



Photos from the schools' respective Facebook pages

Congress Gives Reprieve to Private Schools

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On September 27, 2021 the Senate of the Philippines, in a unanimous vote of 23-0-0, approved on Third Reading Senate Bill No. 2407¹ under Committee Report No. 311. The bill seeks to reiterate the legislative intent that proprietary educational institutions are subject to the preferential rate of 10-percent corporate income tax, and that this rate is temporarily reduced to 1-percent for the period July 1, 2020 up to June 30, 2023 under RA 11534 or the CREATE law.

Senate Bill 2407, in substitution of SBN 2272² and in consideration of HBN 9913³, was a reaction to the Bureau of Internal Revenue's issuance of Revenue Regulations 5-2021 (the Implementing Rules and Regulations of the CREATE law) on April 8, 2021.

Under RR 5-2021 the BIR specifically stated that ONLY NON-PROFIT proprietary educational institutions can avail of the preferential rate of 10%. The BIR relied on the Supreme Court decision in Commissioner of Internal Revenue vs. De La Salle University, Inc. G.R. No. 196596 dated November 9, 2016 which reads in part, "xxx By the Tax Code's clear terms, a proprietary educational institution is entitled only to the reduced rate of 10% corporate income tax. The reduced rate is applicable only if: (1) the proprietary educational institution is nonprofit and (2) its gross income from unrelated trade, business or activity does not exceed 50% of its total gross income. Xxx"

In her sponsorship speech, Sen. Pia S.

Cayetano, the chairperson of the Committee on Ways and Means, stated that the Committee Report effectively clarifies that the preferential rate of 10% under the National Internal Revenue Code, which was lowered by the CREATE Act to 1% from July 1, 2020 until June 30, 2023, applies TO ALL private schools, thereby putting an end to the debates as to whether “for-profit” private schools are covered or not.

Sen. Sonny Angara, the principal author of SBN 2272, lamented the wrong interpretation attributed by the BIR to the legislators’ intent, saying that precisely the reason for reducing the 10% rate to 1%, even for a limited period, is because schools should not be a casualty of the pandemic. Senator Angara admits that the government needs to source out funds to contain the pandemic; but these should not come from the private schools, touted as the government’s partner in giving education and quality life to the nation’s children.

For his part, Senate President Pro-tempore Sen. Ralph G. Recto recalled that the CREATE law was marketed as the law that will save distressed companies, using tax incentives for corporate recovery, so that tax payments saved could be used to meet payroll and operating needs. Senator Recto likened the BIR’s wrong interpretation to a vaccine that contained the virus itself. He further noted that instead of consulting Senate records to ascertain the legislative intent of the proviso, the BIR insisted on strict textual interpretation, putting prime to letter rather than the spirit of the law.

Minority Leader Sen. Franklin M. Drilon notes that had the BIR not wrongfully interpreted the provisions of the CREATE law, there was no need for Con-

gress to clarify under the instant bills. Majority Leader Sen. Juan Miguel “Migz” F. Zubiri reiterated that the only time the private schools will be slapped the regular corporate income tax rate of 25% is when their gross income from unrelated trade or business exceeds 50-percent of their total gross income.

Sen. Risa Hontiveros echoed the united front that private schools need a lifeline and that the preferential tax rate should apply to all private schools, for profit or not. To which Sen. Joel Villanueva drew the grim picture that for School Year 2021-2022, only 1.9 million students enrolled in private schools compared to the 4.3 million enrollees in School Year 2019-2020, and that 865 private educational institutions closed last year.

On September 29, 2021 before Congress adjourned, the House of Representatives adopted Senate Bill No. 2407, paving the way for the unified stand of Congress to swiftly reach Malacanang Palace.

References:

- 1 “An Act Amending Section 27(B) of the National Internal Revenue Code of 1997, As Amended, and for Other Purposes”, prepared by the Committee on Ways and Means with Senators Angara, Villanueva, Recto, Zubiri, Binay, Gatchalian, Poe, Gordon, Pangilinan, Hontiveros, Pacquiao, Revilla Jr., Villar, De Lima, Cayetano, Go, Drilon and Marcos as Authors.
- 2 “An Act Amending Section 27 (B) of the National Internal Revenue Code, As Amended, and for Other Purposes”, introduced by Senator Angara.
- 3 “An Act Clarifying the Income Taxation of Proprietary Educational Institutions, Amending for the Purpose Section 27 (B) of the National Internal Revenue Code of 1997, As Amended”



Revenue Performance of Corporate Income Tax: An Empirical Analysis

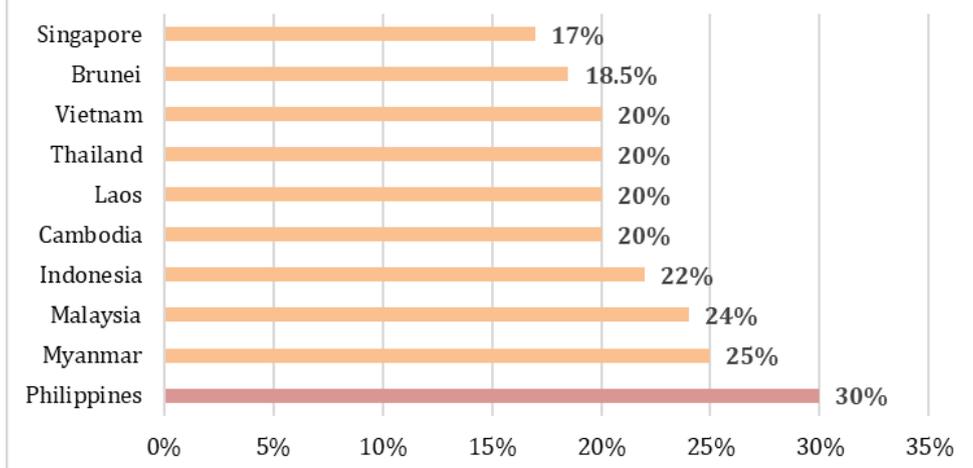
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Introduction

Pursuant to Republic Act No. 11534 or most commonly known as the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, the corporate income tax (CIT) rate in the country is reduced outright from 30 percent to 25 percent for domestic, foreign and non-foreign corporations and to 20 percent for domestic micro-small and medium enterprises

(MSMEs) with net taxable income not exceeding PHP5M and total assets not exceeding PHP100M. The immediate lowering of the CIT rate is intended to attract foreign direct investments especially those fleeing out of China. It should be noted that prior to the CREATE law, the Philippines had the highest CIT rate in the region, which made the country unattractive to foreign investors. (Figure 1).

Figure 1. 2020 Statutory Corporate Income Tax Rates in ASEAN



Source: Deloitte, 2020

The CREATE law also became a part of the recovery program of the government to provide relieve to ailing businesses brought about by the COVID-19 pandemic.¹

According to the Department of Finance (DOF), the CREATE law would have an estimated foregone revenues amounting to PhP133.2 billion in 2021 and PhP117.6 in 2022. This might be even higher considering the performance of the economy in this time of pandemic.

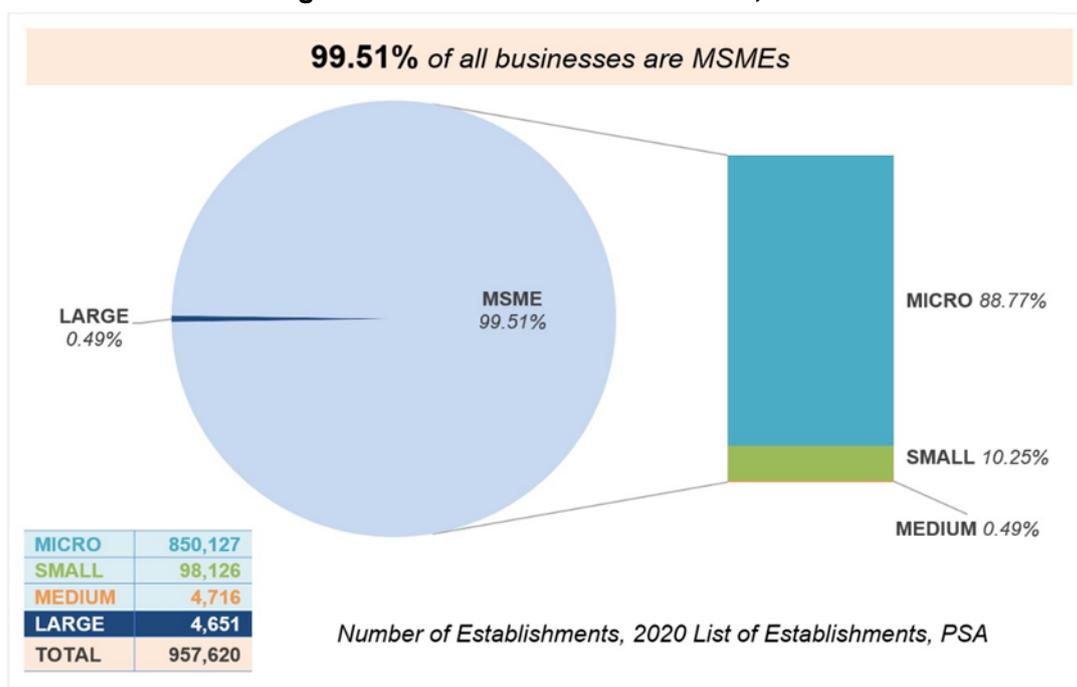
This paper presents an overview of the corporate income tax in the country and its current revenue performance. It also provides an estimate of the potential revenue loss following the outright CIT rate reduction under the CREATE law. Note, however,

that the estimates exclude the potential revenue impact on the aspect of the fiscal incentives provided under the aforesaid law.

Corporate Income Taxpayers

Based on the 2020 List of Establishments data of the Philippine Statistics Authority (PSA), there are 957,620 business establishments in the country. However, 99.51% of which belongs to MSMEs while the remaining miniscule 0.49 percent is attributed to large corporations. The income of these establishments would serve as the tax base of the CIT. However, given the huge percentage of MSMEs, the share of establishments which are exempted or paying a minimal amount would be likewise substantial given the pandemic.

Figure 2. Number of Establishments, 2020

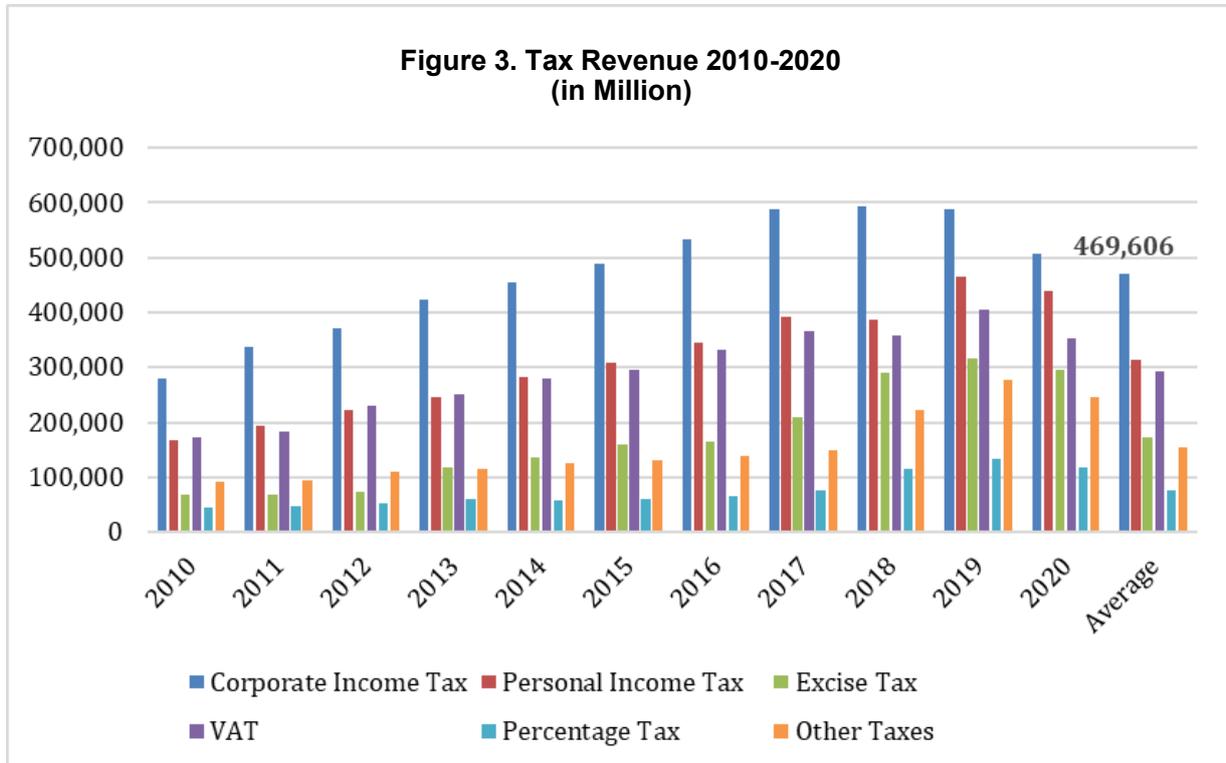


Source: DTI website

Revenue Performance

Over the years, the corporate income tax has been the principal source of tax revenue. From 2010

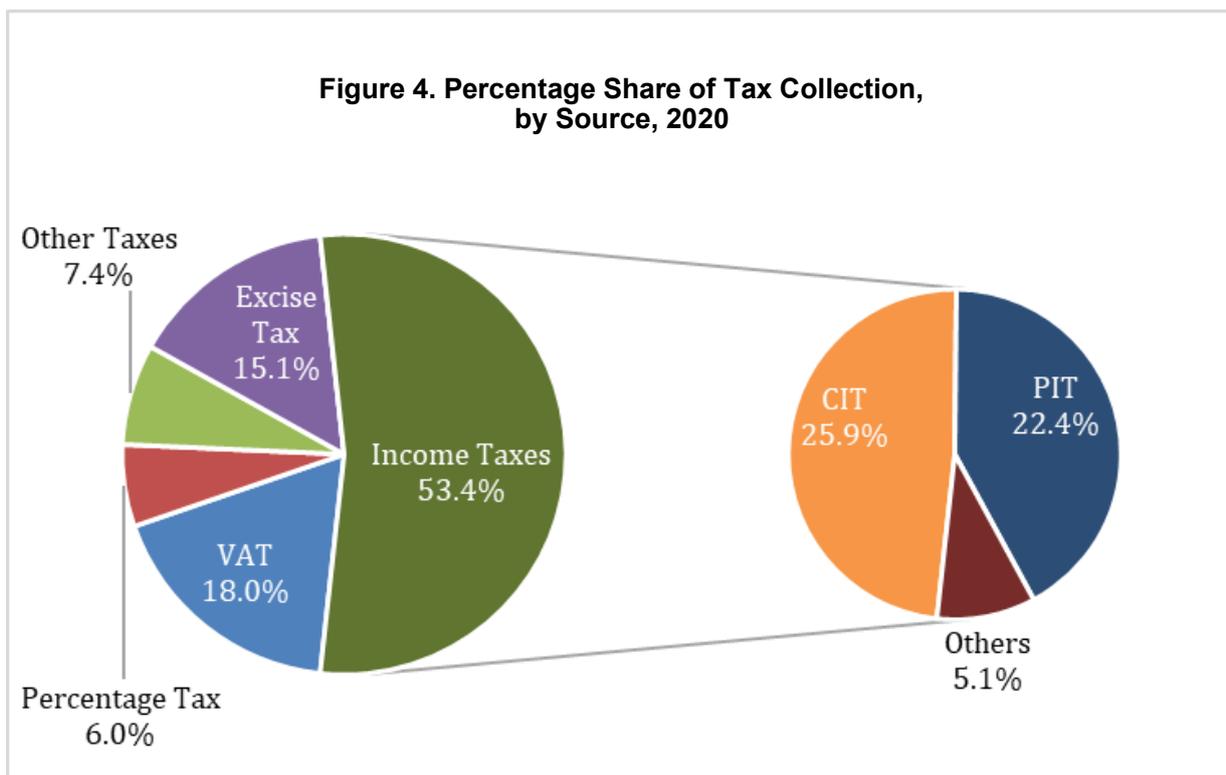
to 2020, CIT consistently outshone personal income tax (PIT) and other taxes, contributing PhP469.6 billion out of the PhP1,478.1 billion total tax revenue, on average (Figure 3).



Source: Bureau of Internal Revenue Annual Reports 2010 to 2020

For FY 2020 alone, the CIT shared more than one-fourth (25.9%) to the total tax collection (Figure 4). On the other hand, PIT and Value Added Tax

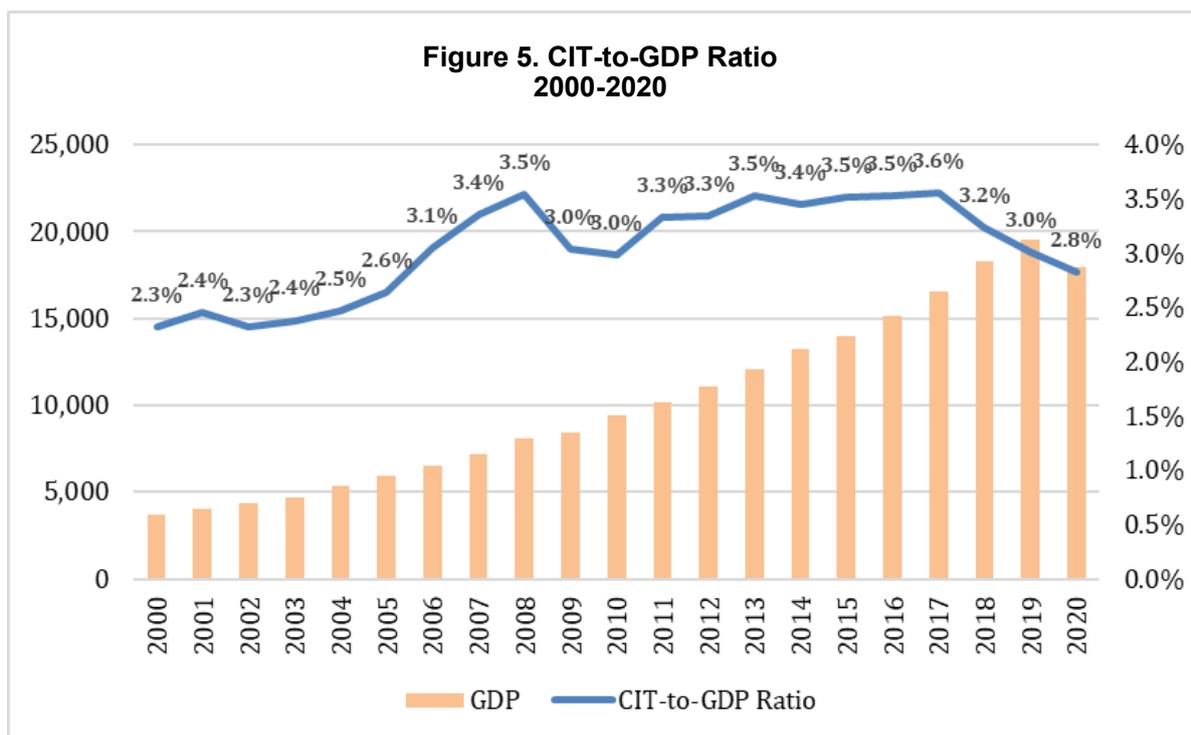
(VAT) contributed 22.4 and 18.0 percent, respectively. The remaining 33.7 percent is being shared by excise taxes, percentage taxes and other taxes.



Source of basic data: Bureau of Internal Revenue Annual Report 2020

With respect to Gross Domestic Product (GDP), the CIT collection was increasing over the years until its major decline that was recorded in 2009 when the CIT rate was reduced to 30 percent. This coincided with the global financial crisis. It started recovering in 2010 but again showed a declining trend starting 2017 up to 2020 which may be due to uncertainties brought about by the Package 2 of the CTRP or the CREATE law (Figure 5). It should be noted that be-

fore its enactment, it had undergone several revisions even in its name, from TRABAHO or Tax Reform for Attracting Better and Higher Quality Opportunities to CITIRA or Corporate Income Tax and Incentives Rationalization Act. Such trend can also be compared to the country’s dwindling net foreign direct investment inflows as a percentage of GDP during the same period since the “level of tax rates is one of the determinants of capital flows.”²



Source: Philippine Statistics Authority database and BIR Annual Reports 2000-2020

The corporate income tax regime in the country prior to the CREATE law was characterized by a high rate but a narrow tax base. This can be proven by the low revenue productivity³ of the CIT compared to other ASEAN countries. Given the imposition of the high-

est rate from 2009 at 30%, a 12% revenue productivity can be considered too low, hence, inefficient, and ineffective. Thailand which has a 20 percent CIT rate has the highest revenue productivity at 31 percent (Table 1).

Table 1. Revenue Productivity of CIT, ASEAN

Country	Year	CIT Revenues (% of GDP)	CIT Rate (%)	Revenue Productivity (%)
Thailand	2012	6.1	20	31
Vietnam	2012	7.3	25	29
Malaysia	2015	6.5	24	27
Singapore	2015	3.5	17	21
China	2012	3.5	25	14
Philippines	2016	3.7	30	12
Indonesia	2015	2.7	25	11
Laos	2012	2.4	28	9
Cambodia	2012	1.3	20	7

Source: DOF Presentation on CREATE

Based on the study conducted by the National Tax Research Center (NTRC),⁴ such low revenue productivity can be attributed to the *generous fiscal incentives* given to registered entities by various Investment Promotion Agencies (IPAs) such as the Board of Investments (BOI) and Philippine Economic Zone Authority (PEZA). Hopefully, the provision of the CREATE law on the rationalization of fiscal incentives can address this concern in the coming years.

MEASURING CORPORATE INCOME TAX PERFORMANCE

One of the methodologies to measure the tax performance of the corporate income tax is the tax elasticity approach. *Tax elasticity* is defined as the ratio of a percentage change in adjusted tax revenue to percentage change in income, i.e., nominal GDP.⁵ It measures the responsiveness of the CIT collection to changes in income. The elasticity coefficient derived will provide policymakers as to whether CIT collection will increase at the same rate as or slower or faster than the national income. The elasticity approach can also be used to estimate the revenue impact of the outright CIT rate reduction.⁶

Methodology

1. Data Used

The collection from CIT is dependent on the Gross Domestic Product (GDP). Generally, when the economy grows, corporate income tends to increase and thus CIT. In this regard, GDP has a direct relationship with CIT collection, that is, if GDP increases, CIT will also increase.

In computing for the tax elasticity, data on GDP and CIT collection are needed. In this regard, the study employed the following data: a) GDP from

the Philippine Statistics Authority (PSA) as proxy for the tax base and b) CIT collection from the BIR. To account for discretionary changes in the tax rate, the CIT rates under the period under review are used. The data set encompassed the period 1994-2020.

2. Regression Model

The elasticity of CIT collection (CITC) is estimated by relating CITC with GDP and CIT rate (CITR) using regression analysis.⁷ The following multiple linear regression model fitted to the natural logarithm⁸ of the data series was used:

$$\ln CITC_i = \alpha + \beta_1 \ln GDP_i + \beta_2 \ln CITR_i + \varepsilon_i$$

where:

$CITC_i$ = CIT collection from BIR in year i

GDP_i = GDP from PSA in year i

$CITR_i$ = CIT rates in year i

α = constant

β_1 = elasticity of GDP

β_2 = elasticity of CIT rate

ε_i = error term in year i

3. Results

The regression analysis was done using the Microsoft Excel application. Below is the result of the regression model:

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.998563272
R Square	0.997128609
Adjusted R Square	0.951543545
Standard Error	0.307682087
Observations	24

ANOVA

	Df	SS	MS	F	Significance F
Regression	2	723.2457607	361.6229	3819.895	1.25438E-27
Residual	22	2.082701869	0.094668		
Total	24	725.3284626			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	0	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
ln (GDP)	1.076898445	0.137118101	7.853802	8.01E-08	0.792532908	1.36126398	0.79253291	1.361263983
ln(CIT Rate)	3.614662239	1.060225128	3.409335	0.002515	1.4158899	5.81343458	1.4158899	5.813434578

To test the goodness of fit of the regression model, the level of the statistic R^2 (R square) called the coefficient of determination was computed. The R^2 is a statistical measure of how well the regression line approximates the real data points. An R^2 of 1.0 indicates that the regression line perfectly fits the data. For purposes of this study, a higher R^2 implies that most of the variation in the CIT collection is explained by the variations in GDP and CIT rate, and as such the regression model may already be considered. The above regression result shows that goodness of fit of the model with an R^2 of 0.99 or almost 1 which denotes that almost 100% of the variation in CIT collection can be explained by the variation in GDP and CIT rate. Moreover, the Significance F in this case is almost nil which means that the whole regression equa-

tion is highly significant.

Another measure of a good fit is to test the significance of the computed regression coefficients by looking at the P-values. This will determine if the explanatory variables (GDP and CIT rate) are relevant to the CIT collection. Conventionally, a significance level of 95% or over indicates that the elasticity coefficients are statistically significant. From our regression results, P-values of both coefficients are almost nil or below 0.05 which indicate that the independent variables GDP and CIT rate can best predict CIT collection, *ceteris paribus*.

The results can be summarized (Table 2), as follows:

Table 2. Summary of Table of Regression Results

Independent Variables	Dependent Variable	R^2
	LnCITC	
LnGDP	1.08*	0.99
LnCITR	3.61*	

*Significant at P-value < 0.05

From the above table, we find that the coefficient of CITC with respect to GDP is 1.08 which means that for every 1 percentage point increase in GDP, CIT collection will increase by 1.08 percentage points. On the other hand, the coefficient of CITC with respect to CIT rate is 3.61 which denotes that for every 1 percentage point increase in CIT rate, CIT collection will increase by 3.61 percentage points. Moreover, the positive sign of the coefficients signifies that the result follows the economic theory that when income and tax rate increases, the tax collection will also increase. Though the elasticity coefficient of CIT

rate is higher than the GDP which means that the CIT rate has a higher effect on CIT collection than the GDP.

To apply the findings of the regression model, we used the elasticity coefficients in estimating the 2021 CIT collection given that the economy will grow by 4 to 5 percent based on the projection of the Development Budget Coordination Committee (DBCC). We used also the 25 percent present regular CIT rate since most of the corporations will be taxed at this rate, as follows:

$$\begin{aligned}
 \text{2021CITC Growth Rate} &= (\text{GDP forecasted growth rate} * \text{elasticity with respect to GDP}) + \\
 &\quad (\text{Percent change in tax rate} * \text{elasticity with respect to CIT rate}) \\
 &= (5\% * 1.08\%) + (((25\%-30\%)/30\%)* 3.61\%) \\
 &= (5\% * 1.08\%) + (-16.67\% * 3.61\%) \\
 &= 5.4\% - 60.18\% \\
 &= -54.78\%
 \end{aligned}$$

Hence, CITC is expected to decline by a huge percentage at 54.78% in 2021:

$$\begin{aligned}
 \text{2021 CITC} &= \text{2020 CITC} - (\text{2020 CITC} * 54.78\%) \\
 &= \text{P}506.44 - (\text{P}277.43) \\
 &= \text{P}229.01 \text{ billion}
 \end{aligned}$$

This is the expected decline of CIT collection in 2021 considering that the GDP will only grow by 5% as projected and CIT rate is reduced outright by 16.67%.

Conclusion

The corporate income tax is considered the primary source of government tax revenue for quite a long time. However, its revenue potential was not maximized given its high rate and narrow tax base prior to the CREATE law. Hence, it is deemed an opportune time that the CREATE law was passed to reform the corporate income tax system together with the rationalization of fiscal incentives in the country. However, the outright reduction of the corporate income tax rate would really create a dent on the fiscal resources of the government. Considering the pandemic and the declining foreign direct investments in the country, the impact of the CIT rate reduction is quite substantial. Hence, the gradual reduction of the CIT rate may have been the right choice for the government to recover for its potential revenue loss. Hopefully, the rationalization of fiscal incentives under the CREATE law can offset the foregone revenue of the CIT rate reduction in the coming years.

References:

- 1 <https://www.dof.gov.ph/the-4-pillar-socioeconomic-strategy-against-covid-19/>
- 2 <https://www.imf.org/external/pubs/ft/fandd/2001/06/gropp.htm>
- 3 Revenue productivity is calculated as the ratio of corporate income tax (CIT) revenue as a share of GDP divided by the CIT tax rate.
- 4 National Tax Research Center (NTRC), "Comparative Corporate Income Taxation in ASEAN Member-Countries." NTRC Tax Research Journal, Vol. XXX.1 January-February 2018, p. 69.
- 5 Mukul, Asher. "Income Sensitivity of the Singapore Income Tax System." Hong Kong Economic Papers. April 1977, page 63.
- 6 NTRC, "Developing Models in Estimating the Revenue Impact of Proposed Reforms on Income Tax." NTRC Tax Research Journal, Vol. XXIV.4 July-August 2012, p. 11.
- 7 This is adopted from the methodology employed by the National Tax Research Center (NTRC) study, entitled "Developing Models in Estimating the Revenue Impact of Proposed Reforms on Income Tax," NTRC Tax Research Journal, Vol. XXIV.4 July-August 2012.
- 8 The logarithmic model equation was used since it gives lower forecasting error than the linear equation.



STSR holds in-house Webinar on Revenue Estimation and Forecasting

Marvee Anne C. Felipe
Director II, Direct Taxes Branch

While the Senate is on legislative recess, the STSR took advantage of the opportunity to improve the technical skills and know-how of its staff on revenue estimation and forecasting by conducting a webinar, thru Cisco Webex, from October 11 to 21, 2021.

A brainchild of Atty. Rodelio T. Dascil, STSR's Director General, the eight-day webinar encompassed topics such as introduction to revenue forecasting, importance of revenue forecasting as a tool for tax policy, and the use of revenue estimation models and techniques such as excel, regression, and elasticity.

Consistent with STSR's technical functions such as assessing the relative merits of the revenue-raising system and recommending alternative sources and forms of revenues, and undertaking research and studies on fiscal and budgetary issues as inputs to tax legislation, the seminar's main objective is to strengthen STSR's technical knowledge and capabilities to better perform its functions on tax research and analysis. With this, no less than our Senate Secretary, Atty. Myra Marie S. Villarica, approved this eight-day train-

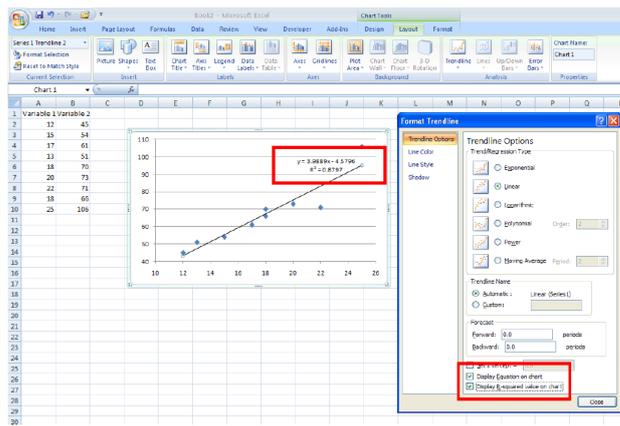
ing as HRMS-accredited under the Technical category.

The said webinar was conducted by Ms. Myrna E. Diana, the newly-appointed Supervising Legislative Staff Officer II at the Direct Taxes Branch whose highly technical skill on econometrics was supplemented by her education and training from Hitotsubashi University (Tokyo, Japan) and Duke University in North Carolina, USA.

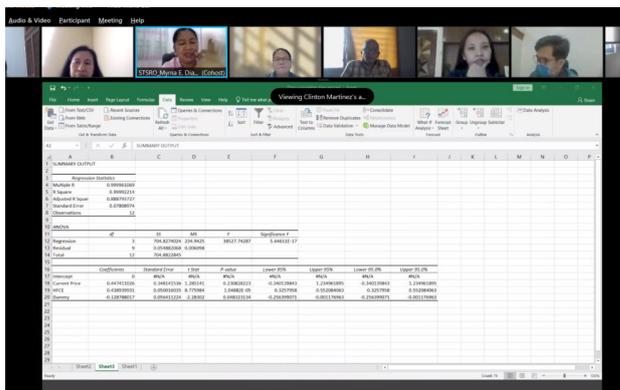
Participants of the webinar include the Assistant Service Chiefs and technical staff of each branch. From the Legal and Tariff Branch, the seminar was attended by Dir. Clinton S. Martinez, Ms. Robynne Ann A. Albaniel, and Mr. Romeo E. Regacho. From the Direct Taxes Branch, Dir. Marvee Anne C. Felipe and Ms. Kristine A. Moredo. From the Indirect Taxes Branch, Atty. Harold Ian V. Bartolome and Ms. Elsie T. Jesalva, and from the Tax Policy and Administration Branch, the newly-appointed Assistant Service Chief, Atty. Rachel L. Yuayan, and Ms. Angelique M. Patag.

Each day, the webinar was monitored by either Director General Dascil, or Atty. Maria Lourdes M. Arbas, or the Service Chiefs of the different branches namely, Dir. Maria Lucrecia R. Mir, Atty. Sherry Anne C. Salazar, and Dir. Norberto M. Villanueva. They also served as panel and mentors during the presentations of participants.

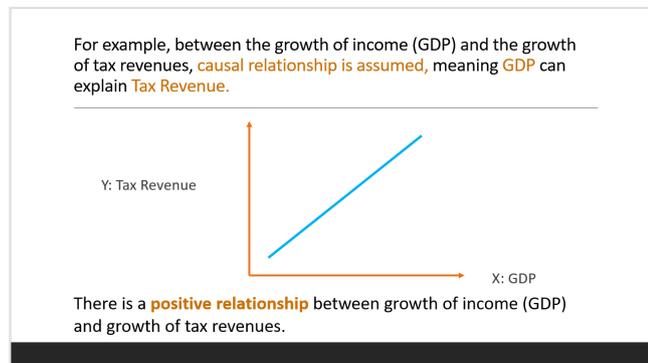
The two-week seminar was conceptualized in such a way that it will be a combination of knowing the theories and applying them into practice. It commenced with the introduction and importance of revenue estimation as well as setting-up the excel for data analysis.



SAMPLE COMPUTATION OF SLSO II (STEP 8)	
FY 2022	
Monthly Salary	99,020.00
Annual Salary	1,188,240.00
Add: 13th Month Pay	99,020.00
14th Month Pay	99,020.00
Service Recognition Incentive (SRI)	10,000.00
GROSS INCOME	1,396,280.00
Less: Deductions	
De minimis benefits	38,000.00
Other forms of compensation	24,000.00
Tax Exemption Ceiling	90,000.00
GSIS	106,941.60
Philhealth	23,764.80
Pag-ibig	1,200.00
TOTAL DEDUCTIONS	283,906.40
NET TAXABLE INCOME	1,112,373.60
Annual Tax Due	223,712.68
Monthly Tax Due	18,642.67
Effective Tax	20.1%



The second day focused on the computation for Personal Income Tax. As an exercise, participants were asked to compute for their Personal Income Tax for 2022 using the third tranche of the Salary Standardization Law as the tax base taking also into consideration if all benefits are taxed.



On the third day, the Macroeconomic Analysis or GDP-based model was introduced and Regression Analysis was taught using Excel. To practice regression analysis, the participants were tasked to use regression analysis on Personal Income Tax and GDP as well as Tax Revenue and GDP.

The Elasticity Model was the subject of the fourth day and as an exercise, participants were asked to use regression analysis to determine the price and income elasticities of demand of the different kinds of machine-packed cigarettes using Household Final Consumption Expenditure (HFCE) and change in tax rates as dummy variable. This ended the very informative and rigorous first week of the seminar.

The second week continued with the lecture on Real Property Tax Model and to apply this model, an exercise was given to compute for the potential revenue impact of RPVARA on cities. The last day of the lecture, which is scheduled on the sixth day of the seminar, delved on the forecasting models or techniques such as Growth Factor Analysis, Tax Ratio Analysis, and Trend Analysis. This concluded the lecture or theoretical part on revenue estimation and forecasting.

Collection Efficiency

$$= \frac{\text{Actual Collection}}{\text{Collectible}} \times 100 = \frac{\text{Actual RPT Collection}}{\text{RPT Collectible}} \times 100$$

Actual RPT Collection - from Statement of Receipts and Expenditures (SRE)

$$\text{RPT Collectible} = (\text{FMV} \times \text{Assessment Level} \times \text{basic RPT Rate}) + (\text{FMV} \times \text{Assessment Level} \times \text{SEF Rate})$$

To integrate theory with practice, the seventh and eighth day of the webinar was devoted to test and to assess the participants' learnings through practical application. They showcased and presented the revenue estimation and forecasting models as applied on the legislative measures on taxation such as the Real Property Valuation and Reform Act (RPVARA), Personal Income Tax, and Excise tax on Petroleum Products and Cigarettes. The actual presentation was so



serious and formal that it can be likened to a thesis defense where there is an actual panel who will evaluate and a set of criteria for judging. Good thing all the participants surpassed this with flying colors.

The two-week webinar was a deliberate effort to upgrade the technical knowledge and skills of the STSRO staff given the limited time for a topic so complicated and vast. It may be considered too ambitious to accomplish, but it was a success. The webinar may

not have imparted all the knowledge and skills needed for revenue estimation and forecasting which is considered a formal course and at least several months to finish in other learning institutions. But at least, it provided a starting point. And through baby steps, a lot can still be learned and achieved not just to bring success and growth to the team but also be a means on how STSRO can improve the lives of the Filipino people through taxation and tax analysis.





FISCAL INCENTIVES REVIEW BOARD

CREATE Act's Repealing and Amendatory Clause Series: Empowering the FIRB

Clinton S. Martinez, Director II, Legal and Tariff Branch
Robyne Ann Albaniel, LSO IV, Legal and Tariff Branch

Image from <https://firb.gov.ph/>

For a better grasp and deeper understanding of the intent of the law, this shall be a three-part paper tackling the provisions of laws that were repealed and amended by RA 11534.

Republic Act No. 11534 or the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE) was indeed a landmark legislation. It made way for the largest Corporate Income Tax rate reduction in the country, provided a ₱1-trillion worth of tax relief over the next ten years, and the repeal of the Improperly Accumulated Earnings Tax, among other features of the Act.

Being the second part of the Comprehensive Tax Reform Program of the government, it also wields a comprehensive section detailing what laws were repealed or amended as a consequence of its enactment. A substantial part of the measure's repealing and amendatory clauses dealt with laws pertaining to the composition, mandate, and authority of the Fiscal Incentives Review Board (FIRB). This is to align all other existing laws with the changes introduced by the CREATE law.

Chaired by the Department of Finance, the FIRB is an existing interagency committee which originally has the mandate to grant tax subsidies to government-owned or -controlled corporations (GOCCs). Under the CREATE law, the FIRB's coverage is expanded to include the power to approve or disapprove the grant of tax incentives given to private businesses, upon recommendation of the investment promotion agency (IPA). Moreover, the Board shall serve as the oversight body for the country's 13 IPAs, which were previously autonomous and with their own set of tax incentives.

The revamped FIRB is also mandated to, among others, determine the target performance metrics as conditions for enterprises to avail of tax incentives; and conduct regular monitoring and evaluation of investment and non-investment tax incentives. All these to rationalize the granting of fiscal incentives in the country.

Reconstituting the FIRB also meant transferring the power to review and approve fiscal incentives

from the Investment Promotion Agency Board, to the FIRB. To do such, RA 11534 repealed the following provisions: ¹

- 1) Article 7(14) of Executive Order No. 226, series of 1987, entitled "*The Omnibus Investments Code of 1987*";
- 2) Section 1(G) of Executive Order No. 458, series of 1991, entitled "*Devolving the Powers and Functions of the Board of Investments Over Investments Within the Autonomous Region in Muslim Mindanao to the Autonomous Regional Government and for Other Purposes*";
- 3) Section 8 of Republic Act 9400, entitled "*An Act Amending Republic Act No. 7227, as amended, Otherwise Known as the Bases Conversion and Development Act of 1992, and for Other Purposes*";
- 4) Section 85(a) of Subchapter IV-B of RA 9593, entitled "*An Act Declaring a National Policy for Tourism as an Engine of Investment, Employment, Growth and National Development and Strengthening the Department of Tourism and its Attached Agencies to Effectively Implement that Policy, and Appropriating Funds Therefor*", as amended by Republic Act No. 11262; and
- 5) Sections 7 and 8 of Republic Act No. 9490, entitled "*An Act Establishing the Aurora Special Economic Zone in the Province of Aurora, Creating for the Purpose the Aurora Special Economic Zone Authority, Appropriating Funds Therefor and for Other Purposes*", as amended by Republic Act No. 10083, entitled "*An Act Amending Republic Act No. 9490, Otherwise Known as the "Aurora Special Economic Zone Act of 2007"*".

Some provisions were also amended ² to expand FIRB's fiscal incentive coverage, and to mandate the Investment Promotion Agency Board to recommend to the FIRB the application and approval of fiscal incentives to private enterprises. There are the following provisions:

- 1) Articles 7(3) and (8), 34, 35, and 36 of Executive Order No. 226, series of 1987, entitled: The Omnibus Investments Code of 1987;
 - 2) Section 1(A), (B), (D), and (E) of Executive Order No. 458, series of 1991, entitled: "Devolving the Powers and Functions of the Board of Investments Over Investments Within the Autonomous Region in Muslim Mindanao to the Autonomous Regional Government and for Other Purposes";
 - 3) Section 7(a) and (c) of Republic Act No. 7903, entitled: "An Act Creating a Special Economic Zone and Free Port in the City of Zamboanga Creating for This Purpose the Zamboanga City Special Economic Zone Authority, Appropriating Funds Therefor, and for Other Purposes";
 - 4) Section 4(f), 8 and 13(c), (d), (r), (w) and (x) of Republic Act No. 9728, entitled: "An Act Converting the Bataan Economic Zone Located in the Municipality of Mariveles. Province of Bataan, into the Freeport Area of Bataan (FAB), Creating for This Purpose the Authority of the Freeport Area of Bataan (AFAB), Appropriating Funds Therefor and for Other Purposes";
 - 5) Sections 6(1), 12(b), and 13(b)(11) of Republic Act No. 7227, entitled: "An Act Accelerating the Conversion of Military Reservations into Other Productive Uses, Creating the Bases Conversion and Development Authority for this Purpose, Providing Funds Therefor and for Other Purposes", as amended by Republic Act No. 9400;
 - 6) Section 69(n) of Subchapter IV-B of Republic Act No. 9593, entitled: "An Act Declaring a National Policy for Tourism as an Engine of Investment, Employment, Growth, and National Development, and Strengthening the Department of Tourism and its Attached Agencies to Effectively and Efficiently Implement That Policy, and Appropriating Funds Therefor", as amended by Republic Act No. 11262;
 - 7) Section 12(a), (b) and (u) of Republic Act No. 9490, entitled: "An Act Establishing the Aurora Special Economic Zone in the Province of Aurora, Creating for the Purpose the Aurora Special Economic Zone Authority, Appropriating Funds Therefor and for Other Purposes", as amended by Republic Act No. 10083, entitled: "An Act Amending Republic Act No. 9490, Otherwise Known as the 'Aurora Special Economic Zone Act of 2007' ";
 - 8) Section 6(c) and (1) of Republic Act No. 7922, entitled: "An Act Establishing a Special Economic Zone and Free Port in the Municipality of Santa Ana and the Neighboring Islands in the Municipality of Aparri, Province of Cagayan, Providing Funds Therefor, and for Other Purposes";
 - 9) Sections 4(a) and (q), and 6 of Presidential Decree No. 638, entitled: "Cheating and Establishing the PHIVIDEDEC Industrial Authority and Making it a Subsidiary Agency of the Philippine Veterans Investment Development Corporation, Defining its Powers, Functions and Responsibilities, and for Other Purposes"; and
 - 10) Sections 12 (a) and (b) and 13(a), (b) and (i), and 15 of Republic Act No. 7916, entitled: "An Act Providing for the Legal Framework and Mechanisms for the Creation, Operation, Administration, and Coordination of Special Economic Zones in the Philippines, Creating for this Purpose, the Philippine Economic Zone Authority (PEZA), and for Other Purposes", as amended by Republic Act No. 8748.
- Aside from expanding the coverage of the FIRB, RA 11534 also enhanced its membership. The FIRB is now chaired by the Secretary of Finance, and co-chaired by the Secretary of Trade and Industry. The Executive Secretary of the Office of the President, Secretary of Budget and Management, and the Director General of the National Economic and Development Authority shall act as its members. Aside from its Board the FIRB will also have a technical committee that will serve as its main support unit. The National Tax Research Center shall also serve as FIRB's Secretariat. In improving the FIRB's membership and composition, the following provisions are repealed:³
- 1) Sections 1(6) and 2 of Presidential Decree No. 776, entitled "*Repealing All Laws, Acts, Decrees, Orders and Ordinances, Granting Exemptions from Taxes, Duties, Fees, Imposts and Other Charges Under Certain Exceptions and Creating a Fiscal Incentives Board*";
 - 2) Section 2 of Presidential Decree No. 1931, series of 1984, entitled "*Directing the Rationalization of Duty and Tax Exemption Privileges Granted to Government-Owned or -Controlled Corporations and All Other Units of Government*";
 - 3) Section 1(c) and (d) of Executive Order No. 93, series of 1986, entitled "*Withdrawing All Tax and Duty Incentives, Subject to Certain Exceptions, Expanding the Powers of the Fiscal Incentives Review Board and for Other Purposes*"; and
 - 4) Memorandum Order No. 23, series of 1986, entitled "*Expanding the Membership of the Fiscal Incentives Review Board.*"
- Moreover, to expand the powers and functions of the FIRB, these laws that are inconsistent were amended:⁴
- 1) Section 13 of Republic Act No. 7903, entitled: "An Act Creating a Special Economic Zone and Free Port in the City of Zamboanga Creating for This Purpose the Zamboanga City Special Eco-

conomic Zone Authority, Appropriating Funds Therefor, and for Other Purposes”;

- 2) Section 10 of Republic Act No. 7922, entitled: “An Act Establishing a Special Economic Zone and Free Port in the Municipality of Santa Ana and the Neighboring Islands in the Municipality of Aparri, Province of Cagayan, Providing Funds Therefor, and for Other Purposes”;
- 3) Section 17 of Republic Act No. 7227, entitled: “An Act Accelerating the Conversion of Military Reservations into Other Productive Uses, Creating the Bases Conversion and Development Authority for this Purpose, Providing Funds Therefor and for Other Purposes”;
- 4) Section 20 of Republic Act No. 9490, entitled: “An Act Establishing the Aurora Special Economic Zone in the Province of Aurora, Creating for the Purpose the Aurora Special Economic Zone Authority, Appropriating Funds Therefor and for Other Purposes”; and

- 5) Section 22 of Republic Act No. 9728, entitled: “An Act Converting the Bataan Economic Zone Located in the Municipality of Mariveles, Province of Bataan, into the Freeport Area of Bataan (FAB), Creating for this Purpose the Authority of the Freeport Area of Bataan (AFAB), Appropriating Funds Therefor and for Other Purposes”.

CREATE intends to reform the country’s tax incentive system, make it time-bound, and performance-based. And with the new and enhanced FIRB, the reform shall sharpen the Philippines’ competitiveness in the global market.

References:

- 1 Section 17(A) of RA 11534 or CREATE Act
- 2 Section 18(A) or RA 11534 or the CREATE Act
- 3 Section 17(c) of RA 11534 or the CREATE Act
- 4 Section 18(c) of RA 11534 or the CREATE Act



CTA Tax Case Digest

Johann Francis A. Guevarra
LSO III, Legal and Tariff Branch

**ALTIMAX BROADCASTING CO., INC. vs.
COMMISSIONER OF INTERNAL REVENUE**
Court of Tax Appeals Case No. 10044
Promulgated: October 6, 2021

Facts:

On September 10, 2014, Petitioner received a Letter of Authority (LOA) dated September 8, 2014, authorizing revenue officers to examine its books of accounts and other accounting records for all internal revenue taxes, for the period January 1, 2013 to December 31, 2013

On January 31, 2019, Petitioner received a Warrant of Distraint and/or Levy (WDL), for alleged deficiency income tax, VAT, and EWT liabilities, for taxable year 2013, in the total amount of P18,903,909.58

On February 19, 2019, Petitioner filed with the concerned BIR Revenue Regional Office a letter, manifesting that Petitioner did not receive a Preliminary Assessment Notice (PAN) and Final Assessment Notice (FAN), as required under Section 228 of the Tax Code, as implemented by BIR Revenue Regulations (RR) No. 12-99, as amended. Petitioner also requested the BIR to defer from any further action, in connection with the WDL, and for copies of the PAN

and FAN, in order for Petitioner to be adequately informed of the items of assessment from which the alleged deficiency tax liabilities were based.

On March 4, 2019, Petitioner filed a Petition for Review before the Court of Tax Appeals (CTA) with Urgent Motion to Suspend Collection of Taxes and to Quash/Lift Warrant of Distraint and/or Levy. Upon Petitioner’s presentation of witness and exhibits, the CTA granted Petitioner’s Motion for Suspension of Collection of Taxes, subject to the posting of acceptable surety bond in the amount of P18,903,909.58.

On April 26, 2019, Respondent filed its Answer, raising certain special and affirmative defenses, to wit:

- 1) The CTA has no jurisdiction on the Petition, and the assessment has long become final, executory, and demandable;
- 2) Petitioner failed to timely file a valid protest to the Final Assessment Notices, which were served to Petitioner through registered mail at

its address at Unit 507 The Taipan Place F. Ortigas Jr., San Antonio, Ortigas Center, Pasig City;

- 3) Petitioner's transfer to its new address was approved only on November 7, 2016 as indicated in its Certificate of Registration;
- 4) Granting without admitting that Petitioner's still had the right to elevate the instant case with the CTA, Petitioner failed to elevate the same within thirty (30) days from the receipt of the Warrant of Distraint and/or Levy (WDL); and
- 5) As admitted by the Petitioner, they received the WDL on January 31, 2019 but the instant case was filed only on March 4, 2019.

Petitioner argued again that the assessments for deficiency income tax, VAT, and EWT, are null and void because it did not receive the PAN and Formal Letter of Demand FLD/FAN, as required under Section 228 of the Tax Code, as amended, and RR No. 12-99; and that the issuance of WDL has no legal basis, because no valid assessment was made.

Issues:

For Petitioner:

- 1) Whether or not there was an assessment made in accordance with the laws and regulations protecting Petitioner's right to due process; and
- 2) Whether or not the Warrant of Distraint and/or Levy was validly issued, pursuant to a final and executory assessment.

For Respondent:

- 1) Whether or not Petitioner is liable to pay the questioned deficiency income tax, value-added tax and expanded withholding tax.

Ruling:

1) The CTA has jurisdiction over the case.

Respondent contends that the CTA is without jurisdiction to entertain the present case based on two (2) grounds, *to wit*: 1) Petitioner failed to elevate the case within thirty (30) days from receipt of the subject WDL; and 2) The assessment has long become final, executory and demandable.

For the first ground, Respondent points out that as admitted by Petitioner, the WDL was received on January 31, 2019, but the instant case was filed only on March 4, 2019.

It is not doubted that the Petition for Review was filed on March 4, 2019. However, the same should not be considered as filed out of time, so as to divest the CTA of jurisdiction.

Section 1 of Rule 22, Rules of Court, reads: "*If the last day of the period, as thus computed, falls on a Saturday, a Sunday, or a legal holiday in the place where the court sits, the time shall not run until the next working day.*"

As applied to this case, March 2, 2019, being the last day or 30th day from the date of receipt of the subject WDL, fell on a Saturday, the filing of the Petition for Review on March 4, 2019, the next working day, was timely made.

With regard to the second ground, Respondent claims that the CTA is without jurisdiction because the assessment has long become final, executory and demandable, the CTA finds that the subject tax assessments are void. To stress, a void assessment bears no valid fruit. Such being the case, the subject tax assessments could not have attained finality.

2) Respondent violated Petitioner's right to due process in the issuance of the subject tax assessments. Thus, the same are void.

It has been settled that while a mailed letter is deemed received by the addressee in the course of mail, this is merely a disputable presumption subject to contradiction. The direct denial of which shifts the burden to the sender to prove that the mailed letter was, in fact, received by the addressee.

Considering that Petitioner directly denied due receipt of the subject notices, the burden was shifted to Respondent to prove that the same were indeed received by Petitioner or by its authorized representative.

Based on jurisprudence, the mere presentation of registry receipts is not sufficient. It is still required that the said registry receipts be signed by the concerned taxpayer's duly authorized representative, and that the signatures are identified and authenticated.

It is noteworthy that no signature whatsoever appeared on the subject Registry Receipts. Thus, the fact of service to, or receipt of, Petitioner of the subject PAN and FAN/FLD was never established by Respondent. Apropos, the failure of respondent to prove receipt of the assessment by petitioner would necessarily lead to the conclusion that no assessment was issued.

Respondent not only failed to prove that Petitioner actually received the said notices, it likewise neglected to show compliance with the requirements under the BIR's own rules and regulations.

Part of due process requirements in the issuance of tax assessments is that the concerned taxpayer be informed in writing of the law and the facts upon which the assessment was made, and that the same taxpayer be given the opportunity to respond and contest the PAN and FLD/FAN. Since these due process requirements were not fulfilled, for failure of respondent to properly serve the PAN dated October 6, 2016 and FLD/FAN dated October 27, 2016, the

subject tax assessments are null and void, pursuant to the ruling of the Supreme Court in **Commissioner of Internal Revenue vs. Avon Products Manufacturing, Inc.**, to wit:

"Tax assessments issued in violation of the due process rights of a taxpayer are null and void. While the government has an interest in the swift collection of taxes, the Bureau of Internal Revenue and its officers and agents can-

not be overreaching in their efforts, but must perform their duties in accordance with law, with their own rules of procedure, and always with regard to the basic tenets of due process."

In light of the foregoing considerations, the CTA granted the Petition for Review; while the Warrant of Distraint and/or Levy dated January 31, 2019 issued against Petitioner was withdrawn and set aside.



Angelique M. Patag
LSO V, Tax Policy and Administration Branch

Image from <https://ceza.gov.ph/>

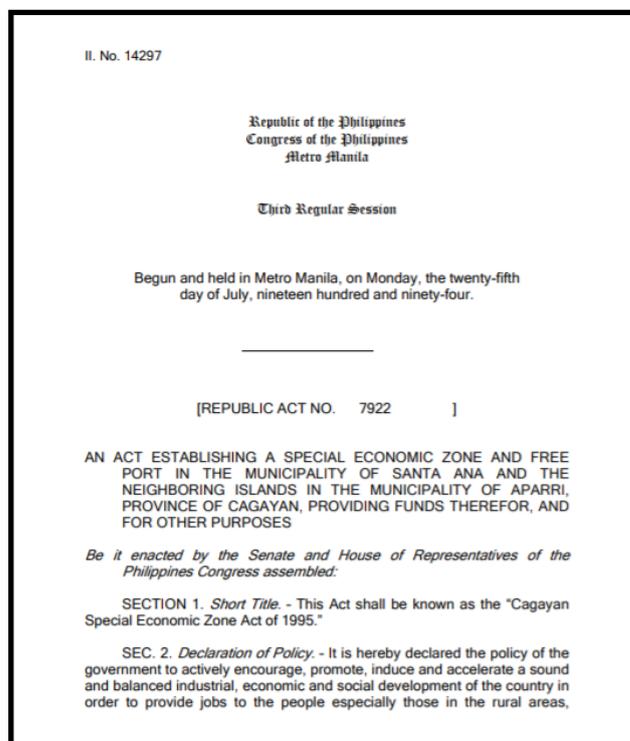
The Cagayan Economic Zone Authority (CEZA) was established under Republic Act (RA) No. 7922 or the Cagayan Special Economic Zone Act of 1995. It was initiated into legislation by former Senator and Senate President Juan Ponce Enrile. Consequently, it was signed into law by former President Fidel V. Ramos on 24 February 1995.

CEZA, which is a government-owned and controlled corporation (GOCC) under the Office of the President, operates and manages the 50,000-hectare economic zone in Cagayan. The special privileges bestowed upon it is an effort to spearhead the area into the modern world market and to bring along multiple benefits to the country's economy. In hindsight, CEZA remains steadfast to its commitment towards the sustainable operation of the Cagayan Special Economic Zone and Freeport (CSEZFP), providing employment opportunities in and around the zone, encouraging the influx of productive foreign and local investments and spurring inclusive growth in commercial business, international trade and tourism.

Under RA No. 7922, CEZA possesses the power to operate on its own, either directly or through a subsidiary entity, or license to others. As an Investment Promotion Agency (IPA), it provides various investment opportunities in interactive gaming, financial technology, land-based gaming, tourism, estate development, logistics, and mineral resource processing.

Guided and inspired by its Mission and Vision, CEZA's strategic development plan for 2019-2023 is strategically geared toward AmBisyon Natin 2040, which is the twenty-five-year long term vision developed by the government as a guide for development planning. It is also aligned with the Philippine Devel-

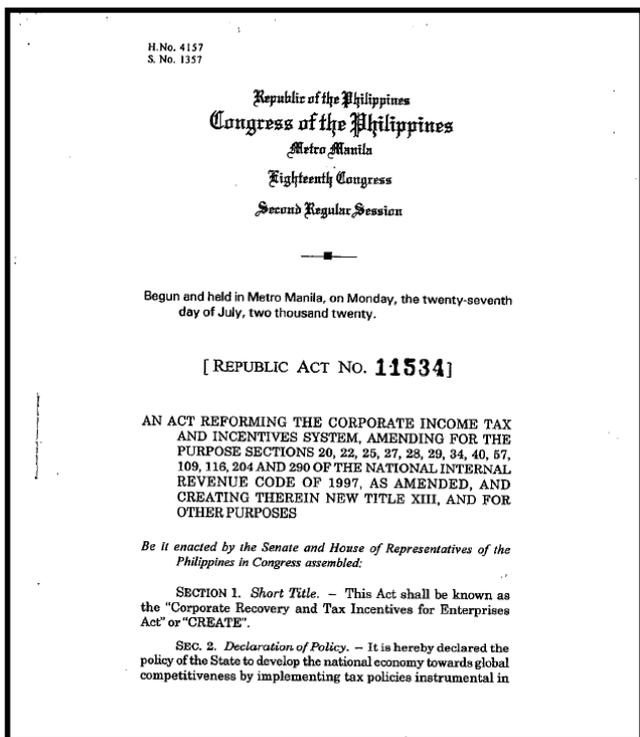
opment Plan 2017-2022, which is the first medium-term plan anchored on the 0 to 10 point Socio-Economic Agenda.



The Cagayan Special Economic Zone and Freeport Authority is among the globally recognized and trustworthy gaming jurisdictions in the world. It is bestowed with the power to issue fiscal incentives to locators, regulate gaming jurisdiction, and grant license for Interactive gaming and land-based gaming activities without needing to secure prior license or approval from PAGCOR. Its services include Sports Betting, Telet betting, E-casino, and Random Number

Games (RNG). Moreover, CSEZFP is regarded as the first Asian economic zone to regulate, license, and propagate offshore financial technology solutions enterprises and offshore virtual currency.

The enactment on March 26, 2021 of Republic Act No. 11534 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act has offered reprieve for the business sector – including IPA-registered business enterprises – that were affected by the Covid-19 pandemic. The law, considered as a sound reform to counter the effects of the health crisis and boost the flow of investments in the country, has effectively repealed the incentive provisions of the charters of all IPAs including CEZA. As provided, IPAs have maintained their functions based on the laws governing them, except to the extent as modified by the new law. Aside from lowering the Corporate Income Tax rate, the VAT rates of certain transactions and introducing various amendments to the Tax Code, it has rationalized and modernized the grant of tax incentives for registered business enterprises.

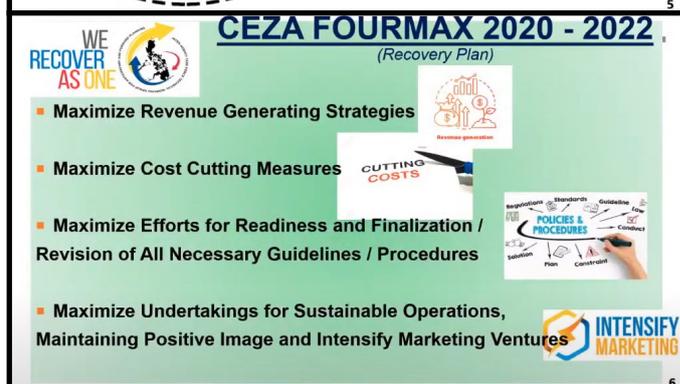
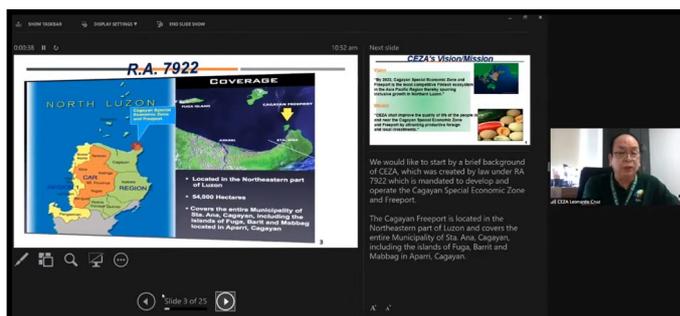


Upon its full implementation, all IPAs and other incentives-administering entities shall cease to grant incentives to registered activities based on their respective charters and shall commence compliance to the provisions of the new Title XIII of the NIRC, as administered by the expanded Fiscal Incentives Review Board, with respect to the grant of fiscal incentives. The CREATE law is deemed to uphold a more competitive and fiscally responsible tax incentive scheme that is performance-based, targeted, transparent and time-bound.

Reference:

Cagayan Economic Zone Authority (ceza.gov.ph)

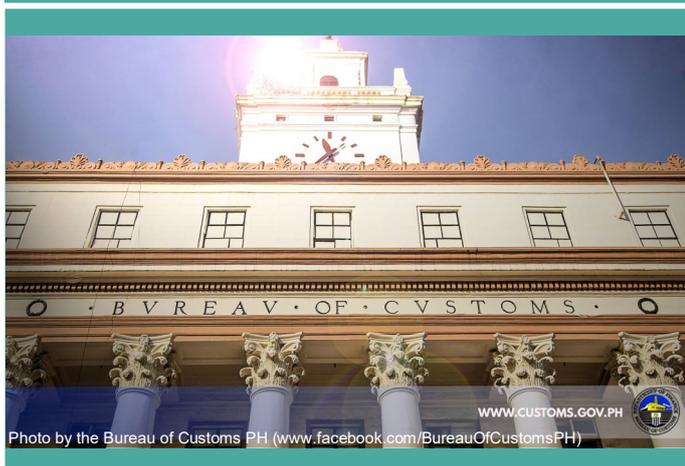
Screen capture of the presentation by Mr. Leonardo C. Cruz, CEZA Head Technical Assistant/ OIC-Cagayan Offices/ Quality Management Representative, during the Committee on Finance (Subcommittee "K") hearing on the Proposed 2022 Budget of CEZA on September 30, 2021



IV. FINANCIAL STATUS

INCOME STATEMENT

	2017	2018	2019	2020	2021
	AUDITED	AUDITED	AUDITED	AUDITED	(AUGUST) ACTUAL
(In Thousand Pesos)					
REVENUES					
Operating Revenues	224,548	693,186	402,225	252,703	128,370
Other Revenues - Interest Income	5,167	5,229	5,296	3,899	1,332
Other Income (Expense)	(4,504)	36,448	(4,900)	(1,820)	-
Total Revenues	224,211	734,863	402,621	254,782	129,702
GROSS PROFIT	234,219	734,863	402,621	254,782	129,702
OPERATING EXPENSES					
Personal Services	47,803	42,595	46,519	51,536	36,345
Maintenance & Other Operating Expenses	82,705	123,147	157,992	138,126	98,554
Depreciation Expenses	168,636	170,124	195,038	196,372	90,245
Expected Credit Loss	-	-	164	3,921	-
Financial Expenses	-	-	4,941	3,874	-
Total Operating Expenses	299,144	335,866	404,654	394,428	225,144
NET PROFIT BEFORE INCOME TAX	(64,925)	398,997	(2,033)	(139,646)	(95,442)
INCOME TAX					
Current Tax	-	109,720	-	(42,011)	-
NET PROFIT AFTER TAX	(64,925)	289,277	(2,033)	(97,636)	(95,442)
Add: SUBSIDIES					
Subsidy from Others	-	5,686	19,455	31,472	41,975
Total Subsidies	-	5,686	19,455	31,472	41,975
NET PROFIT AND SUBSIDIES	(64,925)	294,963	17,422	(66,164)	(53,467)



In This Corner:

CAO-2-2021 Clearance of Goods under the Informal Entry Process

Romeo E. Regacho
LSO III, Legal and Tariff Branch

The Bureau of Customs (BOC) has issued Customs Administrative Order (CAO) No. 2 – 2021, which implements Section 402, Chapter 1, Title IV; Section 800, Chapter 1, Title VIII, other relevant provisions of Republic Act. No. 10863, otherwise known as the Customs Modernization and Tariff Act (CMTA) and other related laws.

The following are the CAO highlights:

- The objectives are as follows:
 1. Identify and segregate the importation of personal and household effects and other qualified non-commercial goods, not intended for sale and commerce, from the mainstream of commercial importation of highly dutiable goods intended for commercial purposes. (Sec. 2.1)
 2. Facilitate clearance of goods under the Informal Entry Process without prejudice to the Bureau's other functions of revenue collection, and prevention of smuggling and other customs fraud. (Sec. 2.2)
 3. Prescribe a uniform and systematic procedure on the clearance of goods under the Informal Entry Process consistent with international standards and customs best practices, making full use of Information and Communications Technology (ICT) – enabled system for monitoring and control. (Sec. 2.3)
- The following shipments shall be cleared through

Informal Entry Process:

1. Goods of Commercial Nature with FOB or FCA value of less than Fifty Thousand Pesos (P50, 000.00). (Sec. 4.1.1);
 2. Personal and household effects or goods, not commercial quantity, whether or not subject to duties and/or taxes. (Sec. 4.1.2);
 3. Conditionally Tax and/or Duty-Exempt Importations under Section 800 of the CMTA (Sec. 4.1.3), such as importations of returning residents and OFWs, and balikbayan boxes, among others;
 4. Those falling under the remaining subparagraphs of Section 800 of CMTA, Conditionally Tax and/or Duty-Exempt Importations shall fall under Informal Entry Process provided that its Free on Board (FOB) or Free Carrier (FCA) value as determined by the Bureau is less than fifty thousand pesos (P50, 000.00). (Sec. 4.1.4); and
 5. Clearance of previously imported diplomatic supplies and equipment of foreign embassies and tax-exempt institutions sold to a non-privileged buyer shall be manually processed under the Informal Entry Division. (Sec. 4.1.5)
- Importation of motor vehicles, motorcycles and motor scooters regardless of the consignees, including those under Section 800 of the CMTA, shall be under the Formal Entry Process. (Sec. 4.2)
 - Goods declaration must be lodged within fifteen (15) calendar days from the date of discharge of the last package from the vessel or aircraft. The period for the lodgement of the goods declaration may be adjusted by the Commissioner. (Sec. 5.3)
 - Provisional Goods Declaration (PGD) may be allowed in order to facilitate trade and to prevent goods from being declared abandoned. The Bureau shall assign a specific code to identify that the goods declaration is provisional in nature upon lodgement. (Sec. 5.4)
 - Effects of Provisional Goods Declaration are as follows:
 - ◊ If the Collector of Customs accepts a provisional goods declaration, the duty and tax treatment of the goods shall not be different from that of goods with complete declaration; and
 - ◊ Tentative assessment of duties, taxes and other charges on goods covered by a provisional goods declaration shall be completed upon final readjustment and submission by the declarant of the additional information or documentation required to complete the goods declaration

- within forty-five (45) calendar days from the lodgment of the provisional goods declaration, subject to extension period of another forty-five (45) days for valid reasons. (Sec.5.4.3)
- The provisions on abandonment under Chapter 6, Title XI of the CMTA shall also apply to goods cleared under the Informal Entry Process. (Sec. 5.5)
 - Examination of goods, when required by the Bureau, shall be conducted immediately after the goods declaration has been lodged. (Sec. 5.6)
 - Goods falling under Informal Entry Process shall be assessed based on existing rules and regulations. (Sec. 5.8)
 - Custom duties, taxes and other charges shall be paid in cash through an Authorized Agent Bank (AAB), in-house bank, or the Collection Division of the port. (Sec.5.9)
 - The Bureau shall collect Import Processing fees, Container Security fees and Documentary Stamp Tax for goods declaration lodged under the Informal Entry Process at rates to be prescribed under a separate CAO on Customs Service Fees, Dues, and Charges. (Sec. 6)
 - Any person who makes or attempts to lodge, process and clear imported goods by means of false or fraudulent statements, shall be subject to sanctions and penalties provided under Section 1401, Chapter 1, Title XIV of the CMTA and other applicable penal provisions. (Sec. 9)



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NEW STSRO FAMILY MEMBERS

It is the pleasure of the Senate Tax Study and Research Office (“STSRO”) family to introduce our newest members:

MYRNA E. DIANA

Myrna E. Diana is the new Supervising Legislative Staff (SLSO) II at the Direct Taxes Branch, STSRO. She specializes on tax policy analysis and revenue estimation. She graduated from the University of the Philippines-Diliman with a bachelor's degree in Public Administration as a *Iskolar ng Bayan*. She took her master's degree in Public Policy at Hitotsubashi University in Tokyo, Japan also as a scholar under the Japan Human Resource Development Scholarship (JDS).

She started her career in government working with the National Tax Research Center where she got her first training on taxation and other fiscal matters, including further studies and trainings in local and foreign schools. Before STSRO, she was connected with the Senate Economic Planning Office (SEPO) handling the fiscal desk. During her stint with SEPO, she had an opportunity to attend a month-long training on Tax Analysis and Revenue Forecasting (TARF) at Duke University, USA, sponsored by the USAID.

Her published works include “Taxing the SEPs,” SEPO’s *At a Glance* publication, May 2014 Issue; “Impact of Internal Revenue Allotment on Philippine Provinces,” NTRC Tax Journal, January to February 2009 Issue; “Implications of Section 270 of the Local Government Code: Period Within Which to Collect Real Property Taxes,” NTRC Tax Journal March-April 2005 Issue; and “Real Property Tax Amnesty: A Case Study of Caloocan City,” NTRC Tax Journal, April-June 2004 Issue. She was also a contributor to SEPO’s regular publication on the macroeconomic and fiscal assumptions of the proposed budget as well as its economic reports.



She also got involved in the Land Administration and Management Project (LAMP) funded by the World Bank and AusAID where she conducted the “Assessment of the Revenue Impact of the 2009 Schedule of Market Values Based on the First Quarter Basic Real Property Tax and Special Education Fund Tax Collection of Naga City.”

A wife and a mother of two adorable kids, who loves spending time with them through travels and food trips.

Atty. Rachel L. Yuayan

Atty. Rachel L. Yuayan is a former Legislative Committee Secretary (since 2005) to the Senate Committees on Local Government; Urban Planning, Housing and Resettlement; Cultural Communities; Youth, Women and Family Relations; Environment and Natural Resources; Climate Change; and other related subcommittees and oversight committees. She had been actively involved in the enactment of landmark laws such as Republic Act (RA) 11201, or "An Act Creating the Department of Human Settlements and Urban Development, Defining Its Mandates, Powers and Functions, Providing Funds Therefor and for other Purposes", after having been pending in Philippine Congress for almost 3 decades; RA 10884, or the "Balanced Housing Program Amendments Act of 2016"; RA 11229 or "The Child Safety in Motor Vehicle Act"; RA 10174, or the "Act Creating the People's Survival Fund"; RA 9775, or the "Anti-Child Pornography Act of 2009"; RA 9904, or the "Magna Carta for Homeowners and Homeowners' Associations"; and RA 9710, or an "Act Providing for the Magna Carta of Women of 2009", to name a few.

Prior to joining the Senate, she worked in the corporate world as Training Manager of Shopping Center Management Corporation (SCMC), the corporate management company of Mr. Henry Sy's vast conglomerate, and before that as Marketing Manager of a US-based international consultancy and training corporation.

She also served as College Secretary and Faculty Member, teaching Analytical Chemistry, Inorganic Chemistry, Biochemistry and Technical Research and Development, at the Western Mindanao State University, Zamboanga City, from 1999 to 2003. She was also an editorial columnist and feature writer of a few dailies in the early 2000s.

She is a graduate of the University of the Philippines, Los Banos (UPLB) in 1996 as an Iskolar ng Bayan. After graduation, she worked as a Microbiologist of Asia Brewery, Inc. in Laguna, before shifting to marketing management in Jollibee Foods Corp. in the late 1990s.

A travel enthusiast, she loves to take on adventures, as well as food and cultural trips.

