



Committee Daily Bulletin

18th Congress
Third Regular Session

A publication of the Committee Affairs Department

Vol. III No. 115
December 13, 2021

CONFERENCE COMMITTEE MEETING

COMMITTEE	MEASURES		SUBJECT MATTER	ACTION TAKEN/ DISCUSSION
	NO.	PRINCIPAL AUTHOR		
Conference Committee	HB 10213 & SB 1382	Rep. Biazon and Sen. Gatchalian	Providing for the development of the electric vehicles industry	<p>The Conference Committee, co-chaired by Rep. Juan Miguel Macapagal Arroyo (2nd District, Pampanga) and Sen. Win Gatchalian, Chairpersons of the Committee on Energy in the House and Senate, respectively, approved the harmonized version of House Bill 10213 and Senate Bill 1382, subject to style and amendment.</p> <p>Sen. Gatchalian said that prior to today's meeting, the Secretariat of the Energy Committees of both Houses along with some of the conferees of both panels had pre-conferences to iron out the differing provisions of the two bills.</p> <p>Rep. Arroyo thanked the Secretariat for its vital role in crafting the harmonized version which the Conference Committee will discuss today. He said that this version of the bills has already undergone thorough deliberations in the pre-conferences, hence he hopes that today's discussions will be smooth sailing.</p> <p>Manifesting their support for the proposed law were Reps. Francisco "Kiko" Benitez (3rd District, Negros Occidental), Jose Enrique "Joet" Garcia III (2nd District, Bataan), and Edgar Mary Sarmiento (1st District, Western Samar). Reps. Benitez and Sarmiento said that the enactment of the proposed law will go a long way towards the country's transition to renewable and sustainable sources of transportation. In addition, Rep. Garcia opined that the development of the electric vehicles (EVs) industry will open up opportunities for the country's economic growth.</p> <p>Muntinlupa City Rep. Ruffy Biazon, author of HB 10213, suggested the inclusion of other "micromobility vehicles" such as electric skateboards in the definition of "light electric vehicles" which shall be covered under the proposed law. He said that other countries are already using these micromobility vehicles as a mode of transportation.</p> <p>Sen. Gatchalian was amenable to Rep. Biazon's suggestion as long as the micromobility vehicles will be used as a means to transport people and not merely for recreation.</p> <p>The Conference Committee agreed that light electric vehicles shall refer to "EVs such as</p>

Continuation... Conference Committee				<p>scooters, electric bicycles, electric skateboards, electric personal transport, and other similar vehicles weighing less than 50 kilograms.”</p> <p>Meanwhile, Rep. Benitez suggested the inclusion of the manufacture of battery for EVs among those that should be incentivized by the Bureau of Investment considering that it is one of the major components of EVs.</p> <p>Sen. Gatchalian agreed with the suggestion of Rep. Benitez, adding that the manufacture of EV batteries is an industry by itself and is indeed a very important component of the EV.</p> <p>On his part, Sen. Francis “Kiko” Pangilinan raised the recurring issue of delays in the formulation and promulgation of implementing rules and regulations (IRR) by government agencies given this task. He noted that the IRR is key to the full implementation of laws but somehow its formulation had become ministerial for relevant agencies to do rather than mandatory. He, thus, suggested that a provision be included in Section 30 which states that failure of the relevant government agencies to promulgate the IRR within 120 days shall subject the heads of these agencies to administrative penalties under applicable civil service laws.</p> <p>Likewise, Sen. Pangilinan suggested that government agencies that promulgate an IRR which goes beyond what the law provides shall also be subjected to administrative liability. This was to address the earlier manifestation of Rep. Garcia that the implementation of some IRRs is delayed because their provisions are being challenged in courts.</p> <p>The Conference Committee adopted the suggestions of Sen. Pangilinan.</p> <p>Other House Members present during the meeting were Reps. Sergio Dagooc (Party-List, APEC), and Glona Labadlabad (2nd District, Zamboanga del Norte). On the part of the Senate, also present were Senate Majority Leader Juan Miguel “Migz” Zubiri and Sen. Aquilino “Koko” Pimentel III.</p>
--	--	--	--	--

JOINT CONGRESSIONAL OVERSIGHT COMMITTEE MEETING		
COMMITTEE	SUBJECT MATTER	DISCUSSIONS
Joint Congressional Oversight Committee on Climate Change (House Panel)	Briefing by the Climate Change Commission (CCC) on the status of implementation of Republic Act (RA) 9729, otherwise known as the Climate Change Act of 2009, and RA 10174 or the People’s Survival Fund (PSF) Act	<p>The Joint Congressional Oversight Committee (JCOC) on Climate Change (House Panel), chaired by Rep. Edgar Chatto (1st District, Bohol), listened to the briefing of the CCC on the status of implementation of the Climate Change Act of 2009 and the PSF Act.</p> <p>At the outset, Rep. Chatto informed the body of the members of the JCOC House Panel, who are as follows: Reps. Mark Go</p>

Continuation...
Joint Congressional
Oversight Committee
on Climate Change
(House Panel)

- Status of implementation of RA 9729 (Climate Change Act of 2009), with focus on the National Climate Change Action Plan (NCCAP) and Local Climate Change Action Plans (LCCAP)

(Baguio City), Faustino Michael Carlos Dy III (5th District, Isabela), Cyrille “Beng” Abueg-Zaldivar (2nd District, Palawan), and Lucy Torres-Gomez (4th District, Leyte). He said the JCOC’s Senate panel has yet to be constituted.

Rep. Chatto recalled that in one of the previous meetings of the House’s Committee on Climate Change, the Department of Finance (DOF) briefed the Committee on how to access climate finance through the PSF and the Green Climate Fund (GCF), among others.

The GCF is a critical element of the historic Paris Agreement (a legally binding international treaty on climate change) and is the world’s largest climate fund, mandated to support developing countries raise and realize their Nationally Determined Contributions (NDC) ambitions towards low-emissions, climate-resilient pathways. (Source: GCF website)

Before the briefing by other CCC officials, CCC Vice Chairperson and Executive Director Emmanuel De Guzman acknowledged that there is still much to be done to respond to the ongoing climate emergency. However, he is optimistic that the CCC’s vision of “climate-resilient and climate-smart Philippines with highly adaptive communities” will still be achieved. He expressed his gratitude to the JCOC for spearheading this discussion and to the stakeholders for their active support in confronting the country’s climate change and resilience challenges.

CCC’s Policy Research and Development Division Chief Jerome Ilagan presented that pursuant to RA 9729, which was signed into law on October 23, 2009, the CCC formulated and issued the NCCAP 2011-2028 in accordance with the National Strategic Framework and Program on Climate Change.

According to Ilagan, the NCCAP outlines the agenda for climate change adaptation and mitigation for 2011 to 2028 which involve seven thematic or strategic priorities, as follows: 1) food security; 2) water sufficiency; 3) ecosystem and environment stability; 4) human security; 5) climate-smart industries and services; 6) sustainable energy; and 7) knowledge and capacity development.

Ilagan said that the CCC leads and monitors the implementation of the NCCAP. He informed the body that the NCCAP Monitoring and Evaluation (M&E) Report 2011 to 2016 was already issued and posted in the CCC website last year. Currently, the CCC is gathering data for the NCCAP M&E Report 2017 to 2020.

CCC Strategic Partnership Division International Science Relations Officer Alexis Lapiz stated that Section 14 of RA 9729 mandates that the local government units (LGUs) shall be the frontline agencies in the formulation, planning and implementation of the LCCAP or the climate change action plans in their respective areas, consistent with the provisions of the Local Government Code, National Strategic Framework and Program on Climate Change, and the NCCAP. The LGUs shall likewise regularly update their respective action plans to reflect changing social, economic, and environmental conditions and emerging issues and shall furnish the CCC with copies of their action plans and all subsequent amendments, modifications, and revisions thereof, within one month from their adoption. The law’s provision also states that it is the responsibility of the national government to extend technical and financial assistance to LGUs for the accomplishment of their LCCAP.

Continuation...
Joint Congressional
Oversight Committee
on Climate Change
(House Panel)

- Status of implementation of RA 10174 (PSF Act)

Lapiz reported that in 2018, four quality assurance consultation workshops were conducted to aid LGUs in crafting a sound LCCAP. Despite the difficulties brought about by the COVID-19 pandemic, he said three consultative meetings were also conducted in 2021 between the CCC and DILG to pursue the formulation of a quality assurance system for the LCCAP. Moreover, the CCC also conducted capacity building trainings for LGUs, adding that roundtable discussions are ongoing with oversight agencies and the LGUs.

In addition, Lapiz briefly discussed the timeline of implementation of the LCCAP from 2016 up to the present. He also identified key issues in the preparation of the LCCAP and provided recommendations on how to ensure the creation of quality and science based LCCAPs.

CCC Deputy Executive Director Romell Antonio Cuenca apprised the body that the PSF was established by virtue of RA 10174, which amended the Climate Change Act of 2009, to provide long-term finance streams to support the climate change adaptation projects of LGUs and accredited local/community organizations. The PSF fund receives annual funding from the General Appropriations Act and is managed by the PSF Board which is lodged under the CCC and chaired by the DOF Secretary.

According to Cuenca, since the PSF started receiving allocations from the national budget in 2015, several project proposals have been submitted by the LGUs and local community organizations for funding. He reported that from 2016 to 2021, the PSF Board has approved six climate change adaptation projects amounting to P310.34 million which benefitted six localities, namely: 1) Gerona, Tarlac; 2) Camotes Island, Cebu; 3) Del Carmen, Surigao del Norte; 4) Lanuza, Surigao del Sur; 5) Kitcharao, Agusan del Norte; and 6) Sarangani Province.

Cuenca also reported that the documentary requirements to apply for PSF funding has been reduced from 14 documents in 2015 to just four documents in 2016. He said this will encourage more LGUs to secure funding from the PSF for their climate mitigation and adaptation programs. Further, he said there are currently six LGUs with pending applications seeking funding for expenses related to project preparation and development such as site-specific risk and vulnerability assessments; benefit analysis; and studies and surveys relevant to environmental impact assessment.

CCC Implementation Oversight Division Planning Officer Sandee Recabar conveyed that pursuant to RA 10174, the CCC is mandated to establish a coordination mechanism with the concerned government agencies and other stakeholders to ensure transparency and coherence in the administration of climate funds. On the other hand, the Department of Budget and Management (DBM) is mandated under this law to formulate the annual national budget in a way that ensures the appropriate prioritization and allocation of funds to support climate change-related programs and projects of the government.

Recabar mentioned that one of the strongest entry points to embed climate change across the government structure is through public budgeting, which measures and tracks the government's seriousness in addressing climate change issues. Thus, in order to monitor the expenses of the government related to climate change, Recabar said the CCC

<p><i>Continuation...</i> Joint Congressional Oversight Committee on Climate Change (House Panel)</p>		<p>and the DBM issued DBM-CCC Joint Memorandum Circular (JMC) No. 2013-01, entitled “Guidelines in Tagging/Tracking Government Expenditures for Climate Change in the Budget Process.” Later on, the DBM, CCC, and Department of the Interior and Local Government issued JMC 2015-01, entitled “Revised Guidelines for Tagging/Tracking Climate Change Expenditures in the Local Budget.”</p> <p>As stated in JMC 2015-01, Climate Change Expenditure Tagging (CCET) is anchored on the Climate Change Act of 2009 and the NCCAP. It supports the mainstreaming of climate change adaptation and mitigation into the planning process of LGUs and provides the starting point from which to measure progress in the implementation of climate change initiatives.</p> <p>Recabar likewise presented the cumulative national government climate change expenditures from 2016 to 2021 amounting to P1.59 trillion. Furthermore, she mentioned that the CCC has come up with Climate Budget Briefs based on the General Appropriations Act and National Expenditure Program levels which could assist the LGUs in tagging their climate change budget. She also informed the body of CCC’s future plans such as enhancement of CCET system and process; shift to e-governance for more transparent reporting of public climate expenditures; and capacity development by mobilizing academe, civil society organizations, and private sectors as capacity building providers.</p> <p>On the query of Rep. Go if there have been improvements in the goals set by the government to effectively reduce climate change, Ilagan answered in the affirmative. He said that for one, at the national level, there is already a shift in the mindset to pursue a more robust climate change action to reduce greenhouse gas emissions. The LGUs are also determined to complete and submit their respective LCCAPs, according to Ilagan.</p> <p>Meanwhile, Department of Energy (DOE) Undersecretary Felix William Fuentebella mentioned that the DOE has already updated the Philippine Energy Plan for 2020-2040 and underscored the importance of everyone’s participation in energy efficiency including the use of renewable energy.</p> <p>Before the briefing ended, Rep. Chatto spoke of the need to intensify efforts to remove the barriers in the implementation of climate change programs. He enjoined the resource persons to participate in the JCOC’s regular meeting once the Senate Panel has been constituted.</p>
--	--	--

AGENCY BRIEFING		
COMMITTEE	SUBJECT MATTER	DISCUSSIONS
<p>Ways and Means</p>	<p>Briefing by concerned government agencies on the status of implementation of the three tax laws passed in the 18th Congress: Republic Acts 11534, 11569, and 11590</p> <ul style="list-style-type: none"> RA 11534 - Corporate Recovery and Tax Incentives for Enterprises Act (CREATE) 	<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 RAs 11534 (CREATE), 11569 (Extending the estate tax amnesty), and 11590 (Taxing the Philippine offshore gaming operations).</p> <p>In the continuation of the briefing on the CREATE Law, Rep. Salceda reminded the Board of Investments (BOI) of the Committee’s instruction to present to the Fiscal Incentives Review Board (FIRB), in the latter’s upcoming Board meeting,</p>

Continuation...
Ways and Means

the initial list of projects or activities that will be part of the 715 approved or qualified projects or activities that will be included in the Strategic Investment Priority Plan (SIPP).

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 qualified projects or activities for tax incentives which promote long-term growth and sustainable development will be included in the SIPP. (Source: DOF website)

BOI Investment Policy and Planning Service Director Sandra Marie Recolizado confirmed that the BOI will be presenting the initial list of projects or activities to the FIRB Board meeting this coming Wednesday.

Upon the request of the Chair, Recolizado provided a rundown of the 715 approved or qualified projects or activities, which still need the approval of the FIRB. She discussed the parameters used by the BOI which serve as its basis in selecting or prioritizing projects or activities for inclusion in the SIPP. She said that subject to BOI's evaluation, projects or activities should meet either of the following parameters or criteria to qualify for incentives under the SIPP:

- Considerable amount of net exports;
- Processes or innovations that will lead towards the attainment of Sustainable Development Goal No. 8 (Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all);
- Substantial amount of investments;
- Considerable generation of employment, especially in less developed areas;
- Enhancement of the capabilities of Filipino enterprises and professionals to produce and offer increasingly sophisticated products and services;
- Contribution to Philippine food security and increased incomes in the agriculture and fisheries sector; and
- Promotion of market competitiveness.

Rep. Salceda stressed the need to expedite the release of a partial or preliminary SIPP list in order to already boost the flow of foreign investments into the country. He averred that the heavily bureaucratic system being adopted in the completion of the SIPP list is slowing down the country's economic recovery. He requested the BOI and the FIRB to consider the activities or projects under Tiers I, II, and III, as provided for in Section 296 B (1) (2) and (3) of the CREATE law, to be the preliminary SIPP list. He opined that an Executive Order can be issued for this purpose.

Meanwhile, Rep. Sharon Garin (Party-List, AAMBIS-OWA) questioned the methodology adopted by the BOI in determining the tentative list of the SIPP as she observed that it was not aligned with the objectives of the CREATE law. She also raised the issue that Section 8 of Revenue Regulation (RR) No. 5-2021 is still unclear to several Revenue District Offices. Thus, Rep. Garin asked the Bureau of Internal Revenue (BIR) to provide clearer guidelines for the implementation of this section.

RR No. 5-2021 implements the new income tax rates on the regular income of corporations, on certain passive incomes,

Continuation...
Ways and Means

- RA 11569 - Extending the estate tax amnesty, amending Section 6 of RA 11213, otherwise known as the Tax Amnesty Act
- RA 11590 - Taxing Philippine offshore gaming operations, amending for the purpose Sections 22, 26, 27, 28, 106, 108, and adding new Sections 125-A and 288(G) of RA 8424, as amended, otherwise known as the National Internal Revenue Code of 1997

including additional allowable deductions from gross income of persons engaged in business or practice of profession pursuant to the CREATE law. Section 8 of RR 5-2021 states that “no gain or loss shall be recognized on a corporation or on its stock or securities if such corporation is a party to a reorganization and exchanges property in pursuance of a plan of reorganization solely for stock or securities in another corporation that is a party to the reorganization.”

BIR OIC-Assistant Commissioner Larry Barcelo replied that the BIR will look into the matter and will consider issuing a memorandum circular to clarify the subject revenue regulation.

The Chair announced that a Technical Working Group will be created, to be headed by Rep. Garin, to check the methodology and evaluation process adopted by the BOI in determining the projects or activities that will be included in the SIPP.

On the status of implementation of RA 11569, Barcelo reported that as of November 2021, a total of 75,870 taxpayers availed themselves of the tax amnesty. He also apprised the body that the total collections under the estate tax amnesty program amounted to P5.46 billion from 2019 to November 2021.

Barcelo said that the BIR issued RR 17-2021 to implement the extension of the estate tax amnesty pursuant to RA 11569. It provides, among others, that in the filing of the estate tax amnesty return (ETAR) to avail of the amnesty, the proof of settlement of the estate, whether judicial or extra-judicial, need not be included if it is not yet available at the time of its filing, but no Electronic Certificate Authorizing Registration (eCAR) shall be issued unless such proof is presented and submitted to the concerned RDO.

The Chair instructed the BIR to submit a briefer on RA 11569 and its Implementing Rules and Regulations.

Regarding the implementation of RA 11590, Department of Finance Director Euvimil Nina Asuncion said RR 20-2021 was issued on November 26 to implement this law.

BIR Philippine Offshore Gaming Operations Task Force member Michael Bumanglag added that aside from RR 20-2021, the BIR also issued Revenue Memorandum Circular No. 107-2021 to implement RA 11590. He also discussed the salient features of RR 20-2021 which specifies the taxes due on offshore gaming licensees, accredited service providers, and alien individuals employed by Philippine offshore gaming operators (POGOs), as well as the penalties for violations of the Tax Code, including the employment of an alien without a taxpayer identification number.

According to Bumanglag, several consultations and meetings were held with POGO entities and POGO licensing authorities regarding the provisions of RA 11590 and the changes in current tax laws as a result of the enactment of RA 11590. He also reported that under this law, the tax collection for 2020 amounted to P7.22 billion, while for 2021, it is P2.79 billion as of October. He explained that the 2020 collection is way higher because it covered all active and inactive POGO licensees and service providers. On the other hand, the 2021 collection only covers active licensees and service providers as of October 4.

<p>Continuation... Ways and Means</p>		<p>Philippine Amusement and Gaming Corporation (PAGCOR) Senior Regulatory Officer Joseph Lobo reported that the number of POGO licensees and accredited service providers dropped from 238 in 2020 to 185 in 2021. Likewise, he said the number of foreign and local employees declined from 50,259 in 2020 to 31,816 in 2021. Of the total number of POGO employees this year, he said 16,494 are Filipinos and 15,322 are foreigners.</p> <p>With regard to the income of PAGCOR's Offshore Gaming Licensing Department, Lobo reported that it amounts to P2.85 billion for the period January to October 2021, which is a 53.98% drop from last year's collection of P5.28 billion. He explained that it is largely due to the pandemic with the imposition of lockdowns as well as the reduction in the operating capacity of POGO establishments in compliance with social distancing protocols and other restrictions.</p> <p>Cagayan Economic Zone Authority (CEZA) Chief Executive Officer for Regulatory and Compliance Percival Peralta informed the body that there are 28 POGOs and 28 service providers in CEZA to date. He conveyed that the number of POGOs in CEZA reached as high as 200, but this was significantly reduced upon the issuance of Executive Order 13, series of 2017, entitled "Strengthening the fight against illegal gambling and clarifying the jurisdiction and authority of concerned agencies in the regulation and licensing of gambling and online gaming facilities."</p> <p>Meanwhile, Subic Bay Metropolitan Authority (SBMA) Chair Wilma Eisma disclosed that the reduction in the number of POGOs in SBMA was due mostly to the imposition of additional taxes on POGOs which was further aggravated by the pandemic. From four companies with around 2,000 employees, the number was reduced to just two companies employing around 200 to 250 employees to date. She said it has become too costly for some POGOs to continue their operation when they also have to pay for the rental of housing units for their employees which had to be increased to comply with the minimum health and social distancing protocols.</p> <p>Leechiu Property Consultants, Inc. Chief Executive Officer and Co-Founder David Leechiu concurred that the decline in the number of POGOs also significantly reduced the number of property rentals in the country.</p>
---	--	---