E-marketplace) – DSP acting as E-marketplace to connect PH buyers with online sellers. Has control of the key aspects of the supply by: 1. Sets terms and conditions of the service delivery; 2. Involved in the ordering or delivery or service.

PH Buyers – VAT or Non-VAT
- Business (B)
- Consumer (C)

Transactions –
- Business to Business (B2B) – Supply or delivery of digital services to PH buyer engaged in business.
- Business to Consumer (B2C) – Supply or delivery of PH buyer NOT engaged in business.

VAT-Exempt

- Supply, sale, delivery of physical goods to PH from a foreign territory to a buyer in PH that is subject to customs duties or taxes.
- Online courses, trainings and seminars by private educational institutions accredited by CHED, DepEd, TESDA; by government educational institutions.
- Sale of online subscription-based services to CHED, DepEd, TESDA and accredited educational institutions.
- Bank, non-bank financial intermediaries performing quasi-banking rendered through digital platforms.

RA 12023

VAT on Digital Services

Withholding, Remittance and Filing requirement

VAT registered RDSP

- Within 25 days following the close of the previous quarter (mandatory).
- Within 10 days following the close of the previous month (optional).

RDSP as e-marketplace with non-resident seller

- 10th of the month following the close of the previous month.

VAT registered NRDSP

B2B Transactions

- PH B remits and files – 10th following the close of the month (Reverse charge mechanism).

B2C Transactions

- NRDSP remits and files on or before 25th day following the close of the taxable quarter (mandatory).
- 10th day of the month following close of previous month (optional).

NRDSP as e-marketplace

- Within 25 days following the close of the previous month.

Notes for NRDSP

- Electronic filing of tax return (2550Q/M).
- Payment in Philippine Peso (PHP).
- NRDSP may open PH bank account through appointed third party.

Unregistered NRDSP

B2B Transactions

- PH B liable to file return and pay within 10 days following the close of the previous month.

Others

- DSP and PH consumers required to determine if contracting party is engaged in business.
- DSP and PH consumers not liable if relying on presented documents and has not acted with fraud or negligence.
- If unknown, contracting party presumed NOT to be engaged in trade or business.

Invoicing requirements

A VAT-registered nonresident digital service provider shall issue a digital sales or commercial invoice for its sale of digital services which shall contain the following information:

a. Date of transaction
b. Transaction reference number
c. Identification of the consumer.
d. Brief description of the transaction.
e. Breakdown of total amount taxable with indication of VAT amount, VAT-exempt, and VAT-zero rated components.

RA 12023

VAT on Digital Services

Other provisions

Input VAT credit

RDSP

Goods – Purchase/Import

- Upon consummation of sale and import of goods.

Services

- Upon payment by the purchaser of the service.

NRDSP

- No input VAT.

Post audit/Suspension and Take down order

- All DSPs are subject to post audit under existing regulations.
- NRDSP information may be secured from Third party sources.
- Unregistered and non-complaint DSPs can be suspended and their sites blocked or taken down.

Percentage tax

- DSPs sales below the VAT threshold (Php3M) is liable to percentage tax.

Revenue for 5 years

- 5% of VAT from DSPs shall accrue to the Philippine Creative Industries Development Act.

Real Property Valuation and Assessment Reform Act (RPVARA)

(Republic Act No. 12001 | 13 June 2024)

An act instituting reforms in real property valuation and assessment in the Philippines, reorganizing the Bureau of Local Government Finance, granting tax amnesty on real property and special levies on real property, and appropriating funds therefor

Deloitte.

Purpose

To create a single and uniform valuation for real properties that is aligned with international valuation standards, concepts, principles, and practices

- Establish and maintain standards based on the **Philippine Valuation Standards** (PVS) to promote consistency, transparency, and fairness in property valuation and taxation.
- Adopt **market value** as a single valuation base for taxation and as benchmark for other purposes
- Help property owners be aware of the **actual value** of their properties
- Promote the **fiscal autonomy of LGUs** by enhancing their capacity to generate local revenues from real property
- Provide a comprehensive and **updated electronic database** of all real property transactions

Deloitte.

Key provisions

1. Philippine Valuation Standards
2. Use of SMVs in taxation
3. Tax amnesty
4. Transitory provision
5. Real property market database
6. Penal provisions

EFFECTIVITY

RPVARA came into effect on **3 July 2024**. The DOF is expected to issue its implementing rules and regulations within three (3) months after its effectivity.

This repeals Section 6(E) of the Tax Code where it gives the Commissioner the authority to prescribe real property values.

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Key provisions

1. Philippine Valuation Standards
2. Use of SMVs in taxation
3. Tax amnesty
4. Transitory provision
5. Real property market database
6. Penal provisions

- RPVARA utilizes the Philippine Valuation Standards (PVS), which is based on the International Valuation Standard (IVS) — a principle-based standard that promotes transparency and consistency in valuation practice.
- Under the RPVARA, national taxes such as capital gains tax and donor's tax that use the higher zonal value or assessed value to determine the tax base will now use the Schedule of Market Values (SMVs) approved by the Department of Finance (DOF).

Deloitte.

Key provisions

1 Philippine Valuation Standards

2 **Use of SMVs in taxation**

3 Tax amnesty

4 Transitory provision

5 Real property market database

6 Penal provisions

- Basis for the general revision of the assessment and property classification by the local assessor, and in the adjustment of assessment level and tax rates of LGUs;
- Basis for determining the market value for other property-related taxes such as local transfer tax, sand and gravel tax, community tax, and other fees and charges; and
- In the computation of any internal revenue tax by the BIR, i.e., the higher of the SMV or the actual gross selling price in consideration, as stated in the real property transaction documents.

Deloitte.

Key provisions

1. Philippine Valuation Standards
2. Use of SMVs in taxation
3. **Tax amnesty**
4. Transitory provision
5. Real property market database
6. Penal provisions

- The amnesty applies to interest, penalties, and surcharges from all unpaid real property taxes, including Special Education Fund, idle land tax, and other special levy taxes, prior to the effectivity of RPVARA.
- This may be availed of within a period of two (2) years after the effectivity of the RPVARA by a delinquent property owner with the option to settle their delinquent RPT through one-time payment or installments.
- RPVARA amnesty program does not cover:
  - Delinquent real properties that have been disposed of at public auction to satisfy the real property tax delinquencies;
  - Real properties with tax delinquencies which are being paid pursuant to a compromise agreement; and
  - Real properties subject of a pending court case due to real property tax delinquencies.

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Key provisions

1. Philippine Valuation Standards
2. Use of SMVs in taxation
3. Tax amnesty
4. **Transitory provision**
5. Real property market database
6. Penal provisions

- In case the SMVs are not yet available or updated, the BIR shall adopt the higher of the existing SMVs, zonal values, or the consideration as stated in the real property transaction documents for purposes of computing any internal revenue tax.

- For the first year of effectivity of the approved SMV, any increase in RPT is limited to a maximum of 6% of the RPT assessed on such properties prior to the effectivity of RPVARA. The cap shall also apply to SEF, Idle Land Tax, and other special levies in real property.

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Key provisions

1. Philippine Valuation Standards
2. Use of SMVs in taxation
3. Tax amnesty
4. Transitory provision
5. **Real property market database**
6. Penal provisions

A Real Property Information System (RPIS) will be established as an up-to-date electronic database that will track and record various real property transactions and provide information, including:

- Details of sales, exchanges, leases, mortgages, donations, transfers, and other related actions;
- Information on the costs associated with the construction or renovation of buildings and other structures; and
- Information on the prices of plant, machinery, and equipment.

Key provisions

1. Philippine Valuation Standards
2. Use of SMVs in taxation
3. Tax amnesty
4. Transitory provision
5. Real property market database
6. **Penal provisions**

Government officials and employees may face penalties of a fine ranging from one to six months of their basic salary, suspension for up to one year, or both, in addition to any criminal and administrative penalties imposable under existing laws for the following violations:

- Failing to provide required data or information without justification on real property transactions;
- Not adhering to the established valuation standards or concealing deviations in real property valuation;
- Failing to prepare, submit, revise, or implement the SMVs without justifiable reason within the designated timeframe; and
- Not reviewing, approving, or implementing the SMVs or conducting general revisions on time, or misusing SMVs.

DEPARTMENT OF FINANCE
BUREAU OF LOCAL GOVERNMENT FINANCE
Improving Local Finance, Empowering Local Governments towards Sustainability

COMPREHENSIVE TAX REFORM PROGRAM

Real Property Valuation and Assessment Reform Act (RPVARA)

(Republic Act No. 12001)

An Act Instituting Reforms in Real Property Valuation and Assessment in the Philippines, Reorganizing the Bureau of Local Government Finance Granting of Tax Amnesty on Real Property and Special Levies on Real Property, and Appropriating Funds Therefor

DEPARTMENT OF FINANCE · REPUBLIC OF THE PHILIPPINES
BUREAU OF LOCAL GOVERNMENT FINANCE · 1987
BAGONG PILIPINAS
Seal of Good Local Governance


The RPVARA creates a consistent, principle-based property appraisal that aligns with international standards.
@PCOGOVPH

Purposes – This Act aims to:

- Establish and maintain standards based on the PVS
- Adopt market value as single valuation base for taxation; as benchmark for other purposes
- Promote the fiscal autonomy
- Separate the function of valuation and taxation

Purposes – This Act aims to:

- Comprehensive and up-to-date electronic database
- Continue research and monitor new developments in the valuation discipline
- Ensure transparency in real property transactions
- Promote the use of Innovative digital technology

IMPLEMENTING AGENCY

The **Department of Finance-Bureau of Local Government Finance (DOF-BLGF)** will oversee the application of this Act.

BENEFITS

Modernization:

Develops a valuation system aligned with international methods of valuation

Better Tax Collection:

Will translate to higher revenues

Transparency:

Promotes clear and open processes through digitalization

Compliance:

Encourages tax compliance

KEY BENEFITS	KEY MESSAGES
Enhanced technical cooperation between national and local governments	RPVAR **improves the valuation of real property** so that both government and the people can reap the full potential of their property *Better valuation means better selling price, rental price, collateral value, tax collections, etc.*
More efficient rollout of infrastructure projects due to minimized valuation disputes	RPVAR helps **accelerate the completion of infrastructure projects** through the use of a common valuation standard.
Improved investor's confidence and public trust in government's valuation	Updated property values can help local governments **increase their income potential to improve public services.** *These updated values do not mean higher taxes as local governments can adjust assessment levels and tax rates to mitigate the impact on the people.*

While LGUs focus on their political functions, RPVAR will ensure that the SMVs are reliable and in accordance with internationally accepted valuation standards.

TECHNICAL FUNCTION ⇔ POLITICAL FUNCTION

VALUATION

Updated property values do not mean higher taxes as LGUs are empowered to adjust the assessment level and tax rate.

ASSESSMENT LEVEL

Maximum levels (percent of SMV)

- Residential = 20
- Agricultural = 40
- Commercial = 50
- Industrial = 50
- Mineral = 50

TAX RATE

Basic Tax

Maximum levels (percent)

- Provinces and municipalities = 1
- Cities = 2
- Special educational fund (SEF) = 1

BUDGET

ANNUAL

While LGUs focus on their political functions, RPVAR will ensure that the SMVs are reliable and in accordance with internationally accepted valuation standards.

TECHNICAL FUNCTION ⇔ POLITICAL FUNCTION

TECHNICAL FUNCTION	POLITICAL FUNCTION		
VALUATION	ASSESSMENT LEVEL	TAX RATE	BUDGET

UNIFORM APPLICATION:	6% cap applies across all LGUs in the first year
LGUS' CONTROL IN FUTURE YEARS:	LGUs may set their own tax increase cap after the first year
BALANCING REVENUE NEEDS AND TAXPAYER IMPACT:	LGUs can adjust rates to avoid excessive tax burdens

Seal of Good Local Governance

While LGUs focus on their political functions, RPVAR will ensure that the SMVs are reliable and in accordance with internationally accepted valuation standards.

TECHNICAL FUNCTION ⇔ POLITICAL FUNCTION

VALUATION | ASSESSMENT LEVEL | TAX RATE | BUDGET

Scenario 1 w/ Tax Impact Study	Only Assessment Level was Changed.
Scenario 1 w/ Tax Impact Study	Only Tax Rate was Changed.
Scenario 1 w/ Tax Impact Study	Both the Tax Rate and the Assesssment Level was Changed.

Land	
Actual Use:	Commercial
Current Assessment Level:	40%
Current Tax Rate:	2%
Land Area (sqm):	2,000
Current Unit Market Value:	40,000
Proposed Unit Market Value:	940,000

	Current	Proposed w/o Tax Impact Study	Scenario 1 w/ Tax Impact Study	Scenario 2 w/ Tax Impact Study	Scenario 3 w/ Tax Impact Study
Assessment Level	40.0000%	40.0000%	1.8723%	40.0000%	2.1277%
Tax Rate	2.00%	2.0000%	2.0000%	0.0936%	1.7600%
Factor	0.8000%	0.8000%	0.0374%	0.0374%	0.037447%
Market Value	80,000,000	1,880,000,000	1,880,000,000	1,880,000,000	1,880,000,000
RPT (Tax Due)	640,000	15,040,000	704,000	704,000	704,000

Real Property Tax (RPT) Amnesty

- **Coverage: Penalties**, **surcharges**, and **interests from all unpaid RPTs**, including **Special Education Fund**, **idle land tax**, and **other special levy taxes**, **prior to July 05, 2024** (effectivity of the RPVARA)
- **Options and Validity: One-Time or installment payment within two (2) years** from July 05, 2024
- **Exceptions:**
  - (a) **Delinquent real properties** which have been **disposed of at public auction** to satisfy the RPT delinquencies;
  - (b) **Real properties** with tax delinquencies which are **being paid pursuant to a compromise agreement**; and
  - (c) **Real properties subject of pending cases in court** for RPT delinquencies.

Implementation on Rural and Low-Income LGUs

- **Targeted Subsidies for Rural LGUs.** The Department of Finance (DOF) and Bureau of Local Government Finance (BLGF) will provide targeted subsidies to third- and lower-income LGUs to help augment their resources.

- **Capacity-Building & Technical Assistance.** Training programs and technical assistance will be provided to improve LGU capacity in implementing RPVARA.

- **Fiscal Support from National Tax Allotments.** Additional fiscal support from national tax allotments will ensure equitable outcomes and resources for all LGUs, especially those with limited financial capacity.

Different valuations cause confusion, making it difficult for stakeholders to complete their transactions.

Example: Batangas Port Development Project

1 Three-phase endeavor intended to help decongest commerce in Metro Manila as an alternative port of Manila

2 Envisions Batangas to be an “international trade port capable of handling container cargo for foreign trade.”

3 In 1999, the Philippine Ports Authority (PPA) began expropriation proceedings against 185 lots, intended for the development of Phase II of the Batangas Port Zone (BPZ). However, it took 10 years before the valuation was settled, which gives both the government and property owners a lot of uncertainty.

Philippine Ports Authority vs. Rosales-Bondoc, et al., G.R. Nos. 158252 and 173392, June 22, 2009

It took 10 years before the valuation was settled, which gives both the government and property owners a lot of uncertainty.

1999

Value: ₱337

Assessor: Land acquisition committee of PPA team

2000

Value: ₱5,500

Assessor: RTC (based on Court-appointed commissioners)

2007

Value: ₱5,000

Assessor: Supreme Court (first decision)

2009

Value: ₱425

Assessor: Supreme Court (en banc)

Philippine Ports Authority vs. Rosales-Bondoc, et al., G.R. Nos. 158252 and 173392, June 22, 2009

DEPARTMENT OF FINANCE
BUREAU OF LOCAL GOVERNMENT FINANCE
Improving Local Finance, Empowering Local Governments towards Sustainability

THANK YOU

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Republic Act No. 12023
Value-Added Tax on Digital Services Law

Deloitte Tax Summit 2024
Tax Reforms Unlocked: Opportunities and implications for taxpayers
19 November 2024

Key Messages

1. The gray area in the treatment of non-resident DSPs **leads to inequitable tax treatment, unfair competition, and erosion of the VAT base**. Local businesses providing similar digital services are subject to VAT, while **foreign competitors enjoy a tax advantage**.
2. Now, The VAT on Digital Services Law **levels the playing field between traditional businesses and digital businesses** (Netflix, Google, online marketplace, etc.).
3. We are **not imposing a new tax**. This law **strengthens and streamlines** the BIR's authority to collect VAT.

Legislative History

1. **House Bill No. 7425** (18th Congress) was introduced on August 2020. Responds to the increased urgency of finding new sources of revenue to fund the country's efforts to recover from the adverse impacts of COVID-19, and anticipates the increasing digitization of the country's economy. Approved on third reading on 21 September 2021. Did not progress in the Senate.
2. **House Bill No. 4122** and **Senate Bill No. 2528** (19th Congress) clarify that digital services are VAT-able and aim to strengthen compliance through simplified invoicing and registration requirements for VAT-registered non-resident Digital Service Providers (DSPs). Signed into law on 2 October 2024.

Draft for discussion. Subject to change.

Benefits of the VAT on DS Law

- **Supports the education sector**
  - exempts educational services, including courses, webinars, and other digital educational offerings, from value-added tax.
- **Supports innovation and creativity**
  - 5% of the collected revenues will be used exclusively for the local creative industries' development
- **Strengthens public services through fair taxation**
  - treats businesses equally regardless of the means of trade or business and will remove the favoring of specific platforms
- **Promotes competition**
  - putting all businesses on equal footing, ensuring a fairer and more competitive marketplace

Revenue Impact

Estimated annual incremental VAT revenue on digital media and advertising on non-resident and resident DSPs using average DBCC estimates on the foreign exchange rate, 2025-2029 (*amounts in billion pesos*)

Particulars	2025	2026	2027	2028	2029	TOTAL
Digital Media and Advertising	14.49	30.53	32.58	34.89	37.53	150.03
Estimated collections	**7.25**	**21.37**	**22.81**	**24.42**	**26.27**	**102.12**

Assumptions:

1. 80% of the tax base is attributed to nonresident DSPs, while 20% is attributed to resident DSPs;
2. For nonresident DSPs, it is assumed that there is no input VAT; thus, they are subject to the 12% VAT rate; and
3. Resident DSPs have an input VAT of 5% of the tax base; thus, a 7% net VAT rate is used.

Draft for discussion. Subject to change.

Implementation updates

1. Full implementation: 16 May 2025

1. Revenue regulations
    - Deadline for Comments: 22 November 2024
    - Target date of effectivity: 16 January 2025

1. Briefings: Beginning January 2025

1. VAT on Digital Services (VDS) Portal
    - BIR-LBP MOA finalization
    - System go: 31 March 2024

1. VAT Return for Digital Services (Form 2550 DS): 29 November 2024

Value-Added Tax on Digital Services Law

Deloitte Tax Summit 2024

Tax Reforms Unlocked: Opportunities and implications for taxpayers

19 November 2024

BAGONG PILIPINAS

Updates on Recent Tax Laws

Atty. RODELIO T. DASCIL, *MNSA*
Director General
Senate Tax Study and Research Office (STSRO)

November 19, 2024

VAT on Digital Service Transactions
RA No. 12023

Ceremonial Signing of RA No. 12023 on October 2, 2024

Bicameral Conference Committee Meeting on June 27, 2024

Image Source: https://bnc.ph/marcos-inks-law-imposing-vat-on-foreign-digital-services/news/

VAT on Digital Service Transactions

FEATURES OF THE MEASURE:

Clarify the imposition and collection of value-added tax (VAT) from digital service providers, which are required to help the government monitor and collect VAT from persons engaging business on their digital platforms (Section 1);

Strengthen and streamline the Bureau of Internal Revenue's authority to collect VAT on digital services and transactions by providing measures on how resident and nonresident digital service providers should comply with the VAT requirements imposed by the National Internal Revenue Code (Section 14); and

Augment the revenues to support the government in its path towards economic recovery and growth (Section 12).

Digital Service

is any service that is supplied over the internet or other electronic network with the use of information technology and where the supply of the service is essentially automated. Digital services shall include, but not limited to:

(1) online search engine;
(2) online marketplace or e-marketplace;
(3) cloud service;
(4) online media and advertising;
(5) online platform; or
(6) digital goods.

(Section 3)

Digital Service Provider

means a resident or nonresident supplier of digital services to a consumer who consumes taxable digital services in the Philippines.

(Section 3)

Non-resident Digital Service Provider

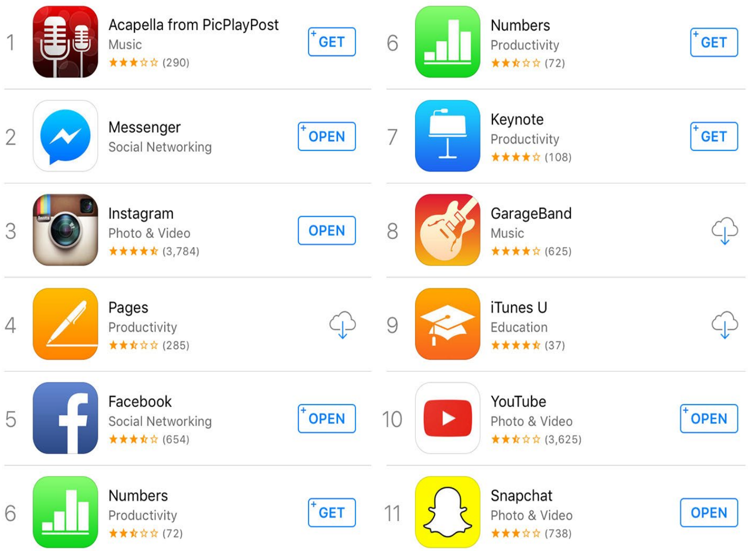
refers to a digital service provider that has no physical presence in the Philippines.

(Section 3)

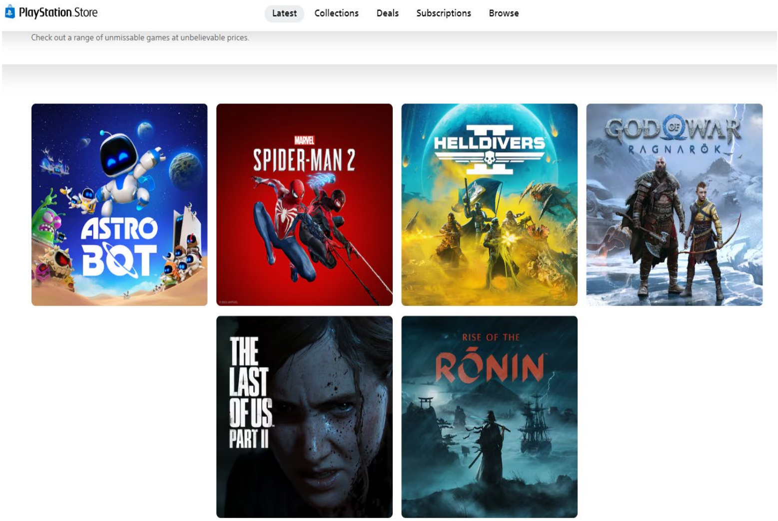
Digital Goods that are subject to VAT

In-game purchases from STEAM, such as costumes, events, skills, etc.

Apple Album



PlayStation games purchases online



Online Marketplaces that are covered by VAT

online marketplace selling goods for its own behalf;

online marketplace selling goods for the seller and buyer, and the marketplace is not part of the sale; and

another marketplace for hosting online auctions.

Digital Goods that are VAT-exempt

(Section 5)

Educational services including online courses, online seminars and online trainings rendered by private educational institutions, duly accredited by DepEd, CHED, TESDA, and those rendered by government educational institutions;

Sale of online subscription-based services to DepEd, CHED, TESDA, and educational institutions recognized by these agencies;

Services of banks, non-bank financial intermediaries performing quasi-banking functions, and other non-bank financial intermediaries, including those rendered through the different digital platforms.

Reverse Charge Mechanism of the VAT

(Section 8)

The reverse charge mechanism is a B2B scheme used to collect VAT on the sale of digital goods and services. In most transactions, suppliers/sellers collect the VAT from the buyer then remit it to the government. The reverse charge mechanism is designed to hollow out this step. It is designed to prevent tax fraud, especially when the suppliers/sellers are foreign.

The responsibility for the collection of the VAT reverses from the supplier/seller back to the buyer. Thus, the tax money goes directly from the buyer to the government, or stays with the buyer whose purchases are VAT-deductible.

In the EU, millions of euros are lost each year due to fake businesses collecting the VAT, or buying items without paying the tax, then disappear overnight. The VAT never makes it to the tax agency but stays in the fraudsters' pockets.

Tax authorities in the EU, Japan, Norway, Australia and India use the reverse charge mechanism for VAT collection from foreign businesses.

Non-resident DSP's Failure to comply with the VAT requirements

(Section 9)

Just like resident VAT-liable business, a non-resident DSP's operations may be suspended and temporarily closed (Section 115 of the National Internal Revenue Code, as amended).

This suspension may be in the form of blocking of digital services provided in the country, done through the National Telecommunications Commission (NTC).

Updates on Pending Legislation in the Senate

Atty. RODELIO T. DASCIL, *MNSA*

Director General

Senate Tax Study and Research Office (STSRO)

November 19, 2024

Capital Markets Efficiency Promotion Act (CMEPA)

(SB No. 2865 under Committee Report No. 343)

Sponsorship Speech on CMEPA delivered by Sen. Gatchalian on November 5, 2024

Capital Markets Efficiency Promotion Act (CMEPA)
(SB No. 2865 under Committee Report No. 343)

OBJECTIVES :

To boost capital markets and investment competitiveness of the country and
To promote and incentivized the investment in the trading of equity and debt securities.

FEATURES OF THE MEASURE:

- Expanded the definition of "shares of stock" and "shareholder" to incorporate the trading of securities (*Section 22, items "L" and "M" of the NIRC, as amended*);
- Aligned the definition of "securities" (Section 22, item "T" of the NIRC, as amended) with the Securities Regulation Code (Section 3.1 of the SRC);
- Limited the exemption of project specific bonds to interest income and capital gains from sale of bonds (Section 32, item "H" of the NIRC, as amended);
- Codified the exclusion from gross income of gains from redemptions of units of participation in a Unit Investment Trust Fund (Section, item "I" of the NIRC, as amended);

Capital Markets Efficiency Promotion Act (CMEPA)

(SB No. 2865 under Committee Report No. 343)

FEATURES OF THE MEASURE:

- Reduced the stock transaction tax from 0.6% to 0.1% of the gross selling price or gross value in money of the shares of stock and other securities listed and traded through both local and foreign stock exchanges (Section 127 of the NIRC, as amended);
- Reduced the documentary stamp tax ("DST") on original issue of shares of stock from 1% to 0.75% of the par value of the shares of stock (Section 174 of the NIRC, as amended);
- Standardized the DST on bonds, debentures, and certificates of stock or indebtedness issued in foreign countries to 0.75% (Section 176 of the NIRC, as amended);
- Exempted the DST on original issuance, redemption or other disposition of shares or units of participation in a mutual fund company (Section 199 (O) of the NIRC, as amended); and
- Exempted the issuance of certificate or other evidence of participation in a UITF (Section 199 (P) of the NIRC, as amended).

Capital Markets Efficiency Promotion Act (CMEPA)
(SB No. 2865 under Committee Report No. 343)

Type of Tax	Current Tax Rates	SB No. 2865
A. Taxes on Passive Income		
Final Taxes on Interest Income	Exempt/5%/12%/15%/20%/25%	None
Capital Gains Tax on Shares of Stock not traded in the Stock Exchange	15% (based on net capital gains)	None
Capital Gains Tax on Real Properties	6% (based on gross selling price)	None
Stock Transaction Tax	0.6%	0.1%
B. Taxes on Financial Intermediary		
Gross Receipts Tax on Banks and Non-banks	1%/5%/7%	None
GRT on Other Non-Bank Financial Intermediaries	1%/5%	None
Premium Tax on Life Insurance	2%	None
VAT on HMOs, Pre-need and Pension Funds	12%	None
Preferential Tax Treatment of Income derived by banks under the expanded FCDUs	Exempt/10%	None

Capital Markets Efficiency Promotion Act (CMEPA)

(SB No. 2865 under Committee Report No. 343)

Type of Tax	Current Tax Rates	SB No. 2865
C. Excise Tax on Pick-up Trucks	Exempt	None
D. Documentary Stamp Taxes		
Original Issue of Certificate of Stocks	1% (based on par value)	0.75%
Stamp Tax on Bonds, Debentures, Certificate of Stock or Indebtedness Issued in Foreign Countries	Tax as required by law	0.75%
Life Insurance Policies	Depending on the amount of insurance: Exempt (not exceeding P100,000) to P200 (exceeding P1 million)	None
Stamp Tax on Indemnity Bond	7.5% (based on premium charged)	None
Stamp Tax on Deeds of Sale, Conveyances and Donation of Real Property	1.5% (based on the amount consideration, or value)	None
Documents not subject to DST:		
Original issuance, redemption, or other disposition of shares in a mutual fund company	Original issuance – 1% Redemption/Transfer – 0.75%	Exempt
Issuance of certificate or other evidence of participation in a mutual fund or investment trust fund	P30 per certificate	Exempt

Anti-POGO Act of 2024

(SB No. 2868 under Committee Report No. 324)

Public Hearing conducted on July 16, 2024

Public Hearing conducted on September 12, 2024

TWG Meeting conducted on October 17, 2024

Anti-POGO Act of 2024

(SB No. 2868 under Committee Report No. 324)

SALIENT PROVISIONS:

Clearly defined terms such as Accredited Service Provider, Gaming Content Provider, Gaming Equipment, Gaming Paraphernalia, Local Gaming Agent, Offshore Gaming, Philippine Offshore Gaming Operators, and POGO Hub or Site. (Section 3)

Prohibited any person or entity to conduct or offer offshore gaming within the Philippine territory, exclusively to offshore authorized players starting January 1, 2025. (Section 4)

Prohibited acts include the 1) establishment, operation, or conduct of offshore gaming in the Philippines; 2) acceptance of any form of betting for purposes of offshore gaming operations; 3) acting as a gaming content provider or accredited service provider for POGOs; 4) creation and operation of a POGO hub or POGO site in the Philippines; 5) possession of gaming equipment or gaming paraphernalia; and 6) aiding, protecting, or abetting the conduct of any act or activity prohibited under this Act. (Section 4)

Licenses issued to POGOs, gaming content providers, and accredited service providers by PAGCOR or any special economic zone authority, tourism zone authority or freeport authority, or any government agency are withdrawn, revoked or cancelled permanently by December 31, 2024. (Section 5)

Anti-POGO Act of 2024

(SB No. 2868 under Committee Report No. 324)

SALIENT PROVISIONS:

All alien employment permits (AEPs) issued by DOLE and any visa or work permit issued by the BI or any visa-issuing agencies to persons engaged in offshore gaming operations or employed by POGOs, gaming content provider catering to POGOs and accredited service providers catering to POGOs are withdrawn, revoked, or cancelled permanently. (Section 6)

All POGOs, gaming content providers, accredited service providers, and local gaming agents whose licenses have been revoked under this Act shall continue to be liable for all taxes, duties, regulatory fees, and all other charges due and payable to the government arising from or in connection to their operations up to the last day of their operations. (Section 7)

The operation, as well as financing, of offshore gaming in the Philippines shall constitute "unlawful activity" under Republic Act No. 9160 otherwise known as the "Anti-Money Laundering Act of 2001", as amended, and shall be subject to its covered and suspicious transaction reporting requirement. (Section 8)

Prohibited any person or entity to recruit, obtain, hire, provide, offer, transport, transfer, maintain, harbor, or receive any Filipino or alien, for purposes of employment or training or apprenticeship on offshore gaming operations in the Philippines. (Section 9)

Anti-POGO Act of 2024

(SB No. 2868 under Committee Report No. 324)

SALIENT PROVISIONS:

Mandated DOLE to formulate and implement plans, programs and activities, and to coordinate with other agencies such as TESDA, DICT, DTI, CHED, and other relevant agencies for the skilling, upskilling and reskilling, employment facilitation and transition to quality work of the affected Filipino workers. (Section 10)

If the prohibited act is committed by a government employee or public official, he shall, in addition to the penalties provided for in this Act, be dismissed from his employment and shall perpetually disqualified to be elected, appointed, and employed in any government office. In addition, all his retirement benefits shall be forfeited in favor of the government. (Section 13)

All buildings or other structures or facilities, materials, gaming equipment, and gaming paraphernalia used directly or indirectly in violation of this Act, and the proceeds of such illegal act or activity, shall be forfeited in favor of the government and may be disposed of in accordance with existing laws, rules, and regulations. The gaming equipment and gaming paraphernalia shall be destroyed by the seizing authority. (Section 14)

Maraming Salamat Po!

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Media agent

BusinessWorld

Tax tech talks: Leveraging technology for compliance

Daniel Laoh

Transfer Pricing Partner
Deloitte Philippines

Elaine De Guzman

Tax & Legal Partner
Deloitte Philippines

Charisse Siao

Business Process Solutions Partner
Deloitte Philippines

Deloitte.

Digitalizing your tax and transfer pricing function

Optimizing your financial transformation strategy

Key considerations for tax transformation

Major shifts in the market are encouraging MNEs to seek new, agile business models and driving demand for end-to-end digital strategies

Changing environment for tax and transfer pricing

- Global regulatory changes
- Rapidly changing technology
- Global transparency
- Focused operations
- Limited resources and cost
- Need for value-add services

Questions to ask yourself

What's my tax team's current capability in terms of people, technology, and workflows? Where can we find the greatest gains to improve?

What's my timeline for getting to a more modern, data-driven operating model?

How can tax technology help increase efficiencies and improve company performance?

Digitalization focus areas in SEA

Tax transformation must pre-empt and align with focus areas for SEA tax administrations' digital initiatives

Overview of the Southeast Asia Landscape

Country	Tax administration developed a strategy for digitalization	Tax administration receives data directly from the taxpayers' business systems for CIT returns	Tax administration's IT system can routinely access data stored in taxpayer natural systems (e.g., for risk, audit, or tax assessment purposes)
Cambodia	Yes	No	No
Indonesia	Yes	No	No
Laos	Yes	Yes	Not specified
Malaysia	Yes	Yes	No
Philippines	Yes	No	No
Singapore	Yes	Yes	Yes
Thailand	Yes	Yes	No
Vietnam	Yes	Yes	No

In the Philippines, the Bureau of Internal Revenue (BIR) has a total of 49 projects in the first phase of its 10-year Digital Transformation (DX) Roadmap. This includes: the Internal Revenue Integrated System (IRIS), that serves as a central tool and repository to process taxpayer information, and the Electronic Filing and Payment System (eFPS), Electronic Fund Transfer Instructions System (eFTIS), and other e-payment channels to allow taxpayers to pay taxes online.

OECD - Global Tax Technology Initiatives

Digitalizing Tax Journey

Where and when to start

Global Trade | Corporate Income Tax | Transfer Pricing | Indirect Tax | Finance and Accounting | Regulatory | Payroll | Immigration | Mobility

REGISTRATION COMPLIANCES

Plan and action out registration under various relevant statutes across states through the diverse resource management from Deloitte across country

BUSINESS PROCESS SOLUTIONS

Comprehensive support in maintaining books of accounts and preparing reconciliations with respect to transactions involving day-to day business operations

TAX MANAGED SERVICES

End-to-end tax managed services to help reduce cost of compliance, manage risks, and increase insights with the right approach

PEOPLE RELATED

Vendor communication for tax compliance, attending PF/PT and ESI queries of employees, formulation of severance package, etc.

SECRETARIAL SUPPORT

Handle end-to-end corporate secretarial matters such as maintaining MOM, arranging meetings/AGMs, drafting board resolutions, etc.

ASSESSMENT SUPPORT

Assist in early closure of tax assessments and litigations by providing necessary clarifications and documents sought by the authorities

FINANCE AND ACCOUNTING

Contribute and assist on financial management utilizing expertise on multiple industries to mitigate financial risks, and minimize challenges from financial/ tax authorities

TRANSFER PRICING

Covers full TP functions of a business across compliances, technology, process automation, operations and reporting. It also includes access to fully scalable, experienced professionals, where the economic and non-economic benefits can be quantified.

Digitalizing Tax Journey

Where and when to start

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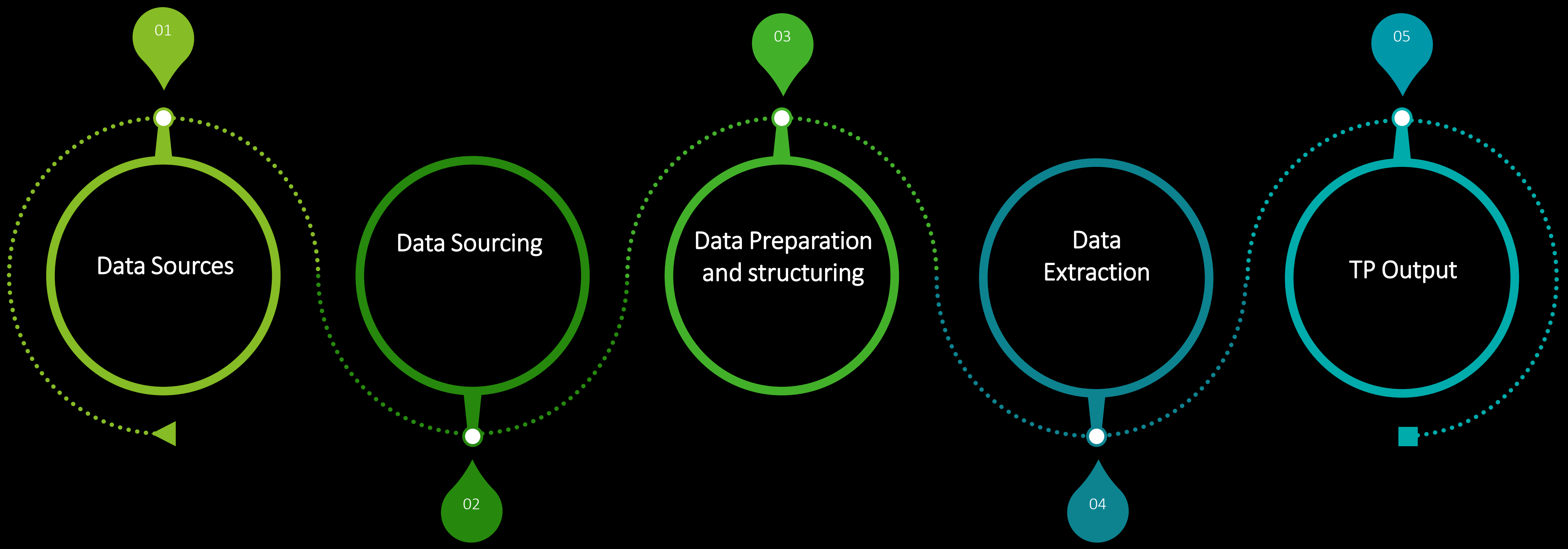
Potential Transformation Priority

- Digitizing/Digitalizing financial & tax data by creating a single data hub and ecosystem
- *Tax returns Preparation and filing*
- *Transfer Pricing documentation and Operational Management*
- *BEPS 2.0 Compliance obligations focusing on Pillar Two (GMT)*

Operationalizing Transfer Pricing

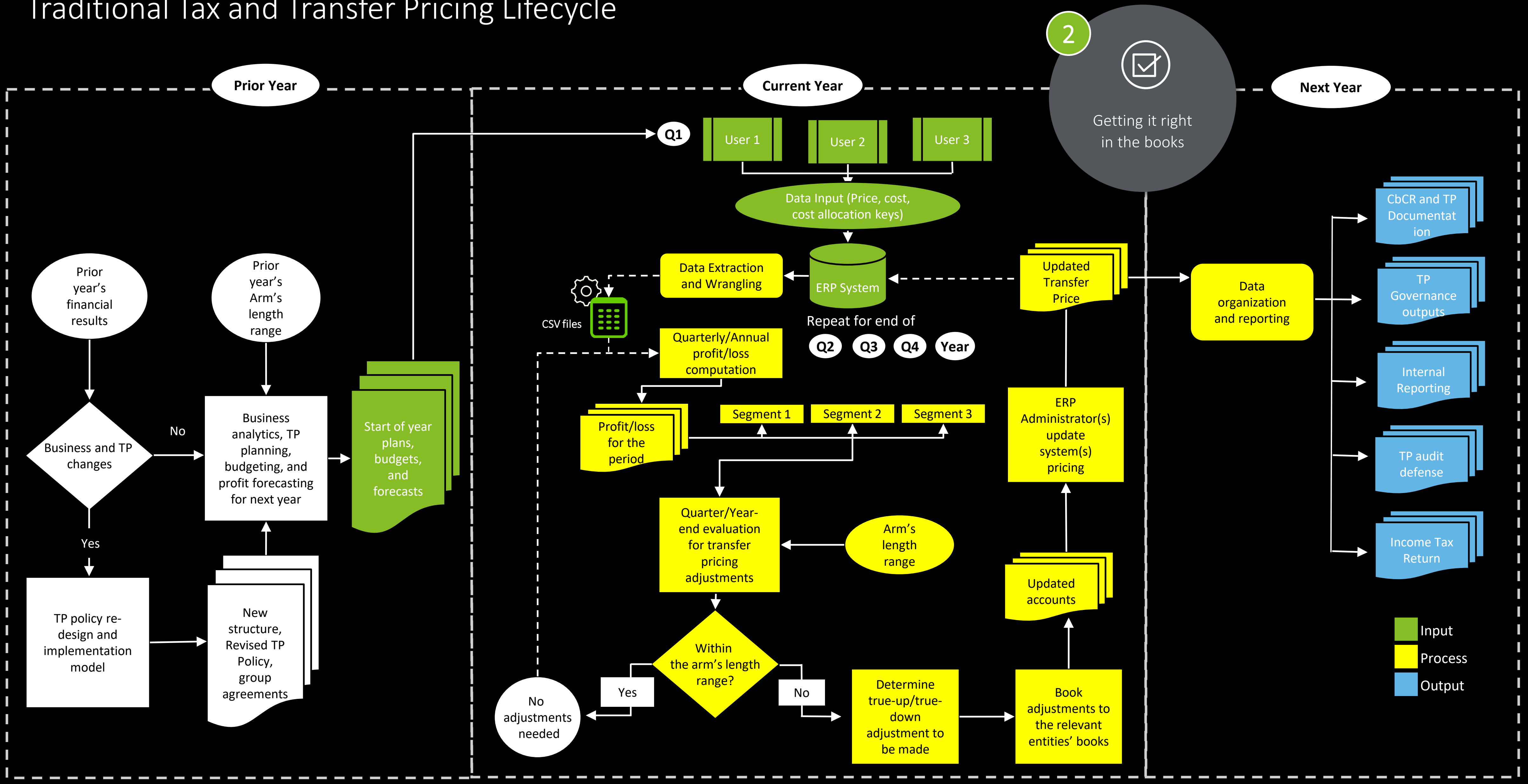
Data management and end-to-end processes



TP Operate is not limited to Tax and TP Compliance and Documentation. Other elements may include TP Governance, Process Augmentation, Audit Defence. A Common Data ecosystem for TP, tax, and financial reporting

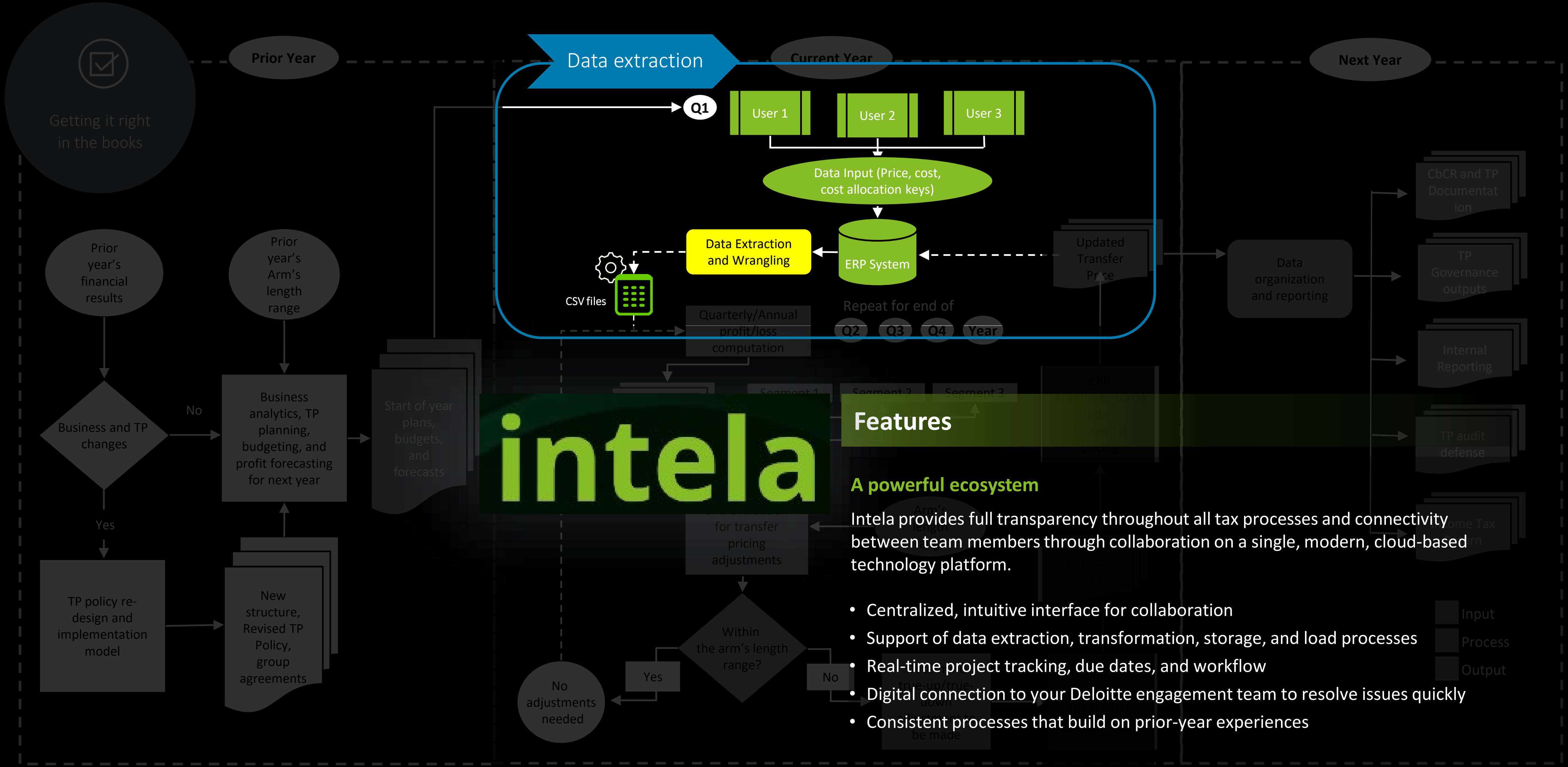
Operationalizing Transfer Pricing

Traditional Tax and Transfer Pricing Lifecycle



Operationalizing Transfer Pricing

Digital transformation of Tax and Transfer Pricing Lifecycle: An illustrative framework



intela

Features

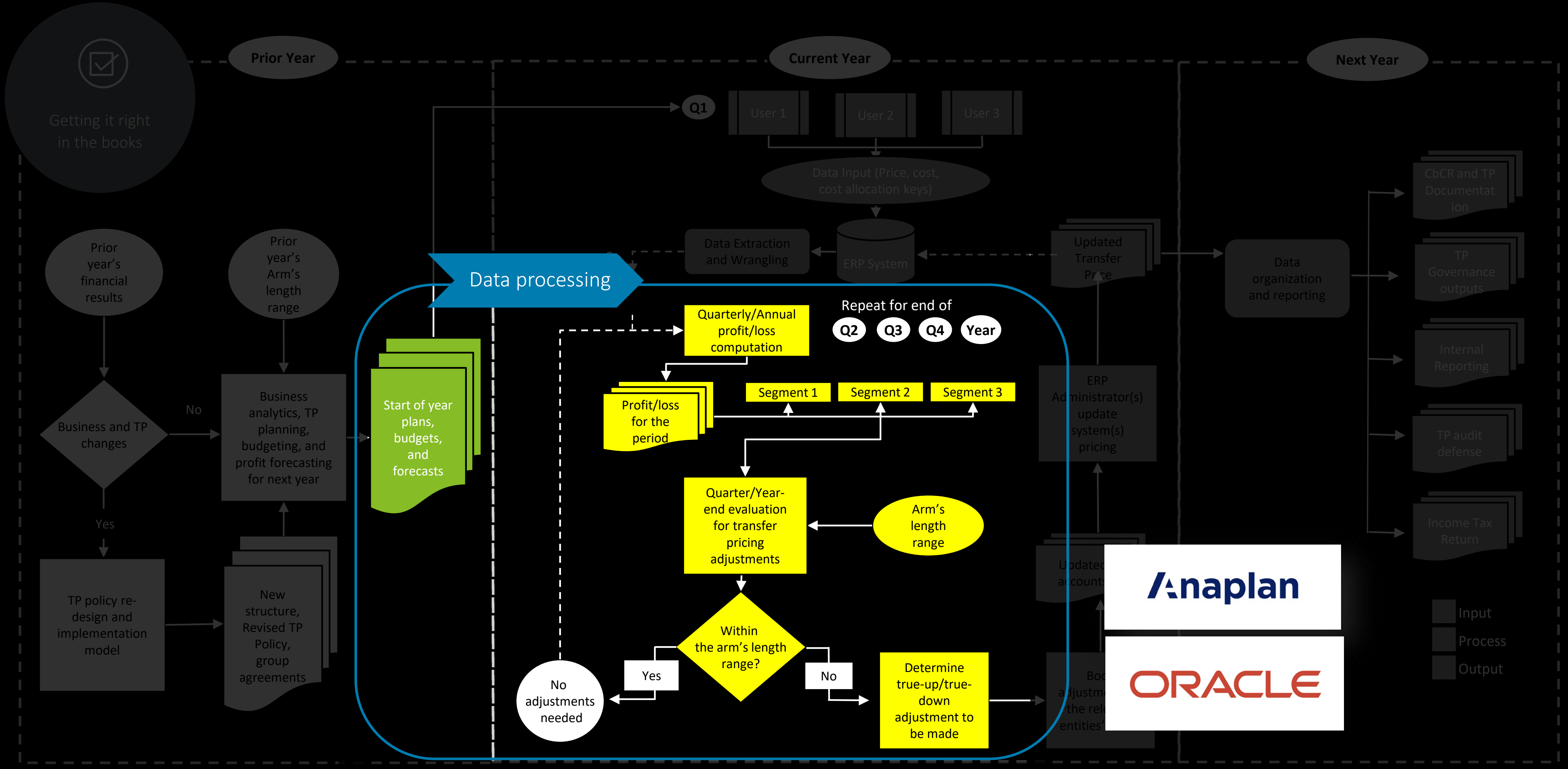
A powerful ecosystem

Intela provides full transparency throughout all tax processes and connectivity between team members through collaboration on a single, modern, cloud-based technology platform.

- Centralized, intuitive interface for collaboration
- Support of data extraction, transformation, storage, and load processes
- Real-time project tracking, due dates, and workflow
- Digital connection to your Deloitte engagement team to resolve issues quickly
- Consistent processes that build on prior-year experiences

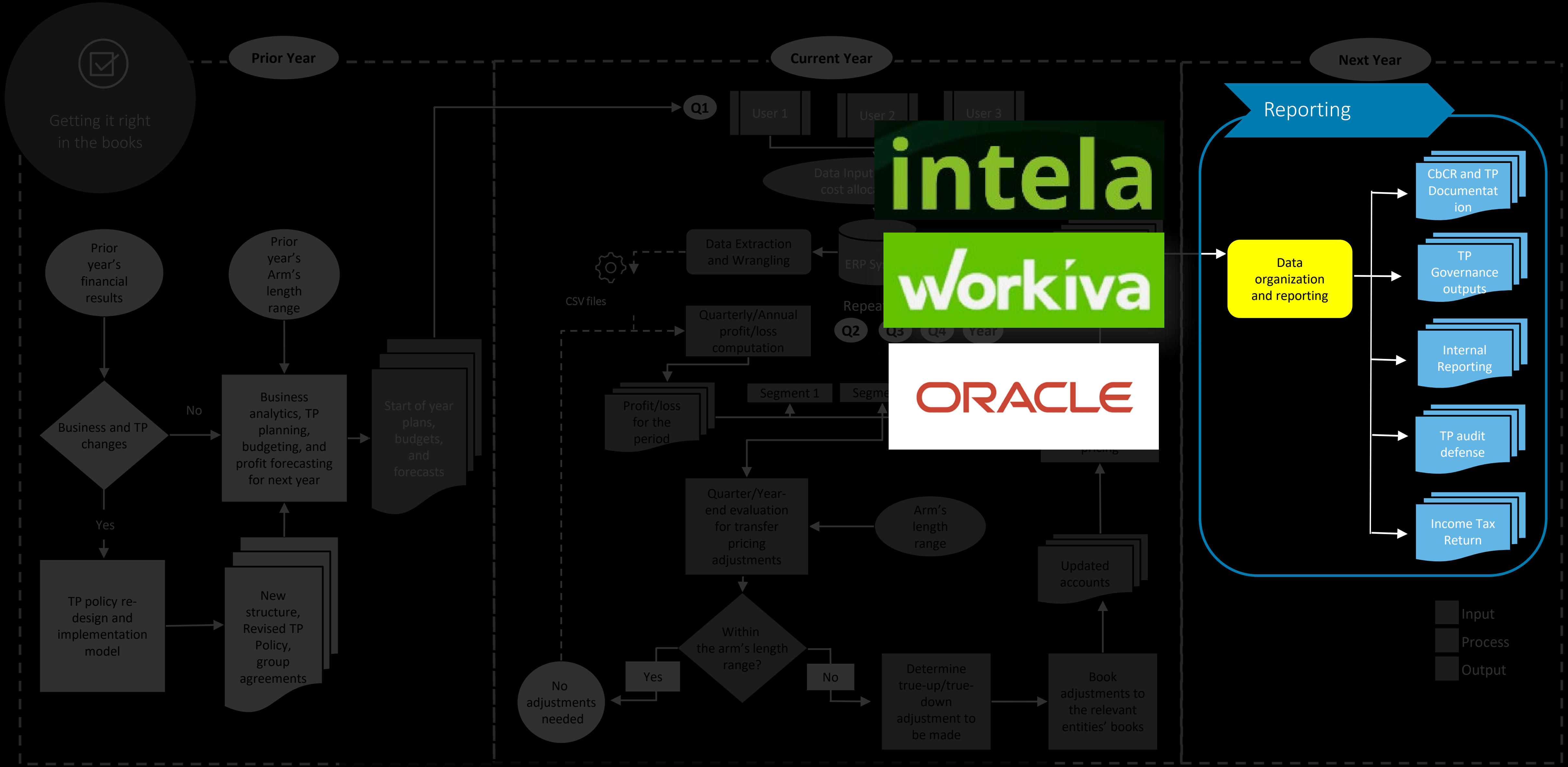
Operationalizing Transfer Pricing

Digital transformation of Tax and Transfer Pricing Lifecycle: An illustrative framework



Operationalizing Transfer Pricing

Digital transformation of Tax and Transfer Pricing Lifecycle: An illustrative framework



Next steps / discovery

In implementing the automation solution, you would need to assess the Group's current state of finance/tax/TP policies, covering areas such as responsibilities for implementation of these policies, data sources and quality, current level of processes / controls / technology adoption

Identify pain points and key challenges

Brainstorm for areas with the following characteristics:

- Voluminous data
- Significant time spent manipulating data
- Analysis on recurring basis
- Scenario analysis of alternatives
- Identification of most suitable technologies

Pick one or two areas of focus

Prioritize based on:

- Value
  - Time savings/capacity enhancements
  - Benefits derived
- Risk
- Ease of implementation
  - Cost
  - Data availability
  - Resources

Consider tech-based solutions

Determine the appropriate tech-based solution based on the Group's needs, in consideration of:

- Process workflow
- Policies and management control
- Data collection and storage
- Finance/tax/TP Policies

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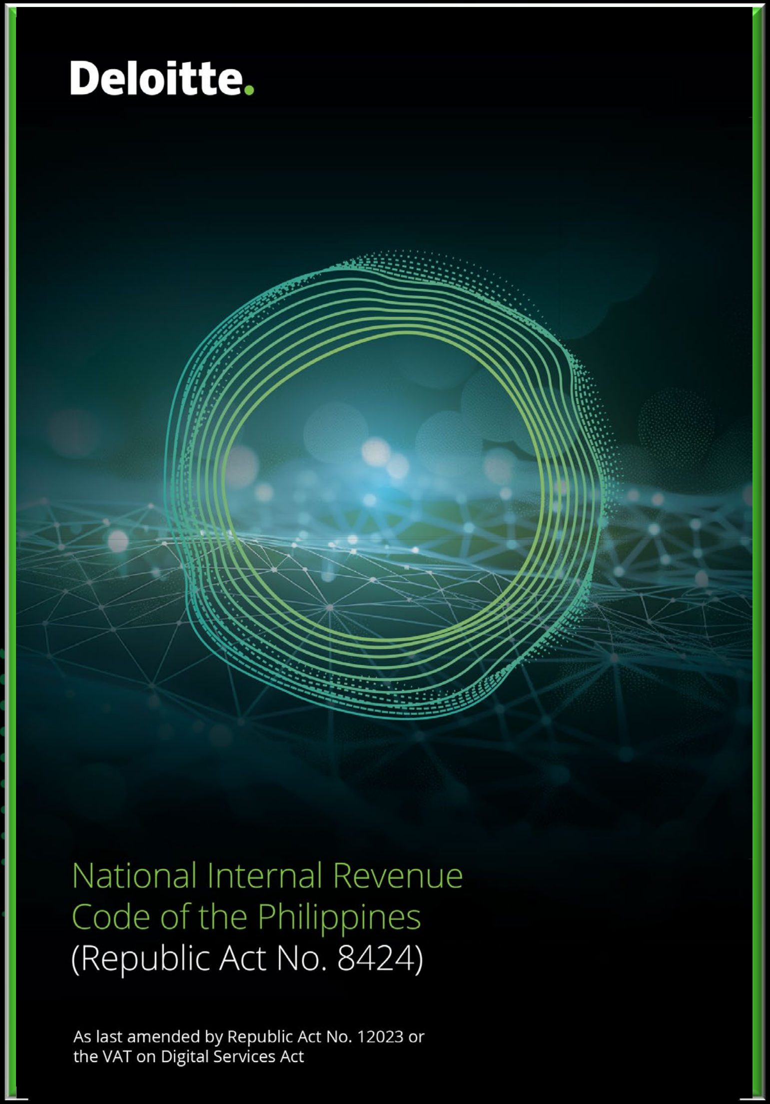
Closing Remarks

Carlo Navarro

Deloitte Philippines Tax & Legal Leader and
Southeast Asia Transfer Pricing Leader



National Internal Revenue Code of the Philippines

(2nd Edition)

Ease of Paying Taxes

RPVARA

VAT on Digital Services

CREATE MORE

Introducing

Deloitte. Legal

The new frontier

Where legal meets business

Introducing Deloitte Legal

Where legal meets business.

Blending business experience and legal excellence we deliver **comprehensive solutions…**

Our Business Lawyers have a blended skillset, combining legal and business expertise

Deloitte Legal professionals see the law as empowering, not confining. We bring business solutions to legal issues and legal solutions to business issues. Plain and simple.

Business Knowledge

Highly Business Literate
Informed with market insight to guide on latest emerging trends, their impact and opportunities for your business.

Sector & Client Informed
We are part of wider industry and account teams so understand relevant legal or regulatory changes in advance

Technology informed
Understanding how technology can be leveraged to solve complex business problems at scale within your organisation.

+

Legal expertise

Deep Legal Knowledge & Expertise
With extensive legal experience, awareness and skills, with associated qualifications we are able to solve complex business and legal problems

Commercial & Risk Aware
We understand your business, industry and market risks

Global Agility
We have a global footprint and mindset, and collaborate with you in an agile way to achieve business outcomes

Deloitte.

A new generation of lawyers

Our lawyers are different – we are business partners who use legal mechanisms to achieve business goals

Our team in the Philippines

Carlo Navarro
Country Tax & Legal Leader
SEA Transfer Pricing Leader

Business Tax

Senen Quizon
Partner

Walter Abela Jr.
Partner

Elaine De Guzman
Partner

Daniel Laoh
Partner

Business Process Solutions

Imelda Tapay-Lapres
Partner

Charisse Siao
Partner

Legal

Ronald Bernas
Partner

Romel Curiba
Partner

Mary Rose Pascual
Partner

Global Employer Services

Alvin Saldaña
Partner

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