

KEY TAKEAWAYS FROM THE TMAP 2016 ELECTIONS
TAX POLICY SURVEY AMONG THE PRESIDENTIABLES

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Questions Answered YES by All Presidentiables

All of the 5 Presidentiables categorically answered YES to the following:

- Institute moves for a genuine comprehensive tax reform, which is a priority,
- Support the immediate adjustment of the personal income tax brackets,
- Passage of the fiscal incentives rationalization act,
- Adoption of institutional reforms, drastic reforms to improve performance (reorganization of tax administrations and human resources, increase pay with greater accountability), at the BIR and BoC,
- Strongly push for the elimination of corruption at the BIR and BoC, and
- Support the lifting of the bank secrecy law consistent with international standards to enable revenue authorities to combat tax evasion.

The 5 Presidentiables affirmatively answered the following questions, except that Poe would have her tax reform commission determine the threshold or amount:

- Adoption of a simplified manner of computing net income for self-employed individuals and professionals with annual gross sales/receipts of P10 million or below, including simplified tax return filing, bookkeeping and invoicing requirements, and
- Exempting marginal income earners (those with gross annual sales/receipt not exceeding P100,000) from tax and from administrative requirements.

Automatic adjustment of the Tax Brackets

Candidates Poe, Santiago and Binay agree that the tax brackets should be indexed and adjustments should be done automatically every three years, to this Roxas and Duterte disagree.

On whether the adjustment will take place during the first 100 days of the new administration, Poe and Binay answered in the affirmative. Duterte and Santiago would have it in 6 months or 180 days, while Roxas committed to launch a review during the first 100 days of his administration.

Reduction of Corporate and Individual Income Tax Rates

Four of the five Presidentiables answered yes when asked if they will initiate and/or support the reduction of corporate and individual income tax rates. Roxas thinks that the issue on tax rates should be part of a comprehensive tax reform package.

Increase in VAT Rate and VAT Coverage

Santiago would gradually increase VAT rate to 15% in 2019. Poe, Binay and Duterte categorically said no to an increase in the VAT rate. For Roxas, there would be no increase at the moment.

When asked if they will consider broadening further the VAT base by revisiting the exemptions and effectively including more transactions subject to VAT, both Poe and Santiago said yes, while Binay and Duterte said no.

Increasing Excise Tax on Petroleum, Alcohol and Luxury Vehicles

On increasing the excise tax rates on petroleum products, Poe, Santiago and Binay are in favor, while Roxas and Duterte said no.

On increasing excise tax on alcohol products, luxury or high-end automobiles, and other non-essential goods to increase tax collection, Santiago, Duterte, and Poe said yes, with Poe further proposing to introduce excise tax on sugar sweetened beverages and non-essential beauty products/services. Roxas is open to review the excise tax on these items. Binay is the only one who said no.

Estate Tax

Two candidates, Binay and Santiago would consider the abolition of the estate tax. Roxas is open to reviewing estate tax. Duterte thinks that a review or careful study should be made before changes are made.

Poe and Roxas favor increasing the family home deduction and the standard deduction as well as the adjustment of the estate tax brackets.

Tax Amnesty

Four of the five Presidentiables would consider granting a tax amnesty program as a prelude to the adoption of a comprehensive tax reform program. While Poe did not say yes, she would leave the matter for her tax reform commission to explore.