



WASTEFUL TAX INCENTIVES

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Outline of Presentation



1. Philippine Fiscal Incentives (FI) System
2. Issues Facing the FI System
3. Proposed Reforms
4. Pending Legislative Measures

I. Philippine Fiscal Incentives System



FI System is governed by multiple agencies and multiple laws

- Around **211 special laws** that provide tax incentives
- Around **14 Investment Promotion Agencies (IPAs)**
- Differing tax regimes per IPA

I. Philippine Fiscal Incentives System



- Income tax holiday (ITH)
- Five percent (5%) tax on gross income earned (GIE)
- Reduced income tax rates
- Exemption from taxes and duties on imported capital equipment, spare parts, materials and supplies
- VAT zero-rating of sales of goods and services by local suppliers
- Research and development incentives



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Data on IPA-registered enterprises/investors and



Benefits investors with early and hig-2(w-4(n)-4(d)7h)-4((l)2(of)-12(i)2(t)-2(s)28)500

III. Proposed Reforms



New	Availability
Amendment	Revenue
Revenue	Revenue
Revenue	Revenue

IV. Pending Legislative Measures



Tax Incentives Management and Transparency Bill

- Fosters transparency and accountability in the grant of tax incentives.
- Institutionalizes a system of monitoring and reporting tax incentives as governmental expenditure.

