

**COMMENTS ON SENATE BILL 469 (TAX INCENTIVES MANAGEMENT AND
TRANSPARENCY ACT) AND SENATE BILL 1187 (TAX INCENTIVES
TRANSPARENCY ACT)**

*Rosario G. Manasan
Senior Research Fellow
Philippine Institute for Development Studies*

1. We fully support the intent of Senate Bills 469 and 1187 to make the provision of tax incentives more transparent.
2. In particular, (i) the Tax Incentives Tracking Program, (ii) the creation of a separate section in the Budget of Expenditure and Sources of Financing (BESF) for the summary reporting of the Tax Incentive Information to be submitted by all IPAs and (iii) the requirement for all registered firms to submit a Tax Incentive Report annually proposed under SB 1187 will make more transparent just how much revenue is foregone from the granting of fiscal incentives and show exactly which firms, industries and sectors are benefiting from said preferential tax treatment. This will allow for an easier assessment of the relative cost and benefit of the same.
3. On the other hand, the proposal under Senate Bill 469 to create a Tax Expenditure Account and to treat the fiscal incentives granted by various IPAs as both revenue and expenditure is also an alternative way of promoting transparency. As long as tax expenditures are automatically appropriated there should be no concern about not being able to accurately predict that amount that should be appropriated for the TEA.
4. On the whole, however, SB 1187 appears to be more straightforward in terms of ease of implementation largely because of the requirement under SB 469 for IPAs having to submit the claim for fiscal incentives to be granted to registered firms to be approved by the DBM.