

Digital services,
from S1/1

The House of Representatives approved in September 2021 a bill seeking to impose a 12% VAT on digital sale of services such as online advertisements, subscription services, and supply of other electronic and online services that can be delivered through the internet such as mobile applications, online marketplaces, online licensing for software, and webcasts, among others.

However, the Senate has yet to approve the counterpart measure.

At that time, the Finance department estimated the proposed tax, if signed into law, could generate P10.66 billion in government revenues.

NO NEW TAXES

Mr. Diokno will head the Finance department after President-elect Ferdinand R. Marcos, Jr. assumes office on June 30.



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The incoming administration is facing the challenge of raising more revenues in order to repay the debt incurred during the pandemic.

“I will not immediately raise taxes,” Mr. Diokno said, adding that they will focus on tax administration and digi-

talization. “To me, the approach to tax collections, you have to use technology to improve tax collections.”

Outgoing Finance Secretary Carlos G. Dominguez III said the next administration should raise revenues with tax reform packages, improve tax administration and cut unnecessary spending with fiscal reforms.

The Bureau of the Treasury has estimated the government needs to raise P249 billion every year in incremental revenues to avoid resorting to borrowings to pay the P3.2-trillion additional debt incurred during the pandemic. As of end-March, the National Government debt stood at a record P12.68 trillion.

Mr. Diokno said he prefers to focus more on VAT or consumption tax collection.

“(VAT is) the most effective tax globally. It’s easy to collect. We should focus on these kinds of taxes,” he added.

Mr. Dominguez earlier said the VAT rate could be lowered to 10% from the current 12%, but the VAT base should be expanded.

Mr. Diokno also said that the use of technology can also be used to curb smuggling. “I think the use of technology to collect more taxes, even use the satellites, you can track the movements of ships. There’s a lot of smuggling going on. You can track them.”

He also expressed no objection to a wealth tax if it is approved by Congress.

“My policy is like this, how much time and effort are you going to spend on a bill, for example, that you think wouldn’t even pass?” he said. “So, you should focus on big items, such as VAT.” — **TJT**

Starlink,
from S1/1

Mr. Cabarios said other foreign satellite broadband operators can expect the same treatment from the NTC, as VAS is a deregulated service.

“Being a deregulated service, approvals should be fast,” he noted.

Starlink’s registration as a VAS provider allows it to directly access satellite systems, build and operate broadband facilities to offer internet services in the country. The company’s certificate of registration is valid until April 14, 2023.

“Starlink is expected to cover villages in urban and suburban areas and rural areas that remain unserved or underserved with internet access services. The service is expected to bring cost effective internet access in these areas,” the NTC said.

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