



TAX MANAGEMENT ASSOCIATION  
OF THE PHILIPPINES, INC.



2016 TMAP NATIONAL ELECTION TAX SURVEY

Instructions: Mark the appropriate box with an X.

Name of Candidate MAR ROXAS Position PRESIDENT Party LIBERAL PARTY

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?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	See attachment
2.	Do you think it should be a priority of government?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	See attachment

B. Adjustment of Personal Income Tax Bracket

3.	The present personal income tax brackets (Section 24 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 brackets?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	See attachment
4.	Do you agree that the tax brackets should be indexed and adjustments should be done automatically every three years?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	See attachment
5.	Will the adjustment take place during the first 100 days of the new administration?	<input type="checkbox"/>	<input type="checkbox"/>	See attachment

C. Income Tax Rates

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 income tax rates?	<input type="checkbox"/>	<input type="checkbox"/>	See attachment
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?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

Name of Candidate \_\_\_\_\_

D. Simplified Tax Compliance

		YES	NO	Remark(s) (if any)
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 ₱10 million or below, including simplified tax return filing, bookkeeping and invoicing requirements?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	See attachment
9.	Are you in favor of exempting marginal income earners (those with gross annual sales/receipt not exceeding ₱100,000) from tax and from administrative requirements?	X		See attachment

E. Value-added Tax

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 VAT rate further? If so, at what rate?	<input type="checkbox"/>	<input type="checkbox"/>	See attachment
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?	<input type="checkbox"/>	<input type="checkbox"/>	See attachment

F. Excise Tax on Petroleum & Others

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?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	See attachment
13.	As a means to reduce air pollution, would you support legislation granting tax breaks to hybrid or electric vehicles?	<input type="checkbox"/>	<input type="checkbox"/>	See attachment
14.	Would you consider increasing excise tax on alcohol products, luxury or high-end automobiles, and other non-essential goods to increase tax collection?	<input type="checkbox"/>	<input type="checkbox"/>	See attachment

Name of Candidate \_\_\_\_\_

G. Rationalization of Fiscal Incentives

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 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 ITIs are granted and managed, eliminate redundant incentives and retain only those which are necessary to make the Philippines attractive to foreign investors?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
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H. Estate Tax

		YES	NO	Remark(s) (if any)
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?	<input type="checkbox"/>	<input type="checkbox"/>	See attachment
17.	Currently, the family home deduction for estate tax purposes is ₱1 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?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
18.	How about the existing standard deduction, which is currently at ₱1 million, would you consider increasing the amount, which is effectively not subject to estate tax? If so, how much?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
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?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

I. Tax Administration

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?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
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 the overall performance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	See attachment

	of their tax agencies. Do you think there is a need to adopt similar institutional reforms in our tax agencies like the BIR & BoC?			
22.	Will you strongly push for the elimination of corruption at the BIR and BoC?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
23.	Would you support the lifting of bank secrecy laws consistent with international standard to enable revenue authorities to combat tax evasion?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	See attachment
24.	Would you consider granting a tax amnesty program as a prelude to the adoption of a comprehensive tax reform program?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	See attachment

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: MAR ROXAS By: KARINA CONSTANTINO-DAVID

Date: 29 APRIL 2016 Position POLICY UNIT

Send reply to TMAP *c/o Update Management & Research Center (UMRC), Inc.*, Unit 2414, Cityland 10, Tower II, Cor. H. V. Dela Costa & Valero Sts., Makati City, Tel/Fax: 753-1346 Telephone: 840-2325 E-mail Address: [tax\\_map@yahoo.com](mailto:tax_map@yahoo.com) Website: [www.tmap.org.ph](http://www.tmap.org.ph)

## 2016 TMAP NATIONAL ELECTION TAX SURVEY

Name of Candidate: MAR ROXAS      Position: PRESIDENT      Party: LIBERAL PARTY

### A. Comprehensive Tax Reform

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?*

Yes, I would institute moves for comprehensive tax reform program that is well-studied because the government cannot give in to simple solutions that do not address the complex structural issues that underpin our tax system. Hence, I would push for a tax reform package that is comprehensive and addresses structural issues in our tax system.

2. *Do you think it should be a priority of government?*

Yes, it should be a priority of government. We have to look at certain economic considerations at present, and compare these from that in 1997—which are very different given the growth we have achieved in the last six years. We need a tax system that is attuned to our current economic realities, equitable, and address existing problems in tax administration to ensure fiscal sustainability.

### B. Adjustment of Personal Income Tax Bracket

3. *The present personal income tax brackets (Section 24 A 2) in our Tax Code have not been adjusted since 1987 to take into account changes in the consumer price index over the past 29 years. Will you support the immediate adjustment of the tax?*

Yes, I will support the adjustment of personal income tax brackets but this must be studied very closely. As mentioned earlier, I am for a tax schedule that promotes equity.

4. *Do you agree that the tax brackets should be indexed and adjustments should be done automatically every three years?*

In general, I am not in favor of automatic indexing—whether it be on wages, taxes, pensions, etc. We have to keep in mind that while the intention might be good, there will be unintended consequences. Hence, every decision with regard to tax brackets must be pursuant to deliberate and thoughtful consideration.

5. *Will the adjustments take place during the first 100 days of the new administration?*

I am for responsible governance. If Leni and I win, in the first 100 days, I will launch a review for the adjustment of personal income tax brackets, which is part of the comprehensive tax reform package that I will push for.

### **C. Income Tax Rates**

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 income tax rates?*

The issue of corporate and personal income tax rates must be part of the comprehensive tax reform package, and should not be tackled separately.

With regard to the comparison of the Philippines with other ASEAN countries on having the highest corporate and personal income tax rate, this is not the complete picture. When one takes a look at actual collections as a percentage of GDP, the Philippines remains to be one of the least efficient due to structural constraints, such as various income tax exemptions, and low compliance among self-employed and professionals. A clear structural issue is that, in ASEAN, we remain to be the only country that cannot access bank transactions for tax investigation purposes, and the only country where tax evasion is not a predicate crime to money laundering.

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?*

Yes. I am for an equitable tax system to ensure that the people with low-middle income would still be able to enjoy the fruits of their labor, would still have the money to provide for their family even after they have been taxed.

### **D. Simplified Tax Compliance**

8. *Are you in favour of the adoption of a simplified manner of computing net income for self-employed individuals and professionals with annual gross sales/ receipts of Php10 million or below, including simplified tax return filing, bookkeeping and invoicing requirements?*

As part of the comprehensive tax reform package I have mentioned earlier, I am in favour of the adoption of a simpler, more focused tax system for a better

administrative oversight. Also, a simplified tax system will reduce time in processing tax returns so that taxpayers would not have a hard time complying with such.

9. *Are you in favour of exempting marginal income earners (those with gross annual sales/receipt not exceeding Php100, 000) from tax and from administrative requirements?*

I was the principal author and actually enacted into law the measure that exempted minimum wage income earners from tax. Yes, I am in favour of exempting marginal income earners from tax and administrative requirements. MIEs are mostly engaged in economic activities for subsistence—like those sari-sari store owners or tricycle drivers—why would we remove a portion of their small income when they can add it to their budget for the needs of their families?

#### **E. Value-added Tax**

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 VAT rate further? If so, at what rate?*

Not at the moment. This should be part of the comprehensive tax reform program.

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?*

VAT works best if it is applied to all transactions that have value-added. More than the revenue that is collected from VAT and important above VAT is that, it works because it documents transactions; because people keep records and issue receipts of the transactions. In other words, VAT encourages economic activities to be “above ground”, and not otherwise.

#### **F. Excise Tax on Petroleum and Others**

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?*

No. The cost of petroleum has gone up and down, and lower prices of petroleum products provide relief to consumers/ users. Thus moderating the pressures of inflation for the benefit of all.

*13. As a means to reduce air pollution, would you support legislation granting tax breaks to hybrid or electric vehicles?*

Hybrid vehicles are so expensive that only rich people will benefit from it and due to that, it will have no impact in the quality of air. The more effective tax breaks will be for the use of LPG and CNG for public transportation system. It is much better to provide tax breaks for the use of cleaner fuel that will affect more vehicles, and therefore will have bigger impact in improving the quality of air.

*14. Would you consider increasing excise tax on alcohol products, luxury or high-end automobiles, and other non-essential goods to increase tax collection?*

I am open to reviewing excise tax on alcohol products, luxury/ high-end automobiles, and other non-essential goods.

#### **G. Rationalization of Fiscal Incentives**

*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 various Investment Promotion Agencies. Will you support the passage of a fiscal incentives rationalization act that will allow greater scrutiny of the way ITIs are granted and managed, eliminate redundant incentives and retain only those which are necessary to make the Philippines attractive to foreign investors?*

Yes.

#### **H. Estate Tax**

*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?*

For the most part, estate tax is an “after tax” asset, and taxing them again will amount to “double taxation.” I am open to reviewing estate tax in the country.



*17. Currently, the family home deduction for estate tax purposes is Php1 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?*

Yes.

*18. How about the existing standard deduction, which is currently at Php1 million, would you consider increasing the amount, which is effectively not subject to estate tax? If so, how much?*

Yes.

*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?*

Yes.

## **I. Tax Administration**

*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?*

Yes.

*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 the overall 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?*

Yes. There were attempts in the past to institute a system of incentives and to be stricter with accounting. We must review the lessons learned from past reform programs so as to guide us in instituting the necessary reforms in our tax agencies.

*22. Will you strongly push for the elimination of corruption at the BIR and BoC?*

Yes.

*23. Would you support the lifting of bank secrecy laws consistent with international standard to enable revenue authorities to combat tax evasion?*

Yes. I have signed a Waiver of Bank Secrecy Law for the duration of my candidacy. In fact, as part of my anti-corruption agenda, if elected President, my Cabinet and I will sign a Waiver of Bank Secrecy Law to promote transparency, especially in public service.

For tax investigation purposes, I will support lifting of Bank Secrecy law to strengthen our ability to collect revenues. We are one of only three countries in the entire world, the other two being Lebanon and Switzerland, where tax administration cannot access bank transactions due to our restrictive Bank Secrecy Law. If we look at the numbers, BIR collections have not kept up with the growth in deposits. For example, in 2013, bank deposits grew by 33% but BIR revenues grew by only 15%. Moreover, lifting of bank secrecy for tax investigation purposes can greatly improve our chances of strengthening our three hundred eighty Run After Tax Evaders (RATE) cases, with around Php68.52 billion total estimated tax liabilities that can be recovered.

*24. Would you consider granting a tax amnesty program as a prelude to the adoption of a comprehensive tax reform program?*

Yes, I am willing to look at a tax amnesty program but only after reforms are in place. The experience we have had in the Philippines has been a situation where we grant tax amnesty to delinquent taxpayers, but then they will incur liabilities again afterwards.

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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: MAR ROXAS  
Date: 29 April 2016

By: KARINA CONSTANTINO-DAVID  
Position: POLICY UNIT