

SPREAD THE BURDENS AND BENEFITS FROM VAT

There is an urgent need to prevent the fiscal problem from turning into a full-blown crisis. Past and present Administrations and the Legislature failed to arrest this problem at the outset by not enacting sufficient and progressive tax measures such as the case of the watered down sin tax. Government spending has been imprudent and graft-ridden. It has not been able to widen the tax base; plug tax loopholes and leakages; curb rampant smuggling; and jail tax evaders.

Beyond the fiscal problem, there is equally a need to accelerate economic growth and social development for the basic sectors in a manner that spreads the burdens and benefits equitably.

Moreover, we realize that the consequences of a fiscal crisis will hurt the poor and the working class more than the pain of reasonable revenue measure and fiscal reforms.

With our backs against the wall, we believe that the better way to achieve these shared goals would be as follows:

Taxation and Good Governance

- Realign the “pork barrel” towards job generation and asset reform programs
- Increase BIR collection substantially this year and next; pass a NARA law; plug tax loopholes; eliminate corruption in the revenue collecting agencies; and pursue tax cases against big evaders
- Review the tariff policy towards increasing revenues from this source and in order to protect jobs and livelihood.
- Improve anti-smuggling law and pursue efforts to curb smuggling seriously
- Spread the two percent (2%) increase in VAT over two (2) years to ease the burden on the taxpayers; automatically reduce VAT rates as tax collection improves and the ratio of debt to GDP is reduced to manageable levels
- Lift VAT exemptions for professionals (e.g., lawyers, doctors) and exemptions under “Section 9 paragraph b.10,” of Revenue Regulation No. 5-87, as amended.
- Include in the VAT exemption list, the following wage goods: processed milk, refined sugar, canned meat and fish food products, noodles, cooking oil, LPG, kerosene, medicines, textbooks and school supplies
- Raise the rate of corporate income tax to 35%

Jobs and Rural Development

- Establish a fund to assist the development of more SMEs and Workers’ Enterprises
- Sustain a program to support the processing of agricultural products in the rural areas
- Complete rural electrification within five (5) years
- Abolish irrigation fees and reduce the prices of agricultural inputs
- Adjust the price support of *palay* per kilo
- Provide subsidies for farmers using diesel/gasoline/oil in their farm machineries
- Complete the Comprehensive Agrarian Reform Program (CARP) and provide full support services to farmers’ cooperatives and organizations; and
- Fully implement the Agriculture and Fisheries Modernization Act (AFMA), and include farmers’ participation in the implementation of the Act

Social Housing

- Set aside the government lands for massive social housing
- Reduce the interest rates for social housing

Education and Training

- Set aside the funds for the construction of enough new classrooms and hiring of sufficient number of teachers and for the teachers’ training annually
- Appropriate TESDA Development Fund in accordance with R.A. 7796 (Technical Education and Skills Development Act of 1994)
- Double the amount of the existing public scholarship fund
- Accelerate the implementation of a Ladderized Education System, Equivalency and Recognition of Prior Learning and Competency-based Education and Training
- Provide skills and entrepreneurial training to farmers and members of their families

Social Insurance

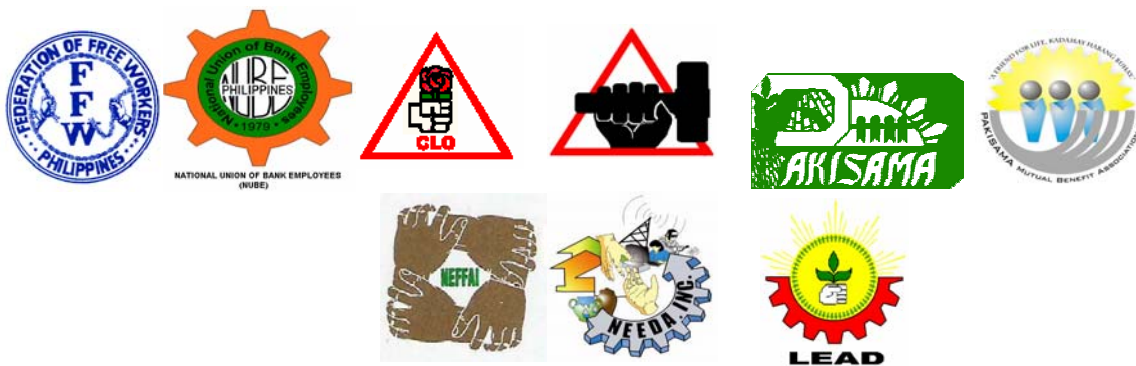
- Establish a universal health insurance system

- For the government to contribute to the reserve funds of the SSS and GSIS to prevent further financial deterioration of the systems
- Support for the passage of Philippine Workmen's Compensation Authority bill filed in Congress

Public Transport

- Increase the capacity of LRT1 and MRT by adding more trains and complete the loop between LRT and MRT
- Establish a national train system and rehabilitate the PNR

Signed by the representatives of the following organizations on March 28, 2005.



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