

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

THIRTEENTH CONGRESS
First Regular Session

House Bill No. 2286



Introduced by **Honorable PEDRO M. PANCHO**

EXPLANATORY NOTE

The announcement in newspapers, radio and television every morning on the imposition of new or additional taxes to cover the budget deficit is alarming. The scheme maybe effective in raising funds but the burden will be shouldered not by the rich but by the poor families in the cavalry of poverty. The system did not solve the problem of improving the illness of the community. The consumers are paying and buying highly taxed products that reduces the power of their money to maintain their usual way of life. The salary lost its value while there is no increase in purchasing capacity of the whole day work pay.

Additional taxes will increase the budget of our government and in return, it also increases the cost of living of the neglected families.

I believe that this proposal will create more crises and defeat the good intentions and ideas of the technocrats in collecting the billion peso deficit. This worst scenario will certainly be felt by millions of Filipinos. The plan gives an advance sad and gloomy signal in the countryside to fight the divisive scheme in their daily needs. The taxpayer will close their business operations just like the foreign and local investors and lost the business in the international market due to high cost of tax. The multinational companies like Colgate-Palmolive and Ovaltine transferred their plants and offices to our neighboring countries. Before, their products are being produce in our country but now, we are importing said products that results to high cost in our local community and therefore, not advisable for export.

The said proposal to generate funds increased the number of local and foreign investors who transferred to neighboring countries due to lack of liquid cash. Their products in the market has no buyers. The cost of money is exorbitant if it comes from the bank. The small scale entrepreneurs' capital in 1986 when the interest rate was increased to 42% and 34% in 1997, prevented the use of the peso to improved business operations in the Philippines. Local businessmen prefer to import milk, poultry, meat and other agricultural products rather than produce them because of higher taxes, interest rates and bank services charges that causes unemployment and the low collection of tax. The method affected many properties of the investors which were confiscated from them and become non-performing assets instead of contributing to the payment of taxes and employment. The banks were complaining against the policy of the Bangko Sentral ng Pilipinas and the Department of Finance but failed to see the future effects to the peso against appreciation of the dollar.

Therefore, the solution needs another rehabilitation to improve the way of life and not the collection without the heavy burden being shouldered by the poor families who will eventually pay the taxes for the producers.

Accordingly, approval of the attached bill is earnestly requested.


PEDRO M. PANCHO
Congressman
2nd District of Bulacan

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***"AN ACT PROVIDING FOR A FIVE (5) YEAR MORATORIUM IN THE IMPOSITION
OF NEW TAXES IN ALL PRODUCTS, AND FOR OTHER PURPOSES."***

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

SECTION 1. A five (5) year moratorium on the imposition of new
taxes on all products is hereby authorized.

SEC. 2. All laws, rules and regulations or parts thereof which are
inconsistent with the provisions of this Act are hereby repealed, amended
or modified accordingly.

SEC. 3. This Act shall take effect upon its approval.

APPROVED,