

JOINT FOREIGN CHAMBERS OF THE PHILIPPINES

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Canadian Chamber of Commerce of the Phils., Inc. • European Chamber of Commerce of the Phils., Inc.
Japanese Chamber of Commerce & Industry of the Phils., Inc. • Korean Chamber of Commerce of the Phils., Inc.
Philippine Association of Multinational Companies Regional Headquarters, Inc.

September 1, 2021

REP. LORD ALLAN JAY Q. VELASCO

Speaker
House of Representatives
Batasan Complex, Quezon City

Dear Speaker Velasco:

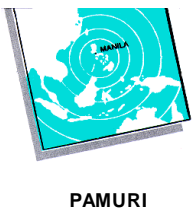
The undersigned members of the Joint Foreign Chambers write to seek your support for the immediate approval of House Bill 8942 or the proposed “Ease of Paying Taxes Act.”

HB 8942, which has been pending Second Reading since March 9, aims to (i) simplify tax compliance procedures by segmenting taxpayers and better tailoring processes, (ii) enhancing the portability of tax transactions, and (iii) legislating the Taxpayer’s Bill of Rights and creating a Taxpayers’ Advocate Office.

We find highly noteworthy in this bill that it harmonizes Value-Added Tax (VAT) recognition for goods and services, which in turn removes the official receipt (OR) requirement for payment of services that is unique to the Philippines. What can justify the Philippines being the only country in Asia which differentiates VAT for goods and services and has separate invoice and OR requirements? Allowing a single document (invoice) to support proof of payment of goods or services will make the future e-invoicing process more efficient. Also, it conforms to the Ease of Doing Business and Efficient Government Service Delivery Act of 2018 (RA 11032) that seeks to increase efficiency by reducing processing time, eliminating red tape, and curbing corrupt bureaucratic practices.

Further, we highlight five other notable proposals in the bill:

- i. Introducing a “Medium” taxpayer classification and streamlined procedures for the “Small” taxpayer.
- ii. Cancelling Bureau of Internal Revenue (BIR) registration, which will no longer result in automatic BIR audits. The BIR shall decide whether or not to audit based on risk assessment evaluations.
- iii. Removing the need to secure authority to print from the BIR before hard copy invoices can be issued. The business style requirement will also be removed.
- iv. Ensuring taxpayer’s rights as the guiding principle in formulating and implementing tax policies and regulations. The taxpayer’s right to have the cost of compliance respected whenever tax rules are prepared and enforced shall be considered whenever the BIR prescribes new rules on the filing and payment of taxes.



- v. The Taxpayer’s Advocate Office shall be created under the control and supervision of the Department of Finance and independent from the BIR. Its powers and duties shall include: (a) ensuring rights of taxpayers are protected; (b) identifying systemic problems within the BIR; and (c) proposing changes whether administrative or legislative in nature.



Enactment and implementation of this bill could improve the Philippine ranking in the World Bank’s annual Doing Business global index of 190 countries, much studied by foreign investors when considering where to invest. In 2020 the Philippines ranked 95th, while Indonesia ranked 69th, Vietnam, 70th, Thailand, 21st, Malaysia, 12th and Singapore, 2nd.



This ranking includes “paying taxes” as an indicator, which measures “payments, time, and total tax and contribution rate for a firm to comply with all tax regulations as well as postfiling processes.” We are certain that ending being the only country to require an OR and not accept the invoice. If the other countries that are ranked higher than the Philippines do not require this extra paperwork, then it is common sense to remove the requirement as soon as possible.



Further, at the House hearing on HB 8942, the proposed reform was widely supported and welcomed by stakeholders, both government and private sector. In an early March 2021 meeting with DOF Secretary Dominguez with the undersigned chambers, he endorsed the bill by commenting “I am in favor of anything that makes it easier to pay taxes.” We agree with the secretary.



During this unprecedented time of the COVID-19 pandemic, when circumstances for taxpayers - be they corporate or individual - are very difficult, government should be creative and innovative in collecting revenue for our fight against the virus, but at the same time government should facilitate compliance by taxpayers.



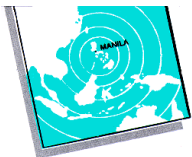
Thank you for considering our request and with our best regards,



FRANK THIEL
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American Chamber of Commerce of the Philippines, Inc.

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cc: Rep. Joey Sarte Salceda



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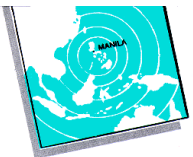
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