Revilla files bill giving gov't 5% cut of movie theater gross income

A BILL seeking to exempt the movie theater industry from income tax, excise tax, value-added tax and amusement tax in exchange for a 5% share of the gross income generated has been refiled at the Senate.

Senate Bill 28, introduced by Senator Ramon B. Revilla, Jr., was touted as a measure designed to revive the industry by providing tax breaks to proprietors, lessees, and operators of theaters and cinemas. If passed, they will only be liable to pay real property tax.

The bill proposes that of the 5%, 3% will go to the National Government, and 2% to the local government hosting the theater.

Mr. Revilla said the industry was severely affected by the coronavirus disease 2019 (COVID-19) pandemic. As restrictions were placed on moviegoers, it became increasingly difficult to produce and market Filipino movies, affecting film producers, movie theater operators, and patrons.

"We have nursed many businesses and establishments back to life in the last few years. And as we do so, we should not forget the movie industry and the thousands in its employ who have been so badly hit by the pandemic," he said in a statement on Wednesday.

In spite of the recent reopening of cinemas, moviegoers are still reluctant to watch films in cinemas because of the perceived safety risk of sitting in an indoor venue alongside crowds. Movie ticket sales have also been under pressure from streaming services.

"For this industry and its art to keep living and thriving, we must offer swift assistance," he said. — **Alyssa Nicole O. Tan**

Diokno says 'too early to tinker' with TRAIN, CREATE reforms

FINANCE Secretary Benjamin E. Diokno said it is too early to make adjustments to recent tax reform laws, signaling his reluctance to back a House Bill seeking to provide tax relief for the poor and middle class.

"We just amended both personal income tax and corporate income tax. Let's give the new tax system a chance to operate. Too early to tinker with it," Mr. Diokno told reporters on Wednesday.

He was reacting to the proposed Tax Reform Act for the Masses and the Middle Class (TRAMM), which hopes to "correct" the previous government's two major tax measures, the Tax Reform for Acceleration and Inclusion (TRAIN) law and the Corporate Recovery and Tax Incentives for Enterprises (CREATE) law.

ACT Teachers Representative France Castro filed the TRAMM bill to address the "imbalances brought by regressive tax reform laws such as TRAIN and CREATE that offer little benefit to poor and middle-class families."

The TRAMM bill sets a 20% maximum personal income tax rate for individual citizens, with their first P400,000 exempt from tax.

It seeks exemptions for senior citizens and persons with disabilities and raises the cap for tax-free bonuses to P150,000.

If signed, TRAMM will require the Bureau of Internal Revenue to "set up a progressive, 10-bracket (in the minimum) personal income tax schedule."

The TRAIN law was Package 1A of the tax reform program, while the CREATE law was Package 2 of the previous government's Comprehensive Tax Reform Program.

Under TRAIN, individual taxpayers earning over P250,000 but not more than P8 million pay tax rates of 15-30% starting Jan. 1, 2023.

It also allows the self-employed and professionals earning P3 million or less to avail of an optional 8% tax in lieu of the graduated personal income tax and percentage tax.

It also exempts from income tax the first P250,000 earned by individual taxpayers, and reduced the Donor's and Estate Taxes were reduced to a fixed rate of 6%.

The CREATE law, billed as a pandemic relief measure for businesses, reduced the corporate tax from 30% to 20% for small businesses with taxable income not exceeding P5 million and total assets excluding land not exceeding P100 million, and 25% for all other corporations, both domestic and foreign.

"Rising prices and untamed inflation rates in the past few years all the more justify the need for a tax reform package that would reduce the income tax rates of overburdened Filipino working-class families. Reducing income tax rates for working families will not only improve their way of life, but also strengthen their purchasing power which will boost overall domestic demand for consumer goods," Ms. Castro said in a statement on Tuesday.

Headline inflation hit 6.1% in June, the highest in nearly four years. This brought the first-half inflation average to 4.4%, above the central bank's 2-4% target range. The year-to-date average is still lower than the official 5% forecast for the year. — **Diego Gabriel C. Robles**

DENR to link land database with LRA's to streamline titling

THE Department of Environment and Natural Resources (DENR) said it has entered into a partnership with the Land Registration Authority (LRA) to improve access to information on land and make land-related transactions easier for the public.

The resulting system for land data hopes to ease the processing and approval of survey plans, the verification of lot status, and the issuance of patents and registration by integrating the two agencies' fragmented data.

DENR Land Management Bureau Director Emelyne V. Talabis said that the partnership will result in a more coordinated, accurate, and accessible public-facing land information system.

Former DENR Officer-in-Charge Joselin Marcus E. Fragada said the tieup is a "progressive step in addressing the fragmented system of land administration and management in the country for a more secure, credible, and streamlined titling process." — **Luisa Maria Jacinta C. Jocson**

FULL STORY

Read the full story by scanning the QR code with your smartphone or by typing the link <bit.ly/Land071422>

June WESM prices rise to P9.01/kWh amid thin supply

THE Independent Electricity Market Operator of the Philippines (IEMOP) said the Wholesale Electricity Spot Market (WESM) price averaged P9.01 per kilowatt hour (kWh) in June, up from P6.42 a month earlier, due to thinning supply.

"WESM is... largely dependent on the supply-demand situation and in our presentation earlier we have shown you *na nagkaroon po tayo ng* (that there was a) decrease in terms of the supply margin because of forced and planned outages (during the) June billing period," IEMOP Corporate Communications OIC Manager Josell F. Co said.

WESM trades electricity not otherwise committed to power distributors and is tapped in the event these distributors experience a shortfall in their contracted power. The spot price charged to these buyers is typically higher than the power supplied under long-term contracts. A rising WESM price indicates a tightening in the market for contingent power, and points to underlying problems in the market for contracted power.

IEMOP, in an online media briefing on Wednesday, said that in the May 26 to June 25 period, it recorded average supply of 15,214 megawatts (MW), average demand of 11,325 MW and an average supply margin of 3,889 MW.

Month on month, average supply dropped by 192 MW or 1.25%, average demand rose 66 MW or 0.59% while the supply margin decreased 258 MW or 6.22%.

Aside from thinning supply, IEMOP also noted the rise in prices of fuels such as oil, coal and liquefied natural gas, which drove the spot price beyond the P9 mark.

"As a result, the Secondary Price Cap Mechanism (SPC), which was set in place to protect consumers against sustained high WESM prices, was also applied 35.17% of the time in the June billing month," the company said in a statement.

Recently, Nord Stream 1, the biggest single pipeline carrying Russian gas to Germany, began annual maintenance on Monday, with deliveries scheduled to halt for 10 days, tightening the gas market.

IEMOP's Head of Corporate Strategy and Communications Isidro E. Cacho, Jr. said that this event could also cause coal prices to rise as Europe restarts shuttered coal-fired plants to reduce its dependence on Russian energy.

He also added that although prices of some fuels have softened, coal is still up about 200% on its pre-Ukraine war price.

In terms of volume, the high spot market price deterred purchases, leaving the share of spot energy in the power market at 9.1% in June. IEMOP reported that the volume of energy purchased on WESM in June was the lowest in the second quarter.

Mr. Co said that in early July IEMOP expects the secondary price cap to be triggered frequently as daily spot prices range from P7 to P9. — **Justine Irish D. Tabile**

Transport coalition calls on DoTr to freeze route rationalization plan

By Arjay L. Balinbin
Senior Reporter

A TRANSPORT association said on Wednesday that the Department of Transportation (DoTr) must focus on streamlining the regulatory processes at the Land Transportation Franchising and Regulatory Board (LTFRB) instead of its current plan to rationalize routes, saying that such a measure would inconvenience commuters.

"What they want to do is rationalize the routes. For example, as a passenger, if I'm traveling from San Jose del Monte, Bulacan, to Makati or Taguig, I'll have to transfer from one PUV to another up to three times instead of taking a direct ride," Mar S. Valbuena, chairman of the transport coalition Manibela, told *BusinessWorld* in a phone interview.

He said streamlining the LTFRB's approval process would expedite the entry of more public utility vehicles (PUVs) to meet rising demand.

The LTFRB has been pushing for route rationalization to optimize the number of vehicles servicing each route in response to prevailing demand levels.

Transport groups said in a joint statement on Wednesday the DoTr bid out the Metro Manila Urban Transportation Integration Study Update and Capacity Enhancement Project, or the Route Rationalization Study, in 2018.

"Results of the study have not been released to the public, even if changes and public transport services have already been introduced," Move Metro Manila, Move As One Coalition, Manibela, and Komyut transport groups said in a joint statement.

Transport Secretary Jaime J. Bautista said at a Palace briefing on Monday that a full study on a "fleet rationalization" plan is ongoing.

He said the study should be completed before face-to-face classes resume in August.

"*Kailangan natin ng mga tamang* information *kung anu-ano iyong mga* availability *nitong mga sasakyan na gagamitin natin* and *ano ang ating mga puwedeng gawin* (We need accurate information on vehicle availability before we can take any steps)," he said.

Since the reopening of the economy, the LTFRB has been gradually opening routes and issuing permits to PUV operators.

"*Marami sa amin ang gustong bumiyahe at makapagserbisyo sa publiko kasi hanapbuhay namin ang makapagbiyahe, kaya lang parang dadaan ka sa butas ng karayom sa napakaraming* requirements *ng* LTFRB (The LTFRB has been making it difficult for us even though we want to ply our routes to serve commuters, because that is our livelihood)," Mr. Valbuena said.

"*Ang daming gagastusin muna para mabigyan kami ng* temporary permit. *Baka imbes na i-*prioritize *ni* Secretary Bautista *ang* rationalization of routes, *unahin niya ang* rationalization *ng mga proseso sa* LTFRB (The LTFRB charges a lot of fees just for a temporary permit. Maybe Secretary Bautista should rationalize the agency instead of routes)," he added.

LTFRB Chairperson Cheloy Velicaria-Garafil has said that President Ferdinand R. Marcos, Jr. ordered the agency to streamline permit processing and to ensure the prompt delivery of aid to transport workers.

"We have been given three directives: to streamline processes, to ensure aid is delivered to drivers, and to look after commuter welfare," she said in a statement.

Ms. Garafil, a lawyer and a former journalist, said the LTFRB "will listen, study, and work with everyone here and also our stakeholders on how we can better improve our services."

Move Metro Manila convenor Grace Gorospe-Jamon said Mr. Bautista seems to be paying attention to the right problems, citing the initial directives and acts of the new Secretary, a former top official of Philippine Airlines.

"Mr. Bautista's commitment to providing accessible, affordable, comfortable, and safe transport service is reassuring," she said in a statement.

"He is practically resetting the agency's performance metrics to be centered on the commuter experience, very unlike the previous leadership's emphasis on infrastructure progress," she added.

The transport groups took note of Mr. Bautista's observation tour of the MRT, which he rode alongside everyday commuters.

"Mr. Bautista's latest directive to fully deploy 550 buses on the EDSA Busway is a sign that the transport chief recognizes the public transport supply shortage," Robert Y. Siy of the Move As One Coalition said.

A commuters' group said that Mr. Bautista should ensure accessibility of transport service.

"*Kaming mga komyuter ay umaasa na sisiguruhin at uunahin ni* Secretary Bautista *ang* accessibility *ng* transport service. *Ang kilo-kilometrong pila sa sakayan, ang araw-araw na maniningil sa kanya at sa kanyang mga pangako sa mananakay* (We commuters are hoping that Secretary Bautista focuses on transport accessibility. We will hold him to his commitments every day we see commuters having to endure long queues for rides)," Toix Cerna of Komyut, an online community of commuters, said.

Asked to comment, Mr. Bautista said in a statement: "At the onset of my term as Transport Secretary, I announced my plan to transplant the thrust of Philippine Airlines to constantly focus on enhancing passenger experience at all stages of their journey."

"Today, at the Department of Transportation, our utmost priority is extending safe, comfortable, affordable and accessible travel to all passengers. I am inspired by the reaction of urban mobility groups who believe we are on the right track. Suggestions and criticisms provide vital inputs how we are to proceed in effecting significant change in this sector which is critical to the country's economic rebound," he added.

OPINION

Proposed tax reforms for resource mobilization

TAXWISE OR OTHERWISE
JAMES ARVIN E. RONQUILLO

Times are downbeat. In the last few years, the Philippines has been impacted successively by global crises, starting with the pandemic followed by the Russia-Ukraine War. The light at the end of the tunnel that signals national recovery is still out of sight. As such, the government is looking to modify our tax landscape as a key in addressing these challenges.

Our tax system underwent major reform in the last few years with the passing of the TRAIN and CREATE laws, which generally reduced tax rates and rationalized tax incentives. However, the needs of the day prompted the government to seek additional sources of revenue to pay off the national debt and to finance its projects. This much was evident when the Department of Finance (DoF), under the leadership of former Secretary Carlos G. Dominguez III, released the 2022 Fiscal Consolidation and Resource Mobilization Plan, which aimed to modify and supplement existing tax laws for more effective and efficient revenue collection. Some of the salient points of the plan include the following:

1. Deferment of the TRAIN personal income tax reduction by retaining the currently imposed tax rates under the TRAIN Law and by deferring the second tranche of graduated income tax rate reductions of 15% to 35% until 2025.

2. Modifications to the Value-Added Tax (VAT) system

• Expansion of the VAT base by making some previously VAT-exempt or VAT-zero rated items subject to the 12% VAT. Nevertheless, exemptions for the education, agriculture, health, finance, and raw food sectors will be retained.

• A possible VAT reduction from 12% to 10%.

• Reimposition of the VAT input tax amortization on capital goods valued at more than P1 million for a period not exceeding 60 months.

• Imposition of 12% VAT on the digital economy including online advertisements, digital services, and the supply of other electronic and online services.

3. Additional excise taxes on motorcycles and pickups, petroleum and coal, single-use plastics, and expansion of the coverage of excisable luxury goods.

4. Reforms to health/sin taxes by taxing alcopops the same as fermented liquor, increasing the excise tax on cigarettes and e-cigarettes, and adopting a higher unitary rate for sweetened beverages.

5. Admission charges for casinos and a gaming tax on electronic betting.

6. Carbon emissions and cryptocurrency taxes which are still undergoing further study.

7. Strengthening tax administration including the taxation of social media influencers and the conduct of BIR transfer pricing audits.

Aside from the propositions above, the former DoF leadership also recommended the passage of the remaining packages of the previous administration's Comprehensive Tax Reform Program (CTRP), which include a motor vehicle user charge, the rationalization of the mining fiscal regime, a proposed Passive Income and Financial Intermediary Taxation Act and a Real Property Valuation and Assessment Reform Act. All in all, these proposed reforms are expected to generate an annual average of P349.3 billion in additional revenue and should greatly help in minimizing the need to take on debt to finance the government's programs.

The new Finance Secretary has declared a preference for improving tax administration over imposing new taxes. Thus, the new administration plans to increase tax effort and make the economy grow at a more ambitious pace to address our current challenges. That said, news reports indicate that he is eyeing carbon taxes, an excise tax on single-use plastics, and digital taxes, the latter estimated to generate at least P13.2 billion in incremental revenue annually, as well as the passage of the remaining packages of the CTRP, which would simplify the tax system and result in the more efficient and effective collection of real property, passive income, and financial intermediary taxes.

As the lifeblood of the government, taxes fund services and projects aimed at the betterment of the nation. Thus, the government may impose certain taxes to raise revenue and regulate activities to attain its social or economic objectives. While the proposed tax laws have the potential to help the country address our current problems, we should equally remain vigilant and cautious in their enforcement lest they fuel poverty, with consumers absorbing the taxes passed along by businesses. Of what use are resources mobilized to swell the public treasury if citizens are burdened to death by inflation, unemployment, and taxes?

The views or opinions expressed in this article are solely those of the author and do not necessarily represent those of Isla Lipana & Co. The content is for general information purposes only, and should not be used as a substitute for specific advice.

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