

Republic of the Philippines
DEPARTMENT OF FINANCE



ANNUAL REPORT
2000

Table of Contents

DOF Mandate	2
Letter to the President	3
Message from the Secretary	4
The Year in Review	5
Bridging the Fiscal Gap	7
Fiscal Management	10
Capital Market Development	18
Toward a Market-Oriented Credited Policy	21
International Cooperation	23
Dynamic Support to the Priority Sectors	26
Human Resource Development	29
Highlights of Operations of DOF Attached Agencies and Corporations	30
DOF Officials	

DOF MANDATE

Under Executive Orders 127, 127-A and 292, the Department of Finance is responsible for the following:

1. Formulation, institutionalization and administration of fiscal policies in coordination with other concerned subdivisions, agencies and instrumentalities of government;
2. Generation and management of the financial resources of government;
3. Supervision of the revenue operations of all local government units;
4. Review, approval and management of all public sector debt, domestic or foreign; and
5. Rationalization, privatization and public accountability of corporations and assets owned, controlled or acquired by the government.

LETTER TO THE PRESIDENT

Her Excellency
President GLORIA MACAPAGAL-ARROYO
Malacañang, Manila

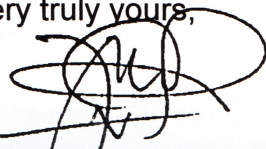
Dear Madam President:

I have the honor to submit the 2000 Annual Report of the Department of Finance and its attached agencies and bureaus.

The report details the activities that our people in the Department and in its attached bureaus, agencies and instrumentalities have undertaken in pursuit of fiscal consolidation.

With fiscal consolidation as strategy and a balanced budget as goal, we will continue to exercise prudence in fiscal management. We commit our support to Her Excellency in the pursuit of a sustainable and broad-based development for our country and our people.

Very truly yours,



JOSE ISIDRO N. CAMACHO
Secretary

MESSAGE FROM THE SECRETARY

We began the year 2000 on a very positive footing. The 3.2% growth in our gross domestic product in the first quarter soared to 4.5% and 4.6% in the second and third quarters, respectively. Our bright yearend economic prospects were, however, dimmed by the fourth quarter when political controversies rocked the country and undermined the economy. But even in the face of domestic shocks, we managed to register a respectable 4.0% GDP growth, an improvement over the 3.3% recorded in 1999.



In the fiscal sector, apprehension grew as lower than programmed revenues, which ensued from the weak recovery in the corporate sector, the slump in the stock market, and the kidnapping crisis in Mindanao, made meeting the country's budgetary requirements difficult. So as not to jeopardize the programmed disbursements under the budget, the Department directed its efforts towards bridging the fiscal gap.

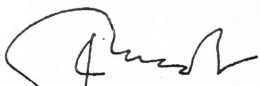
We successfully obtained financing from both internal and external sources at relatively low rates, thanks to the positive investor response locally and internationally. As early as the first quarter, much of our financing requirements had been adequately funded. Low interest rates allowed for higher borrowings from the domestic market, which in turn built up the Treasury's cash reserves. With our efforts, we were able to sustain financing for priority expenditures such as those related to basic social services like poverty alleviation, agrarian reform, agriculture, infrastructure, education and health.

While our borrowings increased NG's outstanding debt, our debt ratios remained within manageable levels. With a fairly balanced borrowing mix and a prudent debt management strategy, we were also able to improve the country's debt maturity profile. Significantly, in the face of our borrowing spree, inflation remained tame and interest rates low.

We also continued to effect measures aimed at improving tax collection efficiency. On tax administration improvements, the implementation of the expanded scope of large taxpayers, comprehensive audit, third party income verification checks, compromise settlement program and the computerization program significantly enhanced tax collection. A sound tax system, we believe, is still the key to sustaining the country's development objectives over the long term.

While financing the deficit demanded our full attention, we still undertook various other activities consistent with our mandate. We have made significant progress in expanding investor base for government securities, encouraging savings mobilization and deepening the capital market through reforms in housing finance and pension fund systems, and enhancing credit access to the basic sectors and local governments.

Though the political upheaval and the economic downturn during the year were great odds against fiscal consolidation, the Department rose to the challenge of keeping the fiscal house in order. The management and staff of the Department have once again proven their worth as the country's reliable fiscal managers, and for this, I commend all. May our commitment to macroeconomic stability and sustainable, broad-based growth never waver as we continue with our mission of fiscal consolidation through the coming years.



JOSE T. PARDO
Secretary

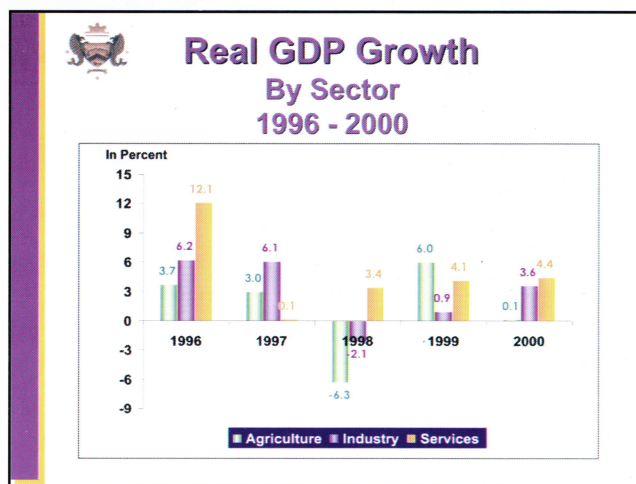
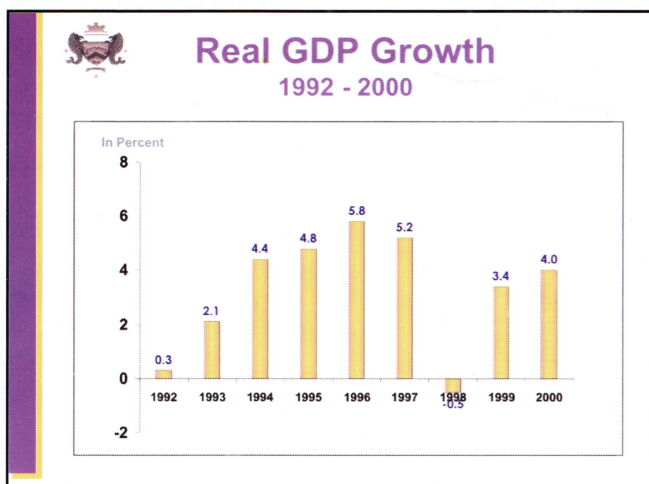
THE YEAR IN REVIEW

Real output expands despite political turbulence

The country was rocked once again by a heavy dose of negative developments, making 2000 another critical year for the economy. A resilient first half was marred later by political instability which intensified during the impeachment trial of former President Estrada. The country's gross domestic product (GDP) posted a 3.2 percent real growth in the first quarter. Growth was more robust in the second and third quarters at 4.5 percent and 4.6 percent, respectively, but weakened at 3.6 percent in the final quarter. Overall, GDP growth for the year was posted at 4.0 percent, compared to 3.3 percent in the previous year.

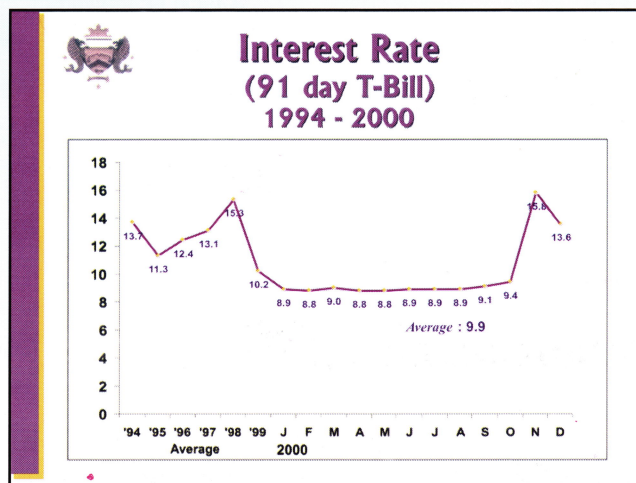
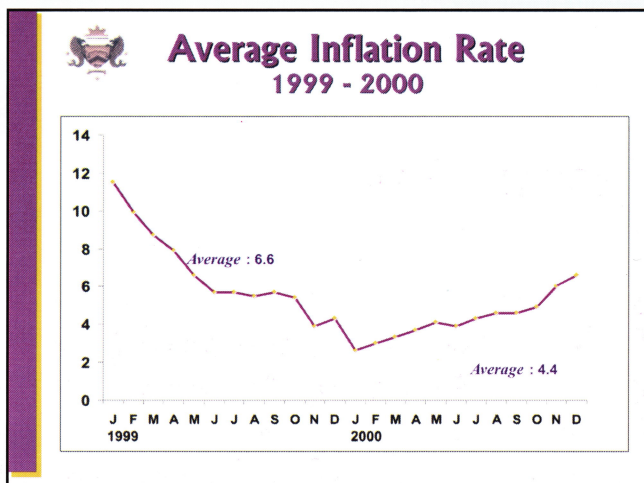
Output is broad-based

Output expansion was broad-based. The industry sector recovered, accelerating 3.6 percent, and services sustained its favorable performance with growth of 4.4 percent. Growth in agriculture, however, slowed down to 0.1 percent as against the 6.0 percent posted in 1999.



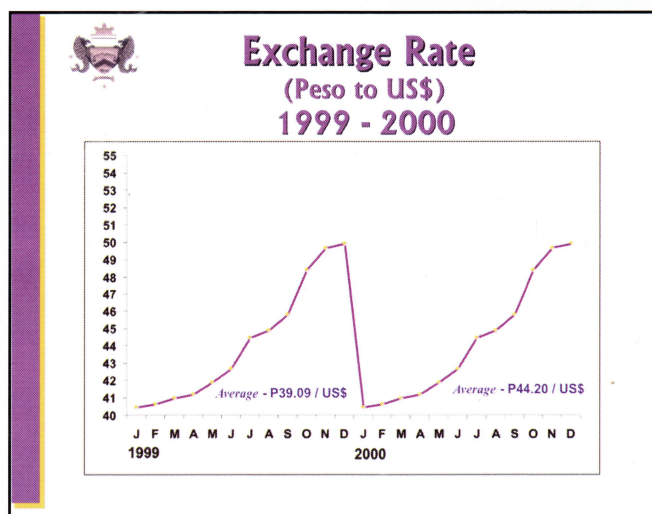
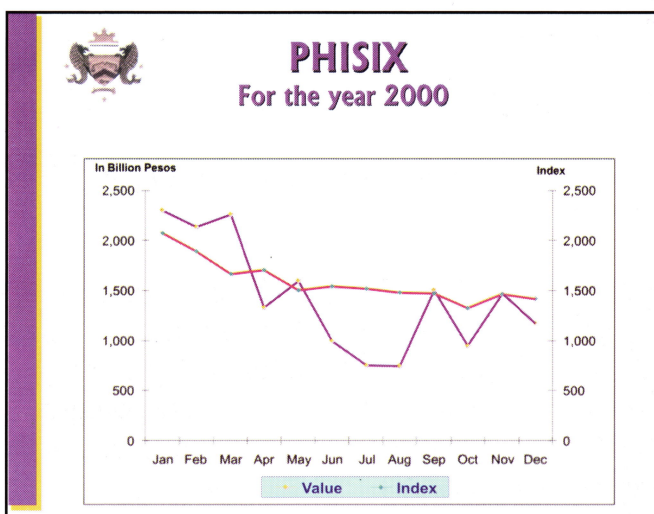
Inflation is subdued and interest rate stable

A series of oil price hikes hurt many economies during the year. However, in the Philippines, its impact on commodity prices was not apparent by year-end. In fact, average inflation for the year was subdued at 4.4 percent as against 6.6 percent in 1999. Meanwhile, the bellwether 91-day T-bill rate remained stable amidst the high deficit, declining to 9.9 percent from 10.2 percent in 1999.



The stock market slumps while the peso declines

While bearish mood prevailed in the local stock market, the value of the peso suffered substantial decline. In peso terms, the stock market turnover went down by 53 percent, compared to 95.8 percent growth in 1999. On the other hand, the peso depreciated to a low of P55.00/US\$ at the height of the political crisis, although the exchange rate averaged at P44.20/US\$ for the year.



The state of the country's fiscal sector became an increasingly major concern as the deficit continued to grow beyond programmed levels. The National Government deficit reached P134.2 billion, more than double the P62.5 billion target. The weak recovery in the corporate sector and a slump in the stock market resulted in huge shortfalls in internal revenue collections which in turn caused the higher fiscal deficit. Unfavorable market conditions during the year halted the scheduled disposition of government assets, hence the lower privatization proceeds.

Notwithstanding the healthy economic growth, issues about the domestic political situation remained unresolved as the year drew to a close, while a threat of a hard landing of the US economy added uncertainties about the future of the Philippine economy.

BRIDGING THE FISCAL GAP


FINANCING PROGRAM

Much of the financing requirements for 2000 are pre-funded...

The country continued to enjoy unfettered access to the international financial markets in 2000. The highly positive investor response to our bond offerings confirms the continued confidence of the international community in the Philippine economy's prospects. Moreover, the country successfully obtained financing from multilateral and bilateral sources in the form of program and project loans. Meanwhile, relatively low domestic interest rates that were prevailing until October 2000 allowed the National Government to raise additional financing to cover the deficit.

... as net financing doubled

In 2000, total net financing amounted to P198.3 billion, more than double the P81.6 billion programmed for the period. Domestic financing accounted for 60.3 percent (P119.5 billion) while external borrowings had a 39.7 percent (P78.8 billion) share. The higher borrowings were used to finance a higher than programmed deficit and to build up the Treasury's cash reserves.

 National Government Financing Program 1996-2000 (In Billion Pesos)					
	1996	1997	1998	1999	2000
Net Financing, Total	(15.6)	(27.1)	88.9	181.7	198.3
Net External	(6.0)	(6.8)	12.3	82.8	78.8
Gross External	22.0	23.0	48.3	120.4	120.3
Less: Amortization	28.0	29.8	36.0	37.6	41.5
Net Domestic	(9.6)	(20.3)	76.6	98.9	119.5
Gross Domestic	16.8	(2.4)	105.4	160.4	164.9
Less: Amortization	26.4	17.9	28.8	61.5	45.4

External Financing

Bulk of external borrowings through bond offerings

Gross external borrowings totaled P120.3 billion as against P120.4 billion in the previous year. Bond offerings accounted for 83.0 percent at P99.9 billion while project loans and program loans had a share of 12.7 percent and 4.3 percent, respectively.

Bonds issued during the year included Global Bonds (P65.7 billion), Samurai Bonds (P14.3 billion), and RP Bonds (P20.0 billion) (See Box 1). On the other hand, most of the project loans were obtained from multilateral institutions. Program loans were intended for U.S. Public Law-480 (P1.1billion), Grains Sector Development (P1.3 billion), Pasig Management Development (P1.7 billion) and Social Expenditure Management Project (P668 million).



External Funding For the Year 2000

<u>Funding Source</u>	<u>% Share</u>
Commercial Bonds	83.0
Global Bonds	54.6
Samurai Bonds	11.9
RP Bonds	16.6
Official Development Assistance	17.0
Project Loans	12.7
Program Loans	4.3



Republic of the Philippines

¥35,000,000,000

3.2 per cent. Samurai Bonds due 2005

Seventh Series

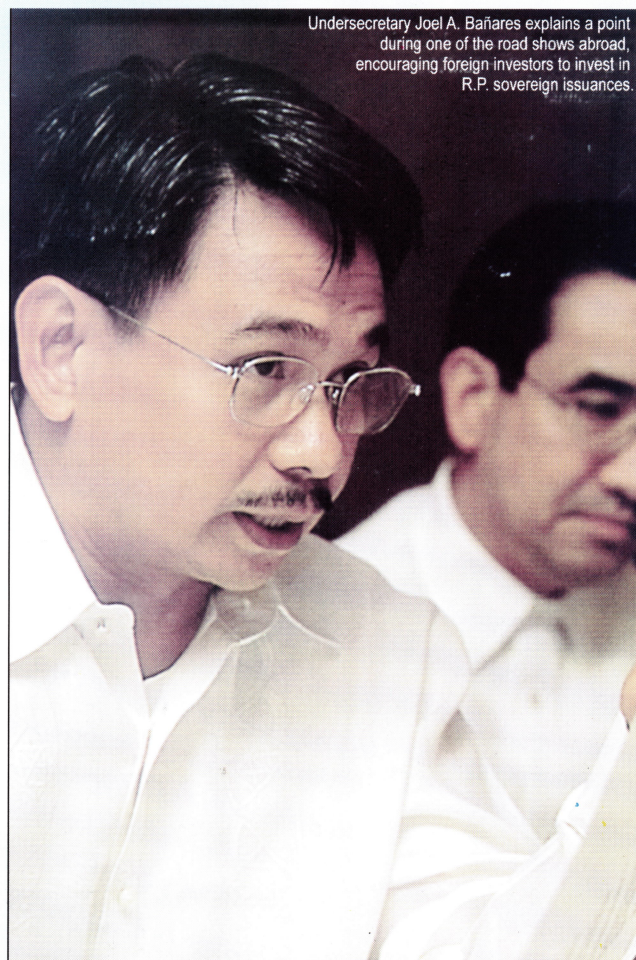
Daiwa Securities SB Capital Markets Co. Ltd.
Nikko Salomon Smith Barney Limited

IBJ Securities Co., Ltd.
KOKUSAI Securities Co., Ltd.
Merrill Lynch Japan Incorporated, Tokyo Branch
Tokyo-Mitsubishi Securities Co., Ltd.

DKB SECURITIES CO., LTD.
Kinokuni Securities Co., Ltd.
Shinko Securities Co., Ltd.
UBS Warburg Japan Limited, Tokyo Branch

The Nomura Securities Co., Ltd.
J.P. Morgan Securities Limited, Tokyo Branch

July 2000



Undersecretary Joel A. Bañares explains a point during one of the road shows abroad, encouraging foreign investors to invest in R.P. sovereign issuances.

BOX 1: GLOBAL AND SAMURAI BONDS ISSUANCES: CONTINUED CONFIDENCE IN THE PHILIPPINE ECONOMY

GLOBAL BONDS

A total of US\$1.6 billion new global bonds were issued in March 2000. The offering consists of US\$600 million of new 10-year bonds maturing 2010 and carries a coupon rate of 9.875 percent, and new 25-year bonds maturing 2025 with a coupon rate of 10.625 percent.

Of the total US\$1.6 billion issue, US\$800 million represents new money for the National Government, US\$500 million for the National Power Corporation's funding requirements and another US\$300 million in new bonds in exchange for about US\$340 million of outstanding NPC bonds.

SAMURAI BONDS

The Samurai Bonds were issued to support the government's various development objectives. This new issuance of the Republic, totaling US\$400 million and which is due 2005, carries a 5-year 3.20 percent coupon, which is 192 basis points over the Yen-Yen swap rate of 1.27 percent at the time of pricing. The attractive pricing of the Bonds translated into debt service cost savings for the government.

Domestic Financing

Higher but innovative domestic borrowing continues

Gross domestic borrowings rose by 2.7 percent to P164.9 billion in 2000 from P160.4 billion the previous year. This figure also exceeded the P138.8 billion programmed for the year. Gross flotation of Treasury Bills reached P509.3 billion but the redemption of maturing T-bills in the amount of P517.7 billion resulted in a negative T-bill net borrowing of P8.4 billion. Longer-term securities like the Treasury Bonds netted P140.4 billion.

The year 2000 was a period of milestones. It was during the year that a 25-year Treasury

Note was issued, thus lengthening the maturity profile of government's domestic debt and establishing a new benchmark for Philippine debt instruments. The government also tapped the domestic commercial banks through their foreign currency deposit units for financing. Dubbed as Note Facility Loan, the loan raised P19.6 billion for the government. The year also saw the offering of the innovative Progress Bonds by the Bureau of the Treasury (see Box 2). This enabled government to attract more individual and institutional investors into investing in government securities. True enough, the offering exceeded the P5 billion ceiling set by the government by P3 billion.

BOX 2. THE 25-YEAR FIXED RATE TREASURY BOND: A NEW BENCHMARK FOR PHILIPPINE DEBT INSTRUMENTS

The 25-year fixed rate treasury bond (FXTB) issue of the Republic of the Philippines (RP) was substantially oversubscribed with the government accepting P5.3 billion out of P6.4 billion total tenders at a coupon rate of 18.25 percent.

The bond issue has the distinction of having the longest maturity in the domestic capital market in Asia, except Japan. Prior to this transaction, the longest fixed rate RP treasury bond was the 20-year bond issued in April 1997.

The issue was jointly underwritten by Hongkong and Shanghai Banking Corporation (HSBC) and Banco de Oro Capital and Investment Corporation (BDO) with HSBC acting as the sole bookrunner.

The transaction proved once again that there is a market for long-term fixed rate issues. The resulting coupon rate has set a proper benchmark for the succeeding treasury notes issues.

PROGRESS BONDS: AN INNOVATIVE APPROACH TO FUNDRAISING

The Progress Bond offering exceeded the original offer of P5 billion to P8 billion. The successful conclusion of the offering lies on the innovative feature of the offering which allows a bond holder an option to exchange the bonds for shares of government corporations at the time of their privatization or cash out during a trade sale. Investors are also entitled to an automatic 5 percent bonus applicable at the time of the exercise of the exchange option.

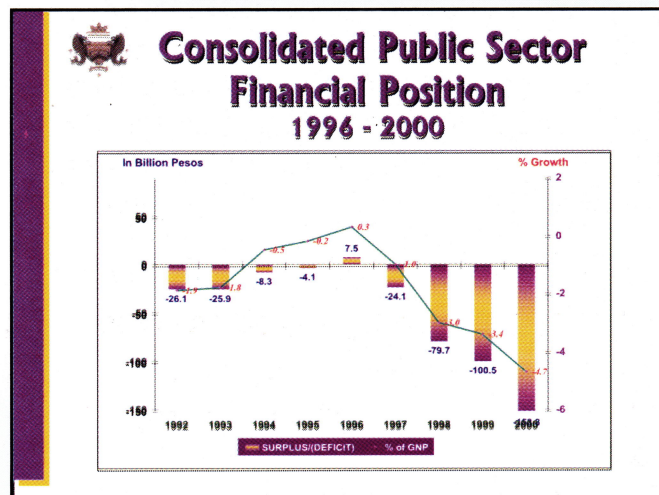
This landmark transaction is a watershed for the Republic of the Philippines, both domestically and internationally. The pioneering approach adopted by the Philippines placed the country among an elite group in the global community which include France and Greece, the only two other countries which have pursued a complex debt-to-equity transaction in order to fasttrack their respective privatization programs.

FISCAL MANAGEMENT

CONSOLIDATED PUBLIC SECTOR FINANCIAL POSITION

The consolidated fiscal balance incurs a higher deficit...

The Consolidated Public Sector Financial Position (CPSFP) – which is the combined fiscal position of the National Government, Bangko Sentral ng Pilipinas, monitored non-financial government corporations (MNFGCs), government financial institutions (GFIs), social security institutions (SSIs) and local government units (LGUs) – ballooned to P151.9 billion (4.6 percent of GDP) from P100.5 billion (3.4 percent of GDP) in 1999.



... due to higher public sector borrowing requirement

The higher deficit was largely due to a higher public sector financing requirement of P174.8

billion, as well as lower surpluses registered by SSIs and GFIs. The largest contributors to the deficit were the National Power Corporation (NPC), the Philippine National Oil Company (PNOC), the Light Rail Transit Authority (LRTA), the National Development Company (NDC), the National Housing Authority (NHA) and the National Food Authority (NFA). On the other hand, the combined surplus of the Social Security System (SSS) and the Government Service Insurance System (GSIS) dropped significantly to P15.4 billion from P36.4 billion the previous year due to poor earnings from their stock investments.

NATIONAL GOVERNMENT FISCAL POSITION

The fiscal deficit worsens

The fiscal deficit of the National Government reached P134.2 billion which was 20.0 percent higher than the P111.7 billion deficit posted in 1999 and more than double the P62.5 billion programmed for the year.

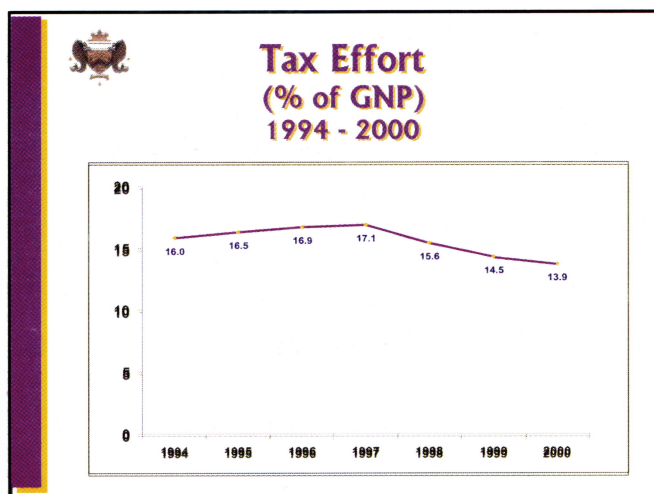
NG Fiscal Position 1999 - 2000 (In Billion Pesos)			
	1999 Actual	2000 Program	2000 Actual
REVENUES	478.5	566.9	514.7
Tax Revenues	431.7	498.4	460.0
BIR	341.3	397.7	360.8
BOC	86.5	91.9	95.0
Other Offices	3.9	8.8	4.2
Non-Tax Revenues	46.8	68.5	54.7
BTr Income	26.2	21.8	30.8
Fees & Charges	16.0	24.4	17.9
Privatization	4.2	21.9	4.6
Grants	0.3	0.2	1.4
Others	0.1	0.2	0.0
EXPENDITURES	590.2	629.4	648.9
of which Interest Payments	106.3	127.0	140.9
SURPLUS/(DEFICIT)	(111.7)	(62.5)	(134.2)

... due to lower revenues and higher expenditures

The higher deficit resulted mainly from a shortfall in internal revenue collections, lower privatization receipts and additional expenditures arising from higher interest payments especially during the last quarter of the year. The downturn in economic activities due to adverse political developments also led to depressed revenue collections.

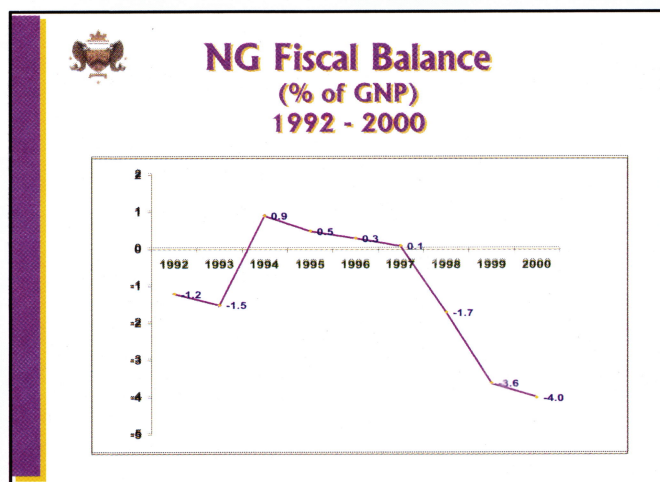
Total revenues declined 11.8 percent to P505.7 billion from P566.9 billion posted in 1999. Total expenditures rose slightly compared to target, increasing 2.1 percent to P644.1 billion from P629.5 billion the previous year.

As a percent of GNP, the fiscal deficit worsened from 1.7 percent in 1998 to 3.9 percent in 2000.



...due to leakages from income tax and VAT collections

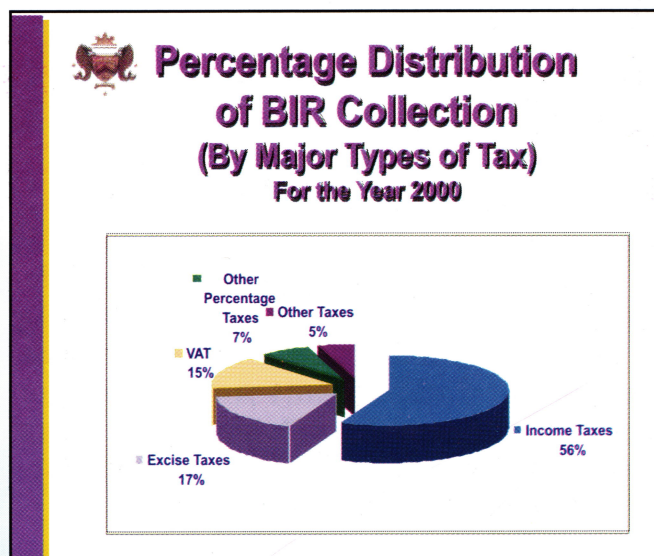
Income tax collections grew 9.1 percent to P221.1 billion from P184.0 billion in 1999, but fell short of the program by 9.2 percent (P20.4 billion). VAT collection totaled P55.3 billion, up 0.22 percent but P10.1 billion or 16.2 percent below program. Other major taxes like excise taxes and percentage taxes exceeded the previous year's collection level but fell short relative to collection goals. In terms of percentage share to actual revenue collections, income taxes had the biggest share with 56 percent, while excise taxes accounted for 17 percent, followed by VAT with 15 percent.



Tax Revenues

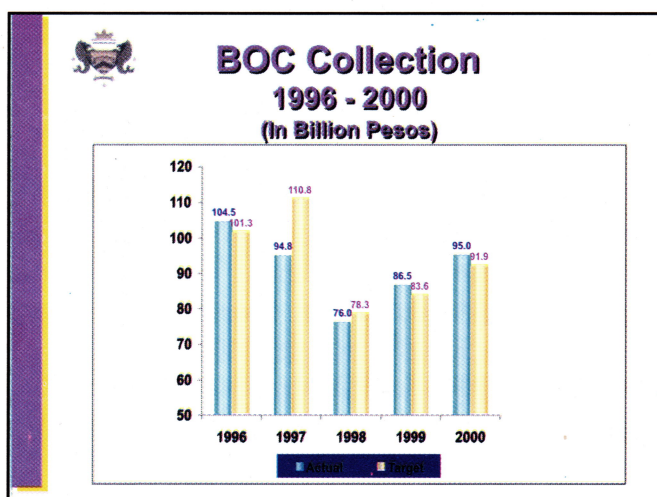
Tax effort declines...

The total collection of BIR amounted to P360.8 billion, 9.3 percent (P37.0 billion) shy of its goal of P397.8 billion. With poor tax collection, the tax effort declined to 13.9 percent in 2000, from a high of 17.1 percent in 1997.



Duty collections exceed the target, contrary to expectations

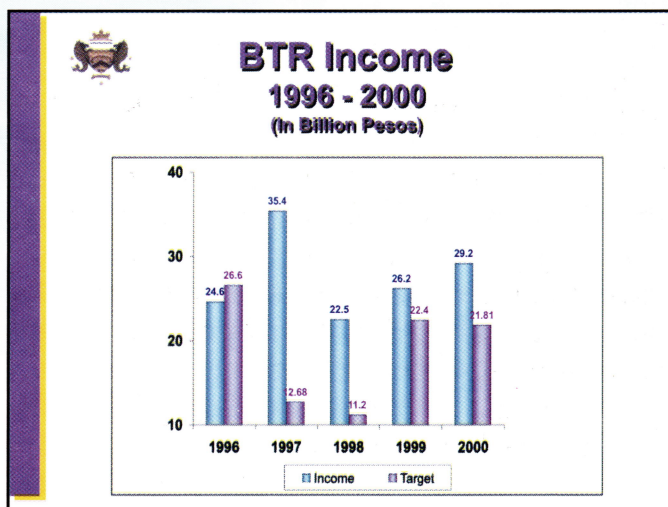
The BOC consistently surpassed its targets, with cumulative total collections reaching P95.0 billion in 2000, 3.4 percent higher than the programmed level of P91.9 billion. The shift to transaction value in import valuation, the conclusion of the SGS contract and the reduced economic activity did not impact against duty collections as previously anticipated. BOC's favorable performance was due mainly to its streamlined procedures, such as the "Super Green Lane", which facilitated processing and release of shipments.



Non-Tax Revenues

Large non-tax revenues partially offset the shortfall in tax collections...

The BTr exceeded its goal by a hefty 41.2 percent, with income reaching P30.8 billion as against the P21.8 billion programmed for the year. This was brought about largely by gains from dividends on shares of stocks, income from investments and interest on deposits. With prudent cash management and investment decision, the BTr's cash balance remained robust at year-end.



... but unfavorable market condition dampens privatization proceeds

The unfavorable business climate did not augur well for government's privatization efforts last year. With bids for government assets below indicative price, the government decided to defer their sale until economic conditions improve.

In 2000, privatization fetched P4.6 billion in additional proceeds, way off the P21.9 billion target for the period, but slightly higher relative to the 1999 privatization receipts of P4.2 billion. The sale of Philippine Phosphate Fertilizer Corp. (Philphos) worth P2.0 billion accounted for the bulk of privatization receipts. The rest came from the sale of government shares in Philippine National Bank (PNB, P600 million) and assets administered by APT and PCGG (P2.3 billion).

As of December 31, 2000, the privatization program of government, which started in 1987 has generated cumulative gross revenues of P200.6 billion of which P125.2 billion was remitted to the National Treasury. The disposal of 19 additional accounts in 2000 has brought to 480 the number of government corporations and assets successfully privatized out of the 581 accounts identified for disposition.



Privatization Program 1987 - 2000

	No. of Accounts Sold	Total Proceeds (Billion Pesos)
APT	357	50.32
GOCCs	106	81.98
PCGG	15	25.73
BCDA	1	39.18
Others	1	3.35
TOTAL	480	200.56

Collections from fees and charges rose relative to 1999 albeit lower than target

Collections from fees and charges increased by 11.9 percent to P17.9 billion in 2000 from P16.0 billion in 1999. However, the delay in the implementation of revised rates on fees and charges for services rendered by government agencies caused the collection to fall below target. As of December 31, 2000, only eleven agencies have revised their rates pursuant to Executive Order No. 197.

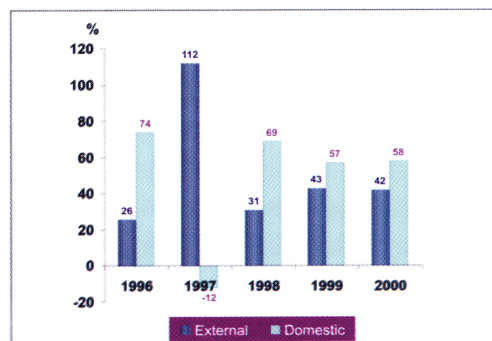
DEBT MANAGEMENT

With the anticipated shortfall in revenues vis-a-vis the expenditure requirements for the year, borrowings became inevitable. In doing so, the DOF continued to pursue a prudent debt management strategy. With the country's good international credit standing and generally sound economic fundamentals, the government took advantage of the window of opportunity and tapped commercial sources for most of its foreign borrowings, with the rest coming from official development assistance. Relying on foreign sources was intended to avoid the situation of a "crowding-out" where government competes with the private sector for limited funds in the domestic capital market, thereby avoid putting upward pressure on domestic

interest rates. Thus, in 2000, the government adopted a balanced borrowing mix of 58.0 percent domestic and 42.0 percent external.



Borrowing Mix 1996 - 2000

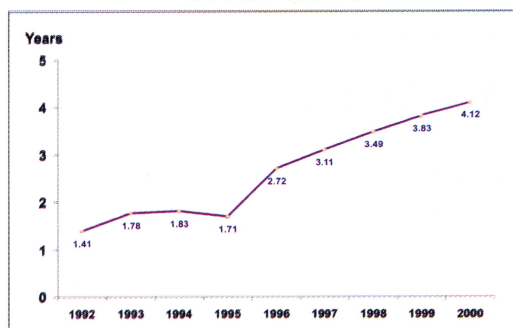


Debt indicators improve

Significant debt indicators have modestly improved since 1992. The average maturity of NG domestic debt improved from 1.4 years in 1992 to 4.1 years in 2000 on account of the longer-term debt instruments issued in recent years.



Average Maturity of NG Domestic Debt 1992 - 2000

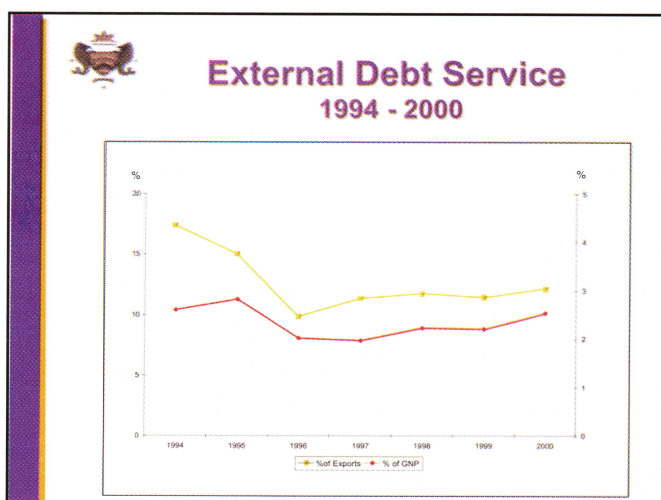


While the country's foreign debt increased from year-ago levels, the government has relied less on short-term foreign borrowings. As a share of the total external debt, the medium and long term external debt accounted for 88.0 percent in 2000 from 82.0 percent in 1996, while that of short-term external debt declined to 12.0 percent

of the total external debt in 2000 from a high of 18.6 percent in 1997. This in turn improved the country's debt maturity profile with approximately 50.0 percent of outstanding external debt coming from concessional bilateral and multilateral sources.

Debt service ratios decline

In terms of ability to pay, the country's external debt service, as a percentage of exports and GNP, was 12.5 percent and 7.4 percent, respectively. These ratios have shown declining trends since 1994.



TAX REFORMS

The Department has always recognized the need for tax system that can keep abreast with innovations, new transactions and developments in the economy in the face of globalization. Thus, the pursuit of tax reforms has been invariably an essential component of the fiscal sector's reform agenda. Since 1986, major structural and administrative reforms have been instituted to enhance the Philippine tax system. The last major reform that was initiated was in 1997 when the Comprehensive Tax Reform Program (CTRP) was enacted into law.

Among other significant features, the CTRP enhanced the equity of the personal income tax, as well as the efficiency and revenue productivity of the corporate income tax.

In 2000, the reform agenda was anchored on tax administration improvements and tax structure reforms.

Tax Administration Reforms

On tax administration improvements, the Department implemented the following reforms at the BIR:

1. *Enhance Voluntary Compliance* - With the employment of a tax gadget through a raffle dubbed "Humingi ng Resibo: Milyun-Milyon Pa Rin ang Panalo", the BIR was able to increase its collection from VAT and other percentage taxes by P3 billion.
2. *Monitor Large Taxpayers* - The BIR closely monitored the compliance of top corporate taxpayers and large industry groups through an intensive conduct of audit. It also expanded the scope of Large Taxpayers Service (LTS) by integrating the Excise Taxpayer Service (ETS) into the regular large taxpayers and creating the Large Taxpayers District Office (LTDO) in Makati. As of end-2000, the large taxpayers unit monitors around 933 taxpayers. As a result of these efforts, the LTS managed to increase its share of revenue collection to the total collection to 55.5 percent (from 55.0 percent in 1999) and collected P300.7 million in additional revenues from its audit program.
3. *Compromise Settlement Program* - The program was intended to give opportunities to taxpayers with outstanding accounts payable and disputed assessment with the BIR to settle their liabilities through compromise settlement. The program generated P33.8 million in

additional revenues from September to December 2000.

4. *Expand the Use of Documentary Stamps Metering Machines* - The BIR expanded the use of DST metering machines with encryption to recover shortfall in collection. In 2000, a total of 516 metering machines with encryption were installed in 69 user/taxpayers and a DST Data Center was established.

5. *Conduct Comprehensive Audit Program* - In line with the need to enhance its audit work, the BIR issued revenue issuances (RMO 19-2000 and RMO 24-2000) to outline the workplans (including the numbers and types of audit and the expected revenue outcome for each region and district office) and detailed instructions for the conduct of audit. Around P1.5 billion was collected from the audit program in 2000.

6. *Enhance Excise Tax Collection* - The 2000 audit program that was implemented for excise taxpayers generated around P19.0 million in additional revenues.

7. *Fast Track Computerization Program* - A roll-out of the major systems under the Integrated Taxpayers System has been completed. These include the following: registration, collection and bank reconciliation, returns processing, taxpayers accounting, case monitoring, returns compliance, accounts receivable, NOMIS (Management Information) and office automation. These systems were rolled-out in the different regional and district offices of the BIR.

8. *Third Party Income Verification Checks* - This strategy was employed to detect non-filers and stop-filers, and identify taxpayers who underreport their incomes. A pilot project was implemented in the latter half of 2000. The program was a success as the BIR generated P209.2 million of tax revenue, and resulted in the closure of 224,729 stopfiler cases.

At the BOC, the following reform measures have been institutionalized:

1. *Super Green Lane (SGL)* - This clearance facility provided maximum facilitation and release of imported cargoes without having to pass through the usual documentary and physical examination process. This privilege is given to top 1000 importers with good compliance records. From May (when it was started) to December 2000, the SGL processed 1,220 import entries of some 20 SGL users worth \$123 million, generating for the government more than P1.0 billion in revenues.

2. *Automated Customs Operation System (ACOS)* - This is the very heart of BOC's automation project. It was developed using the ASYCUDA System, a software program on customs data management owned by the United Conference on Trade and Development. Under ACOS, core customs procedures such as import entry lodgment, assessment, payment, and cargo release have been effectively automated. The country's ports of entry are interconnected with the BOC's headquarters in Manila by means of a nationwide frame-relay network.

Apart from the ACOS System, a strategically distributed organization-wide electronic mail system (e-mail) also runs through the network. ACOS is comprised of various computerized system components, namely: the electronic manifest, the electronic filing system, the assessment module, the payment process, the on-line release system, and the selectivity program.

3. *Customs Safety Nets* - Safety nets were introduced following the termination of contract with SGS and the implementation of the WTO-mandated valuation system. The objective was to facilitate trade, enhance enforcement and

preserve duty collections. These safety nets included the establishment of a valuation screen in Automated Customs Operating System (ACOS), the mainframe of BOC's automated processing, the use of metacube software to improve the selectivity functions of ACOS, and the redefinition of the role of Import Specialist Teams (IST) such that their intervention would not form part of the clearing process.

4. *Enhanced Automated Systems* – Additional automated systems were introduced into BOC's computerization program, namely, the WTO Valuation Support System, the Advance Payment Utilization System, and the Automated Bond Management System.

Tax Structure Reforms

The following legislative agenda is being pursued in Congress:

Tax Structure Reforms

- Financial Sector Taxation Reforms
- Optimum Revenue Performance with Lateral Attrition Bill
- Fiscal Incentives Rationalization
- Court of Tax Appeals
- Reorganization and Expansion of the Jurisdiction of the Court of Tax Appeals

The *Financial Sector Tax Reform* (FSTR) seeks to level the playing field in the taxation of financial institutions and instruments, and promote the development of the capital market. The proposed reform package consists of the replacement of gross receipts tax (GRT) with a

financial institution tax (FIT) akin to the value added type of tax, the introduction of thin capitalization rule (maximum debt funding percentage rule), the rationalization of the taxation of foreign currency deposit units (FCDUs), and the rationalization of documentary stamp taxes (DSTs).

The *Lateral Attrition Bill* intends to implement a reward or incentive system for collection officers who exceed collection goal and a lateral attrition through transfer of post or separation from government service of those who underperform. The bill is viewed to enhance the efficiency of revenue collection by the major revenue collecting agencies with the reward or incentive as the motivating factor for better performance.

The *Rationalization of Fiscal Incentives* will pave the way for an incentive system that is highly focused, time-bound and simple to administer. It seeks to level the playing field by applying uniform incentives across all firms, locators in special economic zones and exporters and export-oriented enterprises under the Board of Investments (BOI) and the Philippine Economic Zone Authority (PEZA).

The *Court of Tax Appeals Bill* seeks to reorganize and expand the Court of Tax Appeals (CTA). Currently, criminal tax cases are heard in trial courts having general jurisdiction. Under the proposal, the CTA will be provided jurisdiction over criminal tax cases, in addition to current civil tax jurisdiction. The measure will also eliminate the intermediate appellate jurisdiction of the Court of Appeals, leaving only the Supreme Court as the final arbiter of decisions made by the CTA.

Both the Lateral Attrition and the Court of Tax Appeals measures are already in the advance stages of legislation while the FSTR and the Rationalization of Fiscal Incentives are pending in the committee level of both Houses.

THE GOVERNMENT CORPORATE SECTOR


The Department remained committed to improving the fiscal soundness of the government corporate sector. For 2000, it maintained a close watch on MNFGCs, as well as the GFIs and the SSIs through the implementation of reforms that would enhance their ability to carry out greater financial discipline and better resource management, and lessen their dependence on government subsidy. These reforms included the stringent review of GOCC requests for NG support for net lending and tax subsidy, and the tighter review and approval of NG guarantees for GOCC loans. With these reforms, the net transfer in 2000 declined to P 3.5 billion from a high of P14.7 billion in 1997.

...as GOCC deficit rises

The negative position of the corporate sector was accounted for substantially by the deficit posted by the GOCCs which rose to P19.2 billion from a year-ago level of P4.6 billion. Contributing to MNFGCs' financial woes were the Philippine National Oil Company (PNOC), the National Development Company (NDC) and the National Food Authority. Their combined deficit totaled P11.4 billion or 59 percent of the aggregate corporate sector deficit of P19.2 billion. Lower investment income by the SSIs also pulled down the overall surplus with their combined surplus down to P5.5 billion from P36.4 billion in 1999.

The corporate sector's financial position deteriorates...

In the area of fiscal performance, the combined fiscal position of the 14 MNFGCs, the GFIs, and the SSIs posted a deficit of P10.9 billion, a reversal from the P35.1 billion surplus registered in 1999.

 Fiscal Position Government Corporate Sector 1999 - 2000 (in Billion Pesos)			
	1999 <i>Actual</i>	2000 <i>Program Actual</i>	
GOCCs/MNGFCs	(4.59)	(22.80)	(19.16)
GFIs	3.26	3.80	2.83
SSIs	36.44	25.00	5.45
TOTAL	35.11	6.00	(10.88)

CAPITAL MARKET DEVELOPMENT

The Department continued to support reforms aimed at deepening the domestic capital market. Capital market development focused on three strategies: savings mobilization, passage of investment laws and pension reforms.

Capital Market Development Strategy

- Saving Mobilization
- Passage of Investment Laws
- Pension Reform Jurisdiction of the Court of Tax Appeals

SAVINGS MOBILIZATION

The Small Investors Program succeeds...

To enhance savings mobilization efforts, the Department further tapped into small savers through the Small Investors Program (SIP). Since its launching in November 1998, the SIP has succeeded in transforming government securities as an alternative form of investments because of its risk-free and high-yielding features, and making them more widely available to small investors. In 2000, the total amount of placements in the SIP reached P 486.3 million. For the period January to November 2000 alone, total placements reached P357.7 million, far exceeding the 1999 total placements of P232.4 million.

... with most placements coming from the masses

Interestingly, of the total placements in the small-denominated T-bills, around 56.0 percent were within the P5,000 to P50,000 investment range and over half were investments from the provinces.

To address the weaknesses in savings mobilization, the DOF moved to amend EO 364 (Creating the National Commission on Savings or NCS). The proposed amendments include refocusing NCS' role towards policy advocacy, reconstitution of the NCS to include the private sector and other non-bank institutions, and the creation of working committees to address specific areas of concern.

On May 12, 2000, EO 241 was approved, strengthening the NCS and amending EO 364. The new NCS is chaired by the DOF and co-chaired by the BSP. Its primary role is to serve as a clearing house for the different recommendations that will arise from government and private institutions performing savings related functions.

PASSAGE OF INVESTMENT LAWS

To attract greater capital into the country, the government further opened its doors to foreign investments through the passage of investment liberalization laws. Among those enacted into law in 2000 were the Revised Securities Act, Retail Trade Liberalization Act and the E-Commerce Act. Other reform measures that are

being pushed for legislation include the Financial Sector Tax Reform, the Revised Investment Company Act, and the Pre-need Plans Code.

Under the Financial Sector Tax Reform, trading of financial instruments and financial innovation, and mobilization of savings will be enhanced. It will level the playing field among all financial players by freeing the market of taxes that distort investment decisions. The Revised Investment Company Act is aimed at developing the country's mutual fund industry through, among others, opening up of the sector to foreign participation, increasing higher capitalization requirement and providing adequate safeguards to investors. The Pre-Need Plans Code seeks to strengthen the protection offered to pre-need planholders by ensuring the liquidity and solvency of pre-need companies.

PENSION FUND REFORMS

The pursuit of long-term pension reforms is intended to foster financial security in old age, provide affordable pension schemes and enhance the financial soundness of regulatory agencies. Central to the reform process is the fiscal sustainability of the program. As Chair of the Retirement Income Commission, the Department has been looking at ways and means to reform the pension fund system. Some options for reforms are being considered, taking into account valuable lessons from the pension systems of other countries. Among these reforms are those that relate to benefit-linked contributions, contribution compliance and investment earnings, and effective regulatory framework.

While long-term solutions are under consideration, a number of DOF-supported legislative bills aimed at reforming the pension fund system has been filed in Congress. One significant measure is the Personal Equity Retirement Account (PERA) bill. The bill is a

voluntary defined contribution plan that will comprise the 4th layer (retirement benefits not mandated by government e.g. provident funds, occupational pension plans) of the Philippine retirement income system. It seeks to introduce a tax sheltered long-term savings instrument to those with employer-sponsored plans and an annuitized pension scheme to those who are self-employed.

LOCAL GOVERNMENT FINANCE

Through its Municipal Development Fund Office (MDFO), the Department continued to mobilize resources from official development assistance and provide loans and grant funds to LGUs for projects such as municipal infrastructure, water supply, solid waste management, school construction, environmental protection and agricultural extension. LGUs which are of 3rd to 6th income classes primarily benefited from these loans and grants. The MDFO's lending program is unique in the sense that the grant component of the financial assistance is used for capacity and institutional development at the local level.

MDFO provides support to Local Government Units through:

- Local Government Finance and Development Project (LOGOFIND)
- Community-Based Resource Management Project (CBRMP)

Local Government Finance and Development Project

As of December 2000, the MDFO, through its LOGOFIND Project, conducted 29 feasibility studies and appraised 18 LGU sub-projects. Likewise, it approved 5 LGU sub-projects

amounting to P78 million. In support of these sub-projects, the LOGOFIND, through its Training and Capacity Building component, conducted LGU capacity-building needs assessments and training programs on Feasibility Study Preparation, Sub-Project Loan Agreement, and Orientation and Procurement.



Meanwhile, the LGU Resource Mobilization and Performance Monitoring component initiated resource mobilization activities such as Surveys of Non-Traditional Income Sources. A significant activity was the preliminary setting-up of fiscal monitoring systems which included the development of local fiscal indicators to be used in fiscal performance monitoring of LGUs.

In an effort to strengthen and streamline MDFO as a significant financing institution, the LOGOFIND project strengthened the operational and organizational structure of MDFO with the appointment of an Executive Director and two Deputy Executive Directors and the institution of streamlined operations.

Community-Based Resource Management Project

The Community-Based Resource Management Project (CBRMP), also under the MDFO, has

provided financing assistance and capability building to LGUs engaged in environmental preservation and natural resource management projects. As of December 2000, 43 LGUs belonging to 4th, 5th and 6th class income categories have ongoing/approved natural resource management projects under the financial and technical support of the CBRMP. The total costs of the projects amount to P844 million.

The projects are configured to enable the LGUs to address rural poverty and environmental degradation. Thus, they contain interrelated activities on natural resource management, livelihood and small-scale infrastructure. The CBRMP's assistance, aside from financing support, extends in all aspects including project planning, implementation, management and monitoring. Training and capability building activities are also provided through the CBRMP.

For the year 2001, the CBRMP aims to improve its system on the delivery of services to LGUs and to facilitate the approval of 76 new LGU projects which are currently in the pipeline.



TOWARDS A MARKET-ORIENTED CREDIT POLICY

NATIONAL CREDIT COUNCIL

The phase-out of directed credit programs has set the tone for more rational and market-oriented financial and credit policies.

For the year 2000, the National Credit Council (NCC) continued to be in the forefront of providing the basic and key policies to guide the implementation of credit programs of government.

Following the signing of Executive Order 138 (which directs government entities involved in the implementation of credit programs to adopt the credit policy guidelines formulated by the NCC) on August 10, 1999, the NCC Secretariat held regional consultation workshops with various stakeholders to solicit their inputs to the finalization of the operating guidelines, as well

as afford the NCC the opportunity to explain the policy reforms embodied in E.O. 138. The NCC Executive Committee approved the operating guidelines on March 29, 2000. The approved version was presented to stakeholders in a series of regional symposia to enable them to be further clarified on the provisions of the E.O. 138.

The approval of the operating guidelines has paved the way for the government to finally implement the policy guidelines formulated by the NCC. Among others, the guidelines spell-out the rationalization program for directed credit programs (DCPs), the mechanics for the phase-out of credit programs for line agencies and the implementation of DCPs by the Government Financial Institutions (GFIs).



Director Joselito Almario addressing the participants during one of NCC regional consultation workshops on EO 138.

NCC in 2000

Major Accomplishments

- Approved operating guidelines of E.O. 138
- Established Standard Chart of Accounts and Manual for Credit Cooperatives
- Reviewed project proposals and foreign loans with credit component

Following the approval of the operating guidelines, the NCC identified the activities that need to be implemented to ensure the effective implementation of EO 138. These included the following:

Laying of initial groundwork on the conduct of audit of DCPs

The NCC Secretariat organized a workshop with the concerned auditors of the Commission on Audit (COA). The Bureau of Treasury (BTr) and the Department of Budget and Management (DBM) were also being consulted in the formulation of a joint DOF-DBM-BTr-COA circular which will specify the mechanics for the conduct of audit of each of the DCPs and the transfer of DCPs from the Government Non-Financial Agencies (GNFAs) to the GFIs.

Transfer of funds from Government Non-Financial Agencies (GNFAs) to GFIs

One-on-one meetings with the concerned GNFAAs were conducted to discuss the individual phase-out plans in accordance with the provision of EO 138.

Advocacy to foreign donors

Donor agencies were consulted to discuss the impact of EO 138 on their on-going and proposed program assistance in the Philippines.

Information dissemination

Series of symposia were arranged in Luzon, Visayas and Mindanao. A planning workshop of the NCC Secretariat with the technical staff of LandBank (being the co-chair of NCC) was also held to discuss the work program and various activities that need to be conducted in relation to the effective implementation of EO 138.

Another major accomplishment during the year was the establishment of the Standard Chart of Accounts and Manual for Credit Cooperatives. It was initiated and spearheaded by the NCC upon the request of federations of credit cooperatives. The NCC approved the final version in September 2000 after a series of regional training workshops.

The need for an NCC endorsement of proposed foreign loans and project proposals with credit component before approval by the NEDA Investment Coordinating Committee (ICC) also commenced implementation in 2000. This requirement was in pursuance of the approved operating guidelines of EO 138. For 2000, three (3) of proposed projects were reviewed and endorsed by NCC to the ICC for consideration.

INTERNATIONAL COOPERATION

The Department actively participated in global affairs in fulfillment of the country's commitments to regional and international initiatives. It also enabled the government to draw lessons from the experiences of other economies and adopt the appropriate policy responses.

CONSULTATIVE GROUP MEETING

The Consultative Group (CG) Meeting is an annual meeting of fund donors to the Philippines. The twenty third annual meeting of the CG, which was held on June 19-20, 2000, was doubly significant for the country. First, it was the first time a CG meeting was held in the Philippines, and second, it was co-chaired by the Department of Finance and the World Bank.

The donor community was represented by delegations from multilateral institutions – the International Monetary Fund, the World Bank,

the Asian Development Bank, the European Community and the International Fund for Agricultural Development, the Saudi Fund and the United Nations Agencies – and developed and newly-industrialized economies like the U.S., Japan, Australia, Korea and Malaysia.

The theme for the 2000 meeting was “Sustaining Poverty Reduction Through Growth and Other Supporting Policies.” In a bid to generate more pledges and commitments from donors, the government promised to address pressing issues and concerns raised by the donors. These are enhancing resource mobilization, improving investor and business confidence, focusing on rural development and the Comprehensive Agrarian Reform Program, adopting an integrated population management program, undertaking judicial reforms, pursuing the anti-poverty agenda, implementing sustainable programs and peace and development in Mindanao, and curbing graft and corruption.



President Joseph E. Estrada and Vice-President Gloria Macapagal Arroyo pose for posterity along with the participants from the donor community during the 23rd Annual Meeting of the Consultative Group for the Philippines held in Tagaytay City on June 19-20, 2000.

The government welcomed the official development assistance (ODA) extended to the Philippines by the donors at the end of the meeting. The Co-Chairman (World Bank) announced the amount of US\$2.6 billion in new commitments of which about \$361 million was for the development of Mindanao. The said amount is in addition to the \$7.7 billion of undisbursed on-going ODA. The new pledges brought the total ODA commitments to \$10.3 billion of which \$1.0 billion was allocated for Mindanao. In return, the government pledged to improve its ODA performance.

ASEAN

ASEAN Finance Ministers' Meeting

The Association of Southeast Asian Nations (ASEAN) Finance Ministers has been carrying out a Finance Work Program, which spells out in detail the approaches to promote macroeconomic and financial stability within the region and steps to strengthen the financial systems of the member countries. It includes adopting sound international financial practices, adhering to internationally accepted standards, deepening capital markets and improving corporate governance.

The Philippines co-chairs with Singapore the initiative on the development of Bond Markets in ASEAN and co-chairs with Vietnam on the enhancement of Tax and Public Finance matters. In developing the ASEAN bond markets, Singapore hosted in April 2000 a two-day workshop entitled "The Development of ASEAN Bond Markets and Asset Backed Securitization". During the workshop, participants recognized the need for closer cross-border collaboration among member-economies. They agreed to look into the possibility of harmonizing standards in accounting, bond conventions and code of

conduct. With respect to public finance matters, the Philippines and Vietnam circulated a survey questionnaire among member countries on the proposed establishment of an ASEAN tax training institute.

ASEAN Surveillance Process

Upon the suggestion of the Philippines, the Asian Development Bank was asked to provide technical assistance for the ASEAN Surveillance Process (ASP). The ASP rests on three institutional pillars, namely: the ASEAN Ministries of Finance (MOFs), the Asian Surveillance Coordination Unit (ASCU), and the ASEAN Surveillance Technical Support Unit based at the Asian Development Bank (ADB). All three pillars are recipients of ADB Technical Assistance grants. The Philippines together with Indonesia and Thailand has been chosen by ADB in the initial batch of recipients for the strengthening of their respective surveillance units. The grant is designed to strengthen the institutional and technical capacities of the ministries of finance of these countries in discharging their surveillance responsibilities. This will be achieved by providing training to concerned government officials, providing capacity building support for the surveillance units and support research activities carried out under the auspices of the ASP.

ASIA-PACIFIC ECONOMIC COOPERATION

The Department, with the support of the Asian Development Bank, hosted a core group meeting on the Philippines' collaborative initiative on credit rating agencies (CRAs) last 9-10 November 2000. The meeting resulted in the core group refining the main survey report into a concise working paper containing the

major findings of the survey and two-pronged recommendations. The first prong involves what APEC economies can do to promote increased transparency and disclosure and to establish an environment conducive for efficient and reliable ratings. The second prong refers to what APEC authorities can do to encourage CRAs to address concerns raised by APEC economies on transparency, accountability and credibility of the CRAs and the ratings process.

Manila Framework Group

The Department took the lead in the substantial preparations of the country's participation to the Manila Framework Group (MFG). The MFG is a meeting of APEC Finance and Central Bank Deputies to discuss regional surveillance and global issues affecting the region. Two meetings were held in 2000 in Hongkong, Special Administrative Region (SAR) and Bangkok, Thailand to discuss global developments and challenges and the policy responses as a region and individually.

ASIA-EUROPE MEETINGS

The ASEM is an informal but very significant convergence of European and Asian nations which meet to forge and effect commitments in political, economic and cultural areas of partnership. A milestone in ASEM was the launching in June 1998 of the Asian Financial Crisis Response Trust Fund by the European Commission and EU Member States to facilitate the recovery of countries affected by the financial and economic crisis in East Asia. The Trust Fund, administered by the World Bank, has provided US\$6 Million in grant funds to the Philippines alone, (or roughly 14% of the total Fund) as well as more than US\$4 million to other countries (including Philippines) in regional grants. Such grants, channeled to projects of specific executing

agencies of the Philippine government, have been utilized to mitigate the crisis' social effects, foster anti-poverty programs, and support reforms on governance and in the financial, corporate, and pension sectors among others. The World Bank coordinates ASEM Trust Fund activities with the Department of Finance, which handles overall coordination with other government agencies such as the DFA and NEDA.

SOVEREIGN CREDIT RATINGS

The Department coordinated the sovereign credit rating review process performed by Fitch IBCA, Japan Credit Rating, Standard and Poor's and Moody's credit rating agencies last March, August and December 2000, respectively. The said review process resulted in the maintenance of a double B + (BB+) rating and with a stable outlook (second quarter) for the Philippines. However, during the last quarter, all of the CRAs, except the JCR changed their outlook on the Philippines from stable to negative due to public perception of cronyism, poor governance and graft and corruption in government.

DYNAMIC SUPPORT TO THE PRIORITY SECTORS

The Department's role is not only to generate revenue and mobilize resources. It helps stimulate overall production by assisting certain industries through fiscal incentives. With these incentives, the growth of priority sectors can be fostered. One of the priority sectors is the export sector which is vital in economic growth. It provides the needed foreign exchange and employment that can stimulate the country's economic growth. It is in this light that the Department has created frontline offices tasked to facilitate processing of claims for duty and tax exemption by priority sectors.

THE REVENUE OPERATIONS GROUP

The Revenue Operations Group (ROG) receives, evaluates and approves claims for exemptions by sectors entitled to tax and duty exemptions. In 2000, ROG received a total application for exemption of 12,629. Of this total, 7,555 were filed with the Revenue Express Lane while 5,074 were applied with the Internal Revenue Division. Around 11,996 of the total applications were processed while the rest were either withdrawn or not acted upon for lack of documentary requirements.

The taxes and duties waived on importation totaled P7.2 billion in 2000, up from the P4.1 billion granted the previous year. The Customs and Tariff Division provided a total exemption of P4.0 billion while the Internal Revenue Division waived P3.2 billion. The bulk of exemption was granted to telecommunication companies Philippine Long Distance Telephone Company (PLDT) and Globe Telecommunications, and the Philippine Veterans Development Industrial Corporation (PHIVIDEC). Their combined claims amounted to P3.2 billion or 44 percent of the total taxes and duties waived.

Duties and Taxes Waived on Importations For the Year 2000

No. of Applications		Duties & Taxes
<i>Filed</i>	<i>Processed</i>	<i>Waived</i>
		<i>(In Billion Pesos)</i>
12,629	11,996	P 7.2


THE MABUHAY LANE

The Mabuhay Lane is one of the Department's frontline services which caters to the following sectors:

1. Importers of books, periodicals and other similar items;
2. Non-stock, non-profit educational institutions;
3. Importation of capital equipment by BOT and non-BOT enterprises pursuant to RA 7369, RA 7103, and EO 226;
4. Importation under Section 105 (r) of the Tariff and Customs Code;

5. Importation of capital equipment of qualified export-oriented firms pursuant to Section 16 (b) of RA 7844;
6. All importations made by the ADB;
7. All importation of contractors for the Department of Energy; and
8. Importation of personal effects and household goods.

The total taxes waived by Mabuhay Lane rose significantly to P18.5 billion in 2000 from P8.5 billion in 1999. The increase was due to higher taxes waived to non-stock, non-profit educational institutions and energy sector with claims amounting to P9.3 billion and P6.4 billion, respectively. Likewise, all the other sectors serviced by Mabuhay Lane except the BOI-registered companies were granted higher exemptions.

 Taxes and Duties Waived by Mabuhay Lane For the Year 2000				
Sector	Value of Importation (Billion Pesos)	Duties Waived (Billion Pesos)	VAT Waived (Billion Pesos)	Total (Billion Pesos)
BOI Registered Companies	10.56	1.06	1.16	2.22
Non-Stock, Non Profit Educ. Institution	44.42	4.44	4.89	9.32
Section 105 of the TCCP	2.09	.21	.23	.44
Energy	30.61	3.06	3.37	6.43

THE ONE-STOP SHOP TAX CREDIT AND DUTY DRAW BACK CENTER

The year 2000 was a banner year for the One-Stop Shop Inter-Agency Tax Credit and Duty Drawback Center (CENTER) in that it

institutionalized structural and procedural reforms to strengthen the administration of tax credit and duty drawback in the country which led to the adoption of a new Manual of Operations under a Process-Based system of processing tax credit and duty drawback (see Box 3). The new system, patterned after an assembly line type of operation, was devised to depart from a "one claim/one evaluator" method of evaluation, totally eliminating the risk of collusion and errors in evaluation. The main feature of the process-based method is the movement of the applications to various stages of screening and evaluation, particularly a financial validation phase where TCC related transactions are checked versus the claimant's book of accounts, and a verification/authentication phase where documents submitted are verified with the Bureau of Customs.

BOX 3

CONGRATULATIONS!

Once you have successfully entered your User ID and Password, you gain access to your CTS, where you can view the status of all your pending claims and write to the CENTER via its Office of Special Concerns for your other queries, concerns and suggestions!!!

your 
claim tracking system

- Deficiencies *This gives you a listing of all the outstanding requirement deficiencies for claims filed from January 2000 onwards.*
- Summary By *This CTS category allows you to access the summary total of all your pending claims and its pertinent details via process, status and age. Double-click that particular number and you will automatically get the details of the claim's.*
- Process Status Age
- Search By *This gives you an option to locate a particular claim and its corresponding details via CTS Number.*
- CTS No.
- All Claims *This gives you a comprehensive summary of all your pending claims along with the details of each claim.*
- Message Center *This allows you to interact with our Office of Special Concerns*
- Inbox Compose
- Changes Menu *This entitles you the flexibility to change your security codes on-line!*
- User ID Password

Despite some hitches encountered in the transition to the process-based system, the year 2000 proved to be a productive year in terms of Tax Credit Certificate (TCC) issuances. A total of 1,259 tax credit and duty drawback certificates valued at P 3.47 billion were issued. The upsurge in the issuances can be attributed to the CENTER's re-engineering, the resolution of major policy issues and the implementation of the program of expediting the processing of the Semiconductor Industry claims under the Tax and Revenue Group, which is the BIR window of the CENTER.

The year 2000 also paved the way for the following major reforms in the CENTER:

1. Adoption of a new set of guidelines on TCC transfers that would prevent the formation of the secondary lucrative market resulting from the filing of fake tax credit claims;
2. Activation and formation of critical control units under the Investment Incentive Group namely:
 - Receiving, Pre-evaluation and Documentation Division
 - Financial Validation Division
 - Verification Division
 - Post-Audit and Monitoring Division
 - Policy, Research and Planning Division
3. Creation of the Office of Special Concerns as the repository of inquiries, complaints, suggestions and other operational concerns;
4. Development of the CENTER's very own website featuring a Claim Tracking System that allows claimants to access on-line the status of claims under the Investment Incentive Group (IIG) window.
5. Creation of two processing lanes under the Investment Incentive Group, with one group handling the backlog and the other processes all newly filed tax credit claims.

6. Resolution of major pending policy issues that hampered the CENTER's operations, namely:

- 10-year Prescriptive Period
- Transferability of TCCs issued under the provision of E.O. 226 and the NIRC
- Indirect Importation
- Eligibility of claims whose duty payments are made after date of exportation

HUMAN RESOURCE DEVELOPMENT

Today's global trends in technology, business and economy evolve at a fast pace. To cope up with the vicissitudes of time, the Department continued to strengthen its human resource program in 2000. It focused on providing more training and capacity-building exercises and scholarship grants to deserving DOF employees, and on rationalizing the administration of performance appraisal system.

As envisioned for the New Millennium which called for a more dynamic, result-oriented and globally competitive human resource, deserving DOF officials and employees were sent to capacity-building seminars, scholarships and training programs, both local and foreign. Completed by DOF personnel include courses on taxation, financial management, macroeconomic management, public and international finance, intellectual property rights, corporate governance, privatization and enterprise reform, fiscal and monetary policy, revenue forecasting, government finance statistics, information technology, personnel administration, accounting and administrative management. The year 2000 saw four personnel completing their respective masteral degrees.

To further encourage the pursuit of professional growth and career advancement among DOF personnel, the Study Leave Grant on Official Time was created under Department Order (D.O.) No. 44-2000 dated 07 August 2000 which allows qualified employees to avail of study leave with pay to prepare for Bar or Board Examination or to complete masteral degrees. Its creation is in accordance with CSC MC No. 14, Series of 1999 dated 23 August 1999 amending CSC MC No. 41, series of 1998.

On scholarship administration, the Department of Finance Personnel Career Development Committee (DOF-PCDC) was reconstituted in March 2000 which brought to the fore clearer guidelines on foreign and local travels of officials and employees of DOF, its bureaus and attached agencies. The PCDC meets regularly to discuss scholarship/training matters, as well as administrative concerns.

The Department laid the groundwork for the immediate implementation of the New Performance Appraisal System (NPAS) enunciated by the Civil Service Commission. One of the salient features of the NPAS is the creation and operation of the Performance Evaluation Review Committee (PERC) which reviews and evaluates employees' performance targets and standards; determines employees' final rating; and monitors and evaluates the effectiveness of the system. Consequently, the DOF-PERC was also constituted under D.O. No. 46-2000 dated 01 September 2000. In compliance with the CSC memorandum, the DOF-Performance Management System (DOF-PMS) was established under D. O. No. 43-2000 dated 17 July 2000. The DOF-PMS aims to: (1) continuously foster improvement of employee performance and efficiency; (2) enhance organizational effectiveness and productivity; and (3) provide an objective performance rating which serves as basis for incentives and rewards, promotions, training and development, personnel actions and administrative sanctions.

Year by year, the Department's human resource development efforts take a leap forward for greater productivity and improved delivery of public service.

HIGHLIGHTS OF OPERATIONS OF DOF ATTACHED AGENCIES AND CORPORATIONS

BUREAU OF INTERNAL REVENUE

The total collections of the Bureau for 2000 amounted to P360.8 billion, which was 5.7 percent higher than last year's collections. Of the total amount collected, P203.8 billion accounted for taxes on net income and profit, P61.7 billion, excise taxes; P53.2 billion, value added taxes; P24.5 billion other percentage taxes, and P17.6 billion documentary stamp taxes and other taxes.

Collections, although adversely affected by the weak recovery in the corporate sector, were beefed up through programs and reform measures implemented by the Bureau.

The nationwide raffle dubbed "Humingi ng Resibo, Milyun-Milyon pa rin ang Panalo" contributed significantly to the increase in VAT and other percentage tax collections.

The Bureau continued to monitor the compliance of top corporate taxpayers and specialized industry groups, which resulted in improved collections in corporate income taxes. Some of the more significant activities undertaken include the conduct of an Audit Program for Large Taxpayers and the establishment of Large Taxpayers District Office in Makati City.

The Compromise Settlement Program accelerated the settlement of delinquent accounts while the Audit Program 2000, which covers investigation and audit of income taxes withheld, yielded positive results. Other measures include the expanded usage of

Documentary Stamps Metering Machines to ensure that documentary stamp tax collections are properly reported to the Bureau and the implementation of the Stop-Filer Capability (Returns Compliance System).

The Bureau also undertook organizational restructuring, which was approved by President Joseph Estrada on October 31, 2000. This streamlined and simplified the Bureau's operations, improving its administrative control over certain categories of taxpayers and enhancing the effectiveness of its computerized integrated tax system.

BUREAU OF CUSTOMS

The Bureau consistently surpassed its collection targets, with cumulative total collections reaching P93.7 billion in 2000, 2.3 percent higher than the programmed level of P91.9 billion. The shift to transaction value in import valuation, the conclusion of the SGS contract and the reduced economic activity did not impact against duty collections as previously anticipated. BOC's favorable performance was due mainly to its streamlined procedures, such as the "Super Green Lane", which facilitated processing and release of shipments.

At the BOC, the following reform measures were implemented:

- Super Green Lane (SGL)
- Automated Customs Operation System (ACOS)

- Customs Safety Nets
- Enhanced Automated Systems

BUREAU OF THE TREASURY

For the year 2000, the Bureau of the Treasury exceeded its income target by P9.0 billion or 41.0 percent over the program level of P21.8 billion. This can be attributed to the higher than expected level of deposits and other miscellaneous income.

The Bureau was instrumental in keeping domestic interest rates more stable. Despite inching up in the last quarter due to the political turmoil, the average 91-day T-bill rate for the full year was recorded at 9.9 percent, slightly lower than last year's average rate of 9.9 percent. On the other hand, the rates for 182-day and 364-day averaged 11.0 percent and 11.9 percent, respectively.

The Bureau also continued to tap small and household savers through its Small Investors Program (SIP). The total investments in SIP for 2000 reached a substantial P486.3 million, bringing the aggregate SIP placements to P620.3 million as of end-2000.

BUREAU OF LOCAL GOVERNMENT FINANCE

The Bureau of Local Government Finance (BLGF) continued to pursue its thrust towards the promotion of local fiscal autonomy, strengthening of local taxation, valuation of real property and related local revenue matters, easier and wider access of local government units to credit financing, and capacity building.

On local taxation, the BLGF fulfilled its quasi-judicial functions by rendering opinions / rulings on local taxation matters. LGUs continued to post efficient and robust real property tax

collections. Out of the annual target of P20.3 billion on real property tax collections, LGUs have realized a total of P16.7 billion as of November, indicating a collection efficiency of 82.2 percent

The Bureau, in coordination with the Municipal Development Fund Office, promoted Local Government Finance and Development (LOGOFIND) projects in LGUs and encouraged local officials to avail of the program as a means of improving their finances. The Bureau likewise facilitated the preparation of the Terms of References (TOR) on the proposed redesign of Real Property Tax Assessment (RPTA) project and on the review of the LGUs' income classification.

To abate the occurrence of irregularities in its Treasury service, the Bureau continued the implementation of audit programs in local treasury and assessment offices. The Regional Offices successfully conducted revenue assessment audits in 27 LGUs.

In line with its capability building program, the Bureau conducted a seminar workshop for newly appointed Local Treasurers at the Ateneo Professional Schools in Makati.

SECURITIES AND EXCHANGE COMMISSION

The past year was tumultuous for the Securities and Exchange Commission (SEC) as the stock manipulation scandal at the Philippine Stock Exchange brought the integrity of the Commission into question. The SEC, however, emerged stronger and more committed in fulfilling its primary mandate of regulating and developing the Philippine capital market.

A milestone capital market development initiative in the past year was the passage of the new Securities Regulation Code in August.

The Code strengthened the regulatory mechanism and authorized the reorganization of the Commission to ensure full development of the capital market. The Commission spearheaded the drafting of the implementing rules and regulations (IRR) for the Code and after due consultation with players in the capital market, the IRR was issued on December 15, 2000. Following are the key rules formulated to effectively implement the Code:

- ☐ Provision of additional protection to investors;
- ☐ Identification of prohibited market practices;
- ☐ Elimination of abusive market practices;
- ☐ Imposition of additional requirements to promote self regulation by market participants;
- ☐ Addressing systemic risks for the protection of customer accounts;
- ☐ Clarification of an Exchange to operate in the public interest; and
- ☐ Provision of additional enforcement powers for the Commission.

Also a major accomplishment for the Commission was its successful reorganization, which was undertaken to streamline its structure and operations, upgrade its human resources and thus enable it to more effectively perform its functions. The disposition and transfer of over a thousand cases of intra-corporate disputes to the regional trial courts, as provided in the Securities Regulation Code, was also completed.

INSURANCE COMMISSION

The Insurance Commission remained committed to ensuring a sound and stable insurance

industry. For the year 2000, the Commission issued a total of 33,839 licenses and/or certificates of authority to insurance companies, intermediaries, mutual benefit associations, and trust for charitable uses. As of December 31, 2000, there were 154 insurance companies authorized to do business of which 2 were new and 1 company was rehabilitated. It approved 157 requests for investment of insurance funds amounting to P7.9 billion and an additional US\$130.2 million placed abroad.

To monitor the solvency of insurance companies, the Commission conducted examination into the affairs, financial condition and methods of doing business of 85 insurance companies, 12 mutual benefit associations, and 47 insurance/reinsurance brokers; transmitted 129 synopses of approved annual statements and verified annual statements of 27 mutual benefit associations to ensure their financial stability for the protection of members.

The Commission likewise reviewed 1,250 investment reports and 525 reports on Statement of Paid-Up Capital and Reserve Investments requirements (SPUCRI). It managed and administered the P10 Million Security Fund of insurance companies and the Guaranty Fund set up by mutual benefit associations.

As part of its public assistance and claims adjudication function, the Commission conducted 3,098 hearings relating to adjudication of 1,030 insurance claims cases; assisted the public in 8,602 requests for assistance; analyzed 67 financial reports of companies under conservatorship, receivership and liquidation; issued 69 resolutions relative to administrative complaints against agents and officials of insurance companies, and resolved 4 administrative cases.

Following the memorandum of agreement signed by DOF and BIR designating the

Commission as special tax collecting agent, a total of P6.6 billion was collected in 2000, representing premium tax, value added tax, documentary stamp tax, withholding tax, income tax and other taxes.

PHILIPPINE DEPOSIT INSURANCE CORPORATION

As of November 2000, the total assets of the Corporation amounted to P 51.7 billion, 104.6 percent higher than yearend 1999 level of P 25.3 billion. Increase in assets resulted from assessment collection and borrowings from the BSP. Total liabilities increased to P 23.9 billion, almost 13 times higher than yearend 1999 level of P 1.9 billion.

Deposit insurance fund (insurance reserves, donated surplus and contingent surplus) reached P 27.9 billion, 19.1 percent higher than yearend 1999 level of P 23.4 billion.

Gross income for the eleven-month period amounted to P7.0 billion, of which income from assessment at P 3.4 billion comprised 49.2 percent and income from investments (net of tax) at P 2.7 billion accounted for 38.5 percent. Expenses, on the other hand, aggregated P 5.9 billion, with provision for insurance losses at P4.7 billion or 78.8 percent of total expenses. Net income was recorded at P 1.1 billion.

The PDIC's insurance reserves reached P26.8 billion as of November 2000, 14.5 percent higher than year-end 1999 level of P 23.4 billion. Insurance reserves is composed of paid-in capital or the permanent insurance fund (PIF) provided by the government at P 3.0 billion, provision for estimated insurance losses at P 23.5 billion, and retained earnings at P 0.3 billion cumulated over the years.

Insured deposits increased from P 349.4 billion in 971 member banks as of December 1999 to P398.47 billion in 952 member banks as of September 2000. The ratio of insured deposits to total deposit increased from 18.4 percent in 1999 to 20.4 percent as of September 2000. Insurance reserves, as a percentage of insured deposits, remained unchanged at 6.7 percent as of November 2000 relative to 1999.

With PDIC's power to examine banks repealed upon passage of the New General Banking Act in May 2000, the PDIC in the second half of the year focused on further strengthening coordination with the BSP regarding harmonization of examination practices, conduct of joint examinations, information exchange and problem bank resolution. A draft Memorandum of Agreement between BSP and PDIC to cover operational details of information exchange is expected to be completed by first semester of 2001.

The PDIC assists banks in danger of closing if there is a viable rehabilitation plan, strong management, and full restoration of capital. For 2000, PDIC granted direct loans to three commercial banks amounting to P25 billion. One thrift bank also received financial assistance in the form of purchase of assets with buyback amounting to P2.0 billion. Total outstanding financial assistance as of December 2000 amounted to P27.8 billion.

Total payment of insured deposit claims made in 2000 amounted to P3.3 billion involving 80,897 accounts. Of the total, P2.1 billion involving 51,628 accounts was paid to depositors of banks closed in 2000, 66.9 and 30.4 percent of estimated insured amounts and accounts, respectively. Since PDIC started paying insurance claims in 1970, payments as of December 8, 2000 aggregated P 10.13 billion involving 1.35 million accounts in 384 closed banks.

A total of 24 banks (1 Commercial Bank, 4 Thrift Banks, and 19 Rural Banks) were ordered closed by the Monetary Board for the year, with combined assets (as of closure date) amounting to more than P17.2 billion and liabilities of more than P19.2 billion. These brought the total number of closed banks under PDIC receivership/liquidation to 388, with estimated realizable value of assets and liabilities of more than P30.7 billion and P41.7 billion, respectively.

CENTRAL BOARD OF ASSESSMENT APPEALS

The Central Board of Assessment Appeals (CBAA) is an appellate quasi-judicial body which decides cases appealed from the 165 Local Boards of Assessment Appeals throughout the country.

As of December 31, 2000, the CBAA, has acted on 1,002 cases involving real properties. These properties consist of land, building, machineries and other improvements or real estate. The total market values of these properties amounted to P16.0 billion, with the aggregate assessed values at P5.4 billion.

Apart from its adjudicatory powers, the CBAA also performs various secondary functions as follows:

1. Provides consultative services to the chairmen and members of the Local Boards;
2. Renders collaborative services to the office of the Solicitor General on cases elevated to the Supreme Court;
3. Renders technical supervision over all Local Boards of Assessment Appeals, nationwide;
4. Renders advisory services to other

government functionaries, legal practitioners and taxpayers;

5. Upon designation of the Supreme Court, acts as a fact-finding body on specific assessment cases filed before the said Court; and
6. Conducts information dissemination campaign regarding the tax remedies available to the taxpayers on matters of realty tax assessments and collections. It also involves itself in the dissemination of information regarding the latest jurisprudence of the Board on real property taxation matters.

TRADE AND INVESTMENT DEVELOPMENT CORPORATION OF THE PHILIPPINES

The Trade and Investment Development Corporation of the Philippines (TIDCORP) is a full-fledged export credit agency, serving the needs and supporting the growth of the country's export sector.

As of December 31, 2000, the Corporation's total guarantees outstanding amounted to P6.0 billion, reflecting a 13 percent growth from last year's end level. Growth was due to increased issuances of new accounts under the Term Loan Guarantee Program (TLGP) and the General Facility Program, and the foreign exchange differential of the Meralco account.

Guarantee issuances from January 1 to December 31, 2000 amounted to only P424.9 million as banks continued their cautious stance in providing credit to the manufacturing sector, especially the small and medium enterprises (SMEs). The merger of five participating financial institutions also caused delays in the processing of applications.

Guarantee assistance, amounting to P122.4 million was granted under the Preshipment

Export Finance Guarantee (PEFG), a program offered by the Corporation to improve SMEs' access to credit financing by providing guarantee as an alternative to traditional collateral required by banks. Meanwhile, the Post Shipment Export Risk Guarantee (PERG) facility, which gives facility to exporter-clients even before they receive payment from foreign buyers, provided P53.8 million assistance. Issuances under the Automatic Guarantee Line (AGL) facility, a supplemental program to PEFG and PERG, amounted to P42.0 million.

Handicrafts, furniture and garments remained the top three industries that benefited from guarantee facilities. Small export firms with asset size of P15.0 million and below constitute the bulk of the Corporation's clientele. Data from the participating financial institutions and client firms show that the guarantee-assisted firms generated total export sales of US\$1,097.2 million in 2000. Meanwhile, the Export Credit Insurance (ECI) and the Direct Lending Programs brought in US\$0.2 million and US\$0.44 million of export sales, respectively. In terms of employment generation, the 2000 TIDCORP-assisted firms generated employment for about 46,700 workers.

The Corporation managed to realize a net income of P77.4 million for 2000, 8 percent higher than the previous year's figure. TIDCORP's profitability ratios as indicated by the rate of return on total assets and on net worth, were 6.2 percent and 6.2 percent, respectively. Total assets as of yearend stood at P3.4 billion, while total liabilities and net worth amounted to P0.1 billion and P1.2 billion, respectively.

NATIONAL TAX RESEARCH CENTER

For 2000, the National Tax Research Center (NTRC) continued to function in accordance with its mandate to conduct continuing research on

taxation as a basis for tax policy formulation/legislation consistent with the development plans of the government.

For 2000, the NTRC completed the report on Phases I and II of its major project entitled, "An Assessment of the Local Business Tax structure." The NTRC also conducted studies aimed at revenue enhancement, rationalization of fiscal incentives, improvement of the tax structure, promotion of equity, improvement in taxpayer's compliance and efficiency in tax administration. These studies include:

A. On Direct Taxation

- ☐ Proposed Tax Deductibility from Gross Income of the Loan Loss Provisions of Banks
- ☐ Study on Gender Bias in the Income Tax Provisions of the National Internal Revenue Code (NIRC) of 1997
- ☐ Review of 25 percent Tax Imposed on Non-Resident Cinematographic Film Owner

B. On Indirect taxation

- ☐ Taxation of Actors, Actresses and Other Talents (Section 17 (a) of the National Internal Revenue Code (NIRC), as Amended
- ☐ Proposed VAT Exemption on Sale of Real Properties to Filipino-Americans/Formers Filipino Nationals
- ☐ Assessment of RA 8761 on the Deferment of VAT on Certain Services
- ☐ Taxation of Services Performed in the Exercise of Profession and Professional Services Performed by Registered Professional Partnerships

C. On Local Finance

- ☐ Analysis of the Local Business Tax Structure Vis-à-Vis the Proposal to Adopt a Rate of Not Exceeding Two Percent (2 percent) of Gross Receipts for All Businesses
- ☐ Proposals to Prohibit Local Government Units From Imposing Taxes on the Gross Receipts Derived by Banks from Their Lending Operations
- ☐ Proposal to Amend the Disposition of the Proceeds of the Real Property Tax
- ☐ Proposed Transfer of the Authority to Impose the Amusement Tax from the Province to the Municipality, Amending for the Purpose Sec. 140 of the Local Government Code of 1991 (LGC.)
- ☐ Feasibility of Imposing an Additional Tax of 2-3 percent on the Sale of Real Properties Based on the Gross Selling Price
- ☐ The Feasibility of Allowing LGUs to Grant Real Property Tax Incentives to New Investments
- ☐ Examination of the Proposed Amendments to the Special Education Fund Tax

D. On Fiscal Incentives

- ☐ An evaluation on the Impact of Tax Subsidy on the Operations of the Home Development Mutual Fund (HDMF)
- ☐ Recent Developments in Investment Incentives in Selected Asian Countries
- ☐ Assessment of Laws on Fiscal Incentives Enacted in 1999

- ☐ Evaluation of the Rice Research Program of the Philippine Rice Research Institute (PhilRice)
- ☐ Policies and Best Practices for Small and Medium Enterprises (SMEs) in Selected Asian Countries and Stock Exchanges Dedicated to SMEs
- ☐ Strict Implementation of the \$US 100 per Month Duty Free Shopping Privileges of the Subic and Clark Economic Zones (Ecozones) Residents
- ☐ Revenues Waived from Various Fiscal Incentives Provision

The NTRC prepared draft bills on the Imposition of the Motor Vehicle User's Charge (MVUC) and amendments to certain provisions of the Local Government Code. It also drafted the executive order including the implementing rules and regulations re: Reactivating the Task Force on Fees and Charges, Expanding its Membership and Functions and Providing Guidelines for the Review of the Proposed Rate Increase of Fees and Charges by National Government Agencies and Government Owned and Controlled Corporations Under EO 197.

The NTRC evaluated Senate and House Bills and other proposals referred by the 11th Congress and other government agencies as well as the private sector. These served as inputs during executive and congressional deliberations of said proposals.

In support of the tax information and taxpayer awareness program, the NTRC published the NTRC and FIRB 1999 Annual Reports, Guide to Income Taxation For Resident Individuals, Primer on Exciseable Articles, and the bimonthly NTRC Tax Research Journal.

As Secretariat of the Fiscal Incentives Review Board (FIRB), the NTRC processed and evaluated applications for tax subsidy availments requested by government owned and controlled corporations for consideration of the FIRB Technical Committee and the Board Paper. It likewise provided technical services to the Committee and Board meetings during the period.

DOF OFFICIALS 2000

THE SECRETARY OF FINANCE



Hon. JOSE T. PARDO

THE UNDERSECRETARIES



FLORENCIA G. TARRIELA

Policy Development and
Management Services Group



CORNELIO C. GISON

Revenue Operations Group



LILY K. GRUBA

Corporate Affairs Group



JOEL A. BAÑARES

International Finance Group



RODRIGO P. CASTELO

Domestic Finance Group

THE ASSISTANT SECRETARIES



MA. ELEANOR F. DELA CRUZ
Policy Development and
Management Services Group



GIL S. BELTRAN
Domestic Finance Group



JUAN JOSE RODOM T. FETIZA
Revenue Operations Group



JEREMIAS N. PAUL, JR.
International Finance Group
(Policy)



ROBERTO B. TAN
International Finance Group
(Operations)

THE DIRECTORS



CRISANTA S. LEGASPI
Director IV
Privatization Office



LOURDES Z. SANTIAGO
Director IV
Central Administration Office



MA. LOURDES V. DEDAL
Director IV
Central Finance
Management Office



SOLEDAD EMILIA J. CRUZ
Director IV
Corporate Operations Office



THELMA A. MARIANO
Director IV
Legal Affairs Office



CONCEPCION S. KIMPO
Director IV
Revenue Office

THE DIRECTORS



PORFIRIO B. VILLENA, JR.
Director IV
Office of the Assistant Secretary
Policy Development and
Management Services Group



MA. LOURDES B. RECENTE
Director IV
Research and Information Office



MA. TERESA S. HABITAN
Director IV
Fiscal Policy and Planning Office



JAMES H. ROLDAN
Director IV
International Finance
Operations Office



ALBERTO S. SALANGA
Executive Director
One Stop Shop Tax Credit
and Duty Drawback Center



HELEN B. HABULAN
Executive Director
Municipal Development
Fund Office

THE DIRECTORS



ROGELIO S. CASIGURAN, JR.
Director III
Revenue Office



FIDEL G. CONDRADA
Director III
Legal Affairs Office



JOSELITO S. ALMARIO
Director III
Fiscal Policy and Planning
Office



DELFIN BENJAMIN G. ESPEJO
Director III
Central Administration Office



ERNESTO Q. HIANSEN
Deputy Executive Director
One Stop Shop Tax Credit
and Duty Drawback Center

THE DIRECTORS



MA. EDITA Z. TAN
Director III
International Finance Operations Office



GILDA VICTORIA G. MENDOZA
Director III
International Finance Policy Office



ANNIE F. FERNANDEZ
Deputy Executive Director
Municipal Development Fund Office



EMMANUEL P. BONOAN
Special Assistant to the Secretary

THE BUREAU HEADS



DAKILA B. FONACIER
Commissioner
Bureau of Internal Revenue



RENATO A. AMPIL
Commissioner
Bureau of Customs



LEONOR M. BRIONES
National Treasurer
Bureau of Treasury



BENJAMIN A. GERONIMO
Executive Director
Bureau of Local Government
Finance

THE HEADS OF ATTACHED AGENCIES AND CORPORATIONS



LINA D. ISORENA
Executive Director
National Tax Research Center



CESAR S. GUTIERREZ
Commissioner
Central Board of Assessment
Appeals



EDUARDO T. MALINIS
Commissioner
Insurance Commission



LILIA R. BAUTISTA
Chairman
Securities and Exchange
Commission



VICTOR C. MACALINCAG
President
Trade and Investment
Development Corporation of the
Philippines



ERNEST C. LEUNG
President
Philippine Deposit
Insurance Corporation

**2000 DOF ANNUAL REPORT
WORKING COMMITTEE**

Assistant Secretary Gil S. Beltran
Director Ma. Teresa S. Habitan
Assistant Director Joselito S. Almario
Napoleon P. Micu
Aurora Luz D. Villaviray
Febe J. Lim
Ricardo P. Toquero
Eric C. Tipgos
Rochelle D. Tomas
Irene R. Sta. Ines
Luz S. Bulala



...visit us at www.dof.gov.ph