

STSR TAX BITS

Est. 1989

Volume XII 70th Issue January 2024

SENATE OF THE PHILIPPINES

[REPUBLIC ACT NO. 11976]

AN ACT INTRODUCING ADMINISTRATIVE TAX REFORMS, AMENDING SECTIONS 21, 22, 51, 56, 57, 58, 76, 77, 81, 90, 91, 103, 106, 108, 109, 110, 112, 113, 114, 115, 116, 117, 118, 119, 120, 128, 200, 204, 229, 235, 236, 237, 238, 241, 242, 243, 245, 248, AND 269; AND REPEALING SECTION 34(K) OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND FOR OTHER PURPOSES

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. *Title.* – This Act shall be known as the “Ease of Paying Taxes Act”.

EOPT LAW: TAXPAYERS’ FIRST WIN FOR 2024

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Director III, Legal and Tariff Branch

Tax legislation started on a high note for the new year as the Ease of Paying Taxes (EOPT) Act was finally enacted into law. This priority measure was signed into law as Republic Act No. (RA) 11976 by President Ferdinand “Bongbong” Marcos on January 5, 2024.

Heralded as a measure intended to benefit taxpayers primarily, EOPT aims to streamline redundant processes and remove antiquated requirements plaguing our tax system. The main goal is to make tax administration work with the taxpayers instead of putting obstacles before them.

KEY REFORMS

Some of the key reforms intended to encourage efficient and timely tax compliance are as follows:

- Taxpayer segmentation - classification of taxpayers into micro, small, medium, and large taxpayers for a more responsive tax administration;
- Institutionalizes simplified tax returns and processes for micro and small taxpayers for ease of compliance with tax rules and regulations;
- Enhances the portability of tax transactions by allowing the filing of returns, and payment of taxes with any authorized agent banks, Revenue District Office (RDO), or authorized tax software providers;
- Allows either electronic or manual filing of tax returns and payment of taxes;
- Mandates the Commissioner of Internal Revenue to establish registration facilities for non-resident taxpayers;
- Exempts Filipinos working and deriving income solely from abroad as ‘overseas contract workers’, as defined under existing laws, from filing individual income tax returns;

- Removes of the Five hundred pesos (P500.00) annual taxpayer registration fee; and
- Increases the threshold amount in transactions that require the issuance of an invoice from One hundred pesos (P100.00) to Five hundred pesos (P500.00), adjustable every three (3) years using the Consumer Price Index (CPI).

The additional classifications for taxpayers will allow BIR to specialize its services according to the needs and capacity of each segment. Another significant change that will help taxpayers is the filing of returns and payment of taxes anywhere, even outside the jurisdiction of their respective Revenue District Office (RDO). Moreover, said filing or payment may be done either digitally or manually with any of the recognized channels mentioned in the law. This innovation will give flexibility to both employers and individual taxpayers in handling their tax obligations, and in avoiding penalties for missing due dates or for wrong venue filing.

The following administrative amendments were included to ensure faster and better services by the BIR:

- General refund claims on erroneous or illegally collected taxes must be processed within 180 days by the BIR;
- Adoption of a risk-based audit program in processing VAT refunds wherein the claims will be classified into low-, medium-, or high-risk based on specified factors;
- BIR Registration, as well as cancellation of registration, may be done either electronically or manually with the appropriate RDO;
- Preservation of books for a period of five (5) years;
- Prescription of penalties for officials, agents, or employees of the BIR for their deliberate failure to act on the application for refund within the mandated 180-day period;
- Digitalization of BIR Services geared towards providing end-to-end solutions for the benefit of taxpayers;
- Adoption of an Ease of Paying Taxes and Digitalization Roadmap that will provide for the programs and projects for the implementation of simplified tax returns, streamlining of tax processes, and reduction of tax or documentary requirements, among others; and
- Ensure accessibility of various BIR services to different taxpayers, particularly for micro and small taxpayers.

VAT REFORMS

Significant changes were likewise made in the VAT system, foremost of which is the harmonization of both sales of goods and sales of services in terms of timing of VAT recognition, and documentary requirement. Under this new law, both the sale of goods and services will now follow the accrual method or the use of “gross sales” for VAT recognition. Additionally, there is now only one (1) document required for all VAT transactions. A sales invoice may now be issued as proof of transaction for both the sale of goods and the sale of services. This means that a VAT-registered taxpayer will only need sales invoices to claim VAT input taxes or for record-keeping purposes. Further changes in the VAT invoice structure are the removal of the requirement for “*business style*”, and the requirement to state “*prominently*” in the invoice the nature of the transaction as being VAT-exempt or zero-rated.

To assist those in the service industry in their transition to accrual basis, the law provided that “*gross sales*” shall refer to “*service that has already been rendered by the seller and the use or lease of properties that have already been supplied by the seller, excluding the VAT and those amounts earmarked for payment to third (3rd) parties or received as reimbursement for payment on behalf of another which do not redound to the benefit of the seller*”. Further, to guide industries involved in long term contracts, the new Section 108(A) states that the invoice shall not be required to be issued immediately upon contract signing but instead may be issued *on the month in which the service, or use or lease of properties is rendered or supplied*. This will give those in the service industry ample time to comply with their VAT obligations.

Congress also decided to amend the VAT threshold found in Section 109(CC) of the NIRC, as amended, by providing for an automatic adjustment every three (3) years using the Consumer Price Index (CPI). This automatic indexation provision will allow the VAT threshold to be more responsive to the changes in the market without the need of any legislative fiat.

MICRO AND SMALL TAXPAYERS

Special concessions were also specifically put into the law for the benefit of micro and small taxpayers, to wit:

- Simplified tax returns consisting of only two (2) pages;
- A reduced rate of ten percent (10%) for civil penalties as provided under Section 248 of the NIRC, as amended;
- A fifty percent (50%) reduction on the interest rate imposed under Section 249 of the NIRC, as amended;

- A reduced fine of Five hundred pesos (P500) as penalty for failure to file certain information returns;
- A reduced compromise penalty rate of at least fifty percent (50%) for violations of Sections 113, 237, and 238 of the NIRC, as amended.

Another provision that was intended to benefit micro and small taxpayers (exemption from withholding taxes) was vetoed by the President as it may substantially affect the government’s cash flow. It is understood that while the law desires to give considerable benefits to taxpayers, the operations of the government should never be compromised.

The EOPT has been envisioned as an answer to the gaps left by the enactment of the TRAIN and CREATE law in terms of safeguarding the taxpayers’ welfare. The EOPT law boasts of needed administrative reforms that will replace outdated processes with best practices, and simplify requirements to ensure better compliance. Moreover, EOPT also emphasizes the need to digitalize our tax administration to ensure connectivity and accessibility of all its services to different taxpayers. It is hoped that with these modifications in our tax system, taxpayers will find it easier to comply with their mandated duty of paying their dues on time.



Photo from pna.gov.ph

The Proposed VAT Refund Mechanism: A Booster Shot for Philippine Tourism?

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With its world-renowned natural resources, breathtaking landscapes, islands, and beaches; unique cuisine; rich biodiversity; and the incomparable hospitality of its people, the Philippines has endless attractions for tourism. Backed by sufficient and an improved infrastructure system that connects the islands of the archipelago, the country has likewise become a reliable venue for medical, entertainment, and sports tourism. Recent sports events like the *Federation Internationale de Basketball* (FIBA) World Cup in August and September 2023, *Volleyball Nations League* (VNL) in July 2023 and June 2022, and the *Asian Women’s Volleyball Cup* in August 2022 have proven the ability of the Philippines to successfully host big-ticket events that draw in foreign tourists. Medical and wellness tourism is also on the rise given that medical costs in the Philippines are competitively lower than those of neighboring countries; hospital and clinic staff are English-speaking, with foreign insurance companies being widely accepted for services. The country likewise continues to play as host to various concerts of foreign artists and to different conferences.

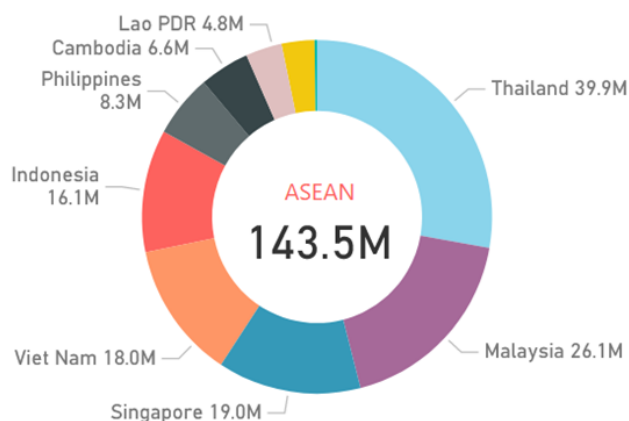
Data from *World Tourism Organization* states that the average length of stay of inbound tourists in the Philippines was approximately 10.58 days.¹ Depending on the citizenship of tourists, the Philippine government may allow visitors to stay in the country for a period not exceeding 7, 14, 21, 30, or 60 days.

As compared to its ASEAN counterparts, which share similar tourist attraction profiles, the Philippines sits in the middle when it comes to revenue projections² in travel and tourism for 2023.

From January to August 2023, the Philippines logged 3,656,033 visitors arriving mostly from South Korea, United States of America, Japan, China, Australia, Taiwan, United Kingdom, Singapore, and Malaysia.³



Total visits from selected origin(s) by destination countries 2019



The Philippines targets to exceed its pre-pandemic tourist arrival data. Retrieved from <https://data.aseanstats.org/dashboard/tourism> on 11 September 2023

With the end in view of attracting more non-resident foreign tourists to visit the country and spend their monies locally, President Ferdinand “Bongbong” Marcos, Jr. (PBBM), on 30 January 2023, approved to implement a Value-Added Tax (VAT) Refund program for foreign tourists by year 2024. This program was a recommendation presented by the Private Sector Advisory Council.

The concept of a VAT Refund system is, however, not novel in the Asia Pacific region. According to the Department of Tourism (DOT) ⁴, the Philippines is the only one left in the ASEAN without any VAT or Goods and Services Tax (GST) refund mechanism for tourists. In a broader scale, countries like China, Thailand, Japan, Vietnam, South Korea, Indonesia, Singapore, and Taiwan are top competitors with their own VAT/GST refund systems. The DOT further stated that countries that implemented a VAT/GST refund mechanism were able to capture the tourism market as premier shopping destinations.

Hereunder is a comparative table on our neighboring countries’ VAT/GST refund schemes:

Country	VAT/ GST Rate	Refund Rate	Service Fees	Minimum Threshold (With PHP Conversion as of 12 September 2023)
Indonesia ⁵	11%	11%	None	Rp500,000 (Php1,844.54)
Japan ⁶	10%	10%	.8%	5,000 JPY (Php1,931.08)
Singapore ⁷	7%	7%	2.5%	100 SGD (Php4,161.38)
South Korea ⁸	10%	10%	3-6%	30,001 KRW (Php1,281.22)
Thailand ⁹	7%	7%	None	5,000 THB (PHP7,956.94)
Vietnam ¹⁰	10%	8.5%	1.5%	2,000,000 VND (PHP4,703.20)

Is It Time For A VAT Refund System?

According to often cited *Renata Dombrowski* (2010) ¹¹, it was found that high VAT rates on tourists disturb the competitiveness of a country as tourism is sensitive to taxes. Dombrowski explained that for every 1% VAT rate imposed, the quantity of demand for overnight stays in hotels and lunch in a restaurant falls by 1.5%.

Establishing a VAT refund system can be an effective tool for attracting more tourists. A VAT refund system allows tourists to reclaim any VAT that they have paid on goods and services purchased during their visit, incentivizing them to spend more and therefore boosting the local economy. House Bill No. 7143, or “An Act Creating A VAT Refund Mechanism For Non-Resident Tourists, Adding For The Purpose A New Section 109-A To The National Internal Revenue Code, As Amended” was approved by the Committee on Ways and Means of the House of Representatives last 13 February 2023. Committee Report No. 330 or House Bill No. 7292, or “An Act Creating A VAT Refund Mechanism For Non-Resident Tourists,

Adding For The Purpose A New Section 112-A To The National Internal Revenue Code of 1997, As Amended” was reported out by the same Committee on 22 February 2023.

Under *Proclamation No. 297, Series of 2023*, PBBM lifted throughout the Philippines the State of Public Health Emergency due to COVID-19 on 21 July 2023, signaling the return to normalcy and the full opening of our borders through the easing of travel restrictions for visitors.

On the part of the Senate, Committee Report No. 106 or Senate Bill No. 2415, or “An Act Creating a VAT Refund Mechanism for Non-resident Tourists, Adding a New Section 112-A to the National Internal Revenue Code of 1997, As Amended, For the Purpose”, which was co-authored by Senators Win Gatchalian, Jinggoy E. Estrada, and Joel Villanueva, was reported out by the Senate Committee on Ways and Means on 17 August 2023 and subsequently sponsored by Sen. Win Gatchalian on 18 September 2023. SBN 2415 contains the following salient features:

1. The term “Tourist” means a foreign passport holder who is a non-resident alien individual;
2. Refund is limited to locally purchased goods;
3. Goods must be purchased in duly accredited stores;
4. Goods must be taken out along with the tourist within sixty (60) days from date of purchase;
5. Value of goods purchased per transaction is at least Php3,000.00;
6. The Department of Finance (DOF) to engage the services of one or more reputable and internationally recognized VAT refund operators;
7. Refunds may be made either electronically or in cash; and
8. Refunds to be charged against the Special Account in the General Fund under Section 106 of the Tax Code.

It is worthy to note that the tourism industry produces consumption impact known as the “*tourism multiplier on national income.*”¹² This is any form of tourist entertainment that raises national income, be it hotel accommodations, food purchases, transportation, visits to sports venues, theaters, bars, museums, health services (medical, dental, death), or any other kind of service.

Based on data, the DOF estimated that the amount of refunds to tourists may reach Php2.9 billion to Php4.1 billion annually. The DOF, in its position paper dated 09 May 2023, submitted preliminary estimates on the revenue impact of the proposal:

Description	Amount in Php Billion
2015-2019 average inbound tourism expenditure	424.4
Shopping expenditure (merchandise)	52.1
Assumed that fifty-one percent is consumed outside Philippine territory	
Outbound shopping expenditure	26.8
Estimated VAT component in Php	2.9
Estimated amount of VAT to be refunded	2.9
Assumed that seventy-three percent is consumed outside Philippine territory	
Outbound shopping expenditure	38.3
Estimated VAT component in Php	4.1
Estimated amount of VAT to be refunded	4.1

Source: Philippine Statistics Authority; DOF estimates

Notes:

- 1 - Expenditure was based on pre-pandemic levels
- 2 - Apparel and general merchandise share to total shopping
- 3 - Apparel, general merchandise, and grocery share to total shopping

The DOF further elucidated that the calculated forgone revenues can be easily offset by the economic impact of bolstered tourism spending. The tourism industry is estimated to have a multiplier effect equivalent to 1.97. The forgone revenues may be fully counterbalanced by the rise in inbound tourists and tourism revenues spurred by the measure. The potential gain of the proposal in terms of improved inbound tourism requires other measures to facilitate enhancement in Philippine tourism.

Based on the National Economic and Development Authority’s (NEDA) initial estimates in its position paper dated 14 June 2023, the proposed VAT refund will result in a net benefit ranging from Php3.3 billion to Php5.7 billion per annum from 2024 to 2028, compared to the status quo of allocating the VAT revenues to government spending. The higher multiplier effect of tourist spending on retail goods offsets the revenue loss arising from the proposed VAT refund. NEDA used the multiplier of retail goods (valued at 1.43 using the NEDA Input-Output Simulator Model) since the main channel of transmission to the econo-

my would be on the increased purchase of retail goods.

The Philippine tourism industry holds much promise due to “revenge travel” being real. With the right promotions at hand that include a VAT refund mechanism, coupled with efficient infrastructure systems and a retail market that is ready to serve the demand, we expect the burgeoning of tourism and its related industries that can surpass pre-pandemic levels. The potential of our tourism industry to offer diverse experiences is endless, and we can cap it off with a final act of incentivizing tourists’ patronage through VAT refunds before they leave the country. Not only will this stimulate our local economy, but it can likewise enhance the overall tourism experience and increase the likelihood of repeat visits.

But perhaps the strongest point for a Philippine VAT Refund system is the overarching intention to share to the world the joys of Filipino culture, that which includes our tradition of “*pasalubong*”. Through the purchase of local products, foreign tourists get to

bring a piece of the Philippines to any corner of the world.

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The Rules of Procedure of the Congressional Oversight Committee on Official Development Assistance

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The Congressional Oversight Committee on Official Development Assistance (COCODA) was created pursuant to Section 8 of Republic Act No. 8182, as amended by Republic Act No. 8555. Composed of legislators both from the Senate and the House of Representatives, the Committee is tasked, among other functions, to set the overall framework in monitoring and ensuring the proper implementation of R.A. No. 8182, as amended, and to determine that all ODAs – loans and grants – are managed in accordance with the mandates of the said governing law.

For this current 19th Congress, the COCODA is composed of the following members from both Houses of Congress, namely:

Co-Chairpersons:

Sen. Win Gatchalian - Senate Panel
Rep. Gloria Macapagal-Arroyo - House Panel

Members:

Senate Panel
Sen. Sonny Angara
Sen. Ramon Bong Revilla, Jr.
Sen. Grace L. Poe
Sen. Imee R. Marcos
Sen. Joseph Victor "JV" G. Ejercito
Sen. Aquilino "Koko" Pimentel III
Sen. Risa Hontiveros

House Panel
Rep. Joey Sarte Salceda
Rep. Maria Rachel J. Arenas
Rep. Jose "Joboy" S. Aquino II
Rep. Eric Go Yap
Rep. Stella Luz A. Quimbo
Rep. Wilbert T. Lee
Rep. Gabriel H. Bordado, Jr.

On May 30, 2023, the Oversight Committee held an organizational meeting where it discussed and amended its Rules of Procedures, particularly Section 2 on *Duties and Functions*. And in lieu of an onsite briefing, which it deferred to a later date, the Chairpersons requested instead the submission by concerned agencies of reports and presentations focusing on the status of outstanding ODAs and implementation issues affecting the various ODA projects in the entire country.

The following are COCODA's new set of governing rules, as approved by its members for this 19th Congress:



**CONGRESSIONAL OVERSIGHT COMMITTEE
ON THE OFFICIAL DEVELOPMENT ASSISTANCE
LAW (COCODA)
19th Congress**



RULES OF PROCEDURE

ARTICLE I

Oversight Committee

Section 1. *Composition.* – The Congressional Oversight Committee on the Official Development Assistance Act of 1996, created pursuant to Section 8 of Republic Act No. 8182, as amended by Republic Act No. 8555, shall be composed of the Chairpersons of the Committee on Ways and Means of the Senate and the House of Representatives, five (5) members each from the Senate and the House representing the majority and two (2) members each from the Senate and the House representing the minority to be designated by the leaders of the majority and minority in the respective chambers.

Except as otherwise designated by the Senate or the House of Representatives, as the case may be, the Chairpersons of the Committee on Ways and Means of the Senate and the House shall be the Co-Chairpersons of the Oversight Committee.

Section 2. *Duties and Functions.* – The Oversight Committee shall, in aid of legislation, perform the following functions:

- 2.1. Set the guidelines and over-all framework to monitor and ensure the proper implementation of Republic Act No. 8182, as amended;
- 2.2. Determine that the proceeds of all Official Development Assistance (ODA) loans or loans and grants comply with R.A. No. 8182, as amended by R.A. No. 8555, including equitable distribution of ODA funds to all provinces;
- 2.3. Monitor the management of ODA-assisted projects to ensure that they comply with R.A. No. 8182, as amended by R.A. No. 8555;
- 2.4. Approve the internal budget and budget for all programs of the Oversight Committee, including the compensation of its personnel;
- 2.5. Submit periodic reports to Congress;

- 2.6. Determine inherent weaknesses in the law and recommend necessary remedial legislation; and
- 2.7 Perform such other duties and functions as may be necessary.

Section 3. Powers and Authority. – the Oversight Committee shall have the following powers and authority:

- 3.1. Require the National Economic Development Authority (NEDA) to submit all information/report relative to the monitoring of ODA-assisted projects including but not limited to: contracts, physical targets and accomplishments; budget allocation, project expenditures and loan, and loan and grant disbursements; statement of expenses submitted to funding agencies; implementation delays experienced and actions taken; recommended actions or action plan to resolve implementation problems; and other information which may be relevant in assessing the progress of implementation of ODA-assisted projects;
- 3.2. Adopt its internal rules and procedures;
- 3.3. Conduct hearings and receive testimonies, reports, and other technical advice: *Provided*, That the respective Chairperson of the Senate and the House may separately request for submission of reports and information, as well as conduct separate meetings, on matters which do not require the decision/approval of the Oversight Committee as a body;
- 3.4 Invite or summon by subpoena *ad testificandum* any public official, private citizen or any other person to testify before it, or require any person by subpoena *duces tecum* to produce before it such records, reports, documents or other materials as it may require;
- 3.5. Adopt its internal budget, approve all disbursements therefrom for instance, operating expenses, traveling expenses as well as other expenses necessary in the performance of the mandated duties and functions of the Oversight Committee members; and
- 3.6. Generally, exercise all the powers necessary to attain the purposes for which it was created.

ARTICLE II

Officers

Section 4. Co-Chairpersons. – Except as otherwise designated by the Senate or the House of Representatives, as the case may be, the Chairpersons of the Committee on Ways and Means of the Senate and the House of Representatives shall be the Co-Chairpersons of the Oversight Committee.

Section 5. Powers and Functions of the Co-Chairpersons – The Co-Chairpersons of the Oversight Committee shall have the following powers and functions:

- 5.1. To propose rules and regulations pertaining to the Oversight Committee's internal functions and such other rules as may be necessary to carry out its functions for the approval of the Oversight Committee;
- 5.2. To administer oaths, sign subpoenas issued by the Oversight Committee requiring the attendance and testimony of witnesses or the production of such books, papers, contracts, records, statement of accounts, agreements and other documents as may be material to a just determination of the matter under investigation, and to testify in any investigation or hearing;
- 5.3. To hold any person in contempt, directly or indirectly, and impose appropriate penalties therefor as may be sanctioned by the Oversight Committee;
- 5.4. To enter into any obligation or contract essential to the proper administration of the Oversight Committee's affairs, the conduct of its operations or the accomplishment of its mandate;
- 5.5. To determine and approve the financial requirements of the Oversight Committee including the budget of its operations, the conservation and administration of its assets and the servicing of its liabilities especially those which shall mature from time to time;
- 5.6. Each Co-Chairperson shall have the power to disburse funds in accordance with their respective approved budget;
- 5.7. Each Co-Chairperson shall have the power to organize its staff and technical panel, and hire and appoint such employees and personnel in accordance with the approved budget of each panel, whether temporary,

contractual or on consultancy, and determine their compensation subject to applicable civil service laws, rules and regulations; and

- 5.8. To exercise all the powers necessary to attain the purposes of the Oversight Committee.

Section 6. Vice Chairperson. – There shall be a Vice-Chairperson from the Senate and House Panels who shall be authorized to preside over the Oversight Committee hearings or meeting in the event that both Co-Chairpersons are unavailable.

Section 7. Support Staff. – The Oversight Committee shall be supported by the Support Staff designated by the Chairpersons of the Committee.

Section 8. Duties and Responsibilities of the Support Staff. – The Support Staff shall have the following duties and responsibilities:

- 8.1 To prepare the agenda for all meetings or hearings of the Oversight Committee and to submit for consideration thereof the policies and measures which are necessary to carry out the affairs of the Oversight Committee;
- 8.2 To execute and administer the policies and decisions of the Oversight Committee;
- 8.3 To handle the day-to-day operations of the Oversight Committee;
- 8.4 To submit for the approval of the Oversight Committee the annual and/or supplemental budget of the Oversight Committee;
- 8.5 To maintain official records, files and proceedings of the Oversight Committee; and
- 8.6 To perform such other functions as may be assigned by the Co-Chairpersons.

Section 9. Consultants. – The Co-Chairpersons may engage the services of consultants to assist the Oversight Committee, under such terms and conditions and with such authority and duties as they may determine.

ARTICLE III

Meetings

Section 10. Regular Meetings. – The regular meeting of the Oversight Committee shall be upon the instruction of the Co-Chairpersons. The determination of the business to be considered shall be made by the Chairpersons. A regularly scheduled meeting need not be held if there is no business to be considered.

Section 11. Special Meetings. – A special meeting may be called by the Co-Chairpersons as they may deem necessary or at the request of a majority of the members of the Oversight Committee, but notice, including the agenda of the meeting, shall be given three (3) calendar days in advance to every member.

Section 12. Presiding Officer. – All meetings and hearings of the Oversight Committee shall be presided by the Chairperson of the Senate Panel. If the Chairperson is not present at any of its meetings, the Chairperson from the House Panel shall preside over the meeting. If both Co-Chairpersons are not present, either of the Vice Chairpersons shall preside over the meeting.

Section 13. Quorum for a Meeting. – The presence of at least (2) members of the Oversight Committee shall constitute a quorum to hold a meeting: *Provided*, that, in all meetings of the Oversight Committee, both the Senate and House panels are represented by at least one (1) member.

Section 14. Proxies. – No vote by any member of the Oversight Committee may be cast by proxy.

Section 15. Conduct of Meetings. – Each meeting for the transaction of business of the Oversight Committee shall be open to the public except when it determines by a vote that all or part of the remainder of the meeting on that day shall be closed to the public because disclosure of matters to be considered would endanger national security, compromise sensitive law enforcement information, or tend to defame, degrade, or incriminate any person, or otherwise violate any law or rule of both Houses. No such vote shall be required to close a meeting that relates solely to internal budget or personal matters.

No person other than the members of the Oversight Committee, and such other staff and such witnesses as they may authorize, shall be present in any business or meeting which has been closed to the public.

Section 16. Transcripts and Minutes of the Meeting. – There shall be a transcript and minutes of all meetings of the Oversight Committee. However, transcripts and minutes of meetings, or parts thereof which have been closed to the public shall be available only to the members of the Oversight Committee and may not

be released, in whole or in part, to any other person unless authorized by the Oversight Committee.

ARTICLE IV

Hearings

Section 17. Public Notice. – The Support Staff shall, upon the instruction of the Co-Chairperson, make public notice of the date, place and subject matter of any hearing to be conducted on any measure at least three (3) days before the commencement of that hearing unless the Oversight Committee determines that there is a good cause to begin such hearing at an earlier date. In the latter case, the Co-Chairpersons, or the Committee Secretary, shall make announcement at the earliest possible time.

Section 18. Quorum for Hearings. – The presence of at least (2) members of the Oversight Committee shall constitute a quorum to conduct a hearing.

Section 19. Hearings of Sub-Committees. – Sub-Committees, as may hereafter be established by the Committee, may conduct public hearings in accordance with the provision of these rules and such other rules as may be adopted by the Oversight Committee.

Each panel of the Senate and House of Representatives may, upon authorization of the Chairpersons of the Joint Congressional Oversight Committee, conduct public hearings or to gather facts in aid of legislation separately: *Provided*, that the report of the panel that conducted hearings or to gather facts in aid of legislation shall be submitted to the Joint Congressional Oversight Committee, for its appropriate action before the report is submitted to the Senate and/or House of Representatives.

If the Joint Congressional Oversight Committee fails to act on the report of a panel within thirty (30) session days from its submission, if the Congress is in regular session, or within ten (10) session days in case of special session, the Joint Congressional Oversight Committee shall be deemed to have waived its right to act on the same, in which case, a majority of the panel which conducted the hearing may move in writing for the inclusion of the report in the Calendar for Ordinary Business and the Senate President and/or Speaker of the House shall so order it.

Section 20. Selection of Witnesses. – Selection of witnesses/resource persons for hearings shall be made under the direction of the Co-Chairpersons. A list of proposed witnesses/resource persons shall be submitted to the members of the Oversight Committee for review sufficiently in advance of the hearings to permit suggestions by the members of the Oversight Committee to receive appropriate consideration.

Section 21. Written Statements of Witnesses. – As far as practicable, all witnesses appearing before the Oversight Committee shall file advance written statements of their proposed testimonies at least one (1) day in advance of their appearance, and their oral testimony shall be limited to brief summaries. Limited insertions of additional germane materials will be received for the record, subject to the approval of the Chairperson.

Section 22. Presentation Materials of Resource Persons. – All resource persons required to appear before the Oversight Committee shall furnish in advance the Oversight Committee their presentation materials at least one (1) day before the scheduled hearing to allow the members sufficient time to formulate clarificatory questions.

Section 23. Questioning of Witnesses. – The Co-Chairpersons shall provide adequate time for questioning of witnesses by all members, and the rule of germaneness shall be enforced in all hearings.

Section 24. Official Transcripts. – An accurate stenographic record shall be kept of all Oversight Committee proceedings and actions. Brief supplement materials when required to clarify the transcripts may be inserted in the record.

Section 25. Executive Session and Public Hearing. – (A) If the Oversight Committee believes that the interrogation of a witness in a public hearing might endanger national security, it may, *motu proprio* or upon motion of any interested party, conduct its inquiry in an executive session for the propose of determining the necessity or advisability of conducting such interrogation thereafter in public hearing;

(B) Attendance at executive sessions shall be limited to members of the Oversight Committee, its Support Staff, and other persons whose presence is required or allowed by the Co-Chairpersons; and

(C) Testimony taken or material presented in an executive session, or any summary thereof shall not be made public, in whole or in part, unless authorized by the Committee.

Section 26. Confidential Information. – The information contained in any books, papers, contracts or other documents furnished to the Oversight Committee or any of its standing Sub-Committee by an individual, partnership, corporation, government agency or other legal entity shall, upon the request of the individual, partnership, corporation, head of agency or entity furnishing the same, be maintained in strict confidence by the Members and support staff of the Oversight Committee, except that any such information or parts thereof may be released outside of executive session of the Oversight Committee if the release thereof is effected in manner, and as determined by the Oversight Committee, that the same will not reveal sensitive or

confidential information which the individual, partnership, corporation head of agency or entity would wish to protect.

ARTICLE V

Reports of the Oversight Committee

Section 27. Reports. – The Oversight Committee shall submit to Congress periodic reports of its findings and recommendations, with a program of implementation and recommended adoption of legislative and executive measures pursuant to its findings.

ARTICLE VI

Other Procedures and Regulations

Section 28. The Co-Chairpersons of the Oversight Committee may establish such other procedures and take such actions as may be deemed necessary to carry out the foregoing Rules or facilitate the effective operation of the Oversight Committee.

Section 29. These rules shall take effect on the date of their adoption and shall remain in force until they are amended or repealed.

RATIFIED this 30th day of May 2023 at Senate of the Philippines, Pasay City.


SEN. WIN GATCHALIAN
Co-Chairperson
Senate of the Philippines


REP. GLORIA MACAPAGAL-ARROYO
Co-Chairperson
House of Representatives

MEMBERS:



SEN. SONNY ANGARA


REP. JOEY SARTE SALCEDA


SEN. RAMON BONG REVILLA, JR.


REP. MARIA RACHEL J. ARENAS


SEN. GRACE L. POE


REP. JOSE "JOBOY" S. AQUINO II


SEN. IMEE R. MARCOS


REP. ERIC GO YAP


SEN. JOSEPH VICTOR "JV" G. EJERCITO


REP. STELLA LUZ A. QUIMBO


SEN. AQUILINO "KOKO" PIMENTEL III


REP. WILBERT T. LEE


SEN. RISA HONTIVEROS


REP. GABRIEL H. BORDADO, JR.

STSR NEW YEAR'S MESSAGE

Our most noble purpose is to continuously challenge the status quo. From the flicker of the very first fire and the invention of the wheel, to the detonation of the atomic bombs in Nagasaki and Hiroshima, down to the revolutionary advent of the computer and the internet, we have consistently outperformed ourselves. We seldom rested on our laurels and most often, we turned this unending quest for excellence and superiority into feats that benefitted mankind. To this day, almost anything has gone digital and automated and the vast expanse of geographical boundaries between continents have either shrunk or disintegrated, owing to the massive progress in transportation and communications technology. Suddenly, the world has become a better if not a much convenient place to live in.

But man's discontent for the mediocre remains an omen for disaster and misery. It is this same dissatisfaction that drove Alexander the Great, Napoleon Bonaparte, Adolf Hitler and even Vladimir Putin to seek for more beyond their domains. And it is this kind of displeasure by the likes of these men - which has turned into an unquenchable thirst for glory, power and wealth - that eventually spawned the horrific wars that plunged much of the world into chaos and bloodshed. Although considerable lessons have been learned from such horrors, which culminated in various treaties and declarations condemning past and avoiding future hostilities among nations, current geopolitical tensions like the armed conflicts involving Russia, Ukraine, Israel and the Hamas in Palestine, indicate otherwise.

Contentment, however, may not always be a virtue. Satisfaction, particularly on one's performance and achievements, inspires indolence and passivity and otherwise hinders the propensity for innovation, creativity and pursuit of excellence. To some extent, it is a deterrent to growth. It is like when you feel cozy and warm in a couch during a winter storm, you remain snuggled up. In the real world, you simply stay within your comfort zone. No risks and hitches. Just the goodies.

In legislation, where the welfare of the people and the state is what at stake, there is no room for complacency and contentment. There should always be a room for improvement for everything. Thus, it is always better to anticipate flaws or deficiencies rather than to assume regularity and precision in the performance and delivery of tasks. While the ultimate goal is perfection, preempting mistakes and crafting corresponding remedies early on, would enhance even more the results of the chores at hand.

Through the years, we, the officers and staff of the Senate Tax Study and Research Office (STSR) have always been blessed with a multitude of competence, skills and capabilities. As the technical arm of the Senate Committee on Ways and Means, which is currently chaired by Senator Win Gatchalian, our office has already steered, since its inception in 1989, various landmark tax laws that are now benefitting the Filipino people. Yet these achievements have not slowed us down. While we are in gratitude and acknowledge such as great manifestation of God's mercy and grace, we chose not to dwell on our feats. Instead, we are making these achievements as reference for an even more enhanced brand of service to the Senators of the land, the Senate as an institution, and the Filipino people as taxpayers and lifeblood of the nation.

For the year 2024 and beyond, we commit once again to outdo ourselves. Our resolution is to sustain to a higher level our service to the Senate through the Committee on Ways and Means and various Congressional Oversight Committees as it continuously shepherds the consideration of various tax measures in this present 19th Congress, including, the Passive Income and Financial Intermediary Taxation Act (PIFITA), Value-Added Tax (VAT) on Digital Transactions, Real Property Valuation and Assessment Reform (RPVAR) Act, Documentary Stamp Tax (DST), VAT Refund Mechanism for Non-Resident Tourists, and the Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE). Through the enactment of these legislative proposals, we look forward to a progressive Philippines, where taxation is not a burden but a shared responsibility and a privilege.

A prosperous and blessed new year to all!

ABOUT STSRO STAFF



Edlyn

Edlyn D. Almojuela graduated with a bachelor's degree in Business Administration Major in Management Accounting from the Lyceum of the Philippines University-Manila. Her professional journey commenced in the banking industry before transitioning to Australian finance and mortgage. In 2019, she redirected her career towards public service and joined the Philippine Economic Zone Authority (PEZA), specifically in the Incentives Management Division, where she dedicated four years of her expertise. Within her role at PEZA, Edlyn also played an essential part in conducting orientations on PEZA's implementing rules and regulations, clarifying intricate processes and procedures, and engaging in discussions regarding fiscal and non-fiscal incentives. She also delved into the implications of RA No. 11534 or the CREATE Law on registered business enterprises.

Beyond her professional life, Edlyn's passion for cultural exchange shines through her volunteer involvement with the Korean Cultural Center in the Philippines, where she contributes as a Korean Traditional Dancer. Her dedication to this art form even led her to receive yearly invitations for traditional dance and musical instrument training in South Korea.

During her leisure time, Edlyn embraces various interests. She enjoys playing guitar and immersing herself in Anime and Japanese dramas. Her greatest passion is her love for travel, which she pursues passionately to embrace diverse culture around the world.

Edlyn is currently a Legislative Staff Assistant III at the STSRO under the Office of the Director General while also providing administrative and technical assistance to the Tax Policy and Administration Branch.

ABOUT STSRO STAFF

Romeo



Romeo E. Regacho is a Legislative Staff Officer I (LSO-III) at the Senate Tax Study and Research Office. He is a former public secondary school teacher for six (6) years at the Cielito Zamora High School (Caloocan City).

Assigned at the STSRO, Romeo is put under the supervision of the Legislative Committee Secretary of Ways and Means where he is in charge of preparing materials, studies, presentations, copies of the bills, and guest lists for the hearings/ meetings/ technical working group meetings. He is likewise tasked to invite and coordinate with resource persons from different agencies and stakeholders, receive and file position papers of various bills and resolutions, organize hearings and technical working group meetings on various bills and resolutions, and perform such other tasks that may be instructed from time to time.

On top of the regular duties of assisting the Committee on Ways and Means, Romeo considers himself consistently challenged and motivated to be more circumspect with his work and tasks. Because of this positive attitude and work efficiency, he was given a regular plantilla item as LSO III.

Romeo believes that every bit of experience and learning in the Senate can give him the inspiration and confidence to keep moving forward. Through perseverance, determination, discipline, and the willingness to learn, nothing is impossible.

STSR ACTIVITIES

TWG Meetings on Real Property
Valuation and Assessment Reform
SB No. 2386 under CR No. 99



STSRO ACTIVITIES

Consultation Meetings with O/S
Gatchalian on various
proposals/bills



STSR ACTIVITIES

Public Hearing on VAT
on Digital Transactions
SB No. 250 and HB No. 4122



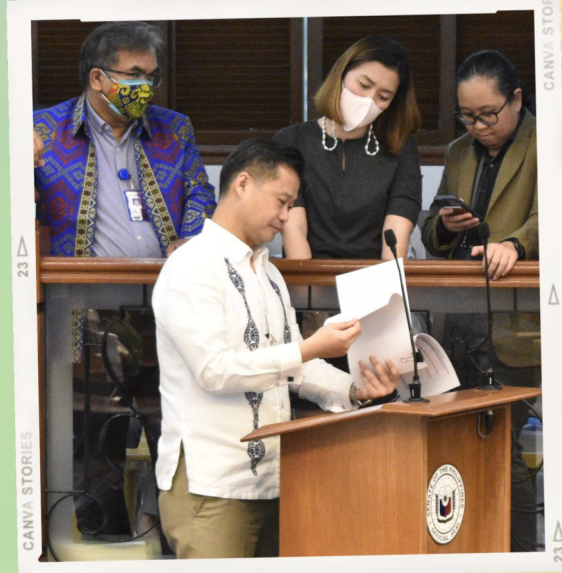
STSR ACTIVITIES

Interpellation on Real Property
Valuation and Assessment
Reform Bill
SB No. 2386 under CR No. 99



STSR ACTIVITIES

Interpellation on
Ease of Paying Taxes Bill
SB No. 2224 under CR No. 70



STSR ACTIVITIES

Consultative Meetings with
BOI and PEZA on
January 8 and 9, 2024
PS Res. Nos. 567, 244 and 219



STSR ACTIVITIES

Officers of STSR attended the DOF 2024 Economic Outlook Briefing and courtesy call on newly-appointed Secretary of Finance Ralph G. Recto, former Chairperson of the Senate Committee on Ways and Means, January 18, 2024 at Grand Harbour Ballroom, Admiral Hotel, Manila City





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Tax Bits is an official publication of the Senate Tax Study and Research Office (STSRO)

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