

# TAX AND FINANCIAL SERVICES ADVOCACY PAPER 2018



EU - PHILIPPINES  
BUSINESS NETWORK

## ABOUT EPBN



### OUTREACH



### SUPPORT SERVICES



### ADVOCACY

The EU-Philippines Business Network (EPBN) established in January 2014, is a project co-funded by the European Union and implemented by a consortium of European business organizations based in the Philippines. Led by the European Chamber of Commerce of the Philippines (ECCP), partner chambers include the Belgian-Filipino Business Club, British Chamber of Commerce Philippines, French Chamber of Commerce of the Philippines, German-Philippine Chamber of Commerce and Industry, Italian Chamber of Commerce of the Philippines, Nordic Chamber of the Philippines, and Spanish Chamber of Commerce of the Philippines.

The overarching objective of EPBN is to support European companies, especially small-medium enterprises, to increase exports to and investments in the Philippines by facilitating market access and ensuring a level playing field for all companies.

Adopting a threefold approach of outreach, support services and advocacy, EPBN provides a strong support system at every stage of entry to the Philippine market for European businesses. In delivering these services, EPBN cooperates closely with its partner organizations in other Association of South East Asian Nation (ASEAN) countries to provide information on ASEAN as a market, promoting the Philippines as a gateway to the region.



# TAX AND FINANCIAL SERVICES ADVOCACY PAPER 2018

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Positions expressed in the advocacy papers are the result of the activities of the 14 Sector Committees working under the EU-Philippines Business Network.

## METHODOLOGY

The 2018 edition of the EPBN Advocacy Papers features issues and recommendations formed after extensive discussions between members of the EPBN sector committees, dialogues and meetings with representatives from the Philippine Government, the EU Delegation to the Philippines and other EU national chambers and embassies. The EPBN has also taken into consideration the information gathered from organizing different events, participating in numerous hearings and committee meetings in both chambers of the Philippine Congress, as well as in private sector consultations held by several executive and regulating agencies of the government.

Further, the recommendations stated in each paper were created based on the discussions during the quarterly sector committee meetings, most of which were conducted with a representative from a concerned government agency based on the issues to be discussed. In close cooperation with the sector committee leaders and members, the EPBN secretariat thoroughly analyzed every issue and advocacy recommendation to ensure that they are in line with EU business interests and priorities. Once the secretariat has finalized the first draft of each sector paper, it was then circulated to the Committee members, Market Access Team Meeting for consultation and subsequently, gathered inputs to be included in the final draft of the papers.

The assessment of the status of each recommendation included in 2017 EPBN Advocacy Papers were examined under the following criteria:

**Completed/Substantial Progress:** Recommended action has either been completed or there has been significant progress towards the realization of the recommendation.

**Some Progress:** Movement towards realizing the recommendation has been made, but substantial work still needs to be done to fully achieve and complete the proposed measure.

**No Progress/Retrogression:** Minimal progress or no movement towards attaining the recommended reforms were done, or the status of the issue has worsened and has evolve to an even bigger bottleneck for EU businesses in the former year.

## ABOUT THE THEME



# EU-PHILIPPINES BUSINESS SUMMIT

## EU AND THE PHILIPPINES: Jointly Pursuing Competitiveness for Inclusive Growth

Since its launch in January 2014, the EU-Philippines Business Network (EPBN) has strived to create an attractive investment and trade environment for EU businesses in the Philippines.

This 2018, we look at how the current administration's initiatives and programs in line with its Socioeconomic Agenda and priorities have substantially progressed – Build, Build, Build Program, tax reform, ease of doing business, labor protection furthered through the Executive Order on Contractualization, sustainable development and climate adaptation, and universal healthcare, among many others. In addition, the Philippines' economy is maintaining steady growth, the EU continues to be one of the top trading partner of the Philippines, and the EU-Philippines Partnership Cooperation Agreement has been put into force – a major milestone for the EU-Philippine relations.

With this, the EU-Philippines Business Network (EPBN) is organizing the EU-Philippines Business Summit 2018 with the theme “EU and the Philippines: Jointly Pursuing Competitiveness for Inclusive Growth” on 18 October 2018, at Solaire Resort Hotel, Paranaque. During the Summit, EPBN will hand over the 4th edition of the EPBN Advocacy Papers which contains a wish list of reforms towards a competitive, fair and more inclusive economic environment. We sincerely hope that the EU-Philippine economic ties will be deepened further. Rest assured that European business community will remain as the Philippine government's partner in achieving competitiveness and inclusive growth.

## MESSAGE FROM THE AMBASSADOR

H.E. Franz Jessen  
Head of Delegation,  
Delegation of the European Union of the Philippines



The EU sees trade and investment as part of the answer to challenges faced in the country in terms of inclusive and pro-poor growth. Indeed, the EU and its industries have a positive agenda that is values-based and comes with an open dialogue to ensure nobody is left behind in strengthening its trade relations. It also recognizes the importance of opening new markets that contributes to growth on both ends. This is why the EU has even in times of economic turmoil led global efforts to fight protectionism, and promoted open trade and investment at home and abroad.

The EU economy grew at its fastest rate in 10 years in 2017 at 2.4%. For the first time since 2007, all EU member states saw their economies expand. Robust growth is facilitating further reduction in government deficit now at less than 1% of GDP as well as debt levels and an improvement in labour market conditions with unemployment rate of 7.6% falling to almost the pre-crisis level. More important to our trading partners is the fact that our trade continues to grow strongly resulting to an 8% growth in EU imports and exports of goods to the world.

This shows that the EU economy is competitive, yet open and it will remain so and continue to benefit Philippines' development agenda. Philippines total trade with the EU increased by 16% in 2017 due to the remarkable 32% growth of PH exports to the EU market partly thanks to the increasing utilisation of the GSP+ preferences. Strong growth is particularly seen in sectors benefiting from GSP+ trade preferences, such as agri-food products. On top of this, sizable portion of all newly reported approved investments in the Philippines were sourced from the EU – contributing to the creation of more quality jobs.

The economic expansion in Europe is set to continue at a solid pace in 2018 and next, supporting further job creation. However, the EU also recognizes risks on the horizon. That is why the EU is working hard to make its economy even more resilient through many useful and necessary reforms – necessary to further improve productivity and investment as well as to ensure a more inclusive growth model.

I look forward continuing to work together to the benefit of effective value chains and supply chains so that the Philippines can take advantage of its position in the region and of its competitive skills and people. I warmly welcome this advocacy book as a good basis of our continued collaboration in our pursuit of enhancing and strengthening EU-Philippine trade and commercial relations.

# MESSAGE FROM THE STEERING COMMITTEE CHAIRMAN

Mr. Guenter Taus  
EPBN Steering Committee Chairman



The EU-Philippines Business Network (EPBN) is pleased to present to you the 4<sup>th</sup> edition of its Advocacy papers with the theme, “EU and the Philippines: Jointly Pursuing Competitiveness.” Pursuing competitiveness and sustainable growth has been at the front and center of our agenda.

The European business community has always looked towards close cooperation with the Philippine Government to achieve mutually beneficial goals, which strengthen the country’s investment and trade environment in support of increased competitiveness and long term, sustainable and inclusive growth.

Several positive reforms in 2018 were the Ease of Doing Business Act, the Build Build Build Program, the implementation of Universal Healthcare and the issuance of Memorandum Order No. 16, which eases restrictions on certain investment areas.

Despite these improvements, there are still several key barriers stifling EU-Philippine trade and investment. In particular, we look forward to passage of the Amendments to the Public Services Act of 1936 into law. These Amendments result in an open market coupled with stronger regulations which in turn will increase the quality of public services while lowering costs.

Moreover, we advocate for the reassessment of the licensing requirements from the Philippine Contractors Accreditation Board. A level playing field in infrastructure paves the path for the realization of the “Golden Age of Infrastructure” envisioned by President Duterte.

Finally, we strongly urge the government to consider the massive economic growth and job creation that fiscal incentives under the Philippine Export Zone Authority have brought about. An ambitious corporate income tax reduction in addition to other incentives will aid the Philippine in competing with other countries in the region.

These amendments would be a game-changer for the Philippines and they assist in EU investments contributing to Philippine development. It is in this context that the EPBN presents its recommendations towards a competitive, fair and more inclusive economic environment for the benefit of the Philippines and the EU.



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## MESSAGE

The EU-Philippines Business Network (EPBN) is a brilliant initiative. The European Chamber of Commerce in coordination with other EU national chambers of commerce launched this network to help European enterprises become acquainted with the Philippines. This network has been very helpful in helping improve trade and investment flows between Europe and the Philippines.

Among the other commendable projects of the EPBN is the publication of the Advocacy Papers. Now on its fourth edition, the Advocacy Papers articulate the views on economic liberalization, global competitiveness and governance. These papers are very helpful to policymakers.

The Advocacy Papers is an effective channel for public diplomacy. It will help build support for policies that will ensure a level playing field for businesses and an economic environment oriented towards inclusive growth.



  
CARLOS G. DOMINGUEZ  
Secretary  
JUL 13 2018

# TAX AND FINANCIAL SERVICES

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# INTRODUCTION

Despite the uncertainties in market conditions, the Philippine banking system sustained its growth in 2017 with a positive performance. This has been supported by the Bangko Sentral ng Pilipinas' (BSP's) sustained implementation of proactive reforms. Banks' commitment to these reforms and prudent risk-taking ensure the stability and soundness of the financial system. Tax reform regime has likewise been implemented in the past year, with the enactment of TRAIN (Tax Reform for Acceleration and Inclusion) Law<sup>1</sup>, and the ongoing discussions on Package 1B and 2 this 2018.

Globalization and greater regional integration remain key in coping with the increasingly sophisticated challenges and trends in the sector that affect policymaking and business operations in the country.

The Philippine fiscal and banking sector, led by the Department of Finance (DOF) and Bangko Sentral ng Pilipinas (BSP) has posted substantial progress in the past year, more so in line with the government's socioeconomic agenda on comprehensive and competitive tax reform as well as ameliorating and maintaining monetary and trade policies. In furthering these goals, the following recommendations are presented:

1. Amend the Bank Secrecy Law
2. Move for Senate Concurrence to the Foreign Account Tax Compliance Act (FATCA)
3. Monitor the Implementation of Value Added Tax (VAT) Refund
4. Protect Current Investments threatened under CTRP 2<sup>2</sup>

<sup>1</sup> Republic Act 10963 of 2018

<sup>2</sup> Passed in the House as House Bill (HB) No. 8083 or the Tax Reform for Attracting Better and Higher Quality Opportunities (TRABAHO) and now pending before the Senate.

## MARKET DATA

The banking sector remains to be central to the Philippine financial system and is considered as a key driver in supporting long-term economic growth and conditions.

The sector continued to strengthen, at PHP15.33 billion of total assets by Q1 2018 compared to PHP13.77 billion during the same period last year<sup>3</sup>. BSP report states that as of December 2017, the country has 587 operating banks and 11,206 bank branches and other offices, which includes 919 micro banking offices (MBOs). Additionally, there were 20,279 automated teller machines (ATMs) and 71 banks with e-banking facilities.

The December 2017 BSP report respectively ranks BDO Unibank, Metropolitan Bank & TCO, Bank of the Philippine Islands, Land Bank of the Philippines, and Philippine National Bank as the top banks in the country according to total assets<sup>4</sup>. There remains a considerable opportunity for the banking sector to expand, as 554 cities and municipalities, or almost a third of the total number in the country are still unbanked by the end of 2017. Furthermore, the 2017 World Bank Global Findex reported that only 34.5% of Filipino adults have bank accounts, from bank deposits to e-money accounts.<sup>5</sup>



3 Bangko Sentral ng Pilipinas. (2018). *Philippine Financial System Sustains Growth Momentum*. Retrieved on 24 May 2018 from [http://www.bsp.gov.ph/banking/pbs\\_new/3.htm](http://www.bsp.gov.ph/banking/pbs_new/3.htm).

4 Bangko Sentral ng Pilipinas. (2018). *Banks Ranking as to Total Assets*. Retrieved on 25 May 2018 from [http://www.bsp.gov.ph/banking/psoc/by\\_ranks/assets.htm](http://www.bsp.gov.ph/banking/psoc/by_ranks/assets.htm).

5 Bangko Sentral ng Pilipinas. (2018). *Revisiting the Role of Rural Banks in Countryside Development and Financial Inclusion*. Retrieved on 24 May 2018 from <http://www.bsp.gov.ph/publications/speeches.asp?id=613&yr=>

## RECENT REFORMS AND INDUSTRY DEVELOPMENTS

The following reforms in the sector were recently adopted:

- In November 2017, the BSP Monetary Board approved the adoption of the National Retail Payment System (NRPS) Framework, which aims to establish an efficient, safe, and reliable electronic retail transactions system, projecting an increase in its share to at least 20% by 2020<sup>6</sup>. Under this scheme, the Central Bank launched PesoNET and Instapay – automated funds-transfer systems in November 2017 and April 2018, respectively.<sup>7</sup>
- R.A. 10927 amended the Anti-Money Laundering Act (AMLA) of 2001, putting casinos, including internet and ship-based gaming sites in the list of covered institutions under the said law<sup>8</sup> whose implementing rules and regulations (IRR) was released in November 2017. Pursuant to the Memorandum dated 22 February 2018 of Executive Secretary Salvador Medialdea (as authorized by President Rodrigo Duterte)<sup>9</sup>, the Anti-Money Laundering Council (AMLC) Secretariat issued on 20 April 2018 Letter No. AMLET-18-03, providing for Operational Guidelines in the Conduct of the 2018 Third Round Mutual Evaluation of the Philippines. This evaluation is undertaken by the Asia Pacific Group (APG) to assess the Philippines' effectiveness and compliance with international standards: Financial Action Task Force (FATF) Forty Recommendations and anti-money laundering of terrorism regime (AML/CFT). The results of the said evaluation will be deliberated upon and published in 2019<sup>10</sup>. The AMLC likewise came up with a set of guidelines for Designated Non-Financial Businesses, patterned after the R.A. 10927 IRR<sup>11</sup>.
- On 13 February 2017, House Bill No. 4814<sup>12</sup> otherwise known as "Estate Tax Amnesty Law" which seeks to exempt people availing of the tax amnesty from paying estate taxes from 2016 and prior years<sup>13</sup> passed the final reading in the House and was endorsed to the Senate on 15 February 2017. Consequently, the House also passed

6 Bangko Sentral ng Pilipinas. (2017). *Circular No. 980-2017*. Retrieved on 28 May 2018 from <http://www.bsp.gov.ph/downloads/regulations/attachments/2017/c980.pdf>

7 Bangko Sentral ng Pilipinas. (2018). *Revisiting the Role of Rural Banks in Countryside Development and Financial Inclusion*. Retrieved on 24 May 2018 from <http://www.bsp.gov.ph/publications/speeches.asp?id=613&yr=>

8 Anti-Money Laundering Council. (2017). *Anti-Money Laundering Act of 2001, As Amended*. Retrieved on 30 May 2018 from <http://www.amlc.gov.ph/images/PDFs/RA10927.pdf>

9 Designates the Anti-Money Laundering Council (AMLC) as the lead agency in the 2018 mutual evaluations

10 AMLC. (2018). *Operational Guidelines in the Conduct of the 2018 Third Round Mutual Evaluation of the Philippines*. Retrieved on 23 May 2018 from [http://www.amlc.gov.ph/images/PDFs/AMLET%2018-02-18-4-20-\(original%20signed\)%20with%20Operational%20Guidelines%20for%202018%20Third%20Round%20Mutual%20Evaluation.pdf](http://www.amlc.gov.ph/images/PDFs/AMLET%2018-02-18-4-20-(original%20signed)%20with%20Operational%20Guidelines%20for%202018%20Third%20Round%20Mutual%20Evaluation.pdf)

11 AMLC. (n.d). *AMLC Guidelines*. Retrieved on 23 May 2018 from <http://www.amlc.gov.ph/laws/money-laundering/16-news-and-announcements/135-amlc-adopts-anti-money-laundering-and-counter-terrorism-financing-guidelines-for-dnfbps>

12 Sponsored by Congressmen Dakila Cua, Arthur Defensor and Romero Federico Quimbo

13 House of Representatives. (2017). *Committee Report No. 56*. Retrieved on 25 May 2018 from [http://www.congress.gov.ph/legisdocs/first\\_17/CR00056.pdf](http://www.congress.gov.ph/legisdocs/first_17/CR00056.pdf)

HB4815 which introduces a simpler tax system by establishing a single rate of 6% for estate tax on 13 February 2017 and was transmitted to the Senate on 15 February 2017.<sup>14</sup>

- On 6 February, HB 7105<sup>15</sup> which proposes to grant amnesty on all national internal revenue taxes for 2017 and prior years, allow the BIR Commissioner to inquire and receive information on bank deposits and other related data from financial institutions, and provides for the facilitation of the exchange of information by automatic or upon request passed the first reading. It was then referred to the House Ways and Means Committee where it is pending for committee deliberations.<sup>16</sup>
- On 15 May 2018, House Bill No. 7436 which aims to abolish the Road Board and transfer the management of the four special accounts to the Department of Works and Highways (DPWH), Department of Transportation (DOTr), and the Department of Environment and Natural Resources (DENR) was passed in the last reading and was transmitted to the Senate.<sup>17</sup> Consequently, the Senate has ratified SB No. 1620 on 12 February 2018. Due to the difference in the way of allocation and management of the fund proposed in the HBN 7436 and SBN 1620, a bicameral conference committee was set to take place however, on 12 September the lower house rescinded its approval of the house bill.
- Out of the four bills filed in the House<sup>18</sup>, HB 7458 sponsored by House Ways and Means Committee Chair Dakila Carlo Cua, Deputy Speaker Raneo Abu and Deputy Majority Leader Aurelio Gonzales Jr. is the DOF's supported bill. It seeks to lower corporate income tax from 30% to 20% by reducing 1% per year starting January 2019, broaden the tax base by modernizing investment tax incentives, remove excessive tax incentives and privileges given to certain industries, and limit the grant of tax incentives to strategic industries and lagging regions.<sup>19</sup> On May 22, 2018, the House Ways and Means Committee conducted the initial hearing for CTRP 2 consolidating the 12 bills on tax and incentives, with 153 resource speakers mostly from the government. On August 14, Rep. Estrellita Suansing and Rep. Dakila Cua delivered their sponsorship speeches. As of writing, the Bill is now pending before the Senate.

14 House Bill No. 4815

15 Sponsored by Congressmen Pantaleon Alvarez, Rodolfo Fariñas and Dakila Cua

16 House of Representatives. (2018). *House Bill No. 7105 entitled "An Act Enhancing Revenue Administration and Collection by Granting an Amnesty on All Unpaid Internal Revenue Taxes Imposed by the National Government for the Taxable Year 2017 and Prior Years."* Retrieved on 25 May 2018 from [http://www.congress.gov.ph/legisdocs/basic\\_17/HB07105.pdf](http://www.congress.gov.ph/legisdocs/basic_17/HB07105.pdf)

17 House Bill No. 7436

18 House Bills 7214, 3359, 7364 and 7458

19 House Bill No. 7458

# EPBN ADVOCACY

## 1. AMENDMENT OF THE BANK SECRECY LAW

While there is a recognition of the importance of compliance with the bank secrecy law and adherence to other related laws and regulations, certain exceptions to the law should be put in place to better address and avoid tax evasion and international financial crimes.

We call for the amendment of the Bank Secrecy Law, specifically to include (1) additional exceptions to the rule on confidentiality of bank accounts; and (2) easing of requirements for the current exceptions to the disclosure of information. Whilst the proposed action will attend to the foregoing financial concerns, it will also build on the trust in our banking system and improve investor assurance.

## 2. FAST-TRACK FATCA SENATE CONCURRENCE AND IMPLEMENTATION

The signing of IGA Model 1 is a welcome development and a step towards achieving the Philippines' fiscal objectives. The concurrence of FATCA in the country will reflect its commitment to combat tax evasion, promote financial transparency, and adopt Common Reporting Standards by the OECD. Likewise, the BIR's effective implementation of IGA Model 1 will ease compliance with reporting requirements. Taking into consideration the significance of a transparent and effective tax reporting system, the aforementioned actions are highly recommended.

## 3. ENSURE EFFECTIVE IMPLEMENTATION OF THE CURRENT VAT REFUND PROCEDURE

The tax refund process is undoubtedly a tedious process. With well-implemented and effective regulations, the convenience of most of the taxpayers, especially investors that bring in employment and knowledge transfer, among others, may be guaranteed.

To this effect, we recognize the effort of the administration to address concerns on the VAT refund process. The implementation of RR 1-2017 is a welcome development, with its objectives to streamline and ease the refund process. Towards the realization of the goals of this regulation, we put forward that its effective implementation be monitored and assured. To date, no complaints on its implementation have been documented or reported on the news nor by the government authorities.

## 4. ENACT THE AMNESTY PACKAGE TOGETHER WITH THE AMENDMENTS TO THE BANK SECRECY LAW TO ENSURE THE EFFICIENCY OF THE FIRST MEASURE AND RATIFY THE COMMON REPORTING STANDARDS (CRS) IN SUPPORT OF THE AMNESTY PACKAGE

The EPBN recognizes the current initiatives of the government with regard to tax amnesties and relaxation of the bank secrecy law. These measures are expected to help combat tax evasion and other international financial crimes, and enhance government's efficiency when it comes to tax revenue collection. In order to achieve these goals, certain conditions must first be met to ensure the efficiency of these measures.

A tax amnesty program will only be successful if the people believe that the government is capable of identifying and penalising those who violate the laws. The lifting of the time old bank secrecy law and the ratification of the CRS will do much in conveying that the government is serious about identifying and penalising those who violate tax

laws and will boost government tax revenue collection by encouraging more people to avail of the amnesty which would then aid the government in realizing its programs by expanding the tax base in the country.

Further, the lifting of the restrictions imposed by the bank secrecy law together with the ratification of the Common Reporting Standard (CRS) will also help promote transparency in the Philippines and enhance the country's image as an investment destination. With this in mind, the EPBN recommends the simultaneous enactment of the tax amnesty package and the amendments to the bank secrecy law as well as the ratification of the CRS.

## 5. RETAIN INCENTIVES FOR IPAS

Stability and consistency are two very important factors considered by investors and businesses. TRABAHO creates uncertainty and instability for operating businesses and existing investors as they will now have to cope with the sudden change in operations. This being said, the current proposal of removing incentives and exemptions will highly affect the business environment in the country and could significantly pose a threat to the Philippine economy. IPAs such as the Board of Investment (BOI) and PEZA have all used these incentives and exemptions as a tool to attract existing investors in the country. Changing the rules in the middle of the game will significantly hurt the country's image as an investment destination, deter interested investors to come in and could even drive existing investors to leave and operate in other countries with better investment-friendly environments.

The EPBN recognizes the need for the government to expand the tax base in order to support much welcomed government projects like *Build Build Build* however, companies that helped in boosting the economic growth should not be penalized. To this end, we propose for the government to evaluate registered companies, single out non-performing or violating enterprises and penalize them with the removal of the incentives. This will show that the Philippines respects the sanctity of contracts which will reinforce its status as an investment-friendly destination and improve its competitiveness.



## 6. CIT REDUCTION SHOULD BE COMPETITIVE

The EPBN warmly welcomes the government's initiative to lower the CIT rate as a measure to improve the country's global competitiveness. The mechanism on how the CIT rate will be reduced, however, should be benchmarked on existing CIT rates in the ASEAN region to ensure that the reform would be able to attain its goal.

We support the general principle of the reduction scheme proposed under House Bill No. 7458 sponsored by Cong. Dakila Cua as it provides a much clearer and more effective reduction scheme of 1% per year. However the Philippines has the highest CIT rate in the ASEAN region, even if the CIT rate is to be lowered to 25%, it will still be one of the highest rates in ASEAN together with Myanmar and Indonesia. The country's main competitors are Vietnam and Thailand with CIT rates at 20%, thus in order to be truly competitive it is our unequivocal view that the Philippines' CIT rate should be lowered to 15% for it to be favored by investors. This would give investing in the Philippines a clear advantage over its ASEAN neighbors and would help the government realize the main objectives of the tax measure. Further we advocate that there should be an aggressive schedule to reach this target by means of a 5% reduction year on year thus delivering a CIT rate of 15% three years hence.

## EPBN INTERVENTIONS

The EPBN has set forth the following recommendations towards the improvement of the fiscal and banking sectors in the Philippines:

The EPBN has had several undertakings and submitted position papers on the aforesaid topics. Specifically, there was a Tax and Financial Services Round Table Discussion and briefing on the new VAT refund scheme – RR 1-2017 on 17 March 2017. This was attended by industry captains and consultants, and business organization representatives, among others.

The EPBN has actively participated in the discussion on Comprehensive Tax Reform Package Bills – Packages 1, 1B, and 2, including attendance and participation in legislative hearings and consultations, submission of position papers to the House, Senate, PEZA and other government agencies, and formulation and release of media statements. Additionally, forums and meetings were also held with key stakeholders and government representatives – DOF Undersecretary Karl Kendrick Chua, PEZA Director General BGen. Charito Plaza, Senator Sonny Angara, Cong. Dakila Cua, Cong. Arthur Yap, and Senator Chiz Escudero.

An inquiry with regard to the status and progress of FATCA has also been made, while the EPBN also got in touch with the office of Senator Loren Legarda, Senate Committee Chair for Foreign Affairs, who has expressed support for FATCA in several interviews/statements.

## ASSESSMENT OF RECOMMENDATIONS

Advocacy	Recommendations	Completed	Substantial Progress
<b>Amend the Bank Secrecy Law</b>	Exemptions in cases covered by investigation of tax fraud and evasion should be included in the Bank Secrecy Law		
<b>Amend the Anti-Money Laundering Act of 2001 (AMLA)</b>	Expand the coverage of AMLA to better enforce anti-money laundering measures in the Philippines.		Implementation of RA No. 10927 in July 2017, placing casino operations under the coverage of country's AMLA.
<b>Senate concurrence of the Foreign Account Tax Compliance Act.</b>	Implement FATCA in the shortest possible timeframe.		
<b>Enact the Amnesty Package</b>	Enact the Amnesty Package together with the amendments to the Bank Secrecy Law to ensure the efficiency of the first measure and ratify the Common Reporting Standards (CRS) in support of the amnesty package.		
<b>Make investing in the country competitive through CTRP 2</b>	Retain incentives for IPAs.		
	CIT reduction should be competitive.		

Some Progress	No Progress	Retgression
<p>In furtherance to the Administration's tax reform regime, there are several bill pending in both Chambers of Congress amending the Bank Secrecy Law.</p> <p>HB 7105 was filed in February 2018 with the intention of granting general tax amnesty and the relaxation of the Bank Secrecy Law to equip the government with a better framework to tackle tax evasion. Several bills on the same subject are filed in the Senate (SBN 942, 920, 1494).</p>		
	<p>The FATCA was ratified in December 2016. As of July 2017, it is pending in the Senate Foreign Relations Committee for concurrence.</p>	
<p>HB 7105 is pending before the House Ways and Means Committee for deliberations.</p> <p>House Bill No. 4814 was passed in the House and endorsed to the Senate in February 2017.</p>		
		<p>CTRP 2 rationalizes fiscal incentives thereby removing/sunsetting those enjoyed by the IPA locators.</p>
<p>CTRP2 proposes 20% CIT rate reduction but it should be at 15% for the country to be favored as an investment destination as against its ASEAN neighbors.</p>		



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