

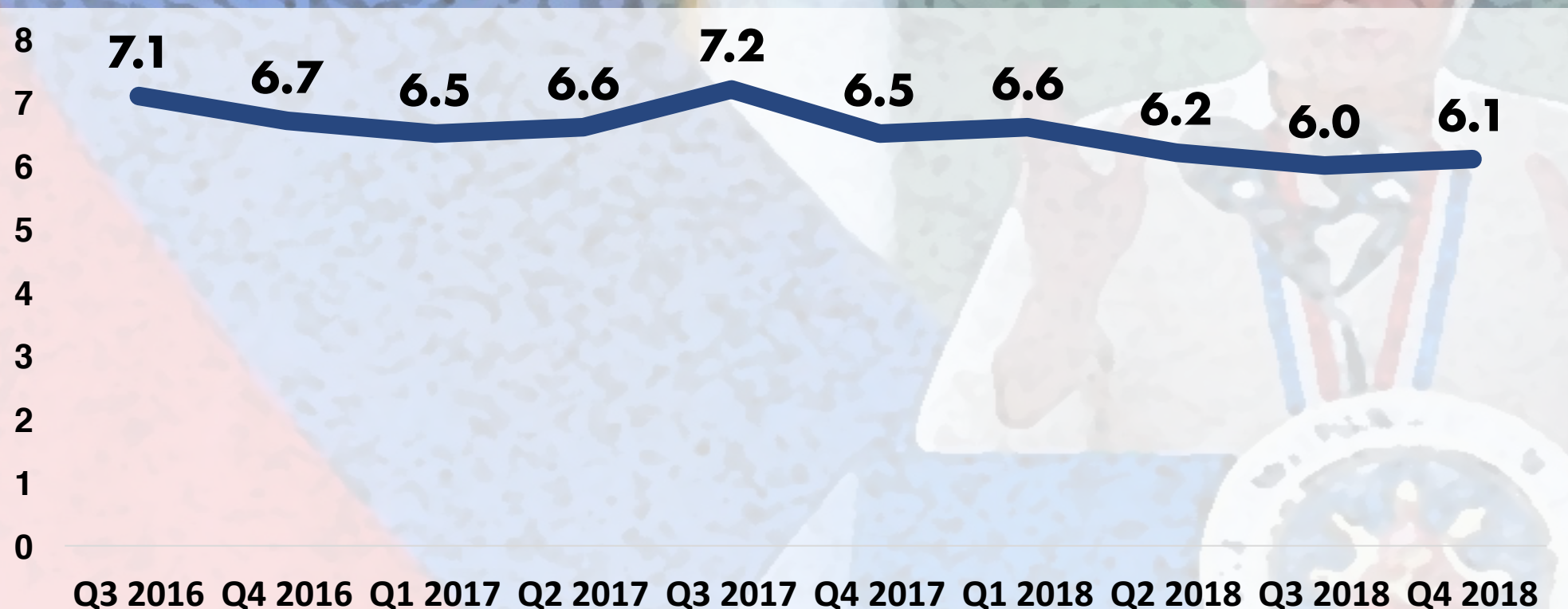
# THE OUTLOOK IS BRIGHT

FINANCE SECRETARY CARLOS G. DOMINGUEZ III  
THE MANILA TIMES 9<sup>TH</sup> BUSINESS FORUM  
MARCH 6, 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





**“ I applaud Congress for the timely passage of the TRAIN law. You have made funds available to build better roads and bridges, and improve health and education, and strengthen our safety and security. ”**

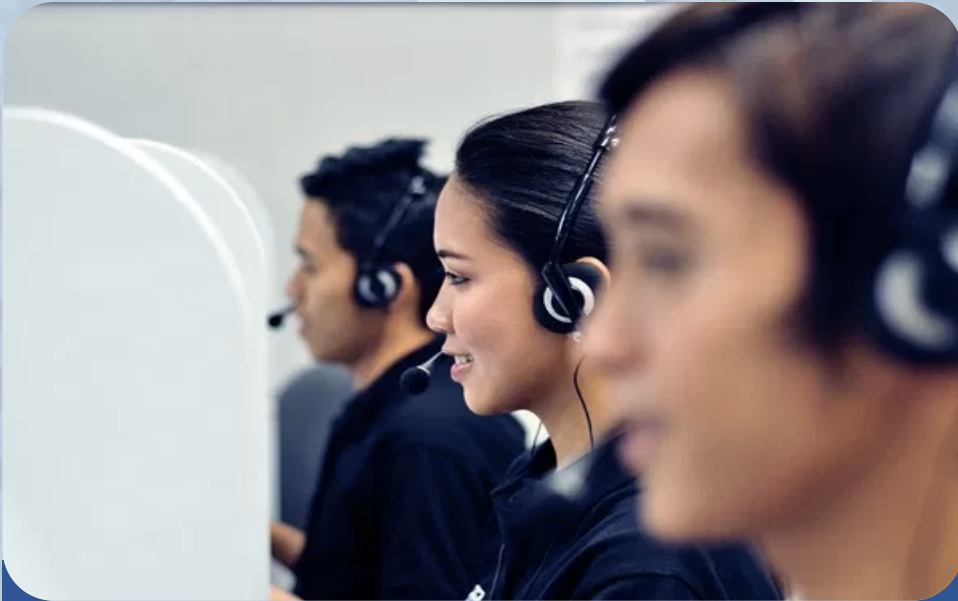
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## **President Rodrigo Duterte**

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**



# 2018 REVENUE AND EXPENDITURE PERFORMANCE

*(In PHP Billions)*

Particulars	2017	2018	Year on Year
<b>Revenues</b>	<b>2,473,132</b>	<b>2,850,184</b>	<b>15%</b>
<b>Tax Revenues</b>	<b>2,250,678</b>	<b>2,565,812</b>	<b>14%</b>
<b>Bureau of Internal Revenue</b>	1,772,321	1,951,850	10%
<b>Bureau of Customs</b>	458,184	593,111	29%
<b>Other Offices</b>	20,173	20,851	3%
<b>Non-Tax Revenues</b>	<b>222,454</b>	<b>284,372</b>	<b>28%</b>
<b>Bureau of the Treasury</b>	99,905	114,199	14%
<b>Other Offices</b>	122,549	170,173	39%
<b>Expenditures</b>	<b>2,823,769</b>	<b>3,408,443</b>	<b>21%</b>

As % of GDP	2017	2018
<b>Revenue Effort</b>	<b>15.6%</b>	<b>16.4%</b>
<b>Tax Effort</b>	<b>14.2%</b>	<b>14.7%</b>
<b>Expenditure Effort</b>	<b>17.9%</b>	<b>19.6%</b>



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



2018 TOTAL SALES:  
**PHP 153 BILLION**  
(+16% growth)

2018 NET INCOME:  
**PHP 8.3 BILLION**  
(+17% growth)



2018 TOTAL SALES:  
**PHP 162.8 BILLION**  
(+17.8% growth)

2018 NET INCOME:  
**PHP 29.2 BILLION**  
(+16% growth)



PRIME  
HOLDINGS

2018 TOTAL SALES:  
**PHP 103.9 BILLION**  
(+17% growth)

2018 NET INCOME:  
**PHP 32.2 BILLION**  
(+17% growth)



2018 (Jan-Sep) TOTAL SALES:  
**PHP 34.4 BILLION**  
(+12% growth)

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



SAN MIGUEL  
FOOD AND BEVERAGE, INC.

2018 (Jan-Sep) TOTAL SALES:  
**PHP 206.6 BILLION**  
(+14.7% growth)

2018 (Jan-Sep) NET INCOME:  
**PHP 22.9 BILLION**  
(+17% growth)



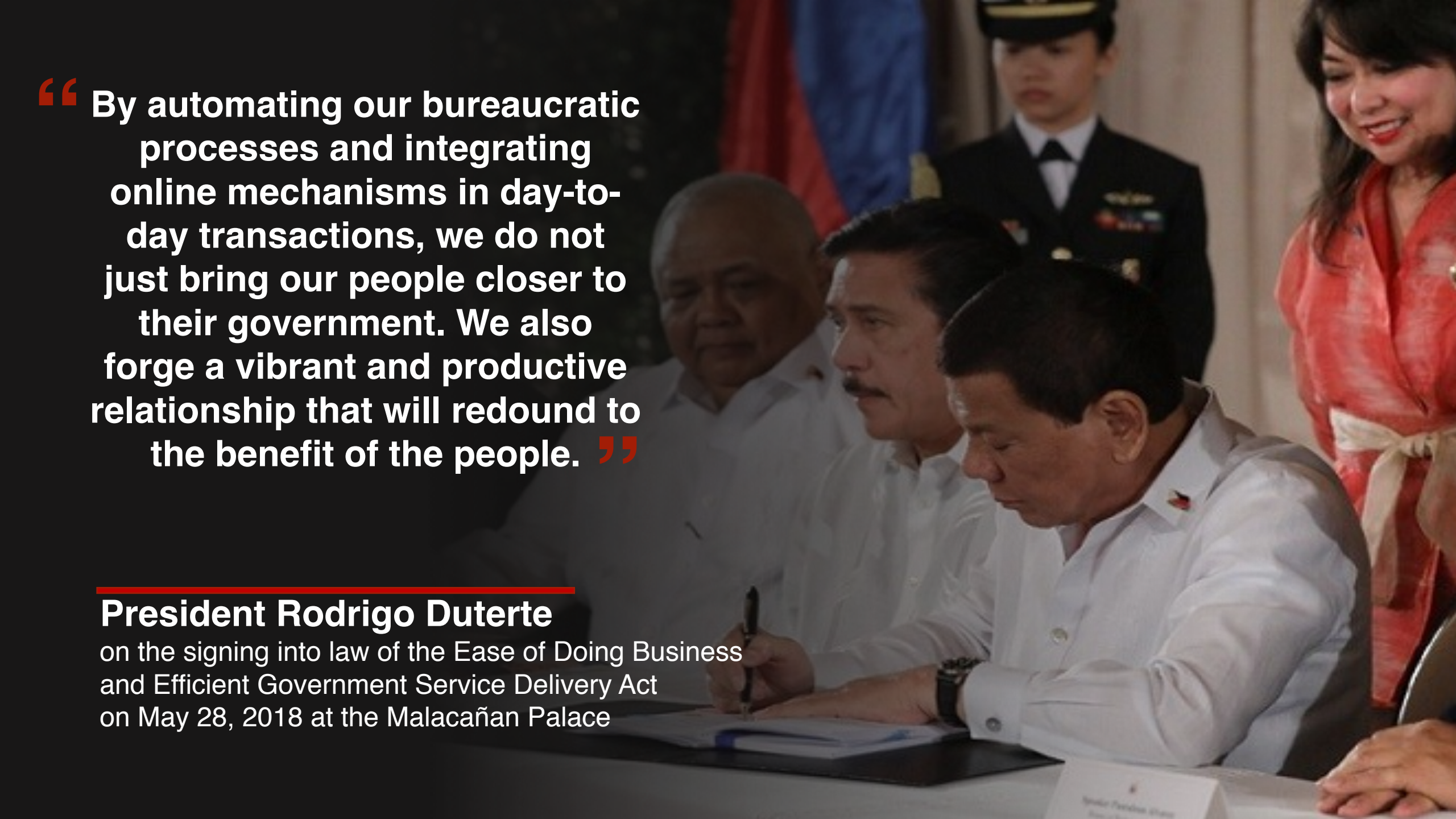
2018 TOTAL NET INTEREST INCOME:  
**PHP 98.3 BILLION**  
(+20% growth)

2018 NET INCOME:  
**PHP 32.7 BILLION**  
(+16% growth)



2018 TOTAL NET INTEREST INCOME:  
**PHP 68.82 BILLION**  
(+12% growth)

2018 NET INCOME:  
**PHP 22 BILLION**  
(+21% growth)

A photograph of President Rodrigo Duterte signing a document. He is seated at a table, wearing a white shirt, and is focused on the document. To his right, a woman in a red dress is smiling. In the background, a man in a dark uniform with a cap is visible. The scene is set in a formal environment, likely the Malacañan Palace.

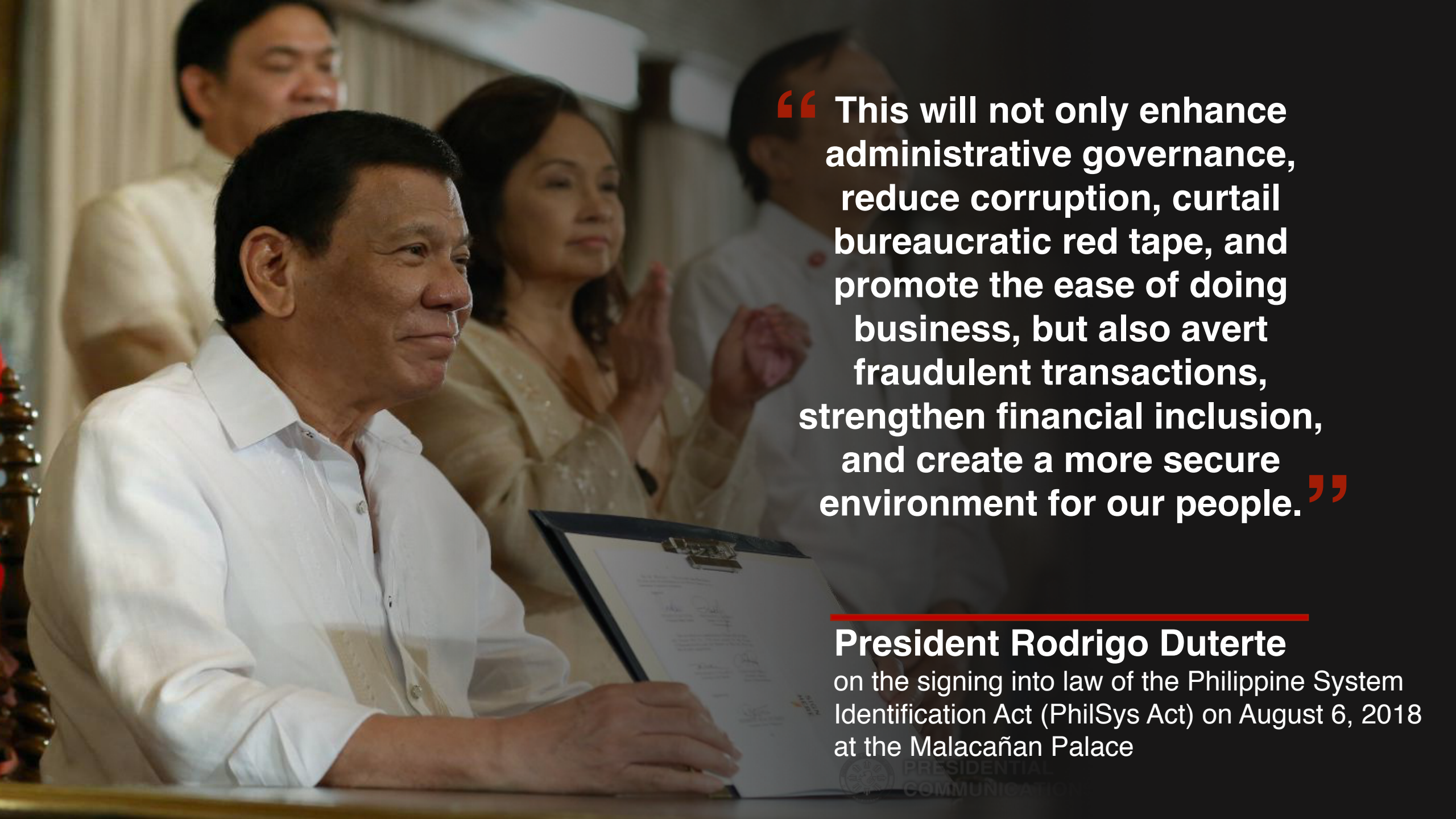
“ By automating our bureaucratic processes and integrating online mechanisms in day-to-day transactions, we do not just bring our people closer to their government. We also forge a vibrant and productive relationship that will redound to the benefit of the people. ”

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## President Rodrigo Duterte

on the signing into law of the Ease of Doing Business and Efficient Government Service Delivery Act on May 28, 2018 at the Malacañan Palace



A photograph of President Rodrigo Duterte in a white shirt, seated at a desk and signing a document. He is looking to his right. In the background, several other people are visible, some of whom are clapping. The setting appears to be an official ceremony.

**“ This will not only enhance administrative governance, reduce corruption, curtail bureaucratic red tape, and promote the ease of doing business, but also avert fraudulent transactions, strengthen financial inclusion, and create a more secure environment for our people. ”**

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**President Rodrigo Duterte**

on the signing into law of the Philippine System Identification Act (PhilSys Act) on August 6, 2018 at the Malacañan Palace





“ Collectively, the amendments are aimed at encouraging entrepreneurship and the formation of new businesses, improving the ease of doing business in the country, promoting good corporate governance, increasing protection afforded to corporations and stockholders, and deterring corporate abuses and fraud. ”

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**SEC Chairperson Emilio B. Aquino** said in a statement on the signing into law of the Revised Corporation Code

*Photo Source: Metro Cebu News*



BSP

**“...the law bolsters the BSP’s capability to promote the stability of prices and the financial system...”**

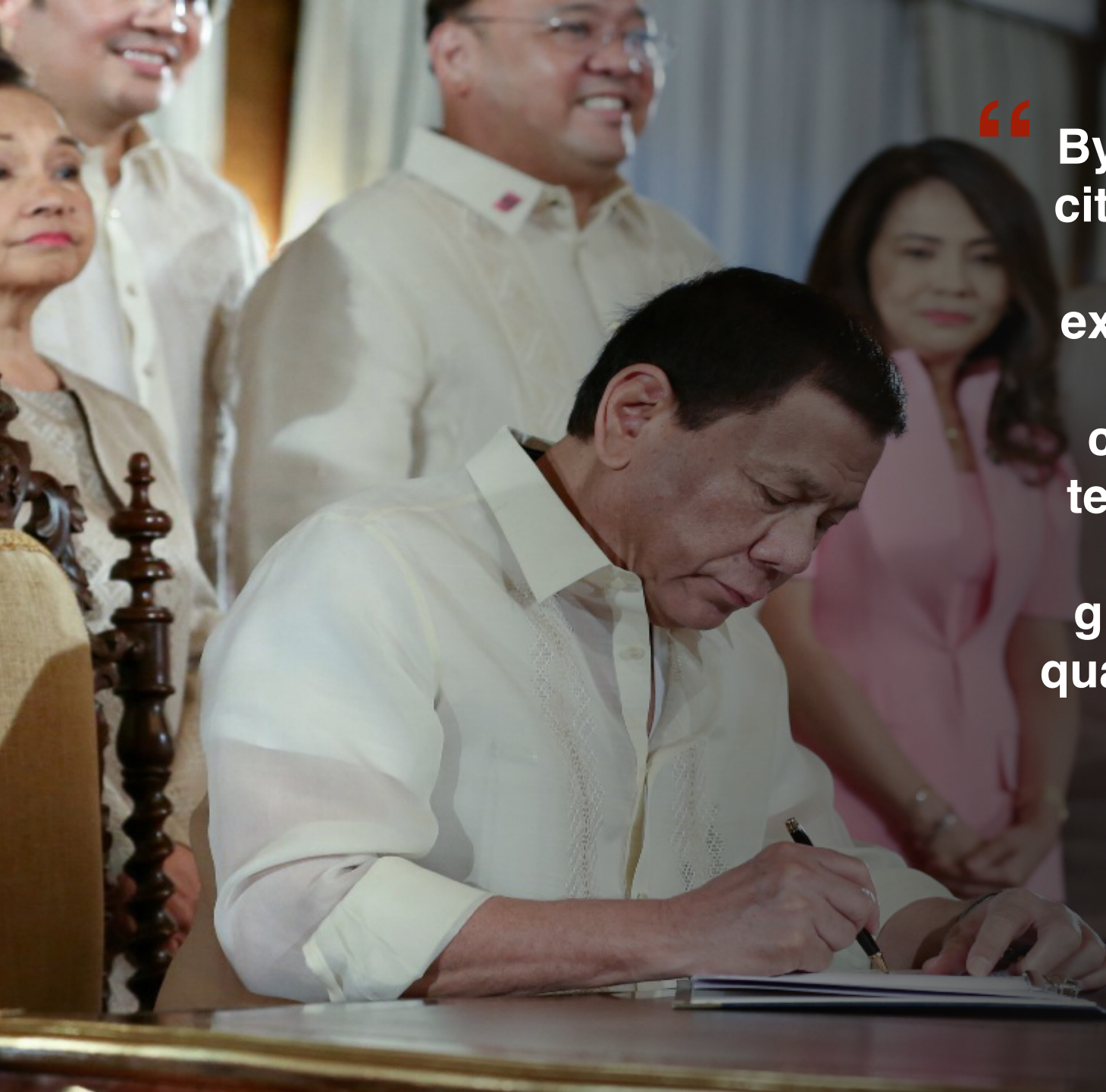
**The amendments to the BSP Charter are both timely and attuned to a fast-evolving market landscape. ”**

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**Former BSP Governor Nestor A. Espenilla Jr.** said in a statement on the signing into law of Republic Act 11211, or “An Act Amending Republic Act 7653, Otherwise Known as the ‘New Central Bank Act’

*Photo Source: Inquirer*





**“ By automatically [enrolling] our citizens into the National Health Insurance Program and expanding PhilHealth coverage to include free medical consultations and laboratory tests, the Universal Healthcare Law that I signed today will guarantee equitable access to quality and affordable healthcare services for all Filipinos. ”**

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**President Rodrigo Duterte**

on the signing into law of the Universal Health Care Act on February 20, 2019 at the Malacañan Palace





**“ 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. ”**

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**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*

# RICE TARIFFICATION ACT (RA 11203)

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 NFA to source emergency buffer stock solely from local farmers

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



# 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+ 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



# Clark International Airport Expansion Project

*With the construction of the new world-class terminal building, which broke ground last December 2017, the airport is projected to accommodate 8 million passengers per annum.*





# Tarlac–Pangasinan–La Union Expressway

*89.31 km expressway from Tarlac City to Rosario, La Union. Travel time between Tarlac City and Rosario, La Union will be reduced from 3.5 hours to 1 hour.*





# Cavite–Laguna Expressway

*45.29 km expressway connecting CAVITEX in Kawit, Cavite and SLEX–Mamplasan interchange in Biñan, Laguna. Travel time from CAVITEX and SLEX will be reduced from 1.5 hours to 45 minutes.*





# Bonifacio Global City to Ortigas Center Road Link Project

*Will decongest traffic from EDSA and C-5 particularly along the section of Guadalupe Bridge and Bagong Ilog Bridge, respectively. Travel time between Bonifacio Global City and Ortigas Central Business District will be reduced to 12 minutes from the current one hour.*



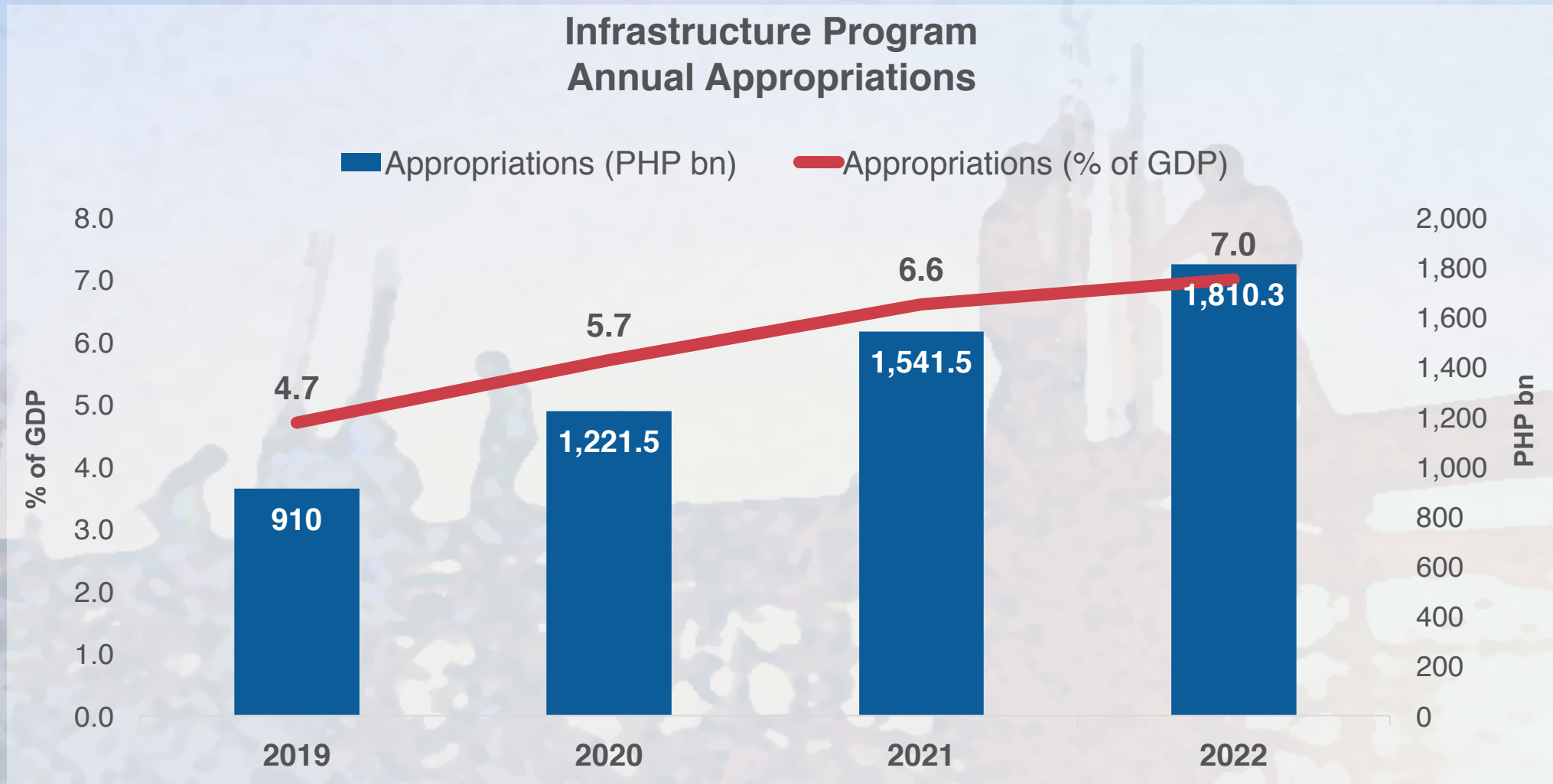


# LRT Line 2 Masinag Extension

*The construction of a four –kilometer extension of the existing LRT 2 System from Santolan, Pasig City to Masinag in Antipolo, Rizal. Travel time from Recto to Masinag will soon be reduced to 40 minutes compared to the usual travel of up to 3 hours in the same route by bus or jeepneys.*



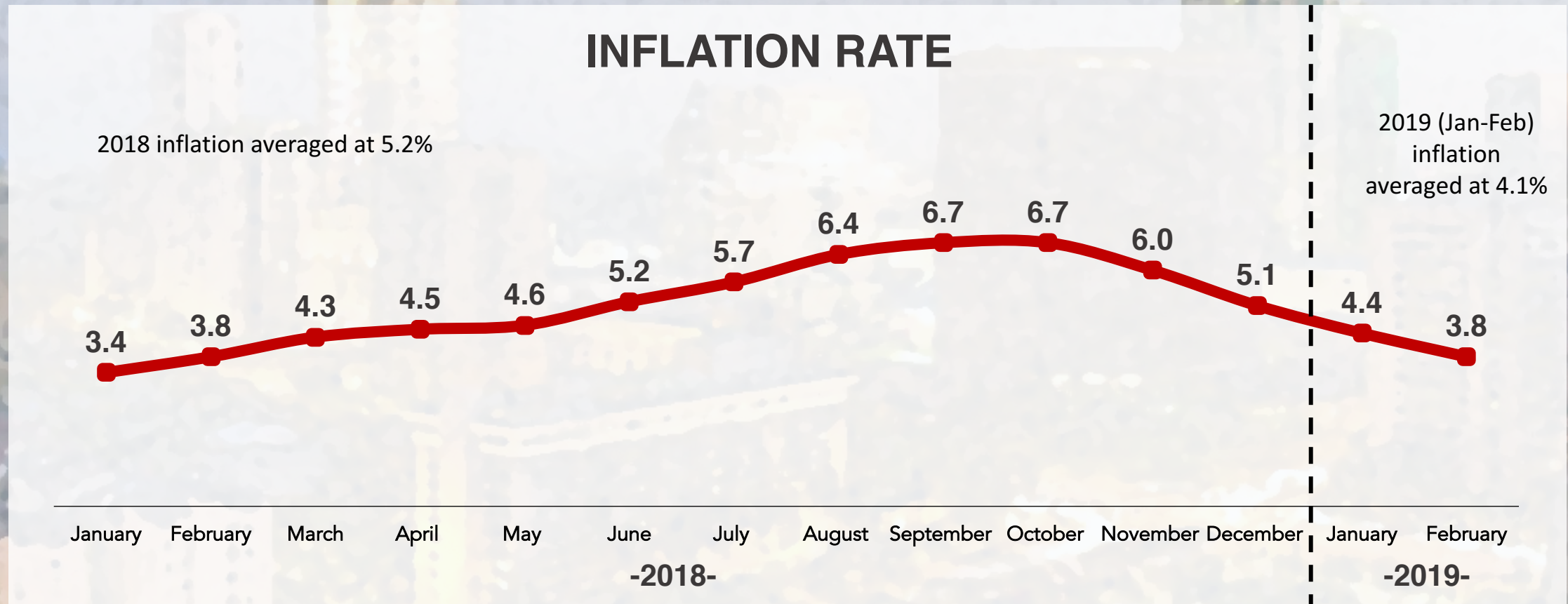
# RAPID ADMINISTRATIVE RESPONSE FOR INFRASTRUCTURE DEVELOPMENT



Source: Department of Budget and Management




# INCLUSIVE ECONOMIC GROWTH IS MADE EVEN BRIGHTER BY THE EXPECTED DECELERATION OF OUR INFLATION RATE



Source: Philippine Statistics Authority





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

*Photo Source: Headwaters Relief Organization*



# RISING INVESTMENTS HIGHLIGHT CONFIDENCE IN THE PHILIPPINES' GROWTH PROSPECTS

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





# 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.






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

*Photo Source: Justin James Wright (gettyimages)*



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 public event or ceremony. The lighting is bright, indicating it is daytime.

**The next generations of  
Filipinos will be better off  
because of what we  
accomplish today.**

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



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