

GMA seeks 3 new tax measures to back proposed 2009 budget

President Arroyo is asking Congress to pass three revenue bills that would infuse P25 billion into the national treasury and boost next year's proposed national budget of P1.415 trillion.

Finance Secretary Gary Teves told the House of Representatives appropriations committee during yesterday's budget hearing that Congress must rationalize tax incentives given to private corporations, "simplify" taxes on "sin products" and reduce the corporate income tax from 35 percent to 30 percent.

These measures would bring in additional revenues of at least P25 billion, which are already part of the projected revenue yield of P1.363 trillion for next year, he added.

The failure of Congress to enact these revenue bills would mean increased borrowings and a higher budget deficit, Teves said.

"Sin products" refer to cigarettes, cigars, kape, and other consumer items made from tobacco and alcohol.

The administration's proposal to "simplify" taxes on these products would mean

increasing such levies.

However, House members from Northern Luzon have indicated they will oppose the proposal.

Deputy Speaker Eric Singzon, from Ilocos Sur, warned his colleagues that the proposal could result in the death of the tobacco industry in the Ilocos Region.

This would mean hunger for tens of thousands of tobacco farmers and their families, he added.

As for tax incentives given to private corporations, there have been proposals in the House to remove all such privileges, which cost the government billions of pesos in potential income.

In the case of the proposed reduction of the corporate income tax rate, administration officials are hoping that with a lower rate, more companies would be encouraged to pay the right amount of taxes or to be covered by the tax net in the case of those not paying taxes.

Meanwhile, Budget Secretary Rolando Andaya Jr. said the administration would discontinue next year the "Kataing VAT financial assistance

program."

"We have made it clear from the start that this was just a one-time subsidy that was funded from windfall revenues from higher-than-expected crude oil prices," he said.

Andaya said since oil prices have normalized, the proposition is that there would be no more windfall collections.

However, programs to help the poor would continue to be funded from regular VAT collections, he added.

Andaya said the Department of Social Welfare and Development will receive a more than 100 percent increase in its budget next year.

"The department will receive an additional P5 billion to finance its pro-poor programs," he said.

Responding to questions from Senior Deputy Minority Leader Rolito Galan, Economic Planning Secretary Ralph Recto said he is unsure if he would run for the Senate again in 2010.

"It takes time to make a decision," he said.

"At the moment, I cannot say with certainty whether I will run or I will not run for

senator again."

Recto lost in his re-election bid in last year's senatorial race.

Galan said Cabinet members with political plans in 2010 should either resign soon or give up their quest for an elective office so they would not be accused of using their agencies as political machines.

P7.2 billion for scholars

Andaya said the government has allotted P7.2 billion for over 90,000 scholars in the proposed P1.415-trillion national budget for next year.

"To poor but deserving students, we are offering a means of educational assistance so their dreams can go as far and as fast as their talent can bring them," he said in a statement.

Andaya said P3.6 billion has been earmarked for the Government Assistance to Students and Teachers in Private Education (GASTPE).

"The GASTPE is designed to buy seats in private high schools so the latter can capture the spillover of students from their government coun-

terparts," he said.

Andaya said the GASTPE consists of two programs: the Service Contracting Scheme and the Education Voucher System.

"With a budget of P2.55 billion for 2008, the service contracting scheme will subsidize the tuition of a projected 50,779 enrollees at a cost of P5,000 per student while vouchers, at P7,000 each, will be accorded to 148,579 incoming high school freshmen, for a total cost of P1.04 billion," he said.

Andaya said the government has also allocated P600 million for the stipend and allowances of 3,320 students enrolled in the Philippine Science High School System.

Apart from PSHS and its affiliate schools, the DOST is also running two other scholarship programs, he added.

For Technical Education and Skills Development Authority's "training-for-work" program, P1 billion has been earmarked to produce 150,000 "ready-to-deploy" technical-vocational technicians, many of them women, next year, Andaya said.

'Illegitimate debts'

Various cross-oriented groups chastised Congress yesterday against "illegitimate debts."

The Ecological Waste Coalition (EcoWaste) said lawmakers should deny public spending for "fraudulent, wasteful, and/or useless debts."

"Congress must delete budget lines for wasteful debts," said Money Caloroso of EcoWaste and Global Alliance for Incinerator Alternatives (GALA).

On the other hand, Social Watch Philippines (SWP) called on Congress to immediately pass the law institutionalizing people's participation in the budget process.

Rene Raya, convener of SWP, said that experiences of other countries like Brazil, India and South Africa proved that people's participation in the budget process improved the delivery of social services and empowered the people to directly influence priorities regarding their own development.

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