


WE ARE BUILDING MOMENTUM

FINANCE SECRETARY CARLOS G. DOMINGUEZ III
PHILIPPINE DAY FORUM IN WASHINGTON, D.C.
APRIL 11, 2019



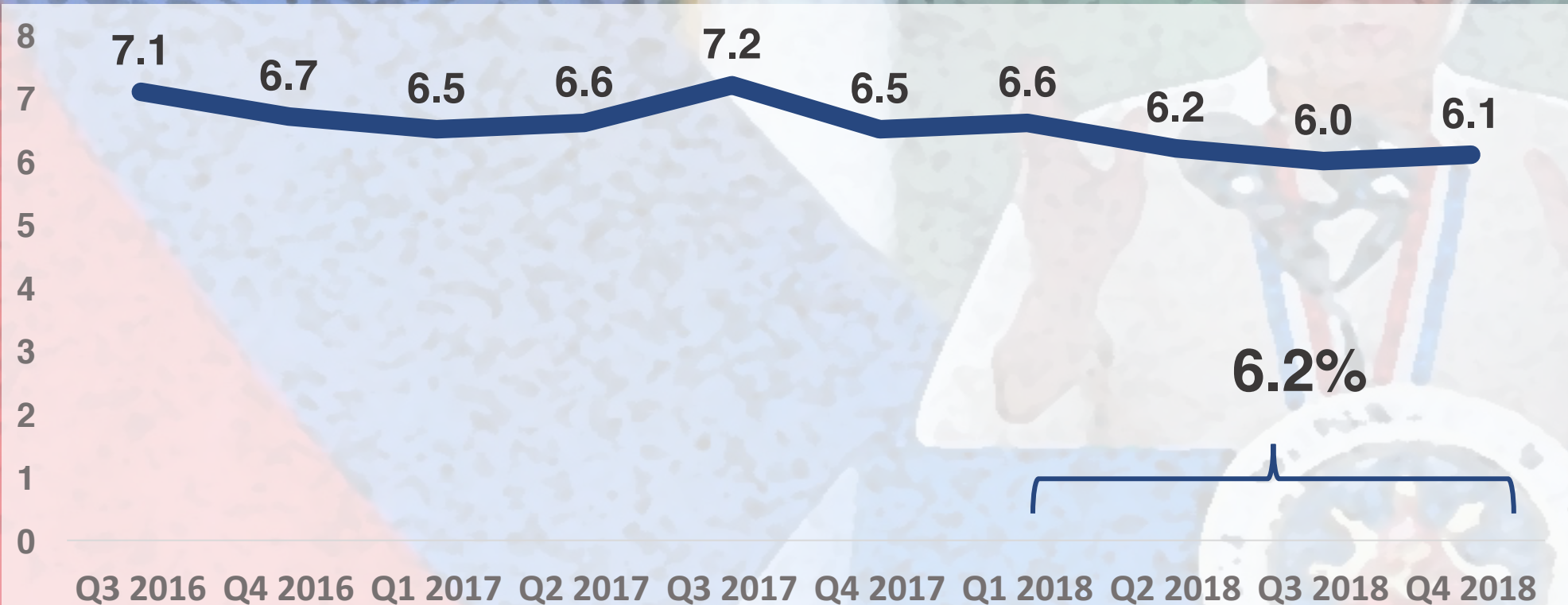
An aerial photograph of a city skyline at dusk, featuring several tall skyscrapers and residential buildings. The image is overlaid with a semi-transparent yellow filter. The text is centered in white, bold, sans-serif font.

The Philippines remains one of the
BEST PERFORMING ECONOMIES
in the region and its
OUTLOOK IS STRONG

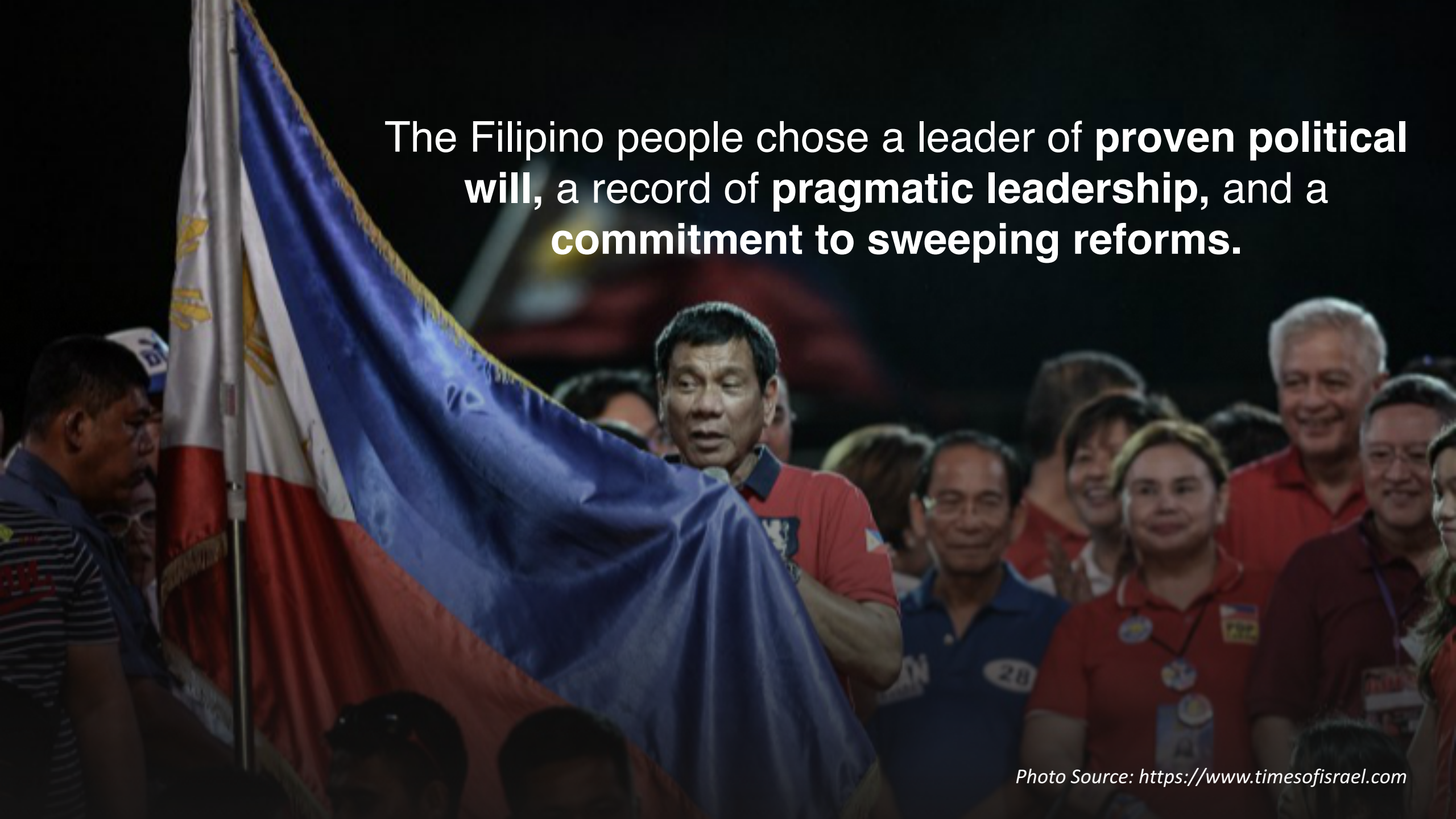
Photo Source: Justin James Wright (gettyimages)

OUR ECONOMY IS GROWING AT AN AVERAGE OF 6.5 PERCENT IN THE FIRST 10 QUARTERS OF THE DUTERTE ADMINISTRATION

PHILIPPINES' GDP GROWTH RATES IN THE FIRST 10 QUARTERS OF THE DUTERTE ADMINISTRATION



The Filipino people chose a leader of **proven political will**, a record of **pragmatic leadership**, and a **commitment to sweeping reforms**.



0-10 POINT SOCIO-ECONOMIC AGENDA OF THE DUTERTE ADMINISTRATION



Peace and Order Stability



Continue macroeconomic policies



Tax Reform



Ease of Doing Business



Rural Development



Land Administration



Human Capital Development



Massive Infrastructure Build-Up



Science and Technology

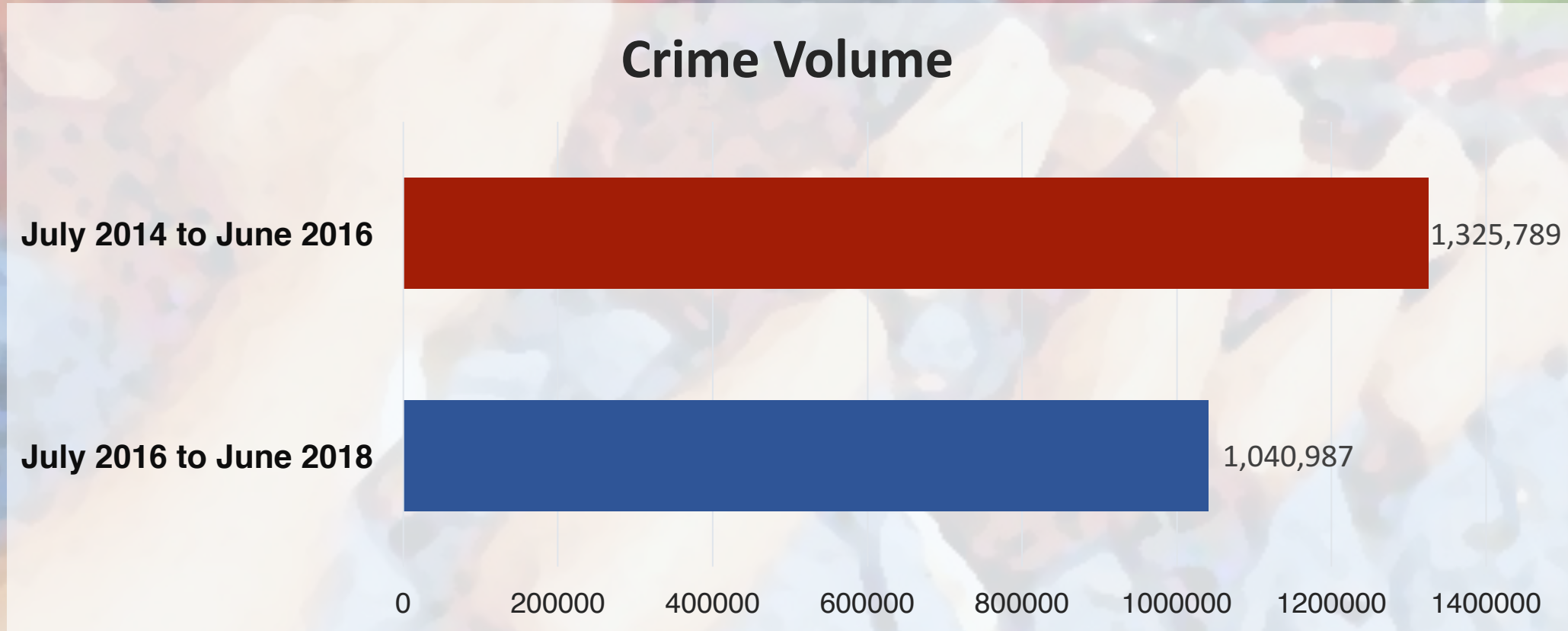


Social Protection Program



Reproductive Health

OVERALL, CRIME VOLUME FOR THE FIRST 2 YEARS OF PRESIDENT DUTERTE'S ADMINISTRATION DECREASED BY 21.48%



An important step towards lasting peace in Mindanao was completed this year with the establishment of a BANGSAMORO AUTONOMOUS REGION FOR MUSLIM MINDANAO

Photo Source: ABS-CBN News



COMPREHENSIVE TAX REFORM PROGRAM

The tax reform program seeks to make the tax system



It also seeks to create a **LEVEL PLAYING FIELD FOR BUSINESS** and **GENERATE A RELIABLE REVENUE PROCESS** to support both economic investments and more robust social services.



BUILD BUILD BUILD

MORE RAILWAYS,
MASS URBAN
TRANSPORT, AIRPORTS
AND SEAPORTS

MORE BRIDGES
AND ROADS

NEW AND BETTER
CITIES

LANDMARK AND GAME-CHANGING POLICY REFORMS



EASE OF DOING BUSINESS ACT OF 2018

The law creates a unified business application form to make it easier to put up or renew business licenses in the Philippines.



NATIONAL I.D. SYSTEM

The law will pave the way for efficient delivery of services and strengthen financial inclusion.



REVISED CORPORATION CODE OF THE PHILIPPINES

The amendments are aimed at encouraging entrepreneurship, the formation of new businesses, and improving the ease of doing business in the country.



THE NEW CENTRAL BANK ACT

This will help the central bank prepare for the fast-changing market landscape and quickly adapt to a technology-based financial system.

RICE TARIFFICATION LAW (RA11203)

Promotes **food security** by lowering the price of rice for every Filipino family

Promotes **competition** by opening up the rice market to both import and domestic production

Supports **domestic rice production** as it mandates the National Food Authority (NFA) to source emergency buffer stock solely from local farmers

Provides funds for farmer education and mechanization to **improve productivity**

“ I applaud Congress for the timely passage of the TRAIN law (Tax Reform for Acceleration and Inclusion or Package 1). You have made funds available to build better roads and bridges, and improve health and education, and strengthen our safety and security. ”

President Rodrigo Duterte

Third State of the Nation Address (SONA) on July 23, 2018 at the session hall of the House of Representatives in Batasang Pambansa Complex, Quezon City



IMPACT OF NEW TAX REFORM LAW ON TAXPAYERS' PERSONAL INCOME



Workers earning **below**
PHP 250,000 (USD 4,500)
annually are now **exempted**
from paying personal
income taxes



Workers earning **above**
PHP 250,000 (USD 4,500)
annually are now receiving
about **a month's extra take-**
home pay each year

ROBUST DOUBLE-DIGIT GROWTH IN SALES AND THE HIGH-PROFIT MARGINS OF RETAIL GIANTS AND REAL ESTATE COMPANIES IN 2018



2018 (Jan-Sep) TOTAL SALES:
USD 653.4 MILLION
(+12% growth)

Since 2017, McDonald's has opened one store a week mostly outside of Metro Manila.



SAN MIGUEL
FOOD AND BEVERAGE, INC.

2018 TOTAL REVENUES:
USD 5.4 BILLION
(+14.% growth)

2018 NET INCOME:
USD 579 MILLION
(+9% growth)



**PRIME
HOLDINGS**

2018 TOTAL SALES:
USD 1.9 BILLION
(+17% growth)

2018 NET INCOME:
USD 612.1 MILLION
(+17% growth)



Jollibee

2018 TOTAL SALES:
USD 2.9 BILLION
(+16% growth)

2018 NET INCOME:
USD 157.8 MILLION
(+17% growth)

AyalaLand

2018 TOTAL SALES:
USD 3.1 BILLION
(+17.8% growth)

2018 NET INCOME:
USD 555.1 MILLION
(+16% growth)



LT Group, Inc.
Lucio Tan Group of Companies

2018 TOTAL REVENUES:
USD 1.4 BILLION
(+18.6% growth)

2018 NET INCOME:
USD 307.8 MILLION
(+49.5% growth)

WILCON

2018 TOTAL REVENUES:
USD 403 MILLION
(+19% growth)

2018 NET INCOME:
USD 34.9 MILLION
(+32.3% growth)

REVENUE COLLECTION FROM TAX REFORM LAW IN 2018 WAS 108.1% OF TARGET

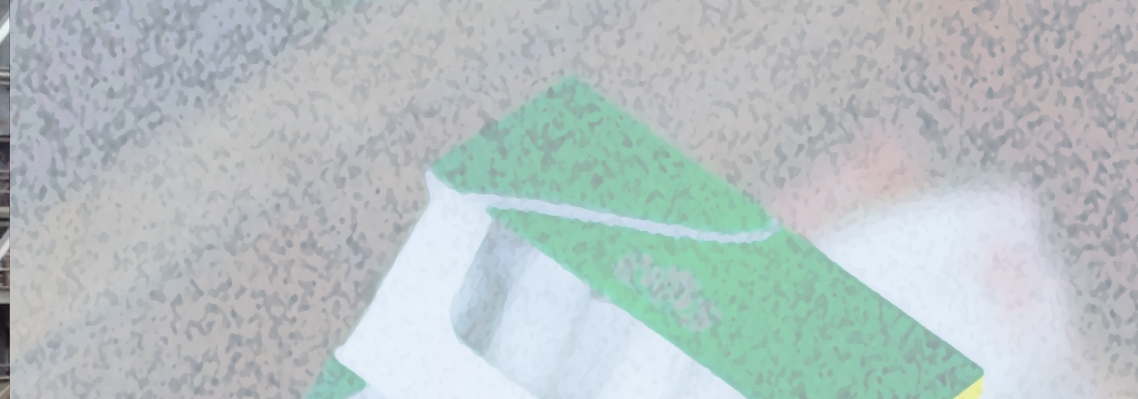
<i>TRAIN Revenues in 2018 (in PHP Billion)</i>		Actual to Target Ratio (%)
Actual	Target	
68.4	63.3	108.1%

Source: Strategy, Economics, and Results Group, DOF

OUR TAX EFFORT IN 2018 WAS THE HIGHEST TAX EFFORT WE HAVE EVER ACHIEVED IN THE PAST 20 YEARS

TAX EFFORT FOR THE PAST 20 YEARS



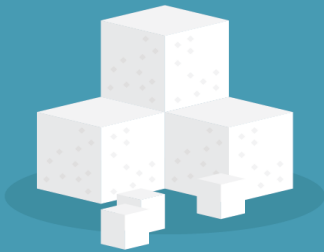


Department of Finance made history in 2017 by collecting from a cigarette manufacturer a total of **USD 600 MILLION** for its non-payment of excise taxes and use of counterfeit tax stamps on its cigarette packs.



SSB EXCISE TAX

(Sweetened Beverage)



P6 per liter of volume capacity for SSBs using purely caloric, and purely non-caloric, or a mix of both

P12 per liter of volume capacity for others using purely HFCS or in combination w/ any caloric or non-caloric sweeteners

Products covered by SSB excise tax under TRAIN: (Tax Reform for Acceleration and Inclusion Law)



Sweetened juice drinks



Sweetened tea



Other beverages:

All carbonated beverages with added sugar, including those with caloric and non-caloric sweeteners



Flavored water

Energy drinks

Sports drinks



Other powdered drinks not classified as milk.

Cereal and other grain beverages

Other non-alcoholic beverages that contain added sugar

KEY EXEMPTIONS: 3-in-1 coffee, milk, 100% natural juice

TAX REFORM PACKAGE 2 MAIN HIGHLIGHTS

Reduction of corporate income tax rates

This will bring our tax regime closer to the regional average, help us attract investments to fuel our economic growth, and benefit small and medium enterprises that employ the biggest number of Filipinos.

Rationalization of fiscal incentives

This will create a level playing field for our enterprises and attract new players to compete.

FOUR MAIN PRINCIPLES FOR TAX INCENTIVES



Performance-based



Time-bound



Targeted



Transparent

CONTINUED PURSUIT OF A SIMPLER, FAIRER, AND MORE EFFICIENT TAX SYSTEM FOR ALL

REMAINING PROPOSALS UNDER PACKAGE 1B

This consists of the Motor Vehicle User Charge (MVUC), the lifting of bank secrecy laws, and the automatic exchange of tax information.

PACKAGE 2 CORPORATE INCOME TAX RATES AND FISCAL INCENTIVES

Covers the reduction of corporate income tax rates from the current 30 percent to 20 percent; as well as the rationalization of fiscal incentives.

PACKAGE 2+ MINING AND SIN TAXES

Increases further the excise tax on both alcohol and tobacco products to provide additional funding for the Universal Health Care (UHC). This also includes increase in the government's share from mining.

PACKAGE 3 PROPERTY VALUATION AND TAXES

Broadens the tax base of property taxes of the national and local governments, thereby increasing government revenues without increasing the existing tax rates or devising new tax impositions.

PACKAGE 4 CAPITAL INCOME AND FINANCIAL TAXES

Rationalization of capital income taxation to address the multiple rates and different tax treatments and exemptions on capital income and other financial instruments.



BUILD, BUILD, BUILD!



RAPID ADMINISTRATIVE RESPONSE FOR INFRASTRUCTURE DEVELOPMENT

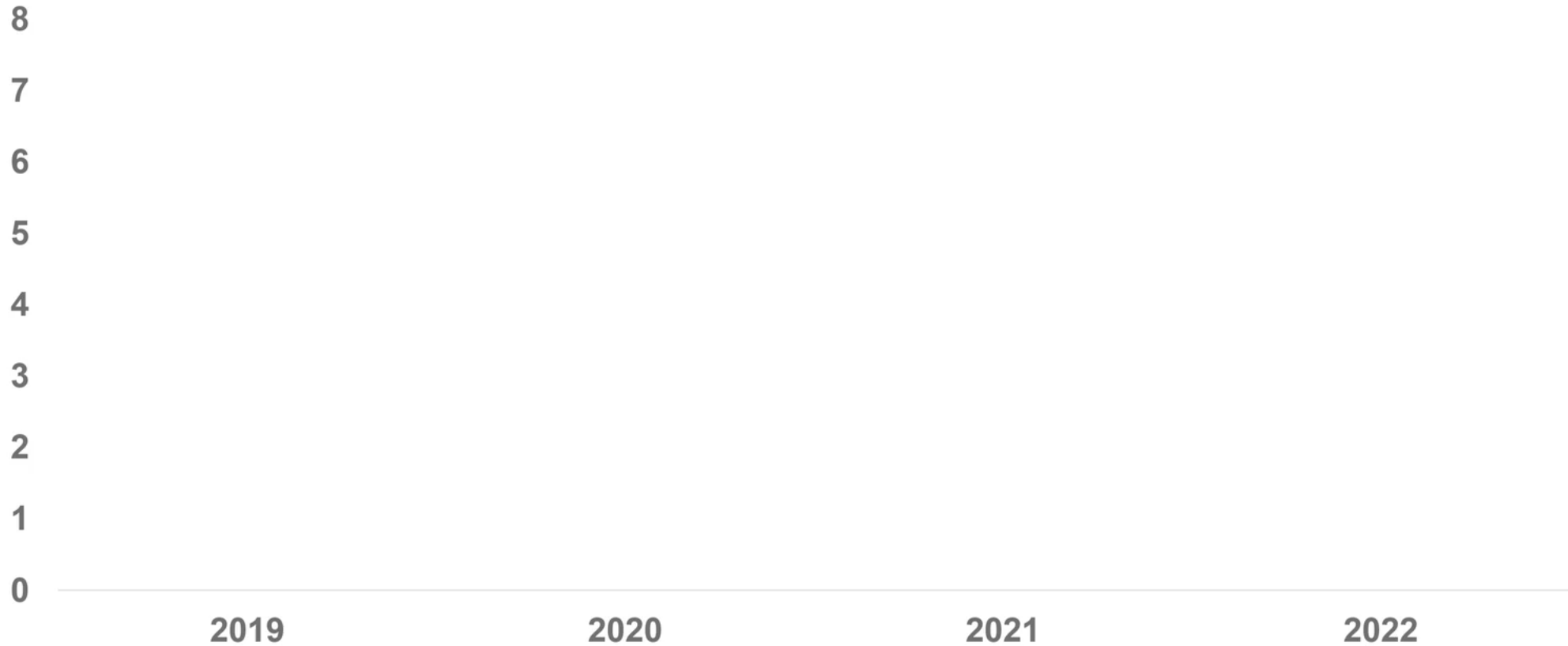
INFRASTRUCTURE DISBURSEMENT AS % OF GDP



Source: Department of Budget and Management

RAPID ADMINISTRATIVE RESPONSE FOR INFRASTRUCTURE DEVELOPMENT

INFRASTRUCTURE APPROPRIATIONS AS % OF GDP



Source: Department of Budget and Management

BUILD, BUILD, BUILD PROGRAM

75 FLAGSHIP INFRASTRUCTURE PROJECTS



**31 ROADS AND
BRIDGES**



**4 WATER
TRANSPORT
PROJECTS**



**12 RAILWAY AND
URBAN TRANSPORT**



**4 FLOOD
MANAGEMENT
PROJECTS**



**11 WATER SUPPLY
AND IRRIGATION
PROJECTS**



**4 POWER
PROJECTS**



**6 AIR TRANSPORT
PROJECTS**

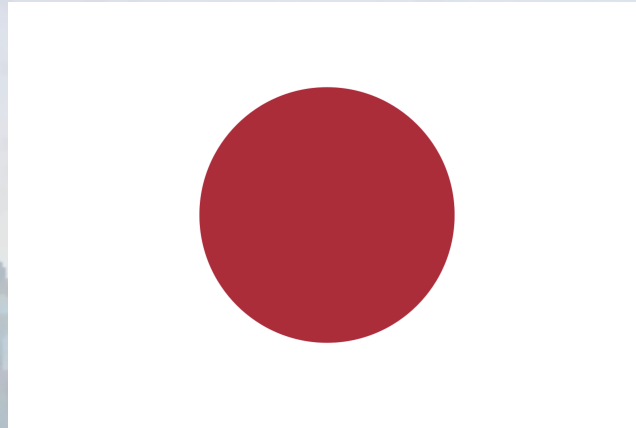


**3 OTHER PUBLIC
INFRASTRUCTURE
PROJECTS**

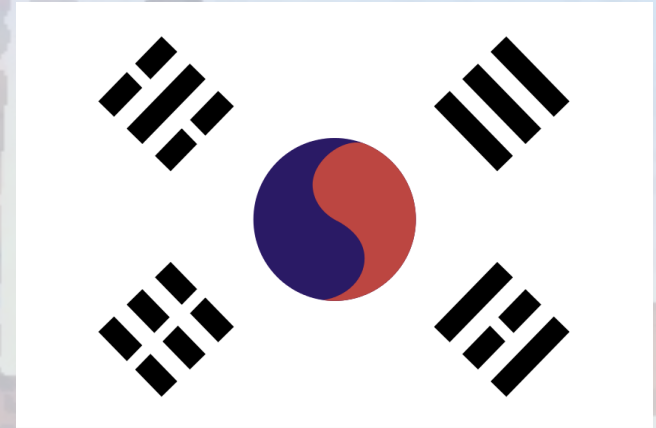
OUR AMBITIOUS INFRASTRUCTURE PROGRAM BENEFITS FROM EXPANDED OFFICIAL DEVELOPMENT ASSISTANCE (ODA) FLOWS FROM OUR FRIENDS IN THE REGION



CHINA committed
USD 9 BILLION
worth of aid and investments



JAPAN pledged
USD 9 BILLION
worth of investment and
development aid package



SOUTH KOREA pledged up
to **USD 1 BILLION**
in official development
assistance



**THIS IS ONE OF THE
SOFTTEST LOANS WE
HAVE EVER
NEGOTIATED.**

The **104.530 billion yen (USD 935 million)-loan agreement** for the first tranche of financing carries an interest rate of **0.10% per annum for non-consulting services** and **0.01% per annum for consulting services.**

It will be payable in **40 years inclusive of a 12-year grace period.**

METRO MANILA SUBWAY PROJECT

HYBRID PUBLIC-PRIVATE PARTNERSHIP MODEL



The government undertakes the projects using **budget allocations, official development assistance, and funds raised from bond flotation**. The completed projects are then passed on to **private partners for management or even acquisition**.

**THIS IS THE FIRST OF THE
DUTERTE ADMINISTRATION'S
HYBRID PPP INFRASTRUCTURE
PROJECTS UNDER THE BUILD,
BUILD, BUILD PROGRAM.**

This is also the **fastest to be implemented by the national government**, setting the template for all the other projects of our strategic infrastructure program.

The project was approved and constructed **in the first 18 months of the Duterte administration.**



**THE CLARK INTERNATIONAL AIRPORT
NEW TERMINAL BUILDING**



**THIS IS THE CENTERPIECE
OF THE DUTERTE
GOVERNMENT'S
AMBITIOUS
INFRASTRUCTURE
PROGRAM**

This will be the first **fully planned, green and technological city** that we will have in the Philippines.

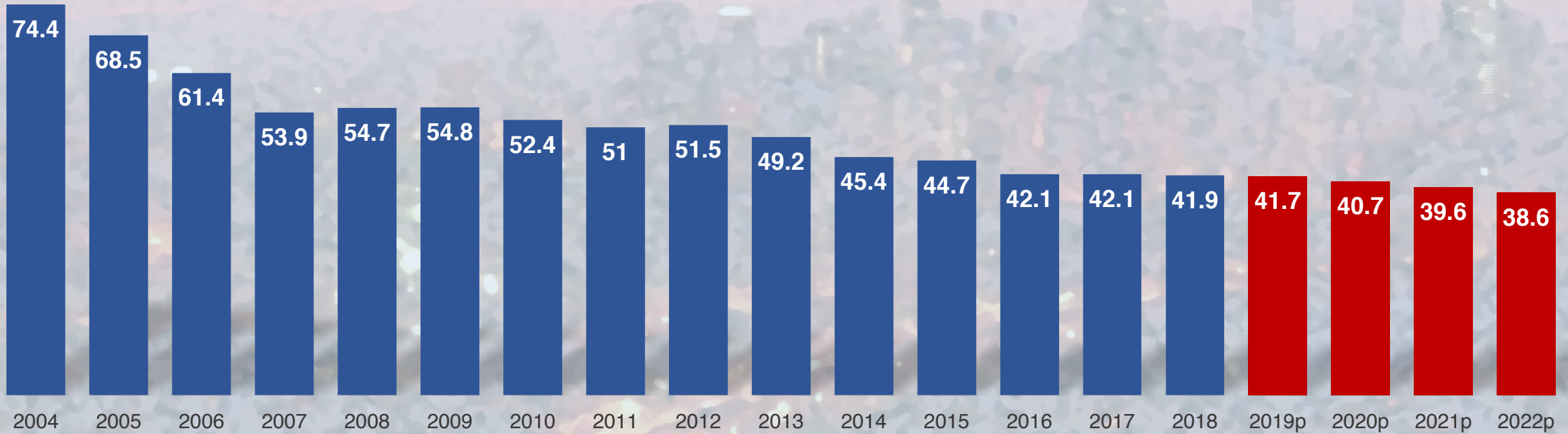
We expect this city to be a strong growth driver for Central Luzon and become the **investment center in Asia.**

THE NEW CLARK CITY

Even as we are pursuing expansionary economic strategies and investing massively in modernizing our infrastructure,
**WE REMAIN COMMITTED TO
MAINTAINING FISCAL DISCIPLINE.**

SUSTAINED DECLINE IN DEBT-TO-GDP RATIO

NATIONAL GOV'T DEBT-TO-GDP

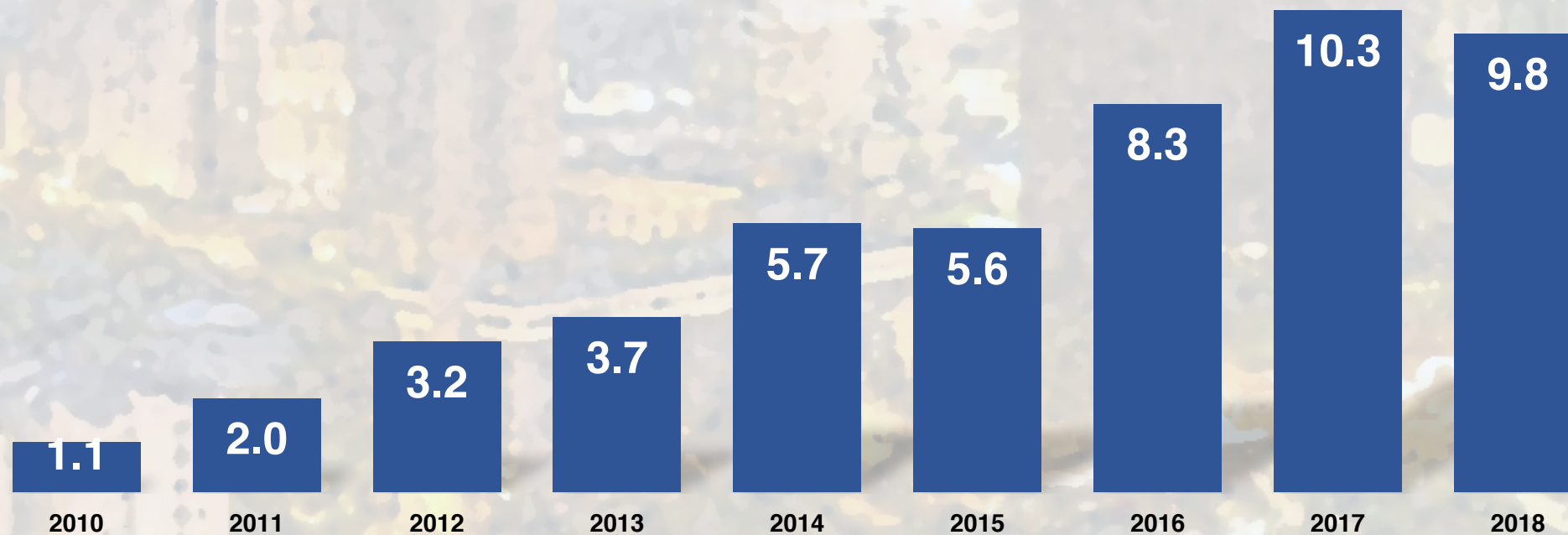


Source: Bureau of the Treasury

RISING INVESTMENTS HIGHLIGHT CONFIDENCE IN THE PHILIPPINES' GROWTH PROSPECTS

Net Foreign Direct Investment (FDI) Flows (In USD Billion)

FDI Inflows is 20.1 billion US dollars two years in a row



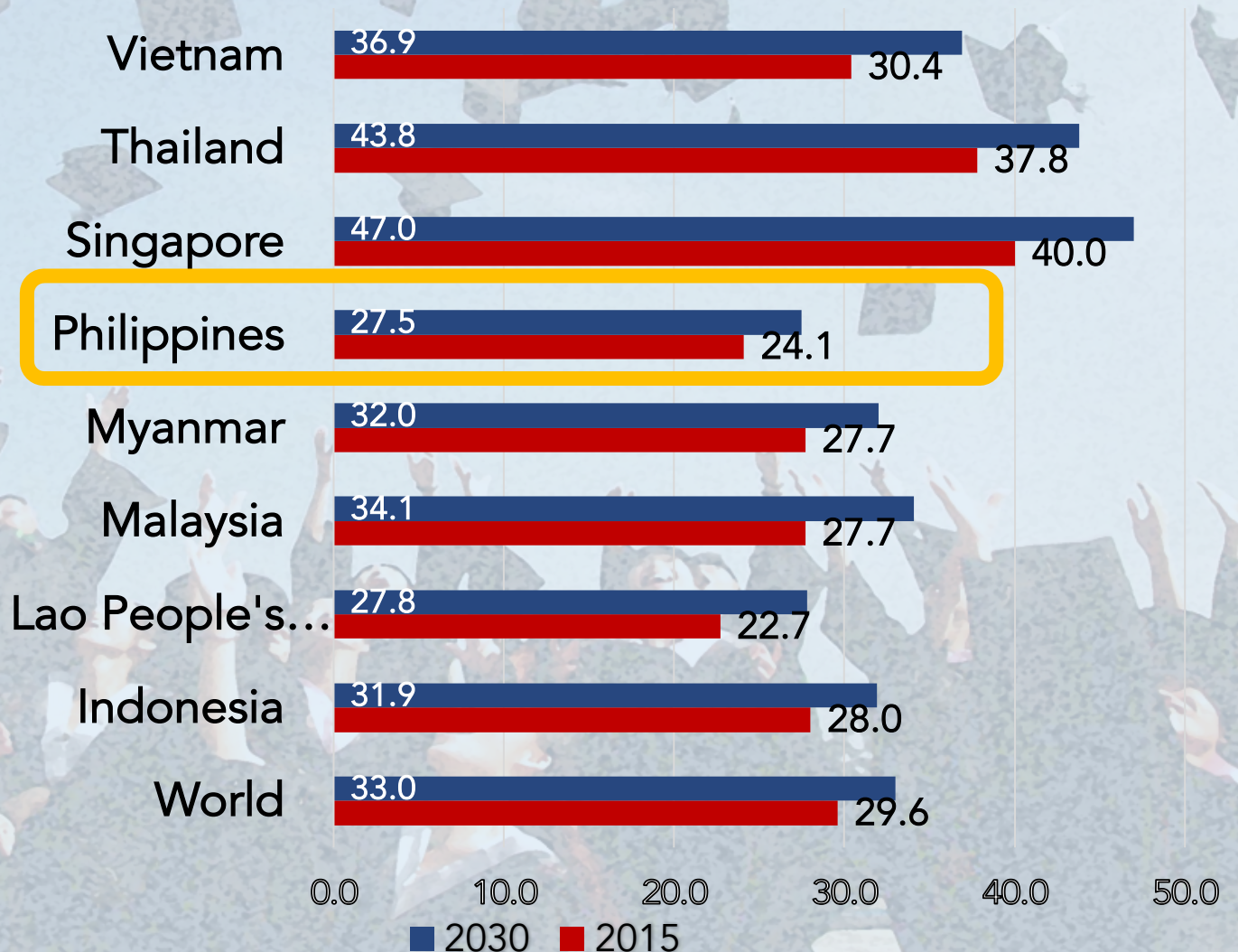
Source: Bangko Sentral ng Pilipinas


YOUNG AND SKILLED WORKFORCE SUPPORTS THE ROBUST ECONOMIC MOMENTUM

**THE PHILIPPINES HAS THE
YOUNGEST MEDIAN AGE COMPARED
TO ITS NEIGHBORS AND THE REST
OF THE WORLD EVEN UP TO 2030.**

THE PHILIPPINES' WORKFORCE IS:

- ✓ Highly educated and English Proficient
- ✓ Strongly customer-oriented
- ✓ Highly trainable with fast learning curve
- ✓ Adaptable to universal cultures
- ✓ High level of commitment and loyalty





We aim to bring down poverty
incidence from 21.6 percent in 2015
to just **14 PERCENT BY 2022**

Photo Source: Headwaters Relief Organization

A group of young Filipinos, likely students, are shown in a line, holding small Philippine flags. They are wearing white school uniforms with dark skirts or trousers. The background is a blurred crowd of people, suggesting a large gathering or event. The lighting is bright, indicating it is daytime. The overall mood is positive and patriotic.

The reward for all the work
we do now is a **better
future for the next
generation of Filipinos.**

Photo Source: <http://hamsternice.blogspot.com>



THE PHILIPPINES IS GRATEFUL FOR ALL THE SUPPORT THE WORLD BANK HAS BEEN SO GENEROUSLY EXTENDING.

Photos from: World Bank Photo Collection



An aerial view of a city skyline at dusk, featuring numerous high-rise buildings and a prominent yellow star in the upper left corner. A semi-transparent Philippine flag is overlaid on the top left, and a semi-transparent banner with the text "JOIN US IN BUILDING A STRONG AND RESILIENT ECONOMY" is centered across the middle. The sky is a mix of blue and purple hues, suggesting sunset or sunrise.

**JOIN US IN BUILDING A STRONG AND
RESILIENT ECONOMY**

WE ARE BUILDING MOMENTUM

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