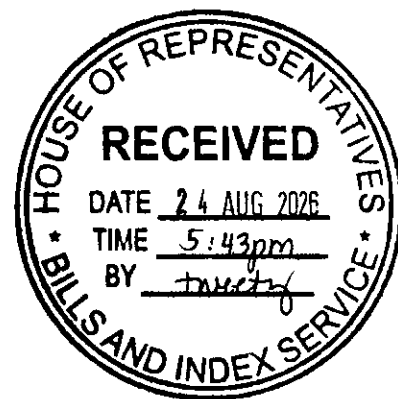


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
Second Regular Session

HOUSE BILL NO. 10920



Introduced by **Representative ELMER V. CATULPOS**
(I-Tahanan Party-List)

EXPLANATORY NOTE

Bago pa magbukas ang palengke, nakapila na si Aling Remy sa labas ng Revenue District Office — dala ang plastik na sobrang puno ng resibo, at ang halaga ng kanyang quarterly percentage tax na binilang niya kagabi sa ilalim ng bombilya ng kanyang puwesto ng gulay. Walang abogado. Walang consultant. Walang exemption na pinag-aralan para sa kanya. Magbabayad siya nang buo, kukunin ang resibo, itutupi ito nang maingat, at tatakbo pabalik sa palengke bago dumating ang suki.

She pays in full, and the State hands her a receipt. Here is what no one has ever told her: a portion of the taxes the State chooses not to collect — privileges written into scattered special laws and franchises across the decades — is not required by any law to tender a receipt of its own. No statute obliges anyone to ask, on any schedule, whether each of those privileges is still doing the work it was created to do.

The numbers are now public, and they come from the Government's own analysts. The Fiscal Incentives Review Board's Cost-Benefit Analysis, released on 15 December 2025, counted ₱382 billion in tax expenditures for 2024 — an increase of 31 percent — with ₱146.85 billion in net foregone revenue, and found that the incentive system as a whole returned about 62 centavos in measured benefits for every peso the public gave up. The same analysis carries the strongest proof that incentives can work brilliantly. The lesson of these numbers is not that incentives are bad. The lesson is that the difference between a six-peso incentive and a nineteen-centavo incentive becomes visible only when someone is required to look — and for a large part of the incentive landscape, no one is.

This Congress and this administration have already built the strongest incentive-governance architecture in the country's history for the investment-incentives universe. The Tax Incentives Management and Transparency Act (Republic Act No. 10708) made reporting the law. The CREATE Act (Republic Act No. 11534) created the Fiscal Incentives Review Board and placed registered incentives on performance conditions and sunset periods. The CREATE MORE Act (Republic Act No. 12066) refined and strengthened that regime. This Representation honors that architecture and proposes to complete it, never to duplicate it: outside the FIRB universe remain tax privileges embedded in special laws and legislative

franchises that carry no sunset date, no performance test, and no scheduled review — and no design standard yet guides the incentive laws that future Congresses will write.

No person in this story is at fault. The beneficiaries of these privileges follow the law exactly as written. The Department of Finance and the Bureau of Internal Revenue administer what exists. The fault lies in the missing system: no single public registry sees every incentive; no scoreboard shows the public what each privilege costs and returns; and no clock ever asks a decades-old exemption to justify its next decade. The urgency is the calendar itself: every year the question goes unasked, another year of foregone revenue moves without a receipt — money that has a face, because it is the classroom unbuilt, the hospital ward unfunded, the housing unit unstarted that the mandates of this party-list exist to serve.

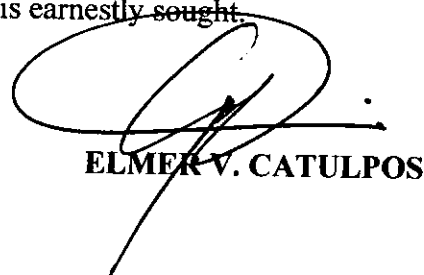
The architecture of this measure is one sentence long: *bawat insentibo — may layunin, may sukatan, may taning, may resibo*. Every tax incentive must have a stated purpose, a measure of success, a term, and a public receipt. The bill establishes design standards for future incentive legislation; a Fiscal Impact Assessment discipline that measures returns and not merely costs, including the share of benefits reaching micro, small, and medium enterprises; a comprehensive public Tax Incentive Registry and a plain-language Sulit-Buwis Scoreboard; sunset dates for open-ended privileges outside the FIRB universe; a five-year rolling Strategic Review; a two-year transition shield for beneficiaries who invested in good faith; and a clawback rule tempered by cause attribution, so that no beneficiary answers for a failure made elsewhere.

And this bill states first, in its own text, what it will never touch: *hindi kasama, at hindi kailanman isasama, ang diskwento ng lolo at lola*. The senior citizen and persons-with-disability discounts, the exemption of minimum wage earners, the tax-free thirteenth-month pay, the workers' SSS, GSIS, Pag-IBIG, and PhilHealth contributions, and the personal exemptions of individual taxpayers are excluded absolutely, by name and by statute, in Section 5. They are not incentives to be reviewed; they are rights to be defended.

Finally, a disclosure this Representation makes before anyone can demand it: he founded and continues to hold interests in enterprises — in pharmaceutical distribution and retail, media, hospitality, and allied businesses — that operate within regimes touched by incentive policy. He files this measure precisely as an operator: the discipline it establishes binds his own enterprises first, and he writes from behind the counter, not above it. *Ang tindera ay nagbabayad nang buo, may resibo; ang bilyong pribilehiyo ay dapat ding may resibo*.

Hindi masama ang insentibo; ang masama ay ang insentibong hindi na tinatanong. Kapag naipasa ang panukalang ito, bawat pisong ipinagpaliban ng Estado ay may layunin, may sukatan, may taning, at may resibong makikita ng taumbayan.

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



ELMER V. CATULPOS

REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
Second Regular Session

HOUSE BILL NO. 10920

*Introduced by **Representative ELMER V. CATULPOS***
(I-Tahanan Party-list)

**AN ACT ESTABLISHING DESIGN, TRANSPARENCY, AND REVIEW
STANDARDS FOR TAX INCENTIVES GRANTED BY THE STATE, INSTITUTING
A PUBLIC TAX INCENTIVE REGISTRY AND SCOREBOARD, PROVIDING
TRANSITION PROTECTION FOR BENEFICIARIES, AND FOR OTHER
PURPOSES**

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

ARTICLE I
GENERAL PROVISIONS

Section 1. *Short Title.* This Act shall be known and cited as the “Sulit-Buwis Act,” or the “Tax Incentives Design, Transparency, and Review Standards Act.”

Section 2. *Declaration of Policy.* It is hereby declared the policy of the State that tax incentives are instruments of economic and social development and shall be granted only when justified by a stated developmental objective and measurable public benefits. Tax incentives shall, as far as practicable, be targeted, performance-based, time-bound, transparent, and subject to periodic evaluation of their fiscal cost and economic results.

The State shall promote fiscal accountability by requiring the public reporting of tax incentives, their legal bases, beneficiaries, estimated revenue costs, performance conditions, and measured results, without prejudice to taxpayer confidentiality and other protections provided by law.

Section 3. *Objectives.* This Act has the following objectives:

- (a) to establish uniform design standards for tax incentive legislation enacted after its effectivity;
- (b) to institutionalize fiscal impact assessment that measures projected economic returns, and the share of benefits reaching micro, small, and medium enterprises, alongside revenue cost;
- (c) to establish a comprehensive public Tax Incentive Registry and a plain-language public scoreboard of incentive costs and returns;
- (d) to place open-ended tax incentives outside the coverage of Title XIII of the National Internal Revenue Code, as amended, on definite sunset dates subject to renewal upon review;
- (e) to institute a rolling Strategic Review of such incentives; and

(f) to protect beneficiaries acting in good faith through transition guarantees and cause-attributed accountability.

Section 4. *Scope of Application; Relationship to the CREATE and FIRB Framework.* This Act shall apply to Covered Incentives as defined in Section 6, subject to the following:

(a) Tax incentives governed by Title XIII of the National Internal Revenue Code of 1997 (NIRC), as amended by Republic Act No. 11534 (CREATE) and Republic Act No. 12066 (CREATE MORE), shall remain subject exclusively to such laws and their implementing rules for purposes of their grant, qualification, availment, administration, monitoring, modification, suspension, cancellation, renewal, and recovery;

(b) This Act shall apply to incentives governed by the NIRC, CREATE and CREATE MORE only for purposes of consolidated public reporting through the Tax Incentive Registry, the Annual Tax Expenditure Report, and the Sulit-Buwis Scoreboard, subject to applicable confidentiality, data-protection, and taxpayer-information laws;

(c) Nothing in this Act shall transfer, diminish, or duplicate the powers and functions of the FIRB, an investment promotion agency, the BIR, or any other office under the NIRC and its amendments;

(d) The design standards under Article III shall apply to tax-incentive measures enacted after the effectivity of this Act, without preventing a subsequent law from expressly amending or superseding those standards; and

(e) The exclusions under Section 5 are absolute

Section 5. *Absolute Exclusions.* The following shall not be treated as Tax Incentives for any purpose of this Act, and shall not be subject to any design standard, sunset date, Strategic Review, modification, Clawback or diminution under this Act:

(a) The twenty percent (20%) discount and value-added tax exemption of senior citizens under Republic Act No. 9994, and all benefits under that Act;

(b) The discounts, exemptions, and benefits of persons with disability under Republic Act No. 10754, and all benefits under that Act;

(c) The income tax exemption of minimum wage earners under Republic Act No. 9504;

(d) The exclusion from gross income of thirteenth-month pay and other benefits within the ceiling under Republic Act No. 10653, as adjusted;

(e) The exemption of contributions to, and benefits from, the SSS, GSIS, Pag-IBIG Fund, and PhilHealth;

(f) The graduated zero and reduced rates and exemptions applicable to individual taxpayers under the National Internal Revenue Code, as amended by Republic Act No. 10963; and

(g) The tax treatment of duly registered cooperatives under Republic Act No. 9520, insofar as the same constitutes a generally applicable statutory treatment and not a special incentive granted to a specified project, activity, or beneficiary.

ARTICLE II DEFINITION OF TERMS

Section 6. *Definition of Terms.* As used in this Act, the following terms shall be defined as follows:

(a) ***Tax Incentive*** refers to a statutory or regulatory provision that reduces, postpones, or eliminates the tax or customs-duty liability of a person, class, project, or activity relative to the generally applicable tax or duty treatment, including an income tax holiday, preferential rate, exemption, zero-rating, deduction in excess of actual expense, credit, or customs-duty or local-

tax concession. The exclusions under Section 5 shall not be treated as Tax Incentives for purposes of this Act;

(b) **Covered Incentive** refers to a Tax Incentive within the scope of this Act under Section 4, other than incentives governed by Title XIII of the National Internal Revenue Code, as amended;

(c) **Developmental Objective** refers to the specific economic, social, or industrial outcome a Tax Incentive is designed to generate, stated with precision sufficient to permit evaluation;

(d) **Performance Condition** refers to a measurable threshold — employment generated, investment committed, output, exports, price effects, or other quantifiable indicator — on which continued enjoyment of a Tax Incentive is conditioned;

(e) **Sunset Date** refers to the date on which a Tax Incentive ceases to be available for taxable periods or transactions beginning after that date, unless renewed, extended, or modified by law;

(f) **Clawback** refers to the recovery, through the procedure provided in Section 20, of the value of a Tax Incentive improperly availed of or availed of for a period during which an applicable Performance Condition was not satisfied;

(g) **Fiscal Impact Assessment (FIA)** refers to an analysis quantifying both the estimated revenue cost of a Tax Incentive and its projected economic returns;

(h) **Strategic Review** refers to the periodic evaluation of Covered Incentives under Article V;

(i) **MSME** refers to micro, small, and medium enterprises as defined under Republic Act No. 9501 and its issuances;

(j) **CPBRD** refers to the Congressional Policy and Budget Research Department of the House of Representatives; “DOF” to the Department of Finance; “BIR” to the Bureau of Internal Revenue; “FIRB” to the Fiscal Incentives Review Board; and “NEDA” to the National Economic and Development Authority.

ARTICLE III

DESIGN STANDARDS FOR FUTURE TAX INCENTIVE LEGISLATION

Section 7. Design Standards. It is the standard of this Act that every measure enacted after its effectivity granting, expanding, or extending a Tax Incentive shall contain: (a) a stated Developmental Objective; (b) a defined beneficiary class; (c) a Performance Condition expressed in measurable terms; (d) a Sunset Date not later than *ten (10) years* from effectivity, renewable by law following review; (e) a Clawback mechanism consistent with Section 20; and (f) an annual compliance reporting obligation to the administering agency, the DOF, and the BIR. Any Tax Incentive enacted after the effectivity of this Act without a Sunset Date shall have a Sunset Date of ten (10) years from its effectivity, which subsequent statutes are presumed to adopt unless they expressly provide otherwise.

Section 8. Adoption as Congressional Policy. Congress adopts the standards under Section 7 as legislative policy for the drafting and evaluation of Tax Incentive measures. Nothing in this Act shall impair the constitutional authority of either House of Congress to determine its rules of proceedings or to regulate the proceedings of its committees.

The CPBRD shall publish model provisions and drafting templates consistent with this Act and shall include in its annual report under Section 24 an account of the design-standard compliance of Tax Incentive measures enacted during the preceding year.

ARTICLE IV

FISCAL IMPACT ASSESSMENT AND TRANSPARENCY

Section 9. *Fiscal Impact Assessment.* The CPBRD is hereby authorized and directed to prepare a Fiscal Impact Assessment for any measure granting, expanding, or extending a Tax Incentive, upon request of the committee to which the measure is referred, of its principal author, or motu proprio for measures of significant fiscal impact. The DOF, the BIR, the FIRB, NEDA, and all administering agencies shall provide the CPBRD access to the data necessary for the assessment, subject to confidentiality safeguards for taxpayer-specific information. The principal author of a measure may likewise commission a supplementary assessment from a recognized research institution; where the assessments differ materially, both shall be transmitted to the committee together with a reconciliation memorandum from the CPBRD.

Section 10. *Contents of the Fiscal Impact Assessment.* Each FIA shall contain: (a) the estimated annual revenue cost, disaggregated by tax type and beneficiary class; (b) the projected economic returns, including employment, investment, output or exports, and secondary tax revenues, over a horizon of at least five (5) years; (c) a comparison of projected cost against projected returns under a stated range of assumptions; (d) the estimated share of the measure's benefits accruing to MSMEs, and, where that share is nil or negligible, a statement of that fact; (e) the principal risks of the measure failing to achieve its Developmental Objective; and (f) a recommended monitoring framework. The CPBRD shall publish each completed FIA within fifteen (15) days of transmittal to the requesting committee or author.

Section 11. *Balanced Fiscal Analysis by the Department of Finance.* In every fiscal note, position paper, or comment the DOF submits to Congress on a measure granting, expanding, or extending a Tax Incentive, the DOF shall include, alongside its estimate of revenue cost, its estimate of the measure's projected economic returns where available data reasonably permit such modeling; where returns cannot be responsibly modeled, the submission shall expressly so state and identify the data required to model them. Nothing in this Section shall be construed to prescribe the weight any committee or House gives to any submission.

Section 12. *The Tax Incentive Registry.* The DOF shall establish, maintain, and publish a comprehensive Tax Incentive Registry listing every Tax Incentive in force, its legal basis, its beneficiary class, its administering agency, its Sunset Date or the absence thereof, and its latest estimated annual revenue cost. Data on incentives within the FIRB framework shall be incorporated by reference from FIRB and TIMTA reporting under Republic Act No. 10708, without duplicating any reporting obligation. The Registry shall be published online, machine-readable, and updated at least annually.

Section 13. *Annual Tax Expenditure Report.* Building on the reporting framework of Republic Act No. 10708, the DOF shall transmit to Congress, not later than September 30 of each year, an annual Tax Expenditure Report quantifying the aggregate cost of all Tax Incentives, disaggregated by sector, administering agency, incentive type, and, for Covered Incentives, by statute or franchise.

Section 14. *The Sulit-Buwis Scoreboard.* The DOF shall publish and maintain, as a distinct plain-language public component of the Registry, a Sulit-Buwis Scoreboard presenting, for each incentive regime: its purpose in one sentence; its latest annual cost; its measured returns, where a Strategic Review or FIRB cost-benefit analysis exists; and the date of its next scheduled review. The Scoreboard shall present aggregate, regime-level data only and shall not disclose taxpayer-specific or competitively sensitive information.

ARTICLE V

SUNSET, STRATEGIC REVIEW, AND ACCOUNTABILITY

Section 15. *Sunset Dates for Open-Ended Covered Incentives.* Every Covered Incentive in force on the effectivity of this Act that has no Sunset Date is hereby amended to cease unless earlier renewed, extended, or modified by law following a Strategic Review under this Article. Within one (1) year from effectivity, the DOF shall publish in the Registry the enumeration of the provisions affected by this Section; the enumeration is declaratory, and the sunset operates by force of this Section. Renewal of any Covered Incentive shall be by law.

Section 16. *Five-Year Rolling Strategic Review.* All Covered Incentives shall undergo a Strategic Review on a rolling five-year cycle. The first cycle covering all Covered Incentives in force on effectivity shall be completed within three (3) years of effectivity, sequenced by fiscal magnitude, with the costliest regimes reviewed first. Reviews shall be conducted by the DOF, with the technical support of the FIRB Secretariat, the BIR, NEDA, and the relevant administering agencies, applying the cost-benefit methodology developed under the CREATE and CREATE MORE framework, adapted as necessary.

Section 17. *Contents of the Strategic Review Report.* Each Strategic Review Report shall assess the following:

- (a) whether the incentive has achieved its Developmental Objective, or, for incentives predating stated objectives, the developmental results actually attributable to it;
- (b) its actual revenue cost over the review period;
- (c) its measured economic returns, including its measured benefit to MSMEs and to the regions where its activity occurs;
- (d) compliance with any applicable Performance Conditions;
- (e) the status of any Clawback proceedings; and
- (f) a recommendation that the incentive be renewed as designed, renewed with modifications, or allowed to lapse on its Sunset Date. Reports shall be transmitted to the Committees on Ways and Means of both Houses and to the CPBRD within sixty (60) days of completion, and published in the Registry.

Section 18. *Congressional Action Following Review.* Renewal, extension, or modification of a Covered Incentive shall be effected only by law enacted before its Sunset Date. A Strategic Review Report recommending renewal shall be sufficient basis for the filing of a renewal measure by any Member; a report recommending lapse shall be published in the Scoreboard together with the incentive's remaining term. Nothing in this Section directs or conditions the internal proceedings of either House.

Section 19. *Transition Protection for Beneficiaries.* Where a Covered Incentive lapses or is modified, any beneficiary that made substantial capital investments in good-faith reliance on the incentive shall be entitled to a transition period of not less than two (2) years from the date of lapse or modification, during which the incentive shall continue to apply to that beneficiary on the terms existing immediately before the lapse or modification. The DOF shall promulgate rules on transition eligibility within ninety (90) days of this Act's effectivity. This Section is a guarantee in favor of beneficiaries and shall be construed liberally in their favor.

Section 20. *Clawback; Cause Attribution.* For Tax Incentives enacted after the effectivity of this Act carrying Performance Conditions, the DOF shall initiate Clawback proceedings within

ninety (90) days of a final BIR or administering-agency finding of non-compliance, observing due process. No Clawback shall lie where the failure to satisfy a Performance Condition is attributable to force majeure, to the Government's own failure to deliver support, infrastructure, or approvals committed as conditions of the incentive, or to causes demonstrably beyond the beneficiary's control; in such cases the administering agency shall record the attributed cause, and the failure shall not be counted against the beneficiary in any review or score.

ARTICLE VI INSTITUTIONAL RESPONSIBILITIES

Section 21. *Department of Finance.* The DOF shall: (a) maintain and publish the Registry, the Tax Expenditure Report, and the Sult-Buwis Scoreboard; (b) conduct the Strategic Reviews under Article V; (c) initiate Clawback proceedings under Section 20; and (d) recommend to Congress, on the basis of completed reviews, the renewal, modification, or lapse of Covered Incentives.

Section 22. *Fiscal Incentives Review Board; Continuity of the CREATE Framework.* The powers and functions of the FIRB under Republic Act No. 11534, as amended by Republic Act No. 12066, are recognized and shall remain undiminished. The FIRB Secretariat shall extend to the DOF, for purposes of Article V, the cost-benefit analysis methodology, tools, and datasets developed for the registered-incentives universe, and the DOF and the FIRB shall issue a joint methodology circular within one hundred eighty (180) days of effectivity harmonizing review standards across the two universes.

Section 23. *Bureau of Internal Revenue.* The BIR shall: (a) verify compliance with Performance Conditions of incentives enacted after this Act and issue annual compliance certificates; (b) report findings of non-compliance to the administering agency and the DOF within thirty (30) days of determination; and (c) maintain a disaggregated database of Tax Incentive utilization accessible to the DOF, the FIRB, and the CPBRD, subject to Section 270 of the National Internal Revenue Code and other confidentiality laws.

Section 24. *Congressional Policy and Budget Research Department.* The CPBRD shall: (a) prepare Fiscal Impact Assessments under Article IV; (b) publish and maintain the model provisions and templates under Section 8; (c) provide technical drafting assistance to Members on tax incentive measures; and (d) publish an annual Tax Incentive Governance Report assessing the state of the incentive regime against the standards of this Act.

Section 25. *Inter-Agency Technical Committee.* A standing inter-agency technical committee — chaired by the DOF, with the BIR, the FIRB Secretariat, NEDA, the Board of Investments, the Philippine Economic Zone Authority, and other administering agencies — shall ensure consistent application of this Act, convene at least quarterly, and submit an annual report to the Committees on Ways and Means of both Houses.

ARTICLE VII RELATIONSHIP TO OTHER LAWS

Section 26. *Relationship to Other Laws.* This Act completes, and shall be construed in harmony with, Republic Act No. 10708 (TIMTA), Republic Act No. 11534 (CREATE), and

Republic Act No. 12066 (CREATE MORE), and diminishes none of them. All issuances of the FIRB and the DOF under those laws shall continue in full force and effect. In case of any apparent conflict concerning an incentive within the FIRB framework, that framework shall prevail.

ARTICLE VIII FINAL PROVISIONS

Section 27. *Implementing Rules and Regulations; Self-Executing Provisions.* The DOF, in coordination with the BIR, the FIRB, and NEDA, and in consultation with the CPBRD, shall promulgate the implementing rules and regulations of this Act within ninety (90) days from its effectivity, including standard FIA templates, Registry and Scoreboard formats, and Strategic Review procedures. Failure to promulgate such rules shall not suspend the self-executing provisions of this Act, namely: Section 5 (Absolute Exclusions), Section 12 (Registry), Section 13 (Tax Expenditure Report), Section 15 (Sunset Dates), Section 18 (Congressional Action), and Section 19 (Transition Protection).

Section 28. *Appropriations.* The amounts necessary for the initial implementation of this Act shall be charged against the current appropriations of the DOF and the BIR, and against the approved budget of the House of Representatives as to the functions of the CPBRD. Thereafter, such sums as may be necessary shall be included in the annual General Appropriations Act.

Section 29. *Separability Clause.* If any provision of this Act is declared unconstitutional or invalid, the remaining provisions not affected thereby shall continue in full force and effect.

Section 30. *Repealing Clause.* All laws, decrees, executive orders, rules and regulations, or parts thereof inconsistent with this Act are hereby repealed or modified accordingly; provided, that nothing herein repeals or modifies Republic Act No. 9994, Republic Act No. 10754, Republic Act No. 9504, Republic Act No. 10653, Republic Act No. 10708, Republic Act No. 11534, or Republic Act No. 12066.

Section 31. *Effectivity.* This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved.