

LEGISLATIVE MEASURES/PROPOSALS, AND THEIR STATUS
(as of January 8, 2007)

PROPOSAL	BRIEF DESCRIPTION	REMARKS
A. Fiscal-Related Bills		
1. Restructuring the Individual Income Taxation for Individuals	<p>The House proposal is to provide tax relief to individual income earners by restructuring the income tax schedule and increasing by 50% the amounts of personal and/or additional exemptions.</p> <p>Not over P55,000 0% >P 55,000 but not over P150,000 25% of the excess over P55,000 >P150,000 but not over P250,000 P 23,750 + 28% of excess over P150,000 >P250,000 but not over P350,000 P 51,750 + 31% of excess over P250,000 >P350,000 but not over P500,000 P 82,750 + 33% of excess over P350,000 >Over P500,000 P132,250 + 35% of excess over P500,000</p> <p>It increased the threshold of exempt income from P30,000 to P45,000 representing the gross benefits received by officials and employees of public and private entities such as the 13th month pay and other benefits like the productivity incentives and Christmas bonus.</p> <p>It listed the de minimis fringe benefits to be exempt from income tax. The list is lifted from the revenue regulations but not the ceilings or maximum amounts of de minimis benefits which the RRs also provide.</p> <ol style="list-style-type: none"> 1. Monetized used vacation leave credits of employees not exceeding 10 days during the year 2. Medical cash allowance 3. Rice subsidy granted by an employer to his employees 4. Uniforms given to the employees by the employer 5. Medical benefits given to the employees by the employer 6. Laundry allowance 7. Employee achievement awards given for instance for length of service or safety achievement, which must be in the form of a tangible personal property other than cash or gift certificate, with an annual monetary value not exceeding one-half (1/2) month of the basic salary of the employee receiving the award under an established written plan which does not discriminate in favor of highly paid employees 	<p>I. In the Lower House</p> <p>HB 5296 – Cong. Lapus</p> <ul style="list-style-type: none"> - Approved on 3rd Reading. (May 29, 2006) - The House version adopts the SNITS for self-employed individuals. <p>II. In the Senate</p> <p>SB 2261 - Sen. Recto</p> <ul style="list-style-type: none"> - On 2nd Reading. Period of Interpellation. <p><u>DOF POSITION:</u></p> <p>The DOF proposes a 2-phase reform which consists of:</p> <p><u>Phase 1:</u></p> <ol style="list-style-type: none"> 1. Immediate legislation of the income tax exemption of minimum wage earners and their counterparts in the government. This will result in minimal revenue losses to the NG.

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	<p>8. Christmas and major anniversary celebrations for employees and their guests</p> <p>9. Company picnics and sports tournaments in the Philippines and are participated exclusively by employees</p> <p>10. Flowers, fruits, books or similar items given to employees under special circumstances such as, but not limited to, illness, marriage and birth of a baby</p> <p>It proposes the Simplified Net Income Tax scheme for the self-employed. The SNITS proposal aims to address the tax avoidance practices of self-employed taxpayers through over-deduction of business expenses. It proposes to limit the allowable deductions to direct costs, which may broaden the tax base and improve tax revenue collections. In computing the taxable income in the case of individuals engaged in trade/business and/or practice of profession, only the following expenses shall be allowed as deductions:</p> <p>A) Sales discounts</p> <p>B) Sales discounts and allowances</p> <p>C) Raw materials and supplies</p> <p>D) Basic salaries and allowances of employees</p> <p>E) Telecommunications, electricity, fuel, light and water</p> <p>F) Business rentals</p> <p>G) Depreciation</p> <p>H) Contributions made to the government or any of its agencies or any political subdivision thereof exclusively for public purposes, or to accredited domestic corporations or associations organized and operated exclusively for religious, charitable, scientific, youth and sports development, cultural or educational purposes or for the rehabilitation of veterans, or social welfare institutions, or to non-government organizations;</p> <p>I) Interest paid or accrued within a taxable year on loans contracted from accredited financial institutions which must be proven to have been incurred in connection with the conduct of a taxpayer's profession, trade or business;</p> <p>J) Freight, handling and trucking;</p> <p>K) Insurance expense;</p> <p>L) Professional fees;</p> <p>M) SSS, GSIS, PHILHEALTH, and HDMF (PAGIBIG) contributions;</p> <p>N) Taxes and licenses</p>	<p>2. Reforming the income taxation of the self-employed which will raise revenues that can be used to cover the expected revenue losses if an income tax relief to low and middle-income taxpayers is extended.</p> <p><u>Phase 2:</u></p> <p>1. Restructuring of the individual income tax in order to provide income tax relief to low and middle income earners. This will necessarily result in revenue losses that could be covered up by revenues expected to be generated from the SNITS.</p>

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	<p>An optional standard deduction of 40% of gross sales/ receipts is proposed for taxpayers who may have difficulty filing an itemized return.</p> <p><u>Revenue Impact:</u></p> <p>Compensation Income Earners – P (15.99) B Self-employed - 4.48 B ----- Net Revenue Impact - P (11.51) B =====</p> <p>The <u>Senate</u> bill exempts income up to P144,000, and imposes a “flat” income tax rate of 35% for income beyond P144,000.</p> <ul style="list-style-type: none"> ➤ Not over P144,000 0% ➤ Over P144,00035% of the excess over P144,000 <p>For the self-employed, an optional standard deduction of 40% of gross sales/receipts is proposed. Corporations may also avail of the same optional standard deduction. In effect, all taxpayers benefit from higher levels of exempt income. The existing personal exemptions and additional deductions for qualified dependents are repealed.</p> <p><u>Revenue Impact:</u></p> <p>Compensation Income Earners – P (15.98) B Self-employed - 1.11 B ----- Net Revenue Impact - P (14.87) B =====</p>	
2. Rationalization of Fiscal Incentives	<p>The <u>House version:</u></p> <p>1. Restructures the BOI by: including the DOF in the BOI Board and expanding the</p>	<p><u>I. In the Lower House</u></p> <p><i>HB 3295 – Cong. Lapus et. al.</i></p>

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	<p>powers of the BOI by making it the national authority of investments.</p> <ol style="list-style-type: none"> 2. Identifies the “Investment Promotion Agencies” or IPAs which will administer the tax and non-tax incentives granted by the proposed law 3. Causes the preparation of the IPP once every 3 years, with BOI consulting the DOF, NEDA, OP and other agencies. 4. Expands the menu of tax incentives. <ul style="list-style-type: none"> • Income tax holiday – <ul style="list-style-type: none"> - 4-year ITH for domestic enterprise located in a highly-developed area - 6-year ITH for domestic enterprise located in a less developed area or producing new products/ services or having strong backward or forward linkages - 6-year ITH for exports - 8-year ITH for exports that have large capital investments or sizeable employment or high level of technology or located outside Metro Manila - additional ITH for additional investments 5. Repeals 47 investment and non-investment-related laws or provisions of laws. <p>The <u>Senate version</u> –</p> <ol style="list-style-type: none"> 1. Abolishes the annual Investment Priorities Plan 2. Provides tax incentives to registered export enterprises whether located inside or outside the economic zones: <ul style="list-style-type: none"> - Reduced income tax of 15% - Duty exemption on imported capital equipment - Duty exemption on imported raw materials - Duty exemption on importation of source documents by IT-registered export enterprises - Accelerated depreciation - Extended NOLCO (losses in the first 5 years can be carried over to the next 10 	<ul style="list-style-type: none"> - Approved on 3rd Reading. (January 18, 2005) - Certified for Immediate Enactment / November 17, 2004 <p>II. <u>In the Senate</u></p> <p><i>SB 2411- Sen. Recto et. al</i></p> <ul style="list-style-type: none"> - On 2nd Reading. Period of Interpellation. <p><u>DOF POSITION:</u></p> <p>The DOF has basically endorsed the Senate version, but is supportive of the emerging compromise positions discussed and agreed upon by the following: Secretaries of Finance and Trade, Senator Recto (Chair of the Senate Committee on Ways and Means), Senator Roxas (Chair of the Senate Committee on Trade and Commerce), Congressman Cua (Chair of the House Committee on Trade and Industry), and Congressman Teves (Chair of House Committee on Ways and Means)</p> <ol style="list-style-type: none"> 1. Exporters who export 100% of their output shall be granted automatic VAT exemption on their importations. Those who export 70% or more but

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	<p>years</p> <ul style="list-style-type: none"> - Option to choose between the preferential tax of 15% or a %% tax on gross income earned in lieu of all national and local taxes except VAT and real property tax on land. ❖ No automatic VAT exemption for exporters. A tax refund mechanism is proposed in the bill. ❖ These tax incentives can be enjoyed for the duration of the firm's registration, which is 20 years. <p>3. Provides tax incentives to registered domestic enterprises that locate in the 30 poorest provinces, whose investments are at least P500 million or generate 200 jobs</p> <ul style="list-style-type: none"> - Reduced income tax of 15% - Extended NOLCO (losses in the first 5 years can be carried over to the next 5 years) - Accelerated depreciation <p>❖ These tax incentives can be enjoyed for the duration of the firm's registration, which is 20 years.</p> <p>4. Merges the two investments promotion and tax incentives-administering bodies – the Board of Investment and the Philippine Economic Zone Authority, and creates a new body to be called the Philippine Investment Promotions Administration.</p> <p>5. Makes the DOD, BIR and BOC as member of the PIPA Board; other PIPA Board members are NEDA, DOLE, DPWH, DOST AND DENR.</p> <p>6. Requires all the Investment Promotion Agencies or IPAs to submit their annual tax expenditures to the PIPA and DOF for monitoring and review purposes; the DTI, DOF, NEDA and the IPAs including PIPA shall be required to submit an annual report to the President and to Congress on the investments and incentives granted.</p> <p>7. Earmarks all revenue savings or gains for infrastructure (50%) and for education (50%).</p> <p>8. Repeals 35 investment-related tax incentive laws</p>	<p>Those who export 70% or more but less than 100% will be subject to the VAT refund provision of the Senate bill.</p> <p>2. An ITH will be extended during a 3-yr transition period, to both exporters and domestic enterprises. After the 3-yr transition period, the ITH will be withdrawn.</p> <p>3. The IPP will also be retained during the transition period. It may be formulated by both the Executive and Congress.</p> <p>4. The repealing clauses of both House bill and Senate bill will be reconciled.</p>

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	<ul style="list-style-type: none"> - Primarily EO 226 and RA 7916 as amended - Export development Act, Fisheries Code, AFMA, Mining Code, Laws granting tax incentives to government corporations like PPA, PTV-4, Phil. Postal Corporation, national Electrification Administration - Jewelry, leather, geothermal, coal, mini-hydro, oil <p>(does not repeal tax incentive laws governing Subic, Cagayan and Zamboanga ecozones and freeports; housing; overseas shipping/domestic shipping/ shipbuilding)</p>	
<p>3. Various Amendments to the Bases Conversion Act or RA 7227</p>	<p>1. One-Time Tax Amnesty on Certain Tax and Duty Liabilities</p> <p>House version: The bill seeks to grant a one-time tax amnesty to registered business enterprises engaged within the special economic zones and freeports created pursuant to Sec. 15 of RA 7227, as amended.</p> <p>The amnesty shall apply to all tax and duty liabilities, inclusive of fines, penalties, interests and other additions thereto, incurred by them due to the rulings of the Supreme Court regarding locators of John Hay economic zone. Further, the tax amnesty shall only cover the difference between all national and local tax impositions and the five percent tax on gross income earned by said registered business enterprises engaged in export-oriented and tourism-related activities. It shall not include the applicable taxes and duties on articles, raw materials, capital goods, equipment and consumer items removed from the zones and freeports and entered in the custom territory for local or domestic sale.</p> <p>The amount of amnesty tax is P25.00 to be paid within 6 months from the effectivity of the Act.</p> <p>Senate version: The amount of amnesty tax is P25,000.00 to be paid within 6 months from the effectivity of the Act.</p> <p>2. Amendments to RA 7227 or the Bases Conversion Act</p>	<p>I. In the Lower House</p> <p>HB 4900 (CR 1304) – Cong. Lapus</p> <ul style="list-style-type: none"> - Approved on 3rd Reading. (May 31, 2006) - Certified for Immediate Enactment / February 3, 2006 <p>HB 5064 – Cong. Lapus and Cong. Uy</p> <ul style="list-style-type: none"> - Approved on 3rd Reading. (May 31, 2006) - Certified for Immediate Enactment / February 6, 2006 <p>II. In the Senate</p> <p>SBs 2259 and 2260 – Sen. Recto et. Al</p> <ul style="list-style-type: none"> - Approved on 3rd Reading. (December 20, 2006) - Certified for Immediate

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	<p><u>House version:</u></p> <p>Section 12 – Distribution of the 5% tax on GIE collected from Subic SEZ:</p> <ul style="list-style-type: none"> - 3% National Government - 2% SBMA for distribution to the LGUs affected and contiguous to the zone. <p>Section 15 - Creation of Clark and Other Special Economic Zones:</p> <ul style="list-style-type: none"> • The special economic zones shall cover the lands occupied by the Clark military reservations and its contiguous extensions defined by the 1947 Military Bases Agreement between the Philippines and the United States of America, as amended. • Other SEZs shall be created by the President covering the city of Balanga and the municipalities of Limay, Mairoveles, Morong, Hermosa and Dinalupihan, Province of Batan; Municipalities of Capas and Bamban, Province of Tarlac; Municipalities of Castillejos, San Marcelino and San Antonio, Province of Zambales. <p>Section 15 – Tax Incentives</p> <ul style="list-style-type: none"> • Registered business enterprises operating within Clark SEZ, John Hay SEZ, Poro Point SEZ, Morong SEZ and all other SEZs created under this section of the bill are entitled to the same tax incentives as provided for under RA 7916, or the Special Economic Zone Act of 1995, as amended. <ul style="list-style-type: none"> ➤ 5% tax on GIE in lieu of all local and national taxes, except for real property taxes on land owned by developers ➤ The 5% tax on GIE shall be remitted as follows: <ul style="list-style-type: none"> - 3% National Government - 2% Host LGUs affected by the declaration of the zone in proportion to their population, land area and other factors. <p><u>Senate version:</u></p> <p>In Section 12 – Distribution of the 5% tax on GIE collected from Subic SEZ:</p> <ul style="list-style-type: none"> - 3% National Government 	<p>Enactment / June 6, 2006</p> <p>1. The DOF supports the proposed one-time tax amnesty for ecozone locators and the proposed amendments to the BCDA law (RA 7227), both sponsored by Sen. Recto.</p> <p>Estimated revenue impact from the grant of Tax Amnesty:</p> <p><u>Clark Ecozone:</u> Income Tax: P304.52 million</p> <p><u>John Hay Ecozone:</u> Income Tax: P46.24 million BOC actual assessment: P71.98 million</p> <p>2. We support the Senate proposal to provide a rationalized package of tax incentives to the economic zones created under the BCDA law. The “rationalized” package mirrors the tax incentives proposal under the fiscal incentives bill (SB 2411).</p>

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	<p>- 2% SBMA for distribution to the LGUs affected and contiguous to the zone.</p> <p>In Ssection 15 – Creation of Clark Special economic Zone and Clark Freeport Zone:</p> <ul style="list-style-type: none"> • The special ecozones shall cover the lands occupied by the air base proper of not more than 4,400 hectares located within Angeles City, Municipalities of Mabalacat and Porac, Province of Pampanga, and Municipalities of Capas and Bamban, Province of Tarlac as applied to Clark military reservations with the exception of 22 hectare commercial area situated near the main entrance gate of the CSEZ. • A freeport zone within CSEZ shall be created covering the fenced-in portion of the aviation complex with an area of 21,620,969 sq.m. • Clark Freeport Authority, a corporate body attached to the DTI shall govern the CFZ. • Tax and duty incentives of the CFZ: <ul style="list-style-type: none"> a. Tax and duty free importation of raw materials and capital equipment. b. Registered business enterprises shall pay a 5% tax on gross income earned in lieu of all national and local taxes, remitted as follows: <ul style="list-style-type: none"> - 3% National Government - 2% Treasurer’s Office of the City of Angeles and the Municipality of Mabalacat of the Province of Pampanga <p>Section 15 – A – Tax Incentives</p> <ul style="list-style-type: none"> • Registered export enterprises in the special ecozones (Clark, Poro Point, John Hay and Morong) are entitled to the following incentives: <ul style="list-style-type: none"> a. 5% tax on GIE in lieu of national and local taxes, except VAT and real property tax on land, to be distributed as follows: <ul style="list-style-type: none"> - 3% National Government - 2% Treasurer’s Office of the municipality or city where they are located. b. VAT paid on imported raw materials and capital equipment shall be refundable 	

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	<p>under the VAT refund mechanism, except for export-enterprises exporting 100% of their products or services.</p> <ul style="list-style-type: none"> • PEZA shall administer the fiscal incentives; registering regulating and supervising all export enterprises within the aforementioned special economic zones. 	
4. EVAT Amendments		
<ul style="list-style-type: none"> • Amending the Cap on the Creditable Input VAT 	<p>The bill seeks to remove the cap on the amount of input VAT that can be credited against the output VAT by a VAT registered enterprise</p>	<p style="text-align: center;">SIGNED INTO LAW ON NOVEMBER 27, 2006 AS REPUBLIC ACT 9361</p>
<ul style="list-style-type: none"> • Deferment of the Value-Added Tax on Petroleum and Electricity 	<p>The proposal seeks to defer the implementation of the value-added tax on petroleum and electricity</p>	<p>I. <u>In the Lower House</u></p> <p><i>Joint Resolution 11 – Cong. Abalos</i> <i>Joint Resolution 12 – Cong. Salceda</i></p> <p>- Pending in the Committee on Ways and Means</p> <p>II. <u>In the Senate</u></p> <p><i>Joint Resolution 6 – Sen. Roxas</i> <i>SB 2116 – Sen. Roxas</i></p> <p>- Pending in the Committee on Ways and Means</p>
<ul style="list-style-type: none"> • Exemption of Power from the Coverage of Value-Added Tax 	<p>The proposal seeks to amend RA 9337 by exempting the generation, transmission, distribution and supply of power from the coverage of the new VAT law and deleting the limit on creditable input VAT.</p>	<p>I. <u>In the Senate</u></p> <p><i>SB 2075 – Sen. Enrile</i> <i>SB2080 – Sen. Roxas, et al</i></p>

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		- Pending in the Committee on Ways and Means; Committee on Energy
5. Broadening the Coverage of Non-Essentials subject to Excise Tax	<p>The proposal aims to expand the coverage of non-essentials or goods that can be considered luxurious, that are now subject to the 20% excise tax under Section 150 of the NIRC.</p> <p>The Lower House proposes for inclusion in the coverage of non-essentials, items such as antiques and non-essential services like cosmetic surgeries.</p> <p>Initial DOF estimate of the House proposal: For cosmetic surgery : <u>P7.2 million</u> For antiques and other decorative items: <u>P.24 billion</u></p>	<p>I. <u>In the Lower House</u></p> <p><i>HB 4241 (CR 740) – Cong. Mitra</i></p> <p>- For 2nd Reading. For Sponsorship. - The DOF supports the passage of this bill. The proposal is very timely when the country needs additional revenues to support its much needed expenditure program and to provide greater progressivity to the tax system.</p> <p>II. <u>In the Senate</u></p> <p>No bill has been filed.</p>
6. Amendments to the Informers' Reward System	<p>The proposal seeks to rationalize the informer's reward system to help BIR and BOC run after tax evaders and smugglers. Improving the rewards system will enhance the collection capability of the BIR and BOC by encouraging third party information about errant taxpayers whose possibility of discovery is almost remote without an informer's assistance. There will be no added costs on the part of the government because the informers will not be entitled to any reward if no revenues are collected out of the information given.</p> <p>The proposal of DOF is to make uniform the informer's reward systems in the BIR and BOC. Bureau officials and employees should not be recipients of informer's especially in the light of the Lateral Attrition Law.</p>	<p>I. <u>In the Lower House</u></p> <p><i>HB 4947 – Cong. Zialcita</i></p> <p>- Approved on 3rd Reading. (May 29, 2006)</p> <p>II. <u>In the Senate</u></p> <p><i>SB 491 – Sen. Osmena</i></p> <p>- Pending with the Comm. on Civil Service and Gov't Reorganization;</p>

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		Comm. on Finance
7. Repeal of Provisions on the Automatic Guarantee by the National Government	The proposal seeks the repeal of provisions in statutes, regulations and other issuances for the automatic guarantee by the National Government of obligations incurred by its agencies and instrumentalities, including government-owned and/or controlled corporations.	Draft bill to be submitted by DOF to Congress. No bill has been filed specifically on this matter but the Fiscal Responsibility Bill has a provision similar to this proposal.
8. Fiscal Responsibility Bill	<p>The proposal institutionalizes a policy framework and a mechanism to ensure that medium-term goals to put the fiscal sector in order are accomplished and sustained in the long-run.</p> <p>The preparation of annual budgets shall be based on agreed deficit targets, revenue and tax targets, expenditure targets, financing strategies and new measures.</p> <p>It proposes measures to instill discipline, as well as enhance the accountability in, the government corporate sector. It abolishes the provisions on automatic guarantee by NG found in existing legislations. It aims to legislate monitoring and risk management of the country's debts.</p>	<p>I. <u>In the Lower House</u></p> <p><i>HB 3890 – Cong. Andaya</i></p> <p>- Pending with the Committee on Appropriations</p> <p>II. <u>In the Senate</u></p> <p><i>SB 1968 – Sen. Villar</i></p> <p>- Pending with the Comm. on Finance; Comm. on Economics Affairs; Comm. on Ways and Means</p> <p>- DOF fully supports the passage of this bill</p>
9. Strengthening the Anti-Smuggling Provisions of the Tariff and Customs Code (This bill and other proposals amending the TCCP are	The anti-smuggling bill amends certain provisions of the Tariff and Customs Code with the view of further strengthening the institutional framework of the law on tariff and customs. It provides for the following amendments: (i) gives the Customs Commissioner the authority to invoke penal provisions for undervaluation, misclassification and misdeclaration in the entry of imported articles; (ii) establishes a maximum of 100 Customs Bonded Warehouses (CBWs) for use as public and private bonded warehouses; (iii) classifies acts of	<p>I. <u>In the Lower House</u></p> <p><i>HB 4069 – Cong. Lapus, et al</i></p> <p>- Approved on 3rd Reading (June 7, 2005)</p>

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proposed to be consolidated into an “omnibus amendment” of the Tariff and Customs Code)	smuggling; (iv) prescribes payment of duties upon protest; (v) increases penalties for various offenses provided under the Code; and (vi) empowers the President to create a task force to address the problem of smuggling.	<p>- Certified for Immediate Enactment / March 31, 2005</p> <p>II. <u>In the Senate</u></p> <p>The Senate Committee on Ways and Means is preparing the draft Committee Report based on the inputs submitted by concerned agencies and affected private sector groups.</p>
10. Privatization-Related Measures		
<ul style="list-style-type: none"> • Amendment of RA 5260 (Repeal of the public bidding requirement and allow other modes of asset disposition) 	<p>The proposal seeks to address the following:</p> <ol style="list-style-type: none"> 1. The Trustee Committee is mandated to conceptualize and supervise the disposition of the Welfareville properties; and 2. Aside from sale thru public bidding, the mode of disposition for the properties is expanded to include other modes such as lease, joint-venture project, BOT scheme and others. <p>The proposed amendments would give the Trustee Committee wider latitude in undertaking the most feasible mode of disposition to enable the government to realize optimum revenues which can be used to fund child welfare-related services and projects.</p>	<p>I. <u>In the Lower House</u></p> <p><i>HB 2736 – Cong. Ocampo</i> <i>HB 4372 – Cong. Abalos</i></p> <p>- Pending with the Committee on Revision of Laws; Comm. On Housing and Urban Development</p>
<ul style="list-style-type: none"> • Amendment of RA 9250 	<p>The proposal seeks to facilitate the disposition of government shares in Radio Philippines Network, Inc. (RPN 9), which are intended for privatization, by amending Section 1 of RA 9250 (An Act Granting Radio Philippines Network Inc. a franchise to Construct, Install, establish, Operate and Maintain Radio and Television Broadcasting Stations in the Philippines).</p>	<p>I. <u>In the Lower House</u></p> <p><i>HB 4634 – Cong. Jala</i></p> <p>- Pending with the Committee on Legislative Franchise</p>
<ul style="list-style-type: none"> • Creation of the 	<p>The proposal seeks to establish the GAMA as an independent body responsible for the</p>	<p>I. <u>In the Lower House</u></p>

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Government Asset Management Authority	privatization and disposition of non-performing government assets and the recovery of ill-gotten wealth of government officials.	<i>HB 4634 – Cong. Jala</i> <i>HB 289 – Cong. Lapus</i> - Pending in the Comm. on Government Enterprises and Privatization - TWG to convene on the subject bill.
11. Restructuring the IRA (Internal Revenue Allotment)	<p>The proposal aims to address the flaws of the present IRA system - - The IRA does not equalize the resources among LGUs. Its direction has been towards LGUs with fewer population and greater local revenues. Its structure does not encourage LGUs to generate additional revenues to support additional expenditures. Thus, it does not have any fiscal stimulation effect on local finance on all levels of local governments.</p> <p>A restructuring of the IRA should aim to rationalize it and make it a more effective tool of NG subsidy to LGUs for providing local public services. It should aim to lessen disparities in fiscal capacities by giving more allotments to LGUs with greater needs but lesser resources.</p>	<p>I. <u>In the Lower House</u></p> <p>No bill has been filed yet</p> <p>II. <u>In the Senate</u></p> <p><i>SBs 229 and 230 – Sen. Osmena</i> <i>SBs 868 and 1782 – Sen. J. Estrada</i> <i>SB 1388 – Sen. Recto</i> <i>SB 1809 – Sen. Magsaysay</i></p> <p>- Pending in the Comm. on Local Government; Comm. on Finance</p>
12. Imposing an Excise Tax on Text Messaging	<p>The proposal aims to generate substantial revenues from a potent tax base as short messaging service. The proposed tax can be deterrent to irresponsible texting which cause ‘traffic’ and delay the transmission of ‘essential’ or emergency text messages.</p> <p>Imposing an excise tax at ten centavo per P1.00 text message can generate P6.01 billion in annual revenues.</p>	<p>I. <u>In the Lower House</u></p> <p><i>HB 3977 – Cong. Cojuangco</i></p> <p>- Pending with the Committee on Ways and Means</p> <p>II. <u>In the Senate</u></p> <p>No bill has been filed yet</p>

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B. Financial Sector/ Capital Market Development Bills		
1. Instituting a Pre-Need Code	<p>The salient features of the House Committee Report:</p> <ul style="list-style-type: none"> • Granting SEC jurisdiction over pre-need companies • Adopting a licensure and registration regime that will help ensure pre-need companies' fitness to engage in the business • Providing for a benefit fund mechanism that will provide payment of planholder's benefits • Allowing the regulator to act swiftly to protect planholders in cases where the pre-need company is in grave financial distress • Providing for a margin of solvency requirement as a financial measure of the pre-need company's viability • Providing for administrative sanctions and penalties on erring pre-need firms • Providing other measures to protect planholders' right such as: <ul style="list-style-type: none"> ➤ Planholders entitled to termination values ➤ Pre-need companies prohibited from declaring dividends without SEC approval ➤ Withdrawals from benefit fund limited to payment of planholders' benefits ➤ DOSRI loans prohibited ➤ SEC to prescribe guidelines on investment of benefit fund ➤ Pre-need firms mandated to maintain liquidity reserve pool, and ➤ Provision for unfair claims settlement processes <p>The salient features of various Senate Bills are as follows:</p> <ul style="list-style-type: none"> • The Insurance Commission shall be vested with the authority to supervise and regulate the operations of pre-need companies • Pre-need companies shall have a minimum paid-up capital of at least P100 M • A trust fund shall be established to finance all the guaranteed benefits and services, to be administered by a reputable bank authorized to perform trust functions • A liquidity reserve fund shall be provided which shall at all times be sufficient to cover at least 10% of the trust fund • 10% of the Fund shall be set aside for lending to countryside and business enterprises 	<p>I. <u>In the Lower House</u></p> <p><i>HB 4343 (CR 826) – Cong. Salceda et al</i></p> <p>- For 2nd Reading. Period of Sponsorship - Certified for Immediate Enactment / June 7, 2005</p> <p>II. <u>In the Senate</u></p> <p><i>SB 2169 (CR 40) 328 – Sen. Osmena</i></p> <p>- For 2nd Reading. Period of Sponsorship - Certified for Immediate Enactment / December 5, 2005</p>

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PROPOSAL	BRIEF DESCRIPTION	REMARKS
	<p>and low-cost housing programs of government</p> <ul style="list-style-type: none"> • A Planholder's protection Fund shall be established to protect planholders from business failure or insolvency of the pre-need company • One Senate bill proposes VAT and DST exemptions of pre-need plans, and deductibility for income tax purposes of payments made by companies or corporations for pre-need plans 	
<p>2. Proposed Credit Information System Act</p>	<p>The proposal establishes a comprehensive credit information system for the collection and dissemination of information relevant to, or arising from, credit and credit-related activities of all entities in the financial system.</p> <p>The proposal will enable financial institutions to lower their credit risks. It will improve the overall availability of credit particularly to small borrowers, lowers the cost of credit to responsible debtors; and, reduces the excessive dependence on collateral to secure credit facilities.</p>	<p>I. <u>In the Lower House</u></p> <p><i>HB 5948 – Speaker De Venecia, Cong. Angara and Cong. Crisologo</i></p> <p>- Approved on 3rd Reading</p> <p>II. <u>In the Senate</u></p> <p><i>SB 1936 – Sen. Angara and Sen. Enrile</i></p> <p>- Approved on 3rd Reading (June 7, 2006).</p> <p>- Certified for Immediate Enactment / May 28, 2005</p>
<p>3. Establishing a Personal Equity and Retirement Account (PERA)</p>	<p>The proposal seeks to institutionalize the Personal Equity and Retirement Account (PERA) for all public and private sector employees and self-employed persons (SEP-PERA). This scheme is an initiative to establish individual retirement accounts or voluntary pension plans which may serve social and economic objectives. In terms of social objective, such voluntary retirement schemes provide an opportunity for individuals to save for old age. In terms of its economic objective, the proposal has the potential to mobilize savings that can positively contribute to capital formation and investments. To promote and encourage personal savings, investments, and retirement plans among the qualified citizenry, fiscal investments are granted to whoever saves or invests in a PERA Account.</p>	<p>I. <u>In the Lower House</u></p> <p><i>HB 274 – Speaker De Venecia</i> <i>HB 94 – Cong. Angara</i> <i>HB 118 - Cong. Salceda</i> <i>HB 1412 – Cong. Barinaga</i> <i>HB 1928 – Cong. Barbers</i></p> <p>- Pending with the Comm. on Economic Affairs; Comm. on Ways and</p>

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PROPOSAL	BRIEF DESCRIPTION	REMARKS
		<p>Means; Comm. on Appropriations. - Awaiting for the comments and recommendations of the Comm. on Ways and Means and Comm. on Appropriations.</p> <p>II. <u>In the Senate</u></p> <p><i>SB 2233 (CR 60) – Sen. Angara and Sen. Villar</i> - For 2nd Reading. Period of Sponsorship</p> <p><u>DOF POSITION:</u></p> <p>DOF supports the initiative to establish “individual retirement accounts” or “Voluntary pension plans” that are open to public and private sector employees and self-employed individuals.</p> <p><u>REVENUE IMPACT:</u></p> <p>The proposed tax treatment of the PERA will impact heavily on government revenues. The government will lose at least P6.73 billion up to P13.56 billion annually from the tax-preferred treatment of PERA contributions. In addition, revenue losses from the investments of PERA contributions will range from P1.88 billion to P3.5 billion annually. These revenue losses will compound</p>

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PROPOSAL	BRIEF DESCRIPTION	REMARKS
		annually as additional PERA contributions and investments are made every year.
4. Proposed Revised Investment Company Act	The proposal seeks to create an environment conducive to the development of the industry by ensuring adequate protection for investors through proper regulation; mobilizes the funds of small investors, thereby widening the base of financial resources; and promotes the development of long-term sources of funds.	<p>I. <u>In the Lower House</u> <i>HB 117 – Cong. Salceda</i></p> <p>- Pending with the Comm. on Trade and Industry; Comm. on Banks, Financial Intermediaries</p> <p>II. <u>In the Senate</u> <i>SB 1636 – Sen. Magsaysay</i> <i>SB 211 – Sen. Osmena</i></p> <p>- Pending with the Committee on Banks, Financial Institutions and Currencies; Committee on Trade and Commerce</p>
5. Proposed Amendments to the Cooperative Code of the Philippines (RA 6938)	<p>The proposal seeks to:</p> <ul style="list-style-type: none"> - provide for adequate systems and procedures for the viability and growth of cooperatives; - provide for a special provision on savings and credit cooperatives; - increases minimum capitalization for cooperatives as well as the required number of member to establish a cooperative. 	<p>I. <u>In the Lower House</u> <i>HB 4602 – Cong. Cua</i></p> <p>- Approved on 3rd Reading (November 29, 2005)</p> <p>II. <u>In the Senate</u> <i>SBs 1299 and 1300 – Sen. Biazon</i> <i>SB 215 – Sen. Osmena</i></p>

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PROPOSAL	BRIEF DESCRIPTION	REMARKS
		<p><i>SBs 881 and 882 - Sen. Estrada</i> <i>SB 1352 – Sen. Recto</i> <i>SB 1783 – Sen. Magsaysay</i> <i>SR 217 – Sen. Magsaysay</i></p> <p>- Pending with the Committee on Cooperatives; Committee on Ways and Means - Inter-agency Technical Working Group formed to finalize the draft bill. Meetings on-going.</p>
<p>6. Amendments to the Securities Regulation Code</p>	<p>The proposal amends the SRC to promote investors’ confidence and instill professionalism among the industry participants, thereby promoting the development of the capital market.</p> <p>The proposal seeks to ensure better corporate governance at the PSE, leading to a more professionally managed exchange which embraces international best practice standards and restores investor confidence. The amendments propose, among others, to raise the threshold on mandatory tender offers from the present 15% to 35% on acquisitions by any person or group of persons acting in concert; to authorize a relevant self-regulatory organization (SRO) to prescribe the minimum net capital requirements and impose such other capital adequacy ratios to ensure the financial stability of the brokers and dealers; to institutionalize the “customer first” policy of the Commission; to increase the independent directors of the exchange to ensure more meaningful participation and attainment of good governance in listed issues and listed companies; to remove automatic listing on existing exchanges.</p>	<p>I. <u>In the Lower House</u></p> <p><i>HB 124 – Cong. Salceda</i></p> <p>- Pending with the Committee on Banks, Financial Intermediaries and Currencies</p> <p>II. <u>In the Senate</u></p> <p><i>SBs 212 and 324 – Sen. Osmena</i> <i>SB 1195 – Sen. Magsaysay</i> <i>SR 166 – Sen. Enrile</i></p> <p>- Pending with the Committee on Banks, Financial Institutions and Currencies</p>

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PROPOSAL	BRIEF DESCRIPTION	REMARKS
7. Proposed Corporate Recovery Act	The proposal seeks to ordain a statute that will govern the recovery of financially distressed enterprises and the resolution of their indebtedness. The proposed Corporate Recovery Act offers four different means of relief namely; (i) Court-supervised rehabilitation; (ii) Pre-negotiated rehabilitation; (iii) Fast-Track Rehabilitation; and (iv) Dissolution and Liquidation. The proposal aims to explore every legal options available in order to assist financially-troubled enterprises and their creditors as well.	<p>I. <u>In the Lower House</u></p> <p><i>HB 127 – Cong. Cua</i> <i>HB 1920 – Cong. Barbers</i> <i>HB 2073 - Cong. Defensor</i> <i>HB 2204 – Cong. Lapus</i></p> <p>- Pending with the Comm. on Economic Affairs; Comm. on Banks and Financial Intermediaries</p> <p>II. <u>In the Senate</u></p> <p><i>SB 2183 (CR 45) – Sen. Osmena and Sen. Angara</i></p> <p>- For 2nd Reading. Period of Sponsorship</p>
C. Other Bills of DOF Concern		
1. Anti-Terrorism Act	The bill seeks to improve the substantial provisions of penal laws to directly address terrorism by putting in place mechanism and measures to counter and suppress terrorism acts including the applicability of the Anti-Money Laundering Law particularly on terrorist financing activities.	<p>I. <u>In the Lower House</u></p> <p><i>HB 4839 – Cong. I. Marcos</i></p> <p>- Approved on 3rd Reading</p> <p>II. <u>In the Senate</u></p> <p><i>SB 2137 (CR 34) – Sen. Lacson</i></p>

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PROPOSAL	BRIEF DESCRIPTION	REMARKS
		<ul style="list-style-type: none"> - On 2nd Reading. Period of Interpellation - Certified for Immediate Enactment/ October 12, 2005
2. Biofuel Energy	<p>In the House version, the bill proposes that the Department of Energy adopt a National Bioethanol Fuel Program that will implement a mandated blending of gasoline with bioethanol fuel as motor fuel.</p> <p>The following fiscal incentive scheme:</p> <ul style="list-style-type: none"> - All entities engaged in the production, storage, handling and transport of biofuels and feedstock, including the blending of biofuel with petroleum and other fuels, as may be certified by the DOE shall, for a period of 10 years, be subject to a duty of 1% in the importation of all types of inputs, machinery, equipment, and planting and breeding materials as duly certified by the DA. The imported inputs, machinery, equipment, and planting and breeding materials be for the exclusive use of the importing entity. Such duty rate shall not apply to imported biofuels and feedstock - Sale of biofuels shall be VAT zero-rated. <p>In the Senate version, the bill proposes the mandatory use of biofuels in the transport sector and establishing for this purpose the Philippine Biofuel Program.</p> <p>The following fiscal incentive scheme:</p> <ul style="list-style-type: none"> - The specific tax on biofuels, per liter of volume of capacity shall be zero. - Entities that are accredited by the DOE within 5 years shall be allowed to import exempt from duties such machinery and equipment actually, directly and exclusively for use in the production of biofuels for a period of 5 years from date of DOE accreditation. Provided, that the imported machinery and equipment are not manufactured domestically in sufficient quantity, of comparable quality, and at competitive prices. 	PENDING FOR APPROVAL AND SIGNATURE BY THE PRESIDENT

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PROPOSAL	BRIEF DESCRIPTION	REMARKS
<p>3. New and Renewable Energy</p>	<p>Seeks to provide the framework for the exploration, development and utilization of country's renewable energy resources, encourage their widespread commercial applications, and promote their efficient utilization, including the development of local capabilities in all aspects of renewable energy systems.</p> <p>Fiscal incentives are proposed for the development and commercialization of renewable energy sources, which shall apply to the first 2,500 MW renewable energy capacity upon the effectivity of the Act or within 20 years, whichever comes first.</p> <p>1. The following fiscal incentives are proposed for RE developers and operators:</p> <p>(a) Tax and duty-free importation within the first 10 years of an RE operating contract for machinery and equipment, materials and parts thereof including its control and communication equipment, provided:</p> <ul style="list-style-type: none"> • They are not manufactured domestically in reasonable quantity and quality • They are directly and actually needed and shall be used exclusively in the RE facilities for transformation into energy, and transmission of electric energy to point of use • They are covered by shipping documents • That prior approval of DOE is obtained before importation is made. <p>(b) Tax credit on domestic capital equipment and services equivalent to 100% of the value of the VAT and customs duties that would have been paid on such machinery, provided such capital equipment shall be used exclusively by the contract holder for the development of the RE resource, importation done within the validity of the RE contract and operation facility and prior DOE approval had been sought</p> <p>(c) Special realty tax rate on equipment, civil works, machinery and other improvements not to exceed 2.5% of their original cost</p> <p>(d) Income tax holiday for 6 years of the commercial operation of a RE operating contract holder. Additional investment on the project shall be entitled to ITH equivalent to such investment but not to exceed 3 times the period of initial availment of the ITH</p> <p>(e) Net operating loss carryover of the RE developer during the first 3 years from start of commercial operation which has not been previously offset gross income</p>	<p>I. <u>In the Lower House</u></p> <p><i>HB 5563 – Cong. Badelles</i></p> <p>- Approved on 2nd Reading. (August 22, 2006)</p> <p>II. <u>In the Senate</u></p> <p><i>SB 2562 (CR 208) - Sen. Flavier, Sen..Angara, Sen. Magsaysay, Sen. Enrile, Sen. Villar</i></p> <p>- For 2nd Reading. Period of Sponsorship</p> <p>➤ <u><i>Geothermal Energy</i></u></p> <p>I. <u>In the Lower House</u></p> <p><i>HB 619 – Cong. Romualdo</i></p> <p>- Pending with the Comm. on Energy; Comm. on Ways and Means</p> <p>II. <u>In the Senate</u></p> <p><i>SB 15 – Sen. Flavier</i> <i>SB 1023 – Sen. J. Estrada</i></p> <p>- Pending with the Comm. on Energy; and Committee on Finance</p>

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	<p>start of commercial operation, which has not been previously offset gross income, shall be carried over for the next 3 consecutive taxable years following such loss; provided the operating loss from the availment of incentives shall not be entitled to the NOLCO. The RE developers availing of the ITH shall not be entitled to the NOLCO</p> <p>(f) Accelerated depreciation of plant, machinery and equipment at twice the normal rate provided under the NIRC.</p> <p>(g) Power and electricity generated through the RES for the generator's own consumption and/or for free distribution in the off-grid area shall be exempted from the payment of the Universal Charge</p> <p>(h) VAT-zero rated on the sale of power generated from the renewable sources of energy such as, but not limited to, biomass, solar, wind, hydropower, geothermal, ocean energy, and other emerging energy sources using technologies such as fuel cells and hydrogen fuels</p> <p>In the case of hybrid and co-generation systems utilizing both RE and conventional energy sources, the above-mentioned tax exemptions shall be limited only to those equipment, machinery and/or devices utilizing RES.</p> <p>Incentives for RE commercialization shall be available to DOE-accredited manufacturers, fabricators and suppliers of locally-produced RE equipment and components, in consultation with DOST, DOF and DTI:</p> <p>(a) Tax and duty-free importation of all shipments necessary for the manufacture and/or fabrication of RE equipment and components, provided:</p> <ul style="list-style-type: none"> • They are not manufactured domestically in reasonable quantity and quality; • They are directly and actually needed and shall be used exclusively in the RE facilities for transformation into energy, and transmission of electric energy to point of use; • They are covered by shipping documents; and • That prior approval of DOE is obtained before importation is made. <p>(b) Tax credit on domestic capital component, parts and materials equivalent to 100% of the value of the VAT and customs duties that would have been paid on such</p>	<p>➤ <u><i>Mini-Hydroelectric Energy</i></u></p> <p>I. <u>In the Lower House</u></p> <p><i>HB 2744 – Cong. Domogan</i></p> <p>- Approved on 3rd Reading. (May 29, 2006)</p> <p>➤ <u><i>Solar Energy</i></u></p> <p>I. <u>In the Lower House</u></p> <p><i>HB 5563 – Cong. Lapus</i> <i>HB 1826 - Cong. Garion</i></p> <p>- Approved on 2nd Reading. (August 22, 2006)</p> <p>➤ <u><i>Wind Energy</i></u></p> <p>I. <u>In the Senate</u></p> <p><i>Senate Resolution 9 – Sen. Magsaysay</i></p> <p>- Pending with the Comm. on Energy</p> <p>➤ <u><i>Natural Gas</i></u></p> <p>I. <u>In the Lower House</u> -</p>

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	<p>of the value of the VAT and customs duties that would have been paid on such component, materials and parts had these items been imported, provided such capital equipment shall be used exclusively for the manufacture, fabrication and sale of RE equipment and prior DOE approval had been sought; and</p> <p>(c) Income tax holiday for 6 years starting from the date of recognition/accreditation of RE manufacturer, fabricator and supplier of RE equipment.</p> <p>Proposes the creation of a Renewable Energy trust Fund to be administered by the Department of Energy to enhance the development and greater utilization of renewable energy.</p> <p>The government share on renewable energy development projects is proposed to be at least 1.5% of the gross proceeds for all renewable energy resources except for geothermal which shall be at least 2% of the gross proceeds.</p>	<p>HB 5515 – Cong. Escudero</p> <p>- Approved on 3rd Reading (August 30, 2006)</p> <p>II. In the Senate</p> <p>SB 8 – Sen. Flavier SBs 268 and 269 – Sen. Osmena SB 1064 – Sen. Angara SB 1855 – Sen. L. Estrada SBs 1955 and 2116 – Sen. Roxas SB 2126 – Sen. Pimentel and Sen. Madrigal SR 64 – Sen. L. Estrada SR 322 – Sen. Madrigal</p> <p>- Pending with the Comm. on Energy</p>
<p>4. Amending the Electric Power Industry Reform Act</p>	<p>Features of House Bill Nos. 3856 and 3823:</p> <ul style="list-style-type: none"> • Propose revisions and amendments to some vague and conflicting provisions of the EPIRA law in order to afford protection to end-users of electricity, to level the playing field for all industry players and to ensure a reasonable return on their investments, and most importantly, to ensure that the cost of electricity to consumers is lessened, as originally intended under the EPIRA. • Both bills strengthen Sections 34 and 35 which mandate the collection of a universal charge (Sec. 34) for certain purposes, one of which is tax equalization between imported fuels and indigenous sources of energy intended to lower the cost of electricity for end-users. It also proposes the inclusion of the phrase “indigenous sources of energy, especially natural gas and geothermal steam” in Section 35 in addition to imported coal, crude oil, bunker fuel and other imported fuels to be covered under the equalization. 	<p>I. In the Lower House</p> <p>HB 2530 – Cong. Beltran HB 3204 – Cong. Badelles HB 3823 – Cong. I. Marcos HB 3856 – Cong. Suarez HB 4395 – Cong. Mercado</p> <p>- Pending with the Committee on Energy</p> <p>II. In the Senate</p> <p>SB 2232 – Sen. Angara - On 2nd Reading. Period of</p>

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	<p>DOF's concerns are confined to the above sections of the EPIRA as it is ordered, together with DOE by way of Executive Order 100, to adopt the administrative guidelines to implement this particular provision of effecting in tax treatment of all fuel types, both local and imported.</p>	Interpellation
<p>5. Establishment of as National Tourism Policy</p>	<p>In the <u>House version</u>, the draft substitute bill –</p> <p>Seeks a national policy on tourism and to strengthen the various government agencies in charge of promoting tourism.</p> <p>Mandates the Department of Tourism (DOT) as the primary government agency charged with the powers and functions to formulate policies and programs for tourism to make it as an engine of socio-economic and cultural growth. The DOT shall oversee and coordinate the implementation of tourism plans and projects, and shall protect and preserve historical, cultural and other natural endowments.</p> <p>Proposes to establish a body corporate to be known as Tourism Philippines which shall be responsible for marketing and promoting the Philippines as a global tourism destination; in planning and development of tourism products; and construction, operation and management of necessary infrastructures for tourism development. The Philippine Convention and Visitors Corporation (PCVC) is being reorganized and absorbed into the Tourism Philippines.</p> <p>The following tax incentives to TEZ enterprises are proposed:</p> <ol style="list-style-type: none"> (a) Importation of capital goods into a TEZ for use by a TEZA registered enterprise shall be exempted from the payment of duties; (b) Purchases of local goods and services by TEZA registered enterprises for use within the TEZ shall be value-added tax zero-rated; (c) TEZA registered enterprises shall be entitled to an income tax holiday for 5 years from the start of its operations. This can be extended for up to an additional 5 years if the TEZA registered enterprise undertakes a major expansion or upgrade of its 	<p>I. <u>In the Lower House</u></p> <p><i>HB 298 – Cong. Lapus</i> <i>HB 942 – Cong. Syjuco</i> <i>HB 1207 – Cong. Villar</i> <i>HB 1363 – Cong. Barinaga</i> <i>HBs 2257 and 2625 – Cong. Chatto</i></p> <ul style="list-style-type: none"> - Pending with the Comm. on Tourism - A draft substitute bill has been prepared by the Committee for review. The bill was forwarded to the Committee on Appropriations for review and recommendations. <p>II. <u>In the Senate</u></p> <p><i>SB 2138 (CR 35) – Sen. Gordon</i></p> <ul style="list-style-type: none"> - On 2nd Reading. Period of Interpellation - Certified for Immediate Enactment / December 19, 2005

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	<p>facilities, computed in proportion to the costs of the expansion; and</p> <p>(d) After the expiration of the income tax holiday, the TEZA registered enterprises shall be entitled to a tax on gross income at the rate of 2% to 3%, depending on the amount of investment and the number of persons employed. One-third of the proceeds of the said tax shall be remitted to the affected local government communities, one-sixth to the Tourism Philippines, one-sixth to TEZA, and one-sixth shall be remitted to the NG. The remaining one-sixth shall be put in a special fund to be used especially for the preservation of the local culture, heritage sites and the environment in or around the TEZ.</p> <p>Accredited non-TEZ Tourism Industry Enterprises and Services shall also be granted incentives. Accommodation enterprises shall be entitled to fully deduct the cost of major expansions, renovations and upgrading of facilities for tax purposes.</p> <p>In the Senate version, the bill –</p> <p>Proposes to create new corporate entities, collapse several bureaus and create new office, tap several fund sources that are presently allocated to the National Government, and grants a new and different set of tax incentives to tourism enterprises establishing within and outside of so-called tourism zones.</p> <p>The following fiscal incentives shall be available to tourism zone operators and registered enterprises:</p> <p>(e) Income tax holiday for new enterprises for a period of 6 years, extendible if the enterprise undertakes a substantial expansion or upgrades its facilities prior to the expiration of the first 6 years;</p> <p>(f) In lieu of all other national and local taxes, license fees, imposts and assessments, except real estate taxes and such fees as maybe imposed by TEZA, the new tourism enterprise shall pay a tax of 3% on its gross income, one-third of which shall be proportionally allotted among affected local governments, one-third shall go to the national government, one-third to the TEZA;</p> <p>(g) Accelerated depreciation in accordance with the provisions of the NIRC;</p> <p>(h) Tax and duty exemption of importation of goods actually consumed in the course of</p>	

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	<p>services actually rendered through registered enterprises within a Zone, and a tax credit equivalent to all national internal revenue taxes paid on all locally-sourced goods and services directly or indirectly used by the registered enterprise for services actually rendered within the Zone; and</p> <p>(i) Tax credit equivalent to a reasonable percentage but not exceeding 50% of the cost of environmental protection or cultural heritage preservation activities, sustainable livelihood programs for local communities, and other similar activities it undertakes.</p> <p>Authorizes the Intramuros Administration to administer Tourism enterprise zone incentives to enterprises within Intramuros, as Intramuros is declared under the bill as a Tourism Enterprise Zone. An enterprise engaged in the restoration of structures within Intramuros shall be entitled to a tax credit equivalent to the full cost of such restoration activities.</p>	
6. Subsidy Oversight Council	<p>The bill proposes to create a subsidy council as a supervisory and recommendatory commission that will monitor exclusively the grant of tax incentives, government loan guarantees, debt condonation and concessional loans.</p>	<p>I. <u>In the Lower House</u></p> <p><i>HB 129 – Cong. Salceda</i></p> <p>- Pending with the Comm. on Government Reorganization</p>
7. Amusement Tax	<p>The bill seeks to amend certain provisions of the local government code:</p> <ul style="list-style-type: none"> - Reducing the amusement tax imposed on the gross receipts from admission fees of proprietors, lessees, or operators of theaters and cinemas from a maximum rate of 30% to 10% or 15% - Limiting the exemption from amusement tax only to locally-produced operas, concerts, dramas, recitals, painting and art exhibitions, flower shows, musical programs, literary and oratorical presentations including pop, rock or similar concerts that feature local talents. 	<p>I. <u>In the Lower House</u> -</p> <p><i>HB 292 – Cong. Lapus</i> <i>HB 343 – Cong. Marcos</i> <i>HB 1912 – Cong. Golez</i> <i>HB 1363 – Cong. Pichay</i> <i>Joint Resolution 13 – Cong. Nograles</i></p> <p>- Pending with the Comm. on Local Government</p> <p>II. In the Senate -</p>

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		<p><i>SB 2158 – Sen. Revilla, Jr., Sen. Lapid and Sen. J. Estrada</i> <i>SB 1369 – Sen. Recto</i> <i>SB 894 – Sen. J. Estrada</i> <i>Joint Resolution 8 – Sen. Enrile</i></p> <p>- Pending with the Comm. on Local Government; Comm. on Ways and Means</p>
8. Travel Tax	<p>The bill seeks to provide that proceeds of the travel tax and percentage tax on hotels earmarked for or administered by the Philippine Tourism Authority and net profits derived from merchandising operations of duty and tax-free shops shall accrue entirely to the unappropriated General Fund of the National Government.</p>	<p>I. In the Lower House - <i>HB 3100 - Cong. Figueroa</i></p> <p>- Pending with the Comm. on Tourism; Comm. on Ways and Means</p> <p>II. In the Senate - <i>SB 945 – Sen. J. Estrada</i></p> <p>- Pending with the Comm. on Tourism; Comm. on Ways and Means</p>
9. One-Time Tax Amnesty	<p>The bill seeks to enhance revenue administration and collection by granting an amnesty on all unpaid internal revenue taxes imposed by the National Government for taxable year 2005 and prior years.</p>	<p>I. In the Lower House - <i>HB 2933 - Cong. Suarez</i></p> <p>- Approved on 3rd Reading. (December 14, 2004)</p> <p>II. In the Senate -</p>

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PROPOSAL	BRIEF DESCRIPTION	REMARKS
		<p><i>SB 2479 (CR 109) – Sen.Recto</i></p> <p>- On 2nd Reading. Pending Floor Deliberation</p>
<p>10. Malampaya Natural Gas Project</p>	<p>The bill proposes to remit directly to the AFP Modernization Trust Fund, all proceeds accruing to the National Government from the collection of taxes, charges, royalties, including related surcharges, interests and fines from mining, exploration and/or utilization of national wealth from the Malampaya Natural Gas Project.</p>	<p>I. In the Lower House -</p> <p><i>HB 43364 - Cong. Suarez</i></p> <p>- Pending with the Comm. on Oversight</p> <p>II. In the Senate -</p> <p><i>SB 1855 – Sen.L. Estrada</i></p> <p>- Pending with the Comm. on Ways and Means; Comm. on Defense and Security; Comm. on Finance</p>

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