

**TAX MANAGEMENT ASSOCIATION
OF THE PHILIPPINES**

2016 TMAP NATIONAL ELECTION TAX SURVEY

Instructions: Mark the appropriate box with an X.

Name of Candidate: FRANCIS “Chiz” G. ESCUDERO Position: Vice-President Party: Independent

A. Comprehensive Tax Reform

		YES	NO	Remark(s) (if any)
1.	The last comprehensive tax reform program in the Philippines was in 1997, almost 20 years ago, would you institute moves for a genuine comprehensive tax reform?	X		Reforms in our tax system is warranted as conditions in our country has changed since 1997. The business climate over the years has been altered by different factors like the emergence of new industries that were not present a decade or so before, and also, our local economy will be affected by the ASEAN integration. Reforms, however, should be all inclusive to circumvent any possible conflicts in policies which may happen if the reforms are done in stages.
2.	Do you think it should be a priority of government?	X		Yes. In fact, it is one of the first 100-day agenda of the Gobyernong May Puso, wherein a Tax Reform Commission will be formed to undertake the drafting of the needed tax reform program.

B. Adjustment of Personal Income Tax Bracket

		YES	NO	Remark(s) (if any)
3.	The present personal income tax brackets (Section 2A A 2) in our Tax Code have not been adjusted since 1987 to take into account the changes in the consumer price index over the past 29 years. Will you support the immediate adjustment of the tax bracket?	X		It is essential to make our Tax Code attuned or more responsive to the prevailing economic conditions in our country.
4.	Do you agree that the tax brackets should be indexed and adjustments should be done	X		An automatic indexation of tax brackets will allow faster

	automatically every three years?			implementation of tax policies as it would reduce dependence on Congress to draft tax laws.
5.	Will the adjustment take place during the first 100 days of the new administration?	X		As mentioned earlier, it is part of the first 100 days agenda of the Gobyernong May Puso.

C. Income Tax Rates

		YES	NO	Remark(s) (if any)
6.	Comparison of the corporate and personal income tax rates among ASEAN countries would show that the Philippines imposes the highest corporate income tax rate at 30% and highest effective income tax rate on individuals. Will you initiate and/or support the reduction of corporate and individual tax rates?	X		The Gobyernong May Puso aims to reduce the Corporate Income Tax to 25% while the highest effective income tax rate on individuals will be reduced to 25%. However, our long-term goal is to exempt all those earning below P1 million a year from paying taxes.
7.	Do you agree in a tax system that would free up some of the burden from wage earners while exacting more from corporate taxpayers and individuals with higher income?	X		As mentioned above, our long term goal is to exempt all those earning below P1 million a year from paying taxes.

D. Simplified Tax Compliance

		YES	NO	
8.	Are you in favor of the adoption of a simplified manner of computing net income for self-employed individuals and professionals with annual gross sales/receipts of P10 million or below, including simplified tax return filing, bookkeeping and invoicing requirements?	X		This is the interest of encouraging tax payers to meet their tax obligations. Included in this is the simplification of the BIR forms, reducing the steps in tax payments and processing time of tax payments.
9.	Are you in favor of exempting marginal income earners (those with gross annual sales/receipt not exceeding P100,000) from tax and from administrative requirements?	X		They will be included in our long-term plan of exempting individuals earning less than P1 million a year from paying income taxes.

E. Value-added Tax

		YES	NO	
10.	Originally, the rate of VAT was only 10% and increased to its current rate of 12% by the previous administration (now the highest VAT rate among the ASEAN countries). As an additional source of revenue for the next administration, will you consider increasing the		X	Our people have been fraught with too many taxes, including higher income taxes compared to our neighbors. An increased VAT will simply add to their burden.

	VAT rate further? If so, at what rate?			
11.	When it was originally adopted, the VAT only covered a limited number of transactions. An amendment to the VAT broadened or increased the VAT coverage to include additional transactions (i.e., sale of real property used in business, professional income of doctors, lawyers and others). Will you consider broadening further the VAT base by revisiting the exemptions and effectively including more transactions subject to VAT?	X		We can include more transactions but we may also remove some transactions from the VAT coverage especially those that does not have any clear and effective contributions to our social and economic objectives.

F. Excise Tax of Petroleum & Others

		YES	NO	
12.	Excise tax rates on petroleum products have not been updated since 1997 and fuel prices are expected to stay low for at least a few more years, would you consider increasing excise tax on petroleum products?		X	I have always maintained my stance that I will not support any increase in taxes or introduce new taxes that will further burden the marginalized sector of society.
13.	As a means to reduce air pollution, would you support legislation granting tax breaks to hybrid or electrical vehicles?	X		Lessening the amount of pollutants in our environment is a part of our agenda hence, this tax break may encourage more people to use these environment friendly vehicles in place of fossil fuel based ones.
14.	Would you consider increasing excise tax on alcohol products, luxury or high-end automobiles, and other non-essential goods to increase tax collections?	X		But only on the luxury or high-end products which only the rich can afford. If they have the financial capability to purchase such items, then they are more than capable of shouldering the taxes included in the purchase price. This is also the reason why I did not support the Sin Tax because the primary consumers of such products are the poor. <i>Mahirap na nga sila, bubuwisan pa ba natin sila?</i>

G. Rationalization of Fiscal Incentives

		YES	NO	
15.	With the passage of the TIMTA Law (Tax Incentives Management and Transparency Act), it is now possible to monitor the various Investment Tax Incentives (ITI) granted by	X		

	various Investment Promotion Agencies (i.e. BOI, PEZA, BCDA, PRA, TIEZA, and others). Will you support the passage of a fiscal incentives rationalization act that will allow greater scrutiny of the way ITI's are granted and managed, eliminate redundant incentives and retain only those which are necessary to make the Philippines attractive to foreign investors?			
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H. Estate Tax

		YES	NO	
16.	Some countries have already abolished or at least temporarily suspended the imposition of estate tax, which is imposed on the assets of a deceased individual upon death. Would you consider the abolition of estate tax in the Philippines?		X	Not abolish but merely lessen it. I have filed Senate Bill 1489 which seeks to increase the estate tax exemption.
17.	Currently, the family home deduction for estate tax purposes is P1 million, would you agree to increase the amount considering the increase in the value of real properties in the Philippines? How much should be the deductible amount?	X		
18.	How about the existing standard deduction, which is currently P1 million, would you consider increasing the amount, which is effectively not subject to estate tax? If so, how much?	X		
19.	The brackets in the current estate tax table have not been adjusted since 1998, would you support an adjustment to the estate tax brackets to consider changes in the consumer price index?	X		

I. Tax Administration

		YES	NO	
20.	Experts say that in PH only few are paying and more taxes are being collected from the few through recurring tax audit. Yet, there are businesses and/or individuals who can get away with not being registered with the BIR. Do you believe the tax system in the Philippines is unfair to many?	X		It is no secret that a number of underground businesses are operating in various places in our country and they continue to operate due to collusion with unscrupulous personnel in the BIR. This will be addressed in our proposed programs in eliminating corruption in BIR.
21.	Some countries adopted drastic reforms like the reorganization of their tax administrations and human resources, giving higher pay to employees but imposing greater accountability, resulting in the improvement of overall	X		

	performance of their tax agencies. Do you think there is a need to adopt similar institutional reforms in our tax agencies like the BIR and BoC?			
22.	Will you strongly push for the elimination of corruption at the BIR and BoC	X		<p>We propose the removal of the manual interference in the audit process of the BIR and also the implementation of the Customs Modernization and Transparency Act for the automation of the customs process.</p> <p>In addition to this, we also add some “mundane” changes like replacing the office tables of the employees that does not have any drawers and likewise requiring them to have new uniforms that does not have pockets in them to discourage “under the table” deals or transactions that are the causes of corruption.</p>
23.	Would you support the lifting of the bank secrecy laws consistent with international standard to enable revenue authorities to combat tax evasion?	X		Not lift it but merely relax it a little so that it will be easier to chase tax evaders and also help the Anti-Money Laundering Act more effective.
24.	Would you consider granting at tax amnesty program as a prelude to the adoption of a comprehensive tax reform program?			The proposed Tax Reform Commission will be tasked to assess the viability of an amnesty program.

I am allowing TMAP to disclose my answers to the public and post it at the TMAP website and other social media pages of the association.

Name of Candidate: Francis “Chiz” G. Escudero

Position: Vice-President

Date: April 29, 2016

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