

**MUNICIPAL TREASURERS ASSOCIATION OF THE PHILIPPINES**  
2019 NATIONAL CONVENTION AND SEMINAR WORKSHOP  
ILOILO GRAND HOTEL, ILOILO CITY

# **THE PHILIPPINE ECONOMY:** *Surging to greater heights*

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# Vision for the Philippines

By 2022



**21.6%** → **13-15%**  
**poverty rate reduced**  
*(6 million Filipinos uplifted)*

**Extreme poverty eradicated**

**3,500** → **3,996**  
USD                      USD

**Increase in Gross National Income (GNI)**  
*(achieve upper-middle income status where Thailand and China are today)*

**3,500** → **12,376**  
USD                      USD

**Increase in Gross National Income (GNI)**  
*(achieve high income status where Malaysia and South Korea are today)*

# Some economic priorities in next three years

## 1. Accelerate implementation of the Build Build Build infrastructure program.



# Some economic priorities in next three years

## 2. Pursue economic reforms to increase FDI and jobs. Priority bills include

- Public Service Act amendment
- Retail Trade Liberalization Act amendment
- Foreign Investment Act amendment



# Some economic priorities in next three years

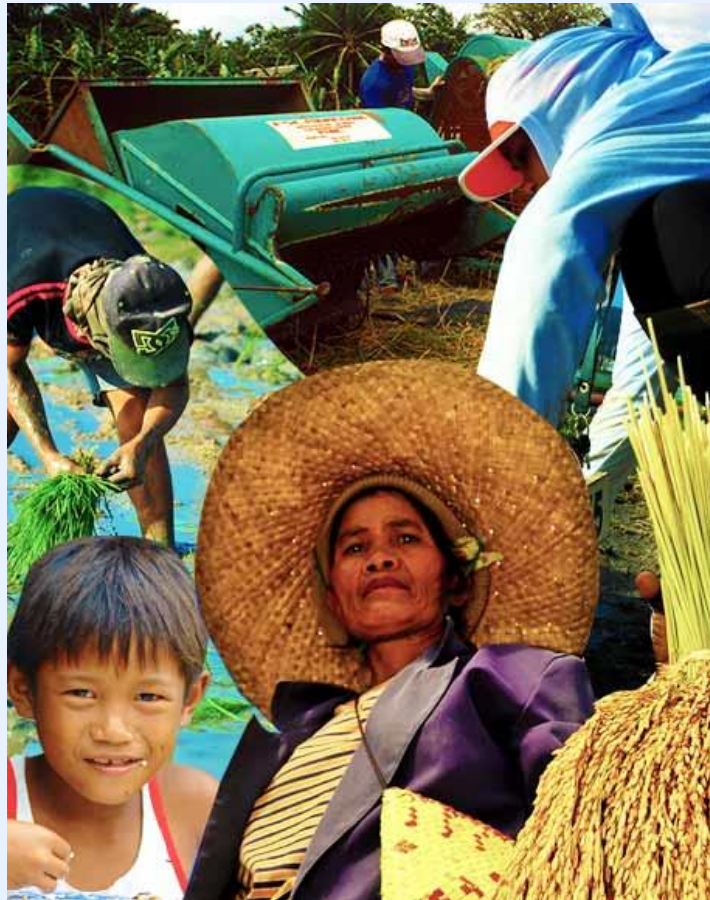
## 3. Improve implementation of existing reforms such as

- National ID
- Ease of doing business
- Universal health care
- Rice liberalization
- Social programs to increase investment in health, education, and social protection
- Building resilience to climate change



# Some economic priorities in next three years

4. Improve the productivity of agriculture, including distribution of individual titles to land reform beneficiaries.



# Some economic priorities in next three years

5. Pursue the remaining tax reform packages to make the tax system simpler, fairer, and more efficient, while ensuring sustainable financing for the infrastructure program. Four major packages remain:



**Package 2**

**Corporate income tax  
and incentives reform**



**Package 2+**

**Alcohol and  
e-cigarette excise**



**Package 3**

**Property valuation**



**Package 4**

**Passive income  
and financial taxes**

# PACKAGE 2 (CITIRA) MAIN HIGHLIGHTS

## Reduction of corporate income tax rates

30% down to 20% over ten years;  
attract investments to fuel economic growth;  
benefit SMEs that employ the biggest number of Filipinos.

## Rationalization of fiscal incentives

A level playing field for our enterprises;  
attract new players to compete.



# FOUR MAIN PRINCIPLES FOR TAX INCENTIVES



**Performance-based**



**Time-bound**

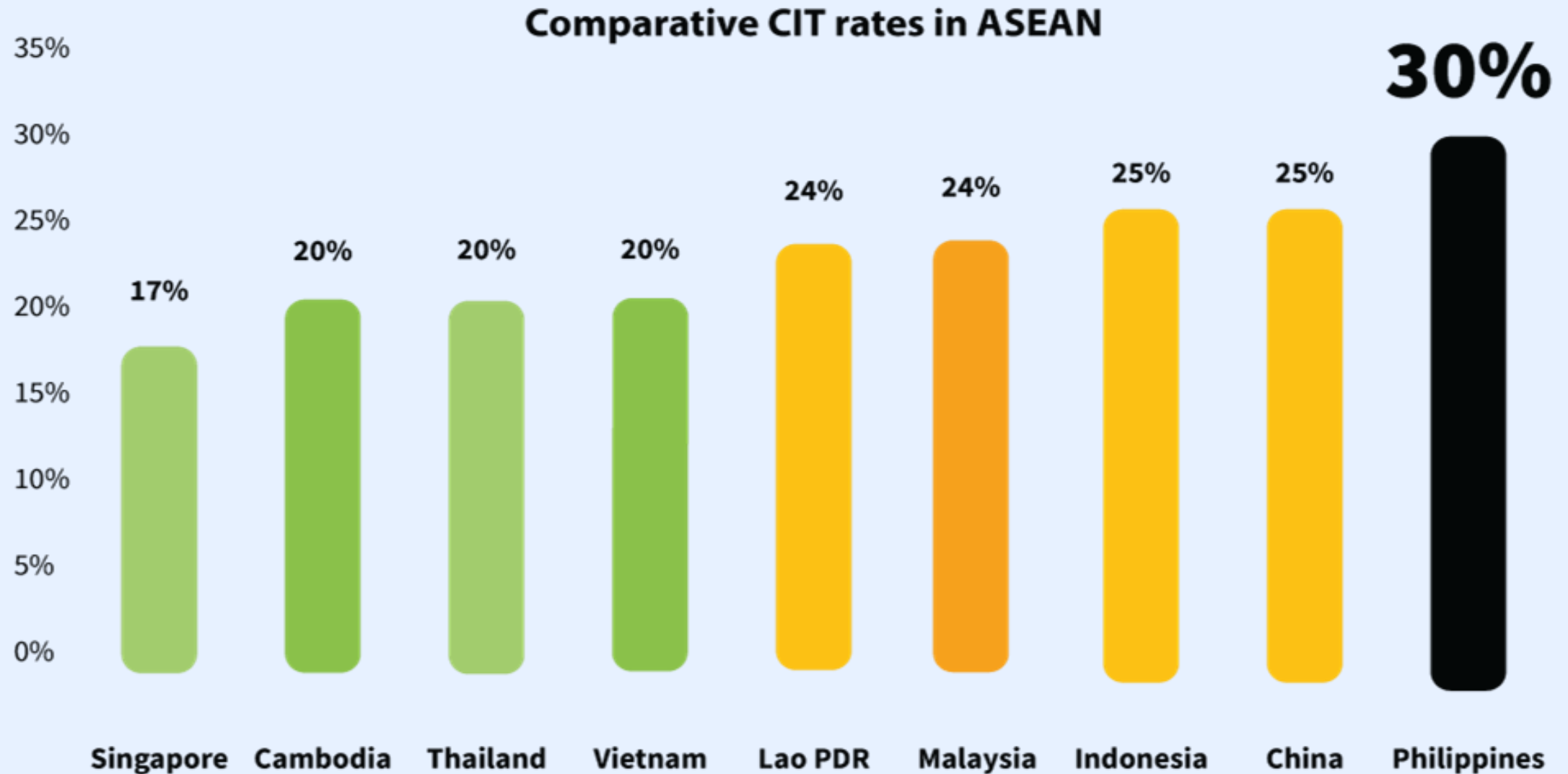


**Targeted**



**Transparent**

# Comparative CIT rates in ASEAN

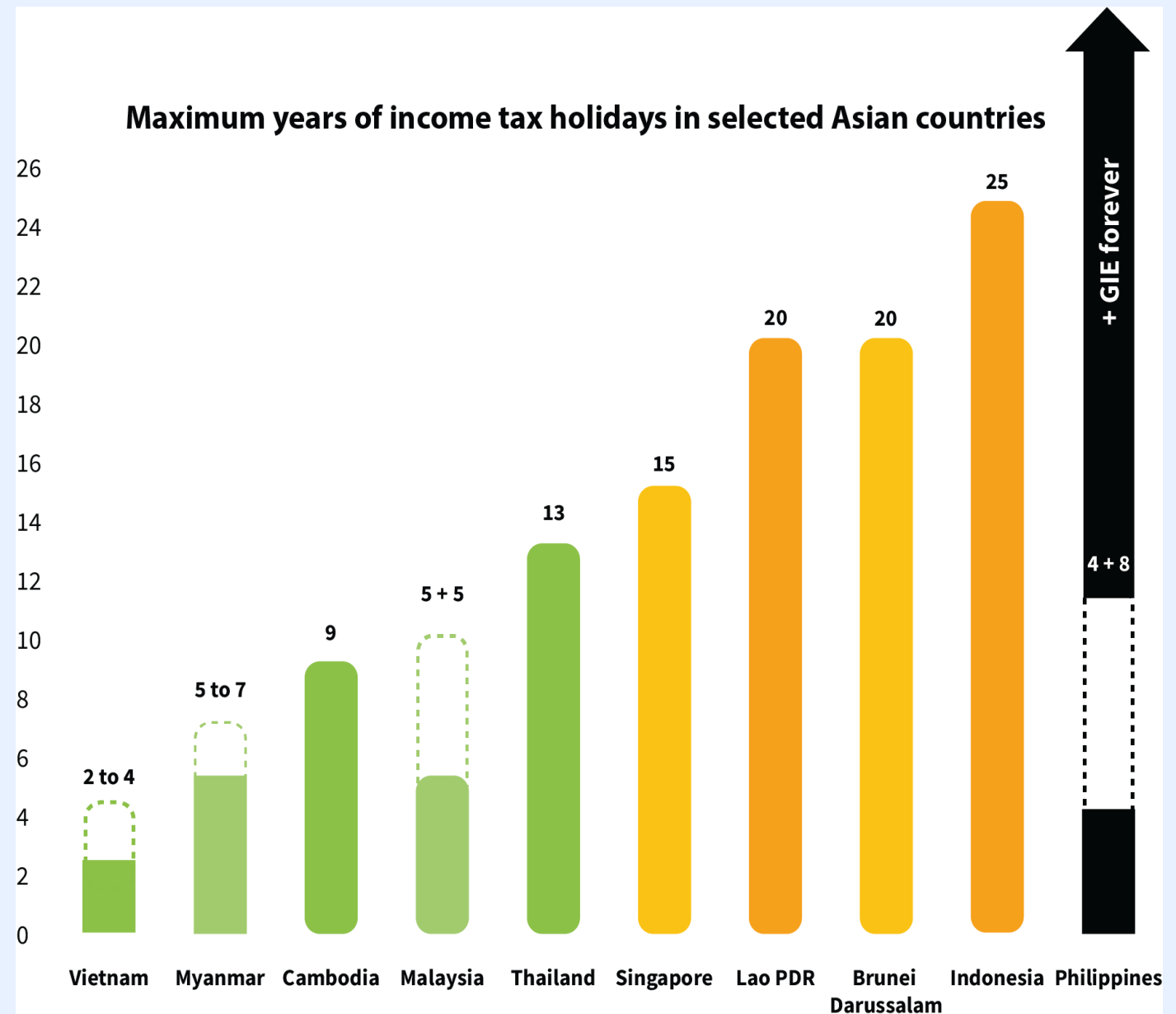


# We have a complex tax incentives system.

We grant the most generous fiscal incentives since they are in lieu of all taxes and given **forever**.

- **13 IPAs**
- **133 investment laws and 209 non-investment laws, total of 342 special laws**
- **549 ecozones and freeports**

Source: Individual country finance agencies and investment promotion offices.



# **Package 3**

# Property Valuation Reform

# Property valuation reforms

## Effects of outdated land values



1 Unrealized revenues and socio-economic benefits from delayed projects



2 Conflicting land values result in right-of-way compensation problems



3 Lengthy court litigations arising from valuation disputes



4 Projects are delayed

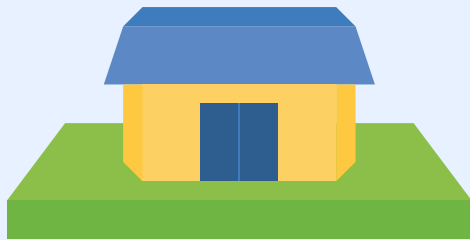


5 Cost overruns

# Property valuation reforms

## Solve issues on valuation

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- Multiple, overlapping valuations
- Outdated valuations. Only 36.6% LGUs and 60% RDOs have updated values.
- Costs incurred, revenues foregone: overvaluation when government pays, undervaluation when government collects
- No single agency responsible for ensuring that valuations are completed in accordance with international standards
- Absence of a comprehensive real property electronic database

# Property valuation reforms

## Benefits



Single Valuation Base

1



Uniform Standards

2



Comprehensive Database

3



Increased Revenues

4



Improve Local Autonomy

5



Higher Investor Confidence

6



Guaranteed Benefit of  
Education Sector

7



Reduced Government Costs

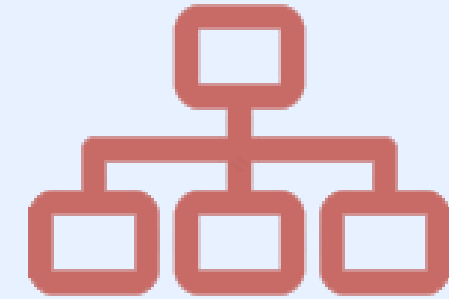
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# Property valuation reforms



Adopt international standards,  
rationalize the process

Establish single valuation base for  
taxation, benchmark for other purposes



## VALUATION

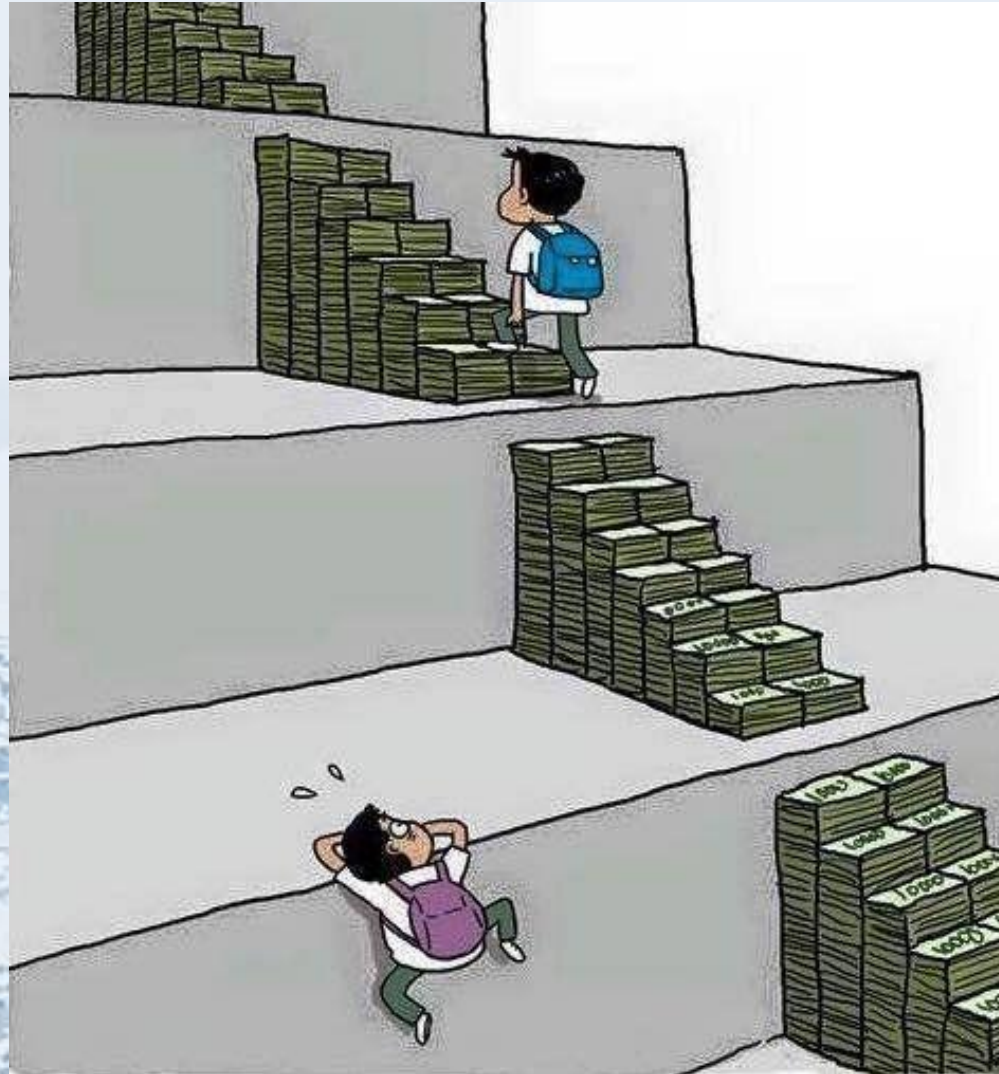
Insulate valuation from undue politicization.

Recentralize the neglected function  
of LGUs; improve oversight by NG

Establish comprehensive database  
to support valuation function



# Reform as bridging the future



# Let's be partners for change!

For more information, please visit:

# [dof.gov.ph/taxreform](https://dof.gov.ph/taxreform)



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