

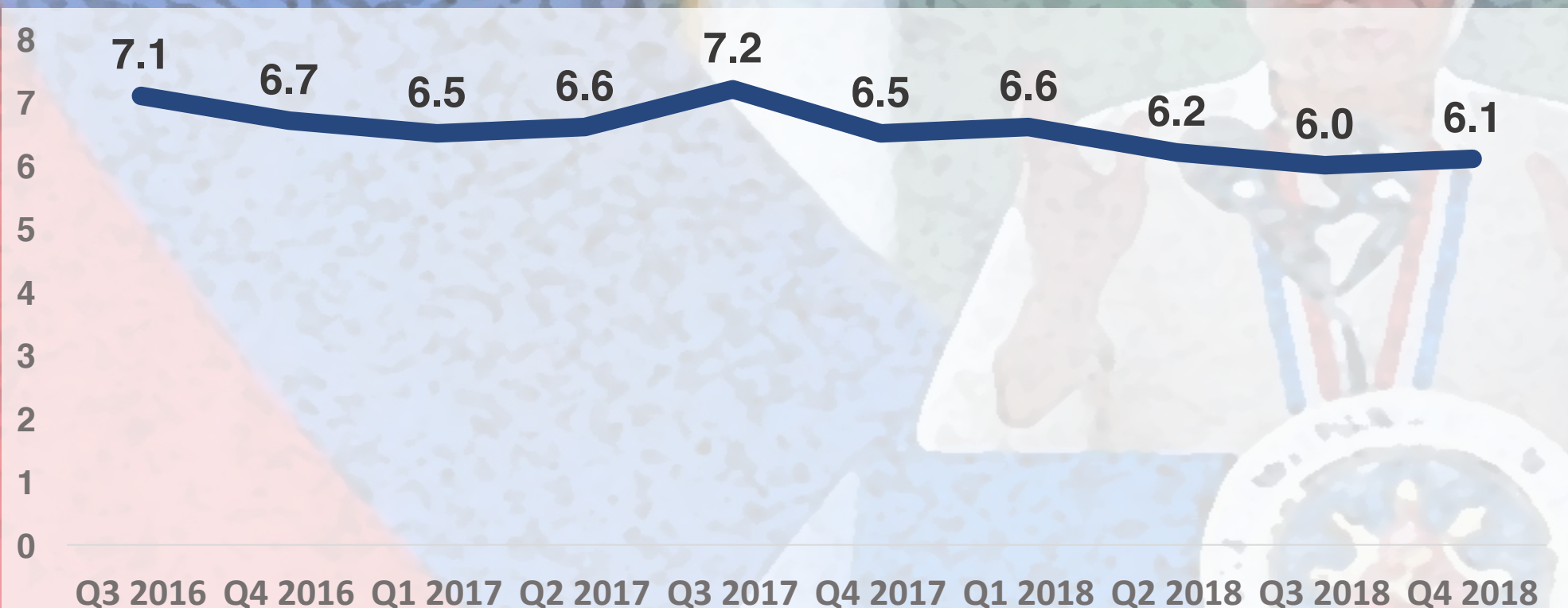
A MORE DYNAMIC AND COMPETITIVE ECONOMY

FINANCE SECRETARY CARLOS G. DOMINGUEZ III
ROTARY INTERNATIONAL DISTRICT 3800 DISTRICT CONFERENCE
MARCH 29, 2019



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



BUILDING AN ENVIRONMENT THAT WILL PRODUCE INCLUSIVE GROWTH



**INCLUSIVE
FINANCIAL SYSTEM**



**BROADER-BASED
TAX SYSTEM**



**ECONOMY DRIVEN
BY INVESTMENTS**



**HIGH QUALITY
INFRASTRUCTURE**

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.

“ 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)



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 REVNUES:
USD 1.4 BILLION
(+18.6% growth)

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



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

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

REVENUE COLLECTION FROM TRAIN 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

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



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.

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.



BUILD BUILD BUILD

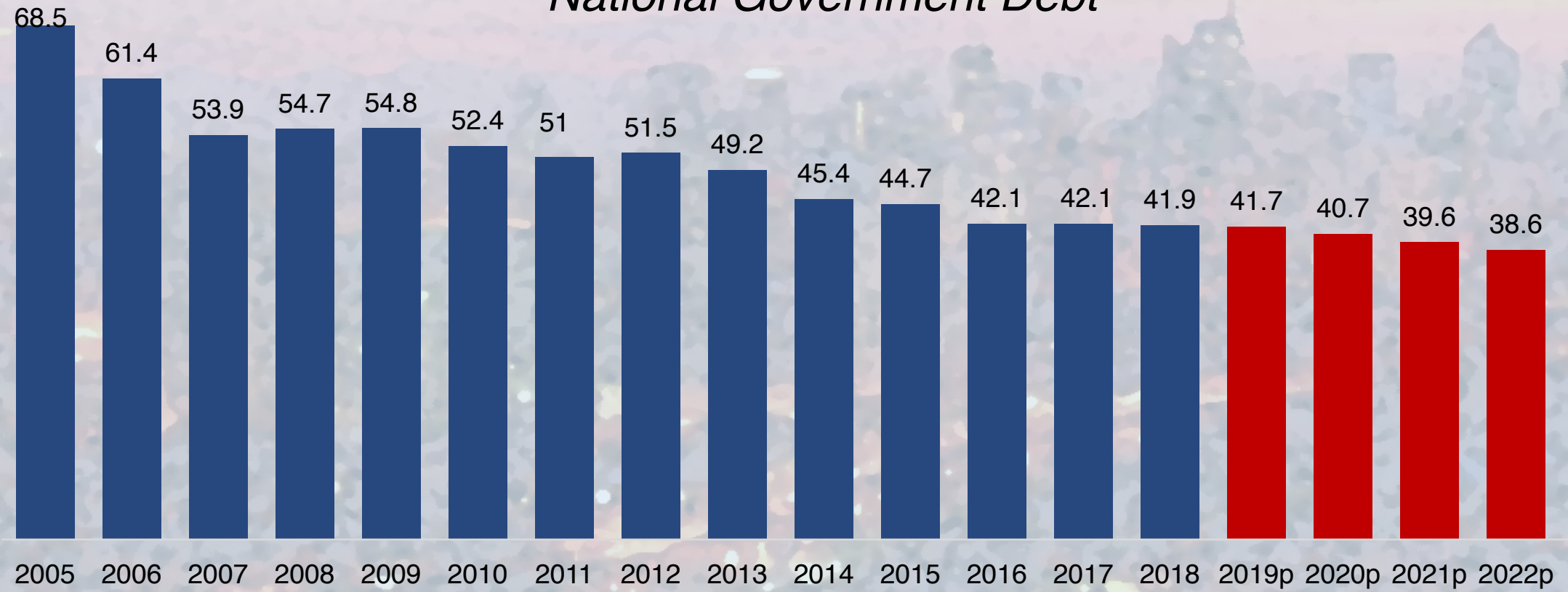
MORE RAILWAYS,
MASS URBAN
TRANSPORT, AIRPORTS
AND SEAPORTS

MORE BRIDGES
AND ROADS

NEW AND BETTER
CITIES

SUSTAINED DECLINE IN DEBT-TO-GDP RATIO

National Government Debt



Source: Bureau of the Treasury

**THE INCREMENTAL REVENUES RAISED FROM THE
TAX REFORM LAW WILL BE DIRECTED TO THE FOLLOWING:**

70%

INFRASTRUCTURE PROGRAM



30%

**SOCIAL SERVICES AND HUMAN
CAPITAL DEVELOPMENT**



BUILD, BUILD, BUILD PROGRAM 75 FLAGSHIP INFRASTRUCTURE PROJECTS



**31 ROADS AND
BRIDGES**



**12 RAILWAY AND
URBAN TRANSPORT**



**11 WATER SUPPLY
AND IRRIGATION
PROJECTS**



**6 AIR TRANSPORT
PROJECTS**



**4 WATER
TRANSPORT
PROJECTS**



**4 FLOOD
MANAGEMENT
PROJECTS**



**4 POWER
PROJECTS**

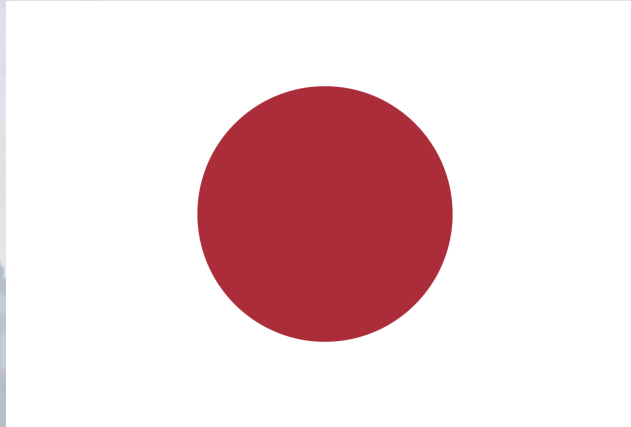


**3 OTHER PUBLIC
INFRASTRUCTURE
PROJECTS**

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

The Philippines **WILL NOT FALL
INTO A DEBT TRAP** to any country
as we expand our infrastructure spending with
official development assistance (ODAs).

Our borrowing program is **VERY CONSERVATIVE**
in the sense that we only borrow to invest in projects that
will **GENERATE ECONOMIC GAINS**
which are greater than the borrowing cost.

**THE FINANCING WE AVAILED OF ARE SOFT LOANS AT THE LOWEST
POSSIBLE INTEREST RATES AND THE LONGEST
POSSIBLE TERM ARRANGEMENTS**

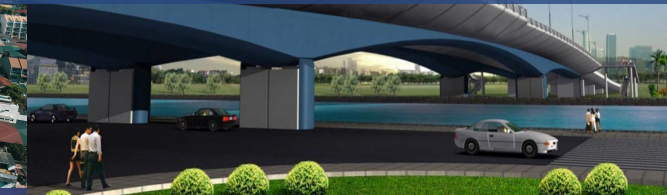
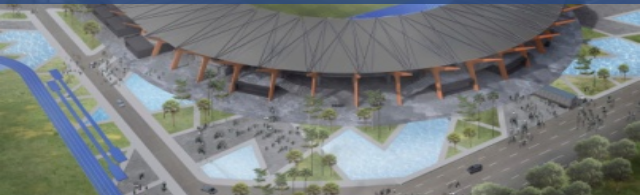
*Estimated Debt Load of Current and Pipeline Project Loans from China
and Japan as Against the Total Debt*

	2018	Including Scheduled until 2022
China	0.66%	4.5%
Japan	8.90%	9.5%

In conformity with the Constitution and laws of the Philippines, **NONE OF ANY OF THE PIPELINE PROJECTS ALLOW FOR THE APPROPRIATION OR TAKEOVER OF DOMESTIC ASSETS** in the event of failure to pay which hollows out our sovereignty.

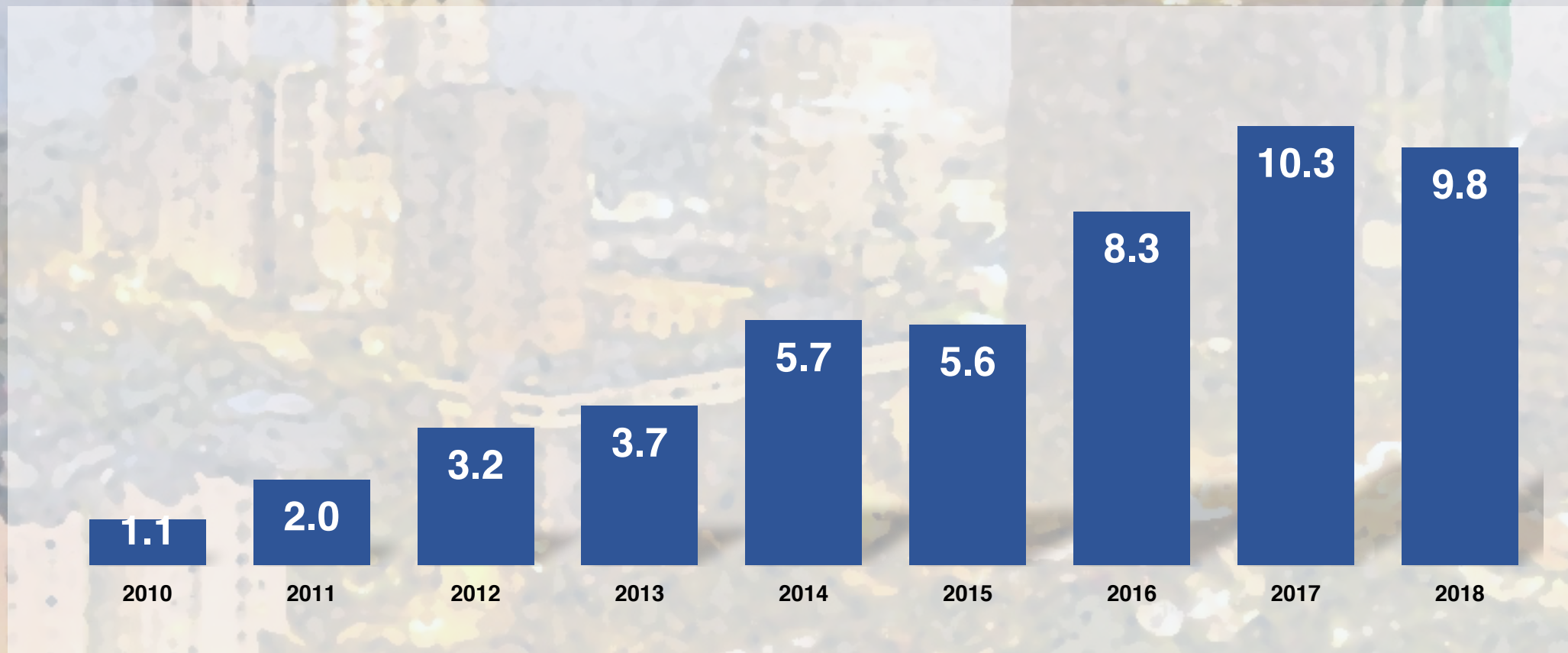


BUILD, BUILD, BUILD!



RIISING INVESTMENTS HIGHLIGHT CONFIDENCE IN THE PHILIPPINES' GROWTH PROSPECTS

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



Source: Bangko Sentral ng Pilipinas

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.

LANDMARK AND GAME-CHANGING POLICY REFORMS



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 ACT

This promotes food security by lowering the price of rice for every Filipino family, thereby further easing inflation. The law also promotes competition by opening up the rice market to both imports and domestic production.



UNIVERSAL HEALTH CARE

Filipinos will now be considered to possess immediate eligibility for and have access to the full spectrum of health care, which includes preventive, promotive, curative, rehabilitative, and palliative care for medical, dental, mental, and emergency health services.



“ The Rice Tariffication Law will stabilize rice prices, further push down inflation, and improve the Philippines’ agricultural productivity as well as open the country’s rice market to private traders. This will reduce the pressure of increasing minimum wages as the price of food goes down. ”

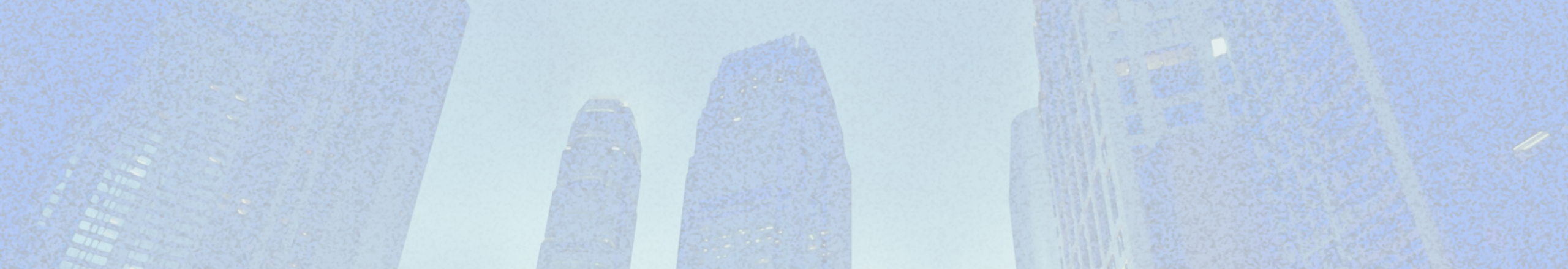
Finance Secretary Carlos Dominguez

said in a speech before Osaka-based investors at the Philippine Economic Briefing in Osaka, Japan on February 22, 2019

Photo Source: Business World




The delay in the passage of the national budget has already meant costs for the national economy.



Based on our estimates, in the first two months of this year, we have lost the opportunity to spend around
**43.7 BILLION PESOS OR ABOUT
740.7 MILLION PESOS A DAY.**





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 Filipino students in school uniforms are holding small Philippine flags. They are smiling and looking towards the camera. The background is slightly blurred, showing more students and greenery. The text is overlaid on the left side of the image.

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>

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