

DUTERTE'S ANSWERS TO THE
TMAP 2016 ELECTIONS TAX POLICY SURVEY

On Comprehensive Tax Reform a Priority

Mayor Duterte affirmed that he would institute moves for a genuine comprehensive tax reform, which is going to be a priority of his administration.

Income Tax Bracket Adjustment

The Mayor answered YES when asked if he will support the immediate adjustment of the personal income tax brackets. The adjustment of the tax brackets will take place in the first 180 days of his term, not on the first 100 days. However, he is not in favor on the automatic adjustment of the brackets every three years.

Reduction of Corporate and Individual Income Tax Rates

He answered YES when asked if he will initiate and/or support the reduction of corporate and individual income tax rates.

He agrees 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.

Simplified Tax Compliance

He is 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.

Tax & Administrative Exemption for Marginal Income Earners

The Mayor is in favor of exempting marginal income earners (those with gross annual sales/receipt not exceeding P100,000) from tax and from administrative requirements.

Increase in VAT Rate and VAT Coverage

He categorically said NO to increasing the VAT rate, which is currently at 12%.

When asked if he will consider broadening further the VAT base by revisiting the exemptions and effectively including more transactions subject to VAT, he likewise replied NO.

Increasing Excise Tax on Petroleum, Alcohol and Luxury Vehicles

He said NO on increasing the excise tax rates on petroleum products.

However, he said YES on increasing excise tax on alcohol products, luxury or high-end automobiles, and other non-essential goods to increase tax collection.

Tax Breaks for Hybrid or Electric Vehicles

He will support legislation granting tax breaks to hybrid or electric vehicles.

Rationalization of Fiscal Incentives

He will support the passage of a fiscal incentives rationalization act that will allow greater scrutiny of the way Investment Tax Incentives are granted and managed, eliminate redundant incentives and retain only those which are necessary to make the Philippines attractive to foreign investors.

Estate Tax

Duterte thinks that a review or careful study should be made on the estate tax as a whole before changes can be made.

Fairness of the Tax System

When asked if he believes that the tax system in the Philippines is unfair to many, the Mayor answered NO. He further explained that the tax system is not necessarily unfair, it is the implementation and presence of corrupt agents.

Adoption of Drastic Reforms and Elimination of Corruption

Mayor Duterte agreed that there is a need to adopt institutional reforms, drastic reforms to improve performance (reorganization of tax administrations and human resources, increase pay with greater accountability), at the BIR and BoC.

He also confirmed that he would strongly push for the elimination of corruption at the BIR and BoC.

Lifting of Bank Secrecy

He supports the lifting of the bank secrecy law consistent with international standards to enable revenue authorities to combat tax evasion.

Tax Amnesty

Mayor Duterte would consider granting a tax amnesty program as a prelude to the adoption of a comprehensive tax reform program.