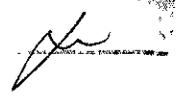


FOURTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session

8 JUL 28 10:05

SENATE

S.B. No. 2485

RECEIVED BY 

Introduced by Senator Loren Legarda

EXPLANATORY NOTE

Because of the surging oil prices and the resulting rise in the inflation rate, calls to revise the taxation system are pitched left and right by government and civil society, alike. Proposals are brought forward in the guise of different schemes, all seeking to alleviate the plight of the common Juan and Juana dela Cruz who struggle to make ends meet amidst the rising cost of living.

However, there seems to be no concerted effort from all stakeholders, i.e. the government - legislative and executive, the business community, and the citizenry. While legislation is the means to put in place structural reforms, particularly in the tax system, it is encumbered and protracted by incongruous viewpoints. Even at this time when such reforms are necessitated not just to help the common Filipino, but to help the country progress as well through the enhancement of the country's fiscal strength, the way to expediently iron out the discord among the policy stakeholders remains the same - slow and inefficient.

There is a need for a venue for efficient deliberations, ensuring that the different concerns are addressed and evaluated before a rationalized measure is undertaken by the respective committees in Congress. The mechanism created in the 1970s, which was the Joint Legislative Tax Commission, was precisely this.

This bill proposes to recreate the said Commission, which will expedite the passage of tax measures. It will be composed of representatives from the Executive Department, the House of Representatives and the Senate. It shall likewise be supported by a technical staff as well as an initial fund of P50 million pesos to carry out its operations.

The Joint Legislative Tax Commission would be able to minimize the delays associated with legislation, as it seeks to resolve the differing views of the various parties concerned in one venue. Furthermore, as it will be the center that studies, evaluates and reviews the tax measures with the aid of comprehensive studies and researches, the developed tax reform package would be assured of credibility and reliability. This measure will in effect depoliticize the process of tax-legislation and ensure continuity of the enforced tax system in each administration.

In view of the foregoing, the passage of this bill is earnestly sought.


LOREN LEGARDA

Senator

FOURTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)

8 JUL 28 19:46

S E N A T E

RECEIVED BY: 

S.B. No. 2485

Introduced by Senator Loren Legarda

AN ACT
CREATING A JOINT LEGISLATIVE- EXECUTIVE TAX COMMISSION, DEFINING
ITS COMPOSITION, POWERS AND FUNCTIONS AND FOR OTHER PURPOSES

Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:

SECTION 1. *Creation of the Tax Commission.* There is hereby created a Joint Legislative- Executive Tax Commission (JLETC), hereinafter referred to as the "Tax Commission."

The Tax Commission shall be the government's policy- advisory body on taxation. It shall review and evaluate all tax proposals, including tax- related bills filed in Congress. On the basis of continuing comprehensive studies and researches on the Philippine Tax system, it shall recommend tax reform measures for purposes of (i) improving the structure and administration of taxes ;(ii) adopting efficient and sound tax policies; (iii) ensuring the fair and equitable distribution of the tax burden among the people; and (iv) improving the revenue collection to make the tax system responsive to the development needs of the economy as a whole. It shall submit its recommendations to the President and to the leadership of both Houses of Congress.

SECTION 2. *Organization.* The Tax Commission shall be composed of nine (9) members from the Executive and Legislative Departments, as follows:

- (1) Three members to be appointed by the President of the Philippines, representing the Executive Department, any or all of whom may or may not be serving as officials of the government;
- (2) Three Senators to be appointed by the President of the Senate, one of whom shall come from the minority party; and
- (3) Three Congressmen to be appointed by the Speaker of the House of Representatives, one of whom shall come from the minority party.

The membership in the Commission of the members of the Legislature shall be an extension of their legislative functions. The membership in the Commission of the officials or members of the Executive shall be in an *officio* capacity.

The Tax Commission shall elect a chairman and a vice- chairman from among its members. It shall determine its official place of business. It shall formulate its own rules governing, among others, its organization, the conduct of hearings, the formation of subcommittees, quorum, the filling up of vacancies and the payment of compensation or honoraria. However, Commission members who are government officials shall serve the Commission without additional compensation by virtue of and in connection with the positions they have been elected to or appointed to, as the case may be. Allowances that are deemed reasonable may be allowed to all members of the Commission.

In carrying out its functions, the Tax Commission shall be authorized:

- (1) To secure from any department, bureau, office, agency or instrumentality of Government, such assistance as may be needed, such as the detail of officials or employees, technical and statistical information, the production of records and/ or submission of proposals or plans as it may require;
- (2) To summon by *subpoena ad testificandum* or require by *subpoena duce tecum* to produce before it such books or records as it may require for its tasks; and
- (3) Generally to exercise all the powers necessary to attain the purpose for which it is organized.

SECTION 3. *Technical Support.* The Tax Commission shall be supported by a Technical Staff which the Commission shall constitute. The Technical Staff shall be charged with the conduct of technical studies and objective and in- depth research on taxation and tax proposals, and submit its findings for consideration by the Commission. The Technical Staff shall be headed by an Executive Director who has wide- ranging experience and expertise in the fields of fiscal and economic policies. The Technical staff shall be subject to existing provisions of the Civil Service Law and the Salary Standardization Law.

SECTION 4. *Appropriations Clause.* To initially and immediately carry out the provisions of this Act, the sum of Fifty million pesos (P 50,000,000.00) is hereby appropriated out any funds in the National Treasury not otherwise appropriated. Thereafter, the Tax Commission shall propose its annual budget for approval by Congress.

SECTION 5. Within thirty (30) days from the effectivity of this Act, the President, the Speaker of the House of Representatives and the Senate of the President shall appoint their respective representatives to the Tax Commission. Thereafter the Tax Commission shall promulgate the rules and regulations to the effective implementation of the provisions of thus Act.

SECTION 6. *Separability Clause.* All laws, decrees, executive orders, rules and regulations or parts thereto, that are inconsistent with this Act are hereby repealed, amended or modified accordingly.

SECTION 7. *Effectivity.* This Act shall take effect fifteen days after its publication in two newspapers of rational circulation or in the Official Gazette.

Approved,