



# 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

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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.



