



TAX MANAGEMENT ASSOCIATION OF THE PHILIPPINES, INC.



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COMMENTS TO THE STATEMENTS ON TAX REFORM BY PRESIDENT RODRIGO DUTERTE IN HIS 1ST STATE OF THE NATION ADDRESS JULY 25, 2016

We are very pleased to hear President Duterte's statement that his administration will pursue tax reforms. We are delighted to see that his proposals for the simplification of the tax system, lowering of the income tax rates, and lifting of the bank secrecy law are the same reforms also espoused by TMAP. The reforms mentioned by the President are consistent with his answers to the pre-election tax policy survey of TMAP. See <http://www.tmap.org.ph/assets/tmap-duterte.pdf>

With the clear pronouncements of the President, who is currently enjoying overwhelming support in both houses of congress, we don't see any reason why the passage of the comprehensive tax reform measure will not materialize during the early part of his term.

The relaxation of the bank secrecy law as well as the simplification and improvement of the efficiency of our tax system are reforms directed to increase voluntary compliance by taxpayers, increase the tax base and consequently increase tax collection. With the lowering of the income tax rates, which will result in revenue erosion, the need to significantly increase the tax base and improve voluntary compliance cannot be overemphasized. This is where all of us can help push for tax reform by having a tax-conscious, vigilant and involved mindset.