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CONFERENCE COMMITTEE MEETING				
COMMITTEE	MEASURES		SUBJECT MATTER	ACTION TAKEN/ DISCUSSION
	NO.	PRINCIPAL AUTHOR		
Conference Committee	HB 10153	Rep. Yap (E.)	Appropriating funds for the operation of the Government of the Republic of the Philippines from January 1 to December 31, 2022 (FY 2022 General Appropriations Bill)	<p>The Conference Committee, co-chaired by Rep. Eric Go Yap (Party-List, ACT-CIS), Chair of the House Committee on Appropriations, and Sen. Juan Edgardo “Sonny” Angara, Chair of the Senate Committee on Finance, will meet again for the purpose of harmonizing and reconciling the proposed amendments to House Bill 10153.</p> <p>The House and Senate panels authorized Rep. Yap and Sen. Angara, respectively, to continue the discussion of the amendments presented by both chambers on the proposed 2022 national budget and harmonize the same.</p> <p>Sen. Angara thanked the House of Representatives for its timely passage of the proposed FY 2022 national budget despite the challenges brought about by the pandemic. He also thanked his colleagues in the Senate for authorizing him to discuss the amendments to the proposed law with his counterpart in the House.</p> <p>Likewise, Rep. Yap thanked his fellow legislators in the House and said that he will update them about the decisions and agreements that will be made during the discussion with the Senate. He is optimistic that with the full support of the Senate, the proposed law will be passed and transmitted to the Office of the President for signature before Christmas.</p> <p>Rep. Yap also underscored the importance of the FY 2022 budget in the recovery efforts of the government amidst the pandemic. He added that the proposed budget will sustain the improvements that the government has already initiated in managing the pandemic and will help the country recover by 2022.</p> <p>Sen. Imee Marcos suggested the inclusion of a provision in the General Provisions of the proposed law which will state that “In no case shall the appropriations herein authorized, especially those appropriated in response to the pandemic, be impounded or not released within the fiscal year.” This, according to her, will address the concerns of legislators with regard to funds that were tagged as “For Later Release.”</p> <p>Both the House and Senate panels adopted the suggestion of Sen. Marcos.</p>

Continuation... Conference Committee				<p>Aside from Rep. Yap, other House Members present during the Conference Committee meeting were the following: Majority Leader Ferdinand Martin Romualdez (1st District, Leyte); Minority Leader Joseph Stephen "Caraps" Paduano (Party-List, ABANG LINGKOD); Deputy Speakers Doy Leachon (1st District, Oriental Mindoro), Michael Romero Ph.D. (Party-List, 1-PACMAN), Juan Pablo "Rimpy" Bondoc (4th District, Pampanga), Bernadette "BH" Herrera-Dy (Party-List, BH), Kristine Singson-Meehan (2nd District, Ilocos Sur), Eric Martinez (2nd District, Valenzuela City), and Weslie Gatchalian (1st District, Valenzuela City).</p> <p>Also present in the meeting were Reps. Paolo Duterte (1st District, Davao City), Francisco "Kiko" Benitez (3rd District, Negros Occidental), Franz "Chicoy" Alvarez (1st District, Palawan), Eleandro Jesus Madrona (Romblon), Michael John Duavit (1st District, Rizal), Stella Luz Quimbo (2nd District, Marikina City), Munir Arbison (2nd District, Sulu), Joseph Sto. Niño Bernos (Abra), John Reynald Tiangco (Navotas City), and Edcel Lagman (1st District, Albay).</p> <p>On the part of the Senate, aside from Senators Angara and Marcos, the other conferees were: Senate Majority Leader Juan Miguel "Migz" Zubiri and Senators Cynthia Villar, Ronald "Bato" dela Rosa, Pia Cayetano, Win Gatchalian, Christopher Lawrence "Bong" Go, Richard Gordon, Risa Hontiveros, Joel Villanueva, Grace Poe, and Maria Lourdes Nancy Binay.</p>
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AGENCY BRIEFING		
COMMITTEE	SUBJECT MATTER	DISCUSSIONS
Ways and Means	<p>Briefing by concerned government agencies on the status of implementation of the following tax laws passed in the 18th Congress:</p> <ul style="list-style-type: none"> • RA 11346 - Increasing the excise tax on tobacco products, imposing excise tax on heated tobacco products and vapor products, increasing the penalties for violations of provisions on articles subject to excise tax, and earmarking a portion of the total excise tax collection from sugar-sweetened beverages, alcohol, tobacco, heated tobacco, and vapor products for Universal Health Care; • RA 11467 - Increasing the excise tax on alcohol products, electronic cigarettes, and heated tobacco products; and • RA 11534 - Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act 	<p>The Committee, chaired by Rep. Joey Sarte Salceda (2nd District, Albay), listened to the presentation of concerned government agencies on the status of implementation of Republic Acts 11346, 11467, and 11534.</p> <p>Bureau of Internal Revenue (BIR) Director Beverly Milo enumerated the various Revenue Regulations (RR) that were issued by the BIR in relation to RA 11346 and RA 11467. She then discussed the initiatives that were undertaken by the BIR to curb illicit tobacco trade in the country, as follows:</p> <ul style="list-style-type: none"> • Conducted a survey among pre-selected major trading centers on the retail price of some "sin tax" commodities and is in the process of consolidating and reconciling the data to serve as basis for the net retail price of distilled spirits, cigarettes, and heated and vapor tobacco products; • Identified and came up with a list of all tobacco manufacturers/dealers within Subic and Clark special economic zones; • Discussed with the administrators of the Philippine Economic Zone Authority (PEZA) the

<p>Continuation... Ways and Means</p>		<p>reconciliation/harmonization of the documentary requirements of PEZA and BIR for locators or manufacturers in PEZA zones;</p> <ul style="list-style-type: none"> • Assigned revenue-officers-on-premises (ROOPs) within the respective facilities of tobacco companies in special economic zones. (ROOPs make sure that manufacturers, dealers, importers, and exporters within special economic zones secure a permit to operate and register their products with the BIR); • Coordinated enforcement activities against illicit cigarette trade with the Bureau of Customs (BOC), Department of Finance (DOF), and National Bureau of Investigation; and • Allowed tobacco industry players to avail themselves of the export bond in lieu of the product replenishment scheme. (Under RR No. 3-2008, the excise tax paid on excisable products removed from the manufacturer's place of production or from an outside storage facility for purposes of exportation or sale/delivery to tax exempt entities/agencies or international carriers may be recovered through either a tax credit/refund or product replenishment. Under the product replenishment scheme, the next removal of excisable products from the place of production or storage facility, covering the same kind and volume that were subject of the prepayment or advance payment, shall be exempt from the excise tax.) <p>On the collection of excise tax from local production and importation, Milo reported that as of October 2021, the BIR collected P65.82 billion from alcoholic beverages, P136.52 billion from cigarettes, P24.13 million from cigars, P220.51 million from heated tobacco products (HTPs), P5.19 million from vapes, and P46.31 million from other tobacco products.</p> <p>On the part of BOC, Commissioner Rey Leonardo Guerrero reported that as of November 2021, alcohol products had the highest import volume among other "sin tax" commodities accounting for 72% of volume imports or 473.36 million kilograms. This is followed by sugar sweetened beverage at 16%, HTPs at 8%, and tobacco products at 4%. However, he said in terms of excise tax collection, sugar sweetened beverage had the highest tax proceeds amounting to P2.73 billion or 61%, followed by alcohol at 36%, and HTPs at 3%.</p> <p>Rep. Jericho Jonas Nograles (Party-List, PBA) said that there are still loopholes in the implementation of RA 11346 and RA 11467 which reduce the expected revenues of the government from the excise tax on tobacco and alcohol products, thus suggesting closer coordination between the BIR and BOC. He also requested the BIR to fast-track the publication of the net retail price or reference price of cigarettes to prevent illicit tobacco trade.</p> <p>Rep. Sharon Garin (Party-List, AAMBIS-OWA) agreed with Rep. Nograles, saying that the publication of the reference price of cigarettes will also protect local cigarette manufacturers from uncompetitive or unfair trade practices.</p> <p>Rep. Salceda acknowledged the need to protect local cigarette manufacturers from unfair trade practices explaining that this industry is one of the largest contributors to the coffers of the government in terms of taxes.</p> <p>In response, Milo said the reference price of cigarettes will be published as soon as it is approved and signed by the BIR Commissioner.</p>
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<p>Continuation... Ways and Means</p>		<p>Meanwhile, BIR OIC-Assistant Commissioner <i>Larry Barcelo</i> discussed the status of implementation of the CREATE Act which took effect on April 11, 2021. He also presented the relevant RRs and memorandum circulars issued by the BIR and the DOF relative to this law.</p> <p>The CREATE law provides huge reduction in corporate income tax rates from 30% to 20% for micro, small and medium enterprises, and from 30% to 25% for large corporations. It also grants incentives to businesses to help them recover from losses they incurred as a result of the pandemic. All businesses applying for tax incentives shall be approved by investment promotion agencies (IPAs), unless the proposed project or activity exceeds an investment capital threshold of P1 billion. Above this threshold, applications for incentives will be decided on by the Fiscal Incentives Review Board (FIRB). All qualified projects or activities for tax incentives which promote long-term growth and sustainable development will be included in the Strategic Investment Priority Plan (SIPP). [source: DOF website]</p> <p>DOF Assistant Secretary and FIRB Secretariat Head <i>Juvy Danofrata</i> apprised the body of the process of applying for tax incentives under the law. Danofrata also reported that as of October 31, a total of 265 projects nationwide have been qualified for tax incentives under the CREATE law, which are equivalent to about P31.02 billion worth of capital investments. She said the bulk of the approved projects (below P1 billion investment capital) for tax incentives are located in Region 3, most of which involve manufacturing.</p> <p>BOI Investment Policy and Planning Service Director <i>Sandra Marie Recolizado</i> reported that as of December 1, there are 715 approved or qualified projects or activities that will be listed in the SIPP. She said the BOI intends to submit the SIPP to the President by the first quarter of 2022 for approval.</p> <p>Rep. <i>Salceda</i> expressed dismay over the delay of the approval of the SIPP. He urged BOI to expedite the release of the first SIPP which is instrumental in boosting the flow of foreign investments into the country. If the SIPP would still take long to be released, Rep. <i>Salceda</i> suggested to the BOI to just release the approved projects or activities in batches or issue a negative list of investment instead. He also instructed the BOI to submit to the Committee the initial list of the 715 qualified projects or activities. Moreover, he said he would arrange a meeting between the Committee on Ways and Means and the Committees on Economic Affairs and Trade and Industry to discuss this matter.</p> <p>Expressing their support to the proposal of the Committee Chair to release the approved projects or activities in batches or issue a negative list of investment were the PEZA, Clark Development Corporation, Subic Bay Metropolitan Authority, Authority of the Freeport Area of Bataan, Philippine Exporters Confederation, Inc., and Philippine Association of Multinational Companies Regional Headquarters, Incorporated.</p>
	<p>Briefing by the Committee Chair on the suggested priority legislative measures for the 19th Congress</p>	<p>The Committee Chair presented to the body the suggested legislative agenda for the 19th Congress.</p> <p>In his presentation, Rep. <i>Salceda</i> stated that the Committee on Ways and Means should focus on enacting laws that would increase the government's income in anticipation of major reductions in national government resources brought about by the Mandanas ruling, personal income tax cuts pursuant to the Tax Reform for Acceleration and Inclusion (TRAIN) Law, and increases</p>

<p>Continuation... Ways and Means</p>		<p>in interest rates, inflation, and unfunded liabilities due to the pandemic. (The Supreme Court's ruling on the Mandanas case entitles LGUs to a just share in all the national taxes being collected by the national government, and not just those being collected by the Bureau of Internal Revenue.)</p> <p>According to Rep. Salceda, to address income deficiency, the government should expand its tax base and ensure that growth areas are taxed fairly as the economy recovers.</p> <p>Among the tax measures he suggested were the establishment of a tax regime on Philippine offshore gaming operations and <i>e-sabong</i> (Digital Economy Taxation Bill), and imposition of tax on cryptocurrencies. Further, he said there is a need to amend the Public Service Act, Retail Trade Liberalization Act of 2000, and Foreign Investments Act of 1991 to further liberalize investments and generate revenues for the government in the process.</p> <p>The Chair also emphasized that revenue collecting agencies such as the BIR and the BOC should be strengthened in order to effectively address problems involving abuses in the operations of customs bonded warehouses, untaxed sweetened beverages, illicit tobacco trade, and smuggling of petroleum products. He added that it is important that tax rules are uniform, publicly available, and easy to understand.</p>
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