

Joint Foreign Chambers of the Philippines

American Chamber of Commerce of the Phils., Inc. ♦ Australian-New Zealand Chamber of Commerce (Phils.), Inc.
Canadian Chamber of Commerce of the Phils., Inc. ♦ European Chamber of Commerce of the Phils., Inc.
Japanese Chamber of Commerce & Industry of the Phils., Inc. ♦ Korean Chamber of Commerce of the Phils., Inc.
Philippine Association of Multinational Companies Regional Headquarters, Inc.

February 12, 2018

Sen. Juan Edgardo Angara
Chairperson
Committee on Ways and Means
Philippine Senate
Pasay City

ATTN: **Atty. Rodelio Dascal**
Director General, STSRO

Dear Senator Angara:

The Joint Foreign Chambers (JFC) appreciates the opportunity to comment on bills that seeks to grant amnesty particularly on income and estate taxes, in particular on the draft substitute bill sent by the Senate Tax Study - Research Office.

The proposed tax amnesty program, which is beneficial to both taxpayers and government, gives delinquent taxpayers the chance to become “clean,” with the hope that they will continue paying taxes with reduced or waived interest and/or penalty. A successful tax amnesty program will also expand the collection base. Properly conceived and implemented, amnesty is a useful tool for raising government revenues and increasing tax compliance.

To further strengthen the capacity of revenue collection authorities to collect the correct personal and corporate income taxes from all taxpayers, the JFC supports the inclusion of the lifting of the Bank Secrecy law in the draft bill.

The Philippine Bank Secrecy Law, considered as among the strictest in the world, can be used to protect even spurious and fictitious accounts, thereby frustrating government efforts at uncovering crimes and wrongdoings. It is therefore necessary to amend this law to ensure that only *bona fide* depositors are protected and to make the Philippines globally competitive and attuned to the current best practices in international trade and commerce.

If approved, the Philippines would no longer be an international outlier, counted among only three countries in the world (the others are Lebanon and Switzerland) having extremely strict bank secrecy laws.

With the inclusion of the bank secrecy reform, we support the government’s plan to launch a general tax amnesty and ask the Congress to prioritize the legislation. However, if the government wants to have a tax amnesty that is at least as successful as Indonesia in 2016, we believe that the Philippines should already signify its intention to accede to the *Standard for Automatic Exchange of Financial Account Information* or more popularly known as Common Reporting Standards (CRS) so that taxpayers will be motivated to come clean and declare their true net worth including their offshore assets.



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It is undeniable that the Philippines does not have the economic resources to run after said offshore assets. Hence, it is very important for the Philippines to cooperate with other countries in obtaining both tax and financial information of its citizens either through the automatic exchange of information or through country-by-country reporting. As you may be aware, over 90 countries have already agreed to implement the CRS, including several neighboring countries, Hong Kong, Indonesia, Malaysia, and Singapore.

We also believe that even just a declaration to join the CRS will greatly help the Philippine government in encouraging its citizens to avail of the tax amnesty regardless of when it will be complemented by the amendment of the law on secrecy of bank deposits.

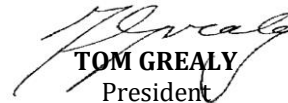
The JFC is a coalition of the American, Australian-New Zealand, Canadian, European, Japanese, Korean chambers, and PAMURI. We represent over 3,000 member companies engaged in over \$100 billion worth of trade in goods and services and some \$30 billion in investment in the Philippines. The JFC supports and promotes open international trade, increased foreign investment, and improved conditions for business to benefit both the Philippines and the countries the JFC members represent.

With regards,



BRUCE WINTON
President

American Chamber of Commerce
of the Philippines Inc.



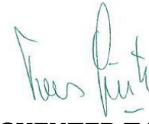
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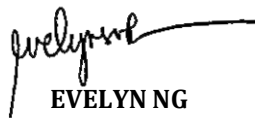
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