

# #TaxRoadshow

Nationwide campaign on Tax Reform towards Nation Building

“

Let it be *simple* so everyone will understand.

Let it be *fair* so all of us will conscientiously and voluntarily comply.

Let it be our *commitment* to our nation towards a progressive Philippines”

**TAX?**

**BSU**  
Bulacan State University

**BTECH**  
Baliwag Polytechnic College

**ASIC**  
Acacia Solidarity Investment Club at Philippine Stock Exchange

**UPHS**  
University of Perpetual Help System - Biñan, Laguna

**YFC**  
Youth for Christ Leaders

**FEU**  
Far Eastern University

**LPU**  
Lyceum of the Philippines University

**PUP**  
Polytechnic University of the Philippines

**SSC**  
St. Scholastica's College

**GIYF-FFS**  
Gelacio I. Yason Foundation – Family Farm School, Inc.

**PARA SAAN ANG TAX?**

**PLM**  
Pamantasan ng Lungsod ng Maynila

**UA&P**  
University of Asia & the Pacific

**BPI**  
Officership Training Program at Bank of the Philippine Islands

**UE**  
University of the East

**EARIST**  
Eulogio "Amang" Rodriguez Institute of Science and Technology

**BAKIT AKO MAY TAX?**

**JPMAP**  
Junior People Management Association of the Philippines Conference

**Palawan**  
Puerto Princesa

**LAHAT MAY TAX?**

**VAT GANUN?**

**#TaxRoadshow**

Nationwide campaign on Tax Reform towards Nation Building



# ROUNDTABLE DISCUSSION



**FREEDOM**



**DEVELOPMENT**



**NATION BUILDING**

*The Impact of Our Tax System in  
Doing Business in the Philippines*

**“It is your contribution that really matters-  
paying back what you owe the community  
that nurtured you.”**

**-Sec. Jesse Robredo**

**FREEDOM**



**DEVELOPMENT**

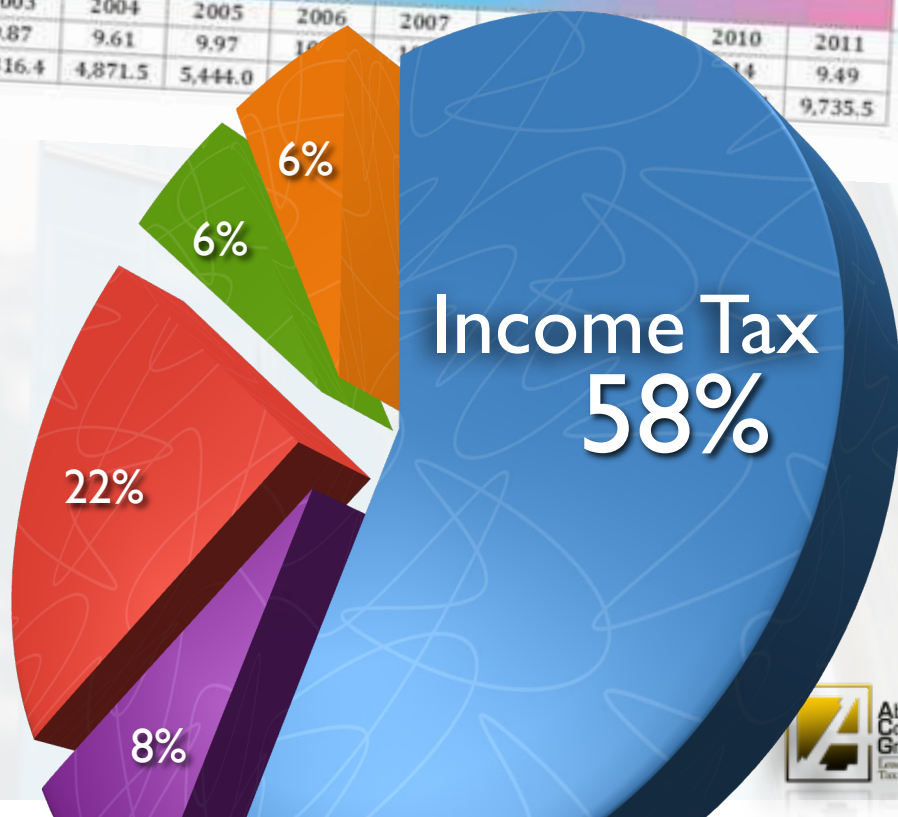
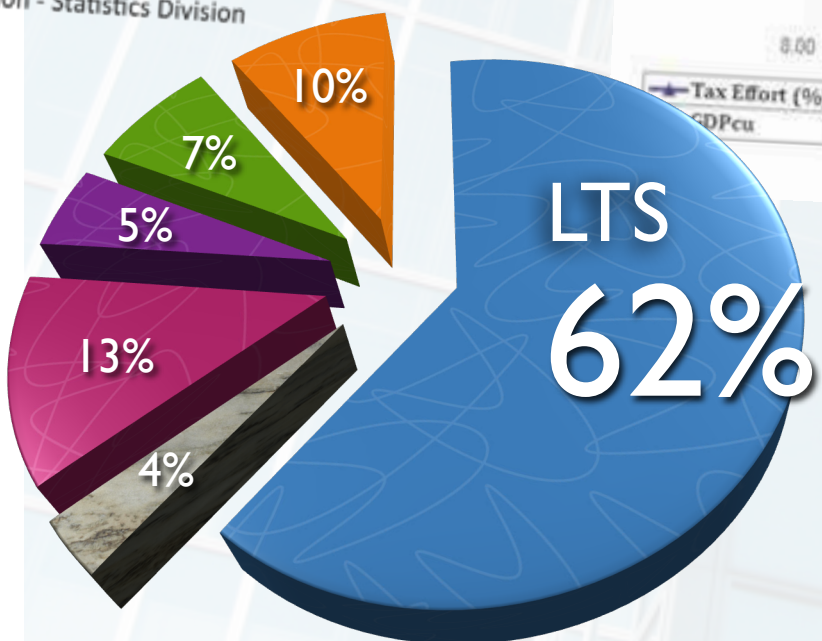
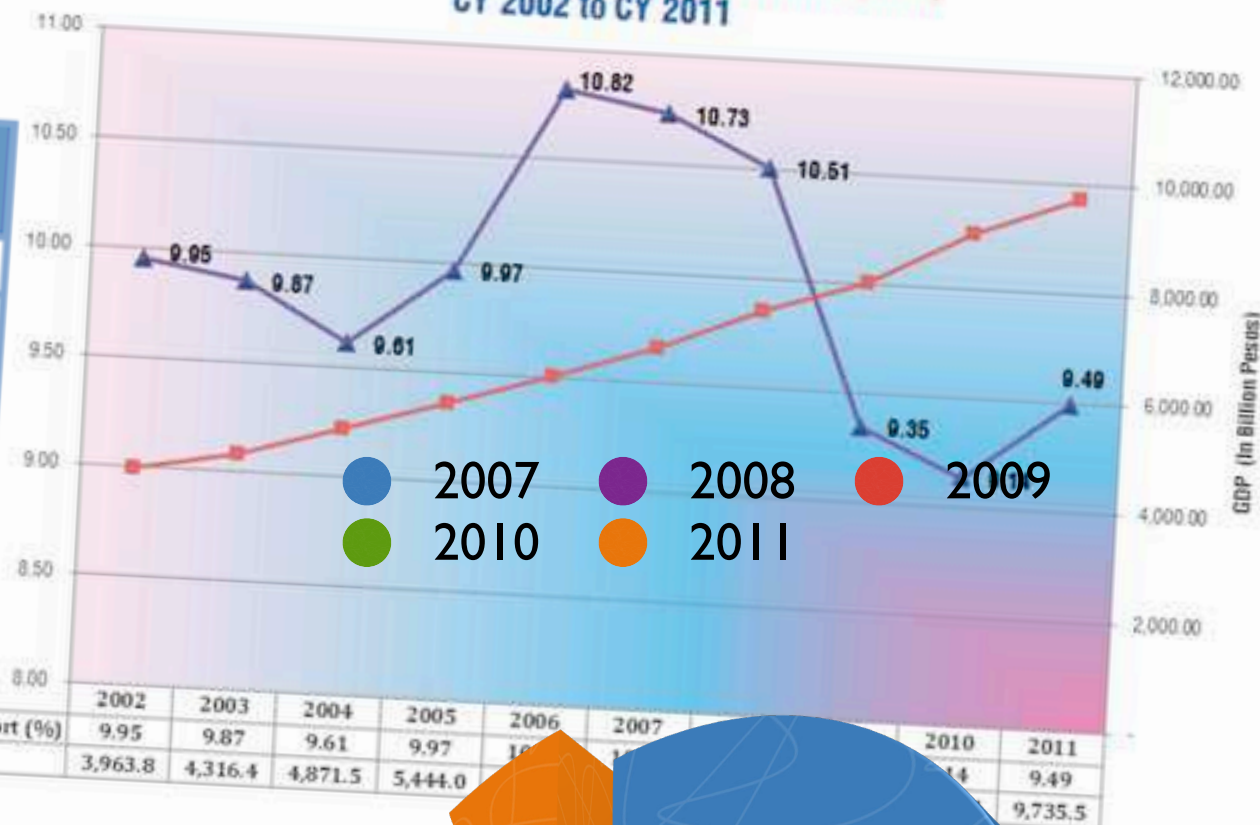


**NATION BUILDING**

Breakdown of BIR Expenditures for CY 2011  
(In Billion Pesos)

Category	Amount	% Distribution
Operating Expenses	3.830	53%
	2.410	40%
	0.176	2%
	0.762	11%
	<b>7.178</b>	<b>100%</b>

BIR Tax Effort and Gross Domestic Product (GDP)  
CY 2002 to CY 2011



Source: BIR Annual Report 2011

# Budget Analysis

**PDAF**  
Priority Development Assistance Fund  
Congressmen and Senators

Pantawid Pamilyang Pilipino  
Program/ Conditional Cash  
Transfer Program



**DSWD**  
**P 21 Billion**  
(2011)

P 70 Million  
P 200 Million  
DBM Cir 357

**23 Billion**



**P 7 Billion**  
2011 BIR Annual Report

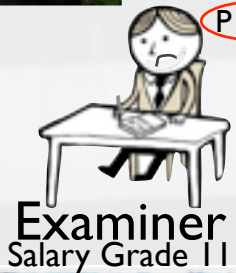
**LGU**  
Local Tax &  
Other Charges



CPA/ Auditor



P 18,000  
P 14,000



Examiner  
Salary Grade 11



**S.O.P.**  
**Underground Economy**  
**Funder of Political Campaign**



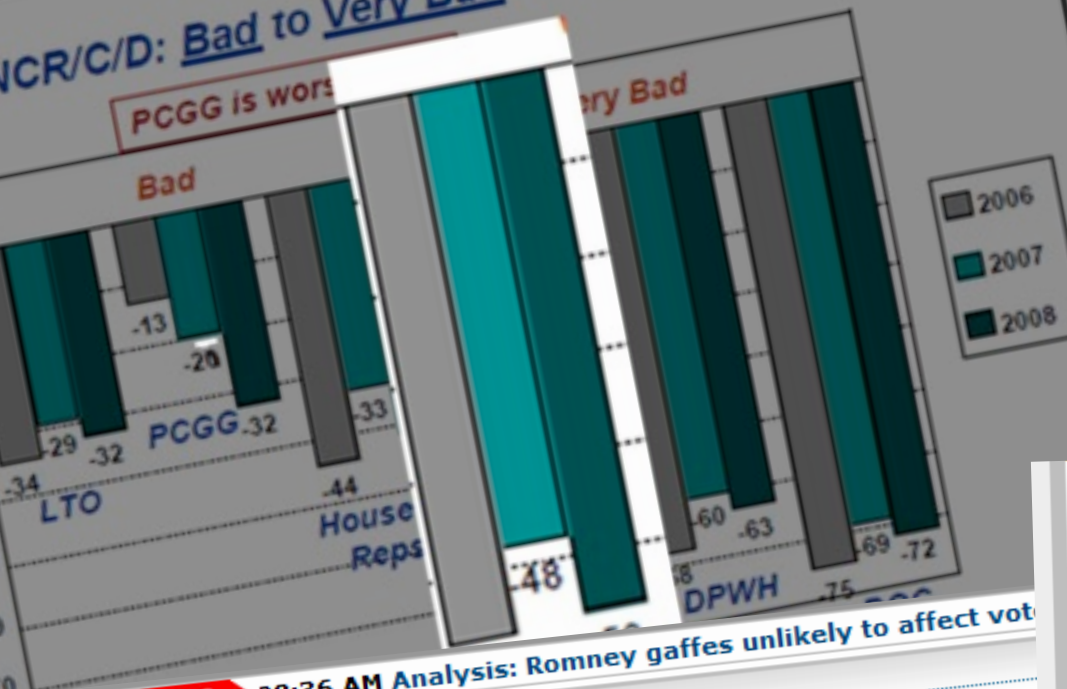
**PORK  
BARREL**



# We can only minimize corruption in BIR — Henares

MANILA, Philippines — Commissioner Kim S. Jacinto Henares of the Bureau of Internal Revenue (BIR) admitted on Tuesday that graft and corruption in the agency cannot be eliminated during the Aquino administration.

## PCR/C/D: Bad to Very Bad Sincerity Ratings



**BREAKING NEWS** 08:36 AM Analysis: Romney gaffes unlikely to affect vot

## EDITORIAL - Mga kurakot sa BIR ang unang pul

...TINALO ng Bur...  
 ito. Corrupt din...  
 makakakolekta ng...  
 Arroyo kay BIR Co...  
 ni Buñag, hindi raw siya papalitan ni Mrs. Arroyo sa puwesto.

**BEFORE**

## BIR warns public vs fake agents

ABS-CBNnews.com  
 Posted at 01/30/2013 12:02 PM | Updated as of 01/30/2013 12:05 PM

## BIR April tax take falls short of target

By: Ronnel Domingo  
 Philippine Daily Inquirer  
 3:50 pm | Tuesday, May 15th, 2012

## BIR wants to file tax evasion cases without going through DOJ

November 5, 2012 3:23pm  
 The Bureau of Internal Revenue is pushing for a reform that would allow it to file tax evasion cases without having to go through the Department of Justice first, a BIR official said.

## BIR misses collection targets for March, Q1

By Iris C. Gonzales (The Philippine Star) Updated April 24, 2012 12:00 AM  
 ...ANTO A. Philippines - The Bureau of Internal Revenue (BIR), missed its collection targets for March and Q1 but growth over last year's performance remained at

## BIR says income tax evasion

By Ronnel W. Domingo  
 Philippine Daily Inquirer  
 11:53 pm | Monday, January 14th, 2013  
 The Bureau of Internal Revenue wants to boost the collection of income taxes to P258 billion this year.

**AFTER**



# P 250 BILLION





LESS THAN  
**5%**  
pays the  
right taxes

Based on Strategy Paper by R. Abrea, 2010

# No Forbes billionaires on top 10 taxpayers list

by Jojo Malig, ABS-CBNNews.com  
Posted at 04/04/2012 12:57 AM | Updated as of 04/04/2012 11:20 AM

67

Recommend 33

+1 3

...NILA, Philippines - Rich Filipinos on Forbes magazine's latest list of the world's billionaires are not on list of the top 10 individual taxpayers for 2010.

...the list is topped by business magnate Tan Lao (P75.3 million income tax payments), followed by Rolando Bonifacio Hortaleza (P69.7 million), and movie director Carlo J. Caparas (P69.7 million).

...Caparas was indicted for tax evasion with an estimated tax deficiency of P100 million.

...Martin Oniel is in fourth place with P50 million, and Vivian Que Azcona is in fifth place with P40 million.

## TOP 10 INDIVIDUAL TAXPAYER FOR 2010

1. Vincent Tan Lao
2. Rolando Bonifacio Hortaleza
3. Carlo Jose Caparas
4. Manrtin L O'Neil
5. Vivian Que Azcona
6. Gregory Deane Reichow
7. Napoleon Logarta Nazareno
8. Orlando Banzon Vea
9. Daniel Edmund Chalmers
10. Ronaldo Romero Soliman



Henry Sy & family



Lucio Tan & family



John Gokongwei Jr.



Andrew Tan



David Consunji

# How much is lost due to inefficient tax system?



₱ **10**  
TRILLION



Based on Strategy Paper by R. Abrea, 2010

Abrea Consulting  
Strategic Finance &  
Advisory Services

# STRATEGIC ROAD MAP

LEGISLATIVE

ADMINISTRATIVE

**VALUE DRIVEN  
BUSINESS**

**ONE  
STRATEGY**

LOVE FOR  
COUNTRY

Based on Strategy Paper by R. Abrea, 2010



# STRATEGIC ROAD MAP

LEGISLATIVE

ADMINISTRATIVE



Flat & Lower  
Income Taxes



Rationalization of  
Fiscal Incentives



Simplify Tax Administration

*\*A tax system with constant tax rate*

*\*Harmonizing of the Tax measures implemented to encourage industrial development*

*\*Tax system which is consolidated and highly-focused, cost-effective, time-bound and simple to administer*

# STRATEGIC ROAD MAP

ADMINISTRATIVE

LEGISLATIVE

\*Occurs whenever the state passes or sell a government-owned or controlled corporation to the private sector

\*A shift from manual processes of encoding data into computer-aided software for fast track and more reliable transactions.

\*To provide a more quality work or better service to people

Privatize

Computerize

Professionalize



# STRATEGIC ROADMAP

Based on Strategy Paper by R. Abrea, 2010



# OUR RESPONSE

Based on Strategy Paper by R.Abrea, 2010





*Effective*

TRANSPARENCY &  
ACCOUNTABILITY

**Revenue Collection**

**Pay the Right Taxes**

*Efficient*

INNOVATION  
COMPETENCE

**Tax Administration**

**Declare True Profit**

*Convenient*

NOBILITY  
FAIRNESS

**Taxpayers Service**

**Increase Voluntary  
Compliance**

# #TaxRoadshow

Nationwide campaign on Tax Reform towards Nation Building

- High tax rates & too many taxes
- Bureaucracy, too many compliance
- Very low compensation for BIR employees
- Too much focus on collection, taxpayer harassment
- Underdeclaration of income, overstatement of expenses
- Low collection, more tax evasion cases



# #TaxRoadshow

Nationwide campaign on Tax Reform towards Nation Building

- ✓ Simplified Tax System, Low/Flat Tax Rate
- ✓ Automated filing and payment system
- ✓ Competitive compensation for BIR employees
- ✓ Incentives & reward systems
- ✓ Rationalized fiscal incentives
- ✓ Risk-based computer audit (No Taxpayer Contact)

enjoy a  
tax-free  
lifestyle

# ARE YOU READY?



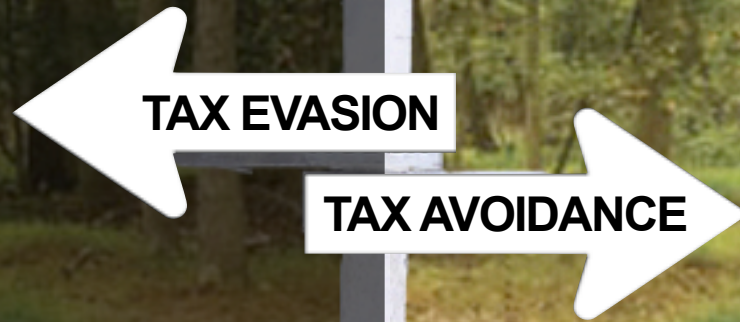
**Are you ready to bite  
the bullet just to save  
your business?**

**Desperate to do the right  
thing but end up being a slave  
to unending penalties and  
increasing compromises?**



© fovito/Fotolia

**Businessmen think that giving in to compromises is the only way to rescue their business from exposures. They resort to bribes, turn to fixers and deprive the country of the genuine progress it deserves.**



LET'S  
FIX IT  
LET'S  
DO IT RIGHT!

Know the game-changing tax strategy and  
enjoy a tax-free lifestyle.

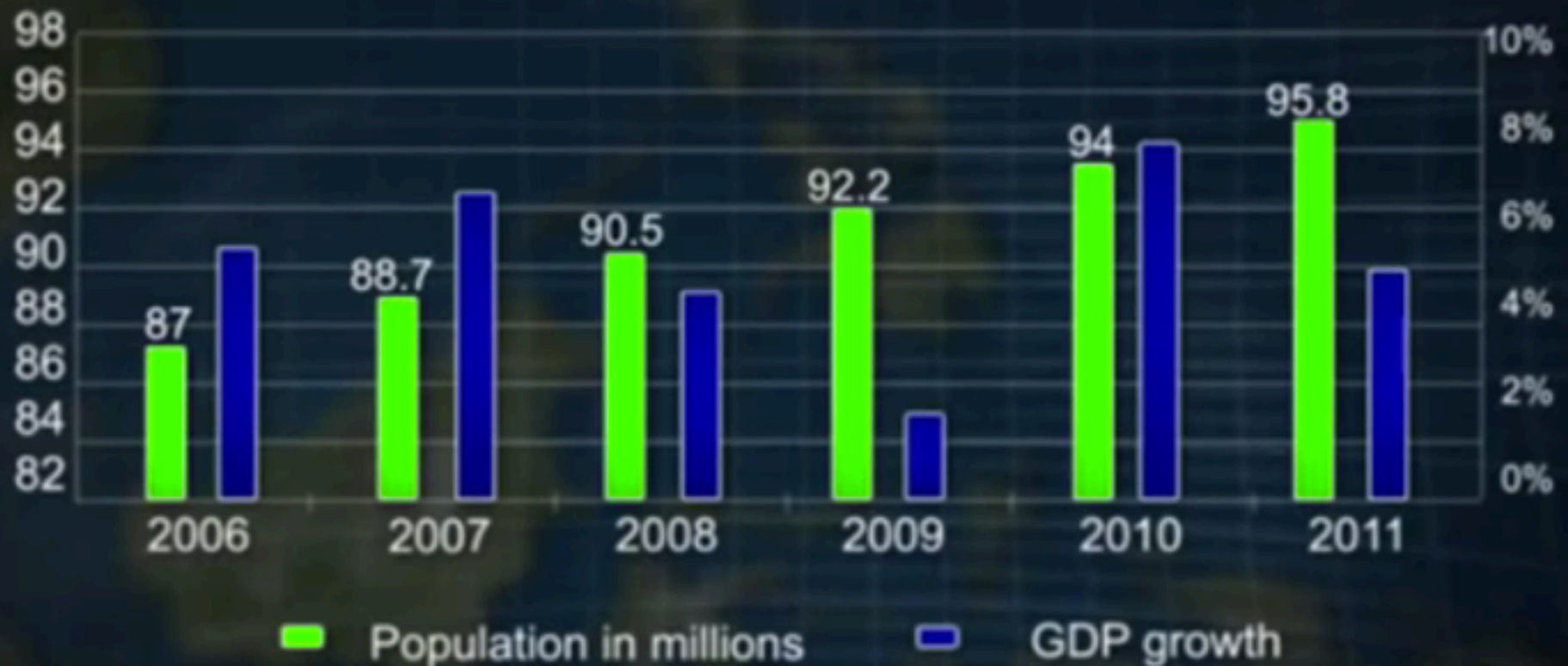


# Value Added Turnover

- Z**ero compromises after the 3-year tax planning
- E**njoy an absolutely tax-free, burden-free lifestyle
- B**e a **N**ation builder and pay the right taxes

**CITIZEN**  
**PLANNING**

## Philippines: Economic growth



Source: International Monetary Fund

# Investors Choose the Philippines

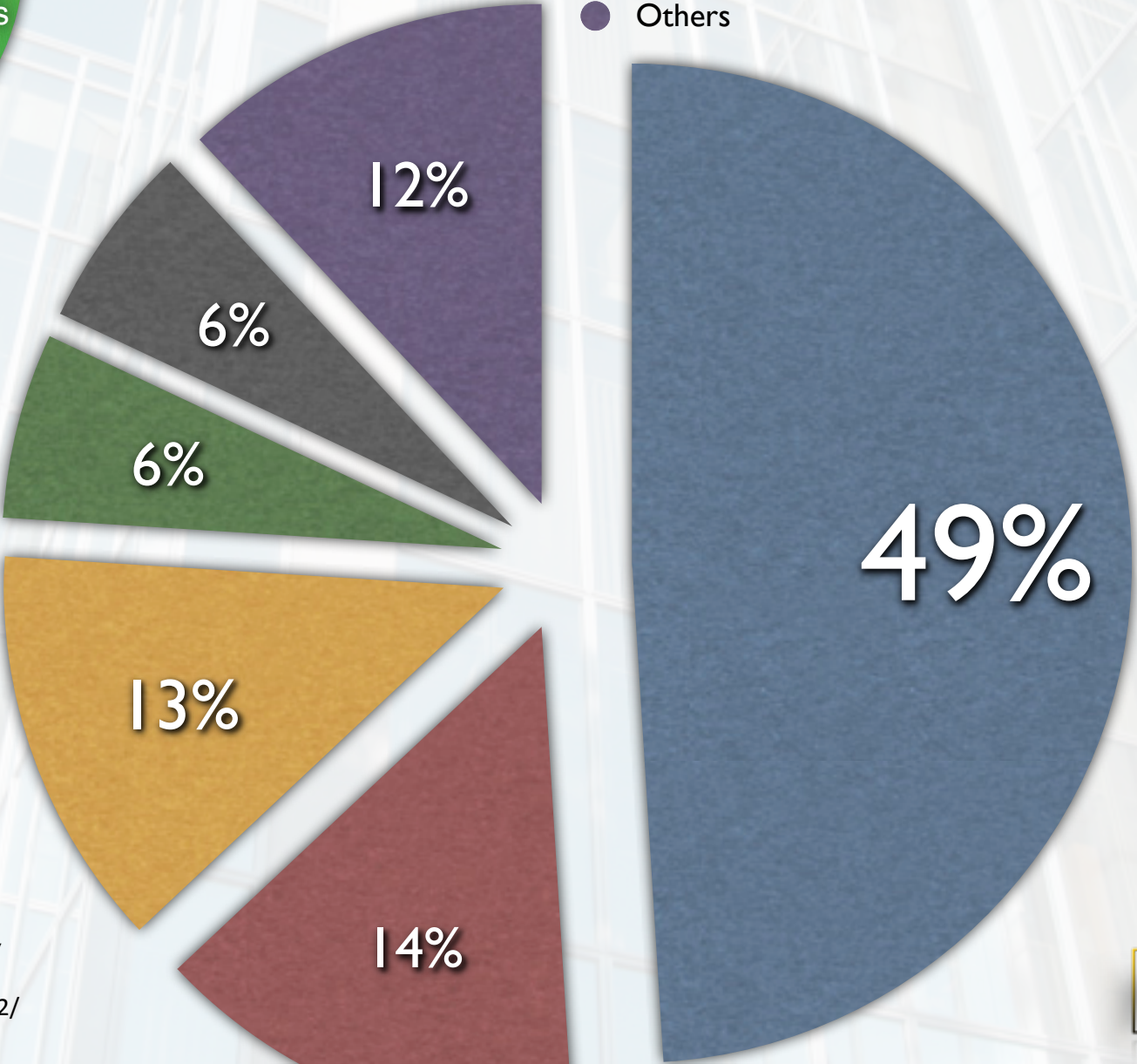


GRAPHIC BY BLOOMBERG BUSINESSWEEK DATA; COMPILED BY BLOOMBERG

# Top 5 Industry Group (2009)

- Wholesale/ Retail Trade; Repair Services
- Manufacturing
- Hotels & Restaurants
- Real Eastates and Business Activities
- Other Community Social & Personal Activities
- Others

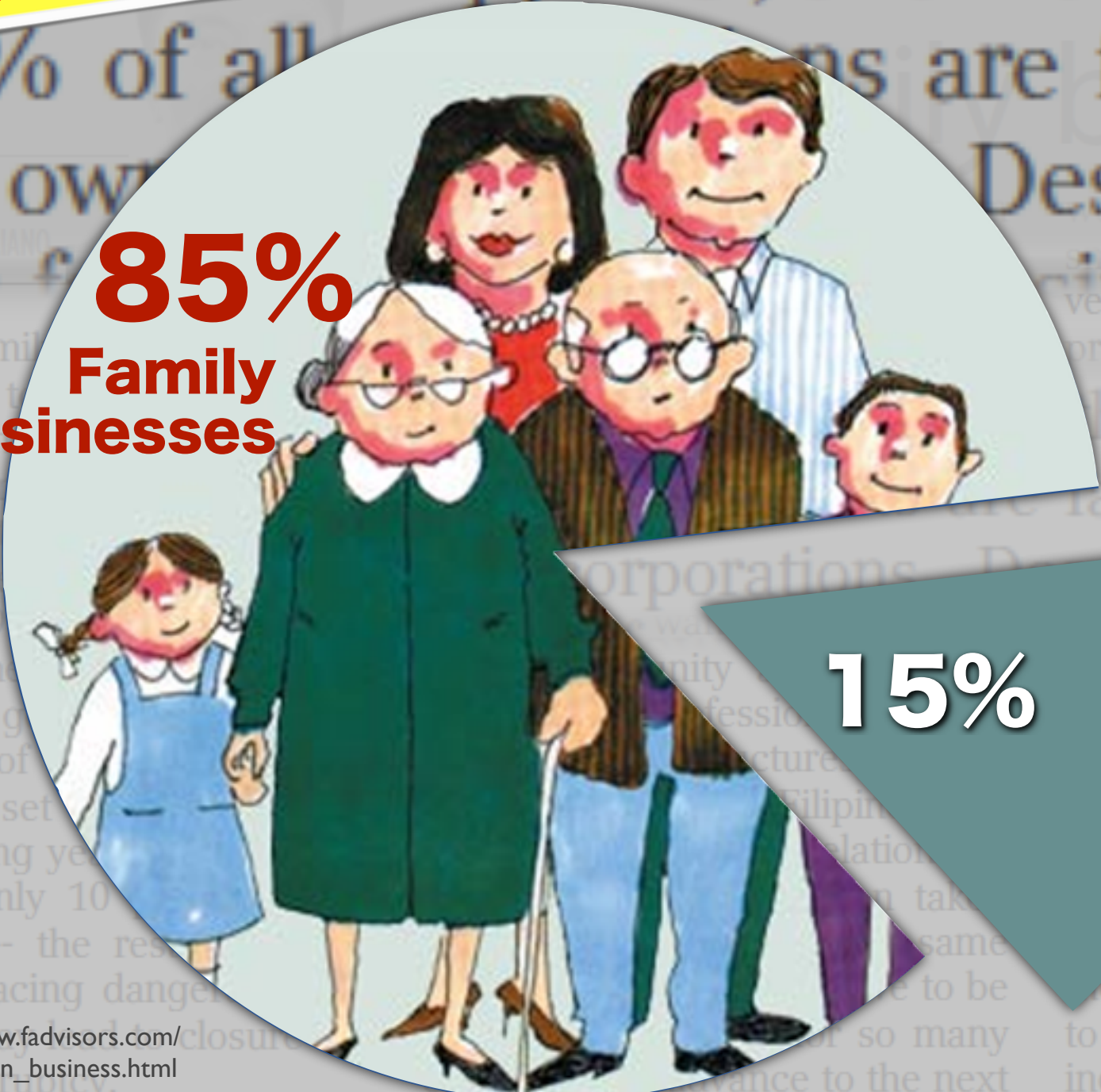
(MSMEs) 99.6%  
 Large Enterprises 0.4%



source: Department of Trade and Industry (DTI),  
[http://www.nscb.gov.ph/pressreleases/2012/PR-201203\\_PP1\\_03\\_ule.asp](http://www.nscb.gov.ph/pressreleases/2012/PR-201203_PP1_03_ule.asp)



**Case-in-Point**



**85%**  
**Family  
Businesses**

**15%**

source: [http://www.fadvisors.com/professionalization\\_business.html](http://www.fadvisors.com/professionalization_business.html)

In the Philippines, more than 85% of all businesses are family owned. Despite



**76%**  
**Struggling Family Businesses**

**15%**

**9%**  
**Successful Family Businesses**

# 50%

## Unregistered

- Underground Businesses
- Sari-sari Store
- Backyard Business
- MSMEs
- Online Traders
- Shadow brokers and
- Unregistered Professionals



# 50%

Registered

# 20%

## Black Market

(Underground Businesses)

- ✓ Smugglers
- ✓ CSF doing illegal business or activities outside the scope of their business
- ✓ Funders of Political Campaign



## Dealing with Black Market

# 40%

Reasons:

- ✓ Same Quality
- ✓ Lower Cost
- ✓ VAT Free
- ✓ No Official Receipt
- ✓ To survive competition
- ✓ To bid for government projects

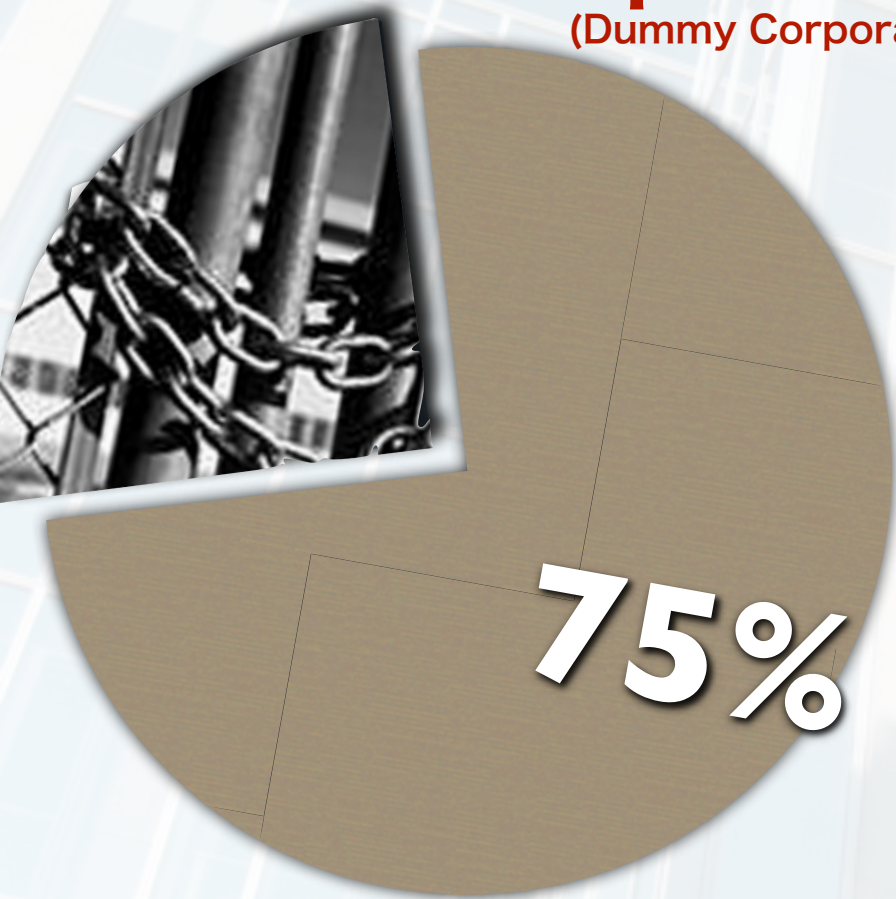


# 80%

# 60%



**25%**  
**Open-Close Sector**  
(Dummy Corporations)



**40%**  
**NO Official Receipts**



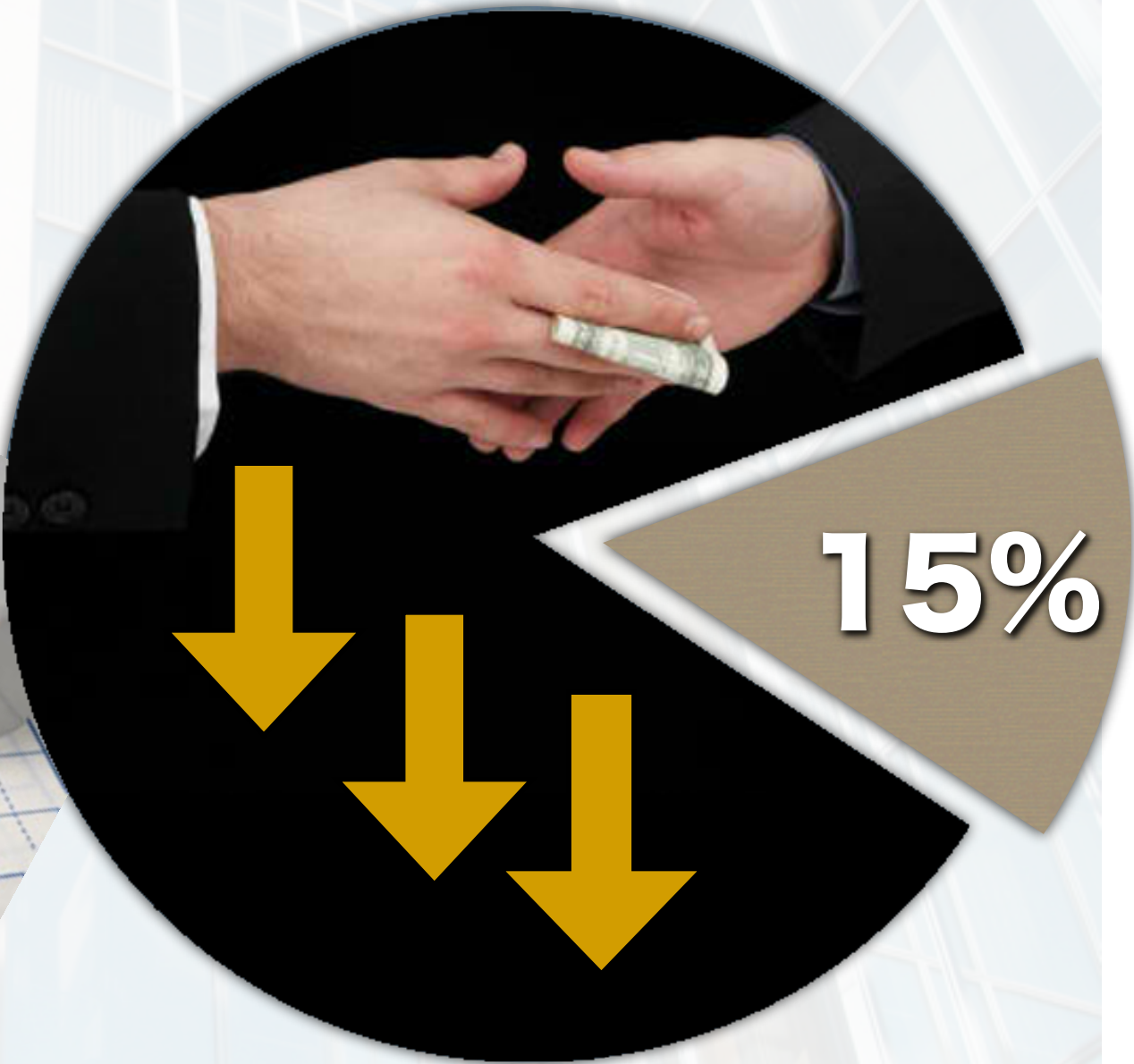
**85%**  
**Underdeclared**

**PAST DUE**  
**Php 1,000,000**

**PAID**

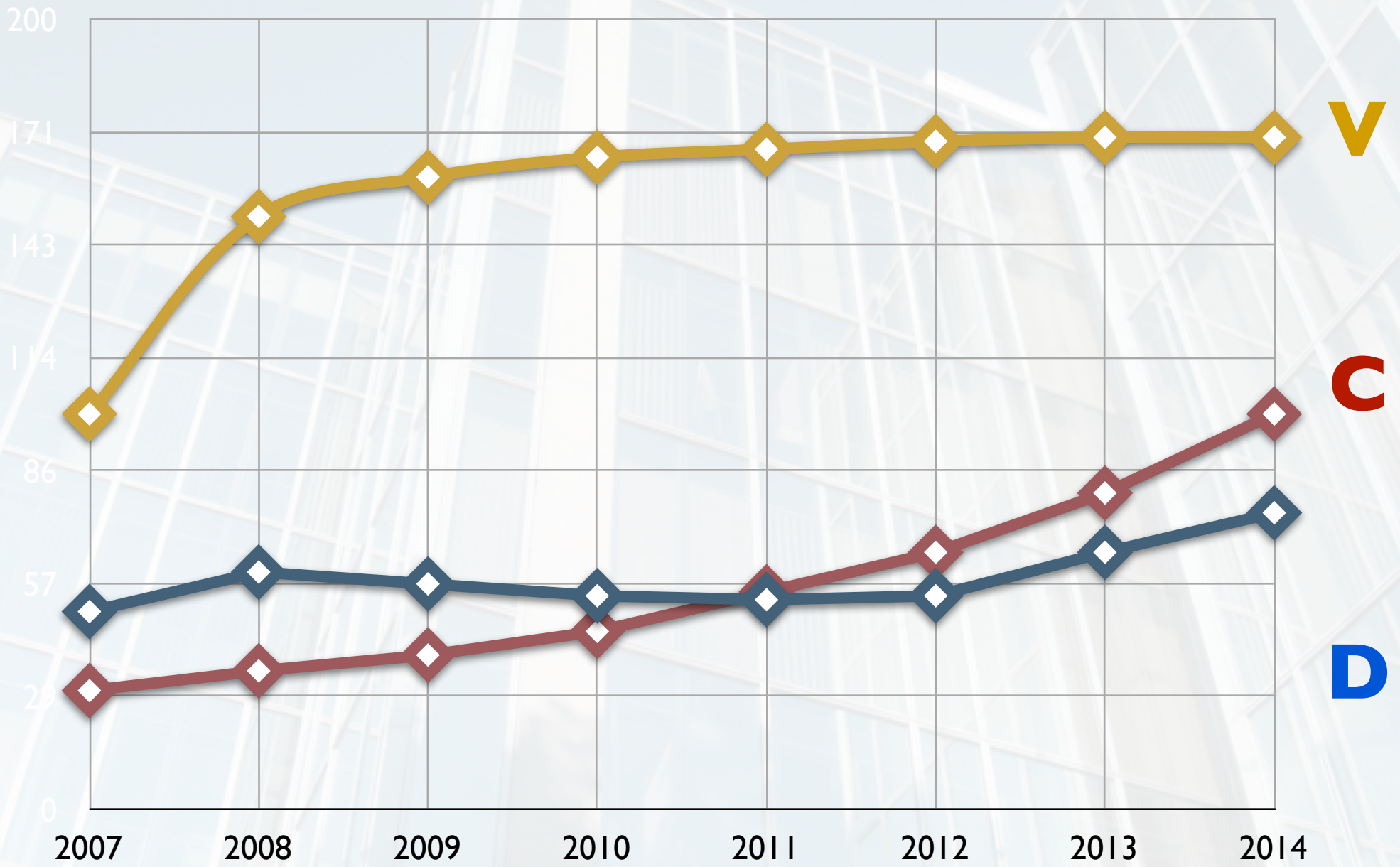
**Php 100,000**

*Based on Strategy Paper by R. Abrea, 2010*





**CASE STUDY:**  
**SOP COMPANY**



# REHABILITATION PROGRAM

# STRATEGY

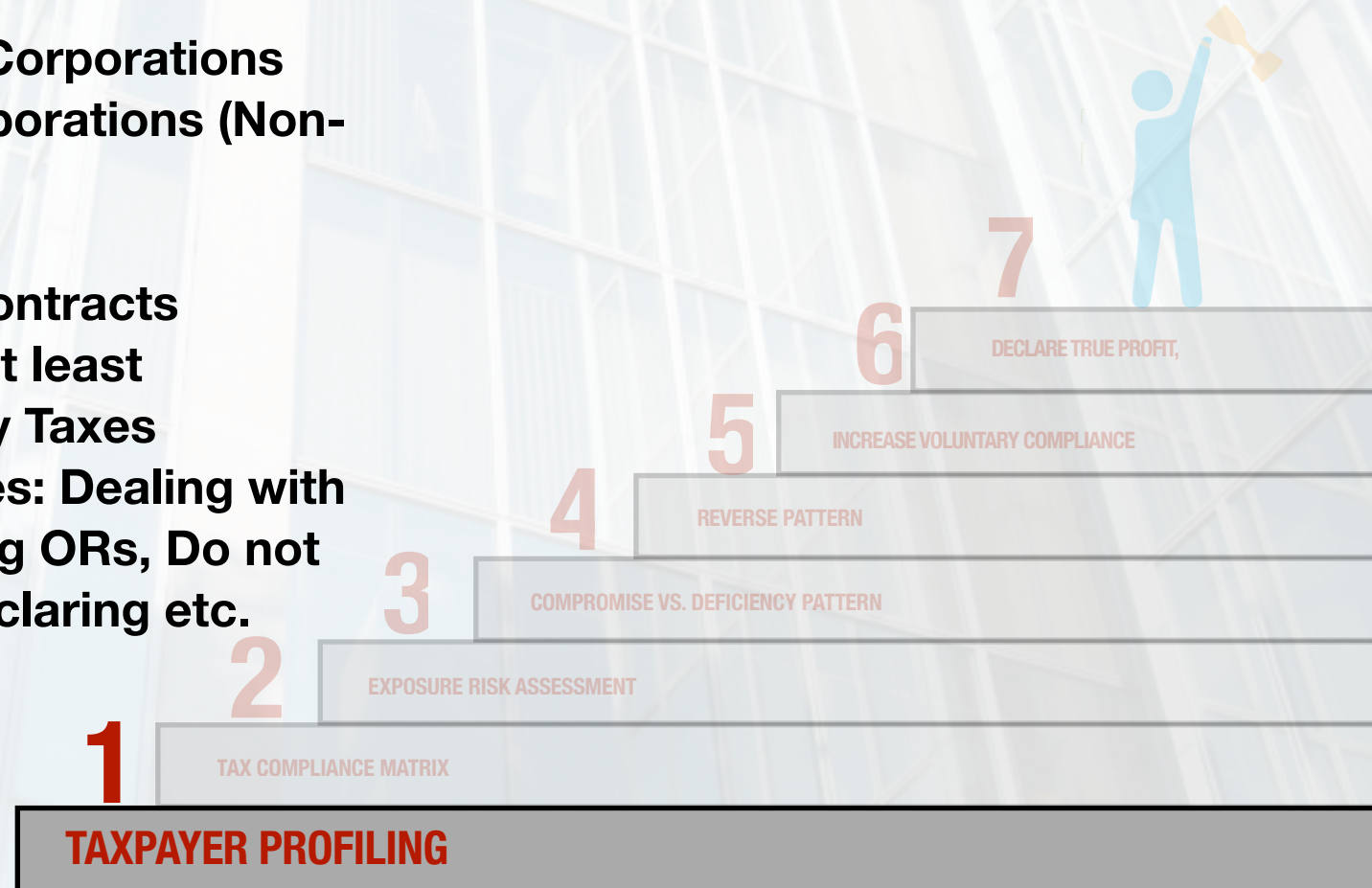
# Citizen Tax Planning Process



# Citizen Tax Planning Process



- Not Publicly Listed Corporations
- RDOs Top 1000 Corporations (Non-LTS)
- Family Corporations
- With Government Contracts
- Regular Audit with at least P 500,000 Deficiency Taxes
- High Risk Businesses: Dealing with Black Market, Buying ORs, Do not Issue ORs, Underdeclaring etc.



# Citizen Tax Planning Process

7000000.00

5250000.00

3500000.00

1750000.00

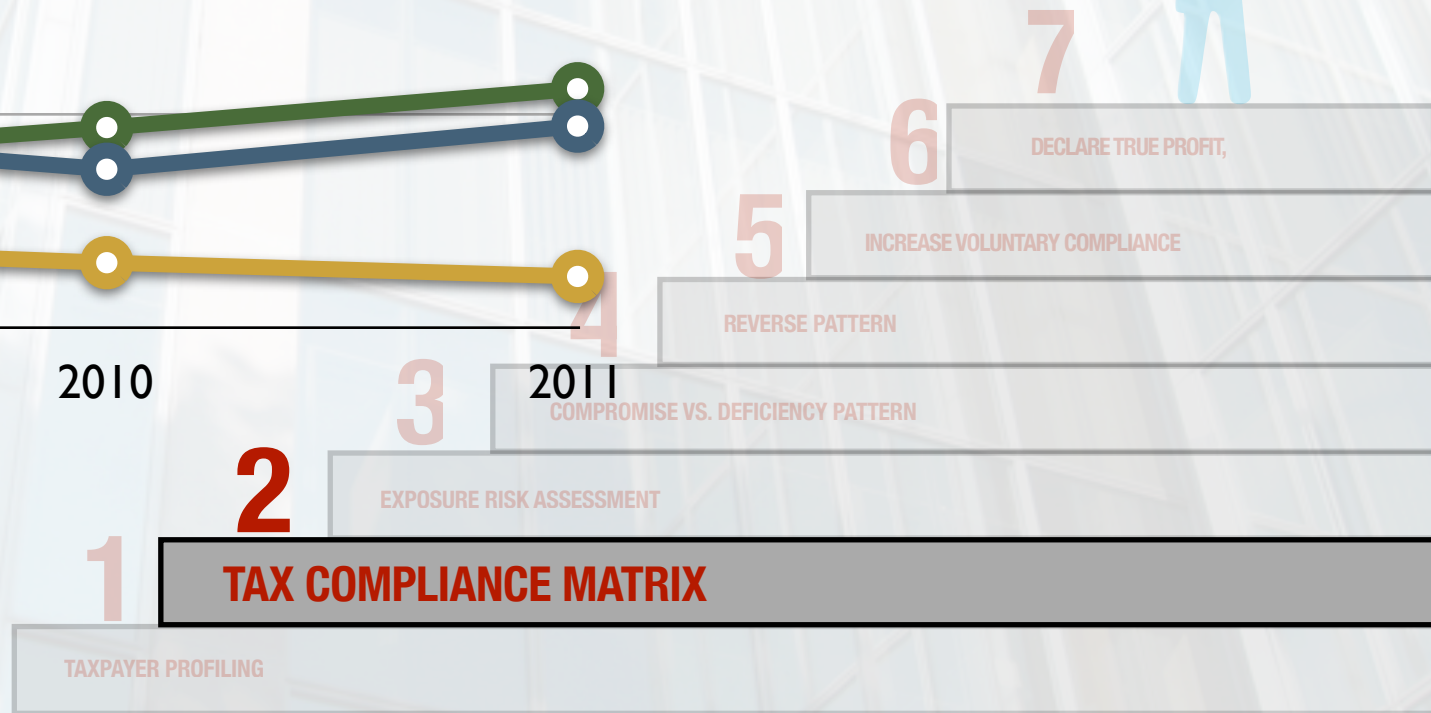
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2009

2010

2011

- IT
- WTC
- VAT/PT
- EWT





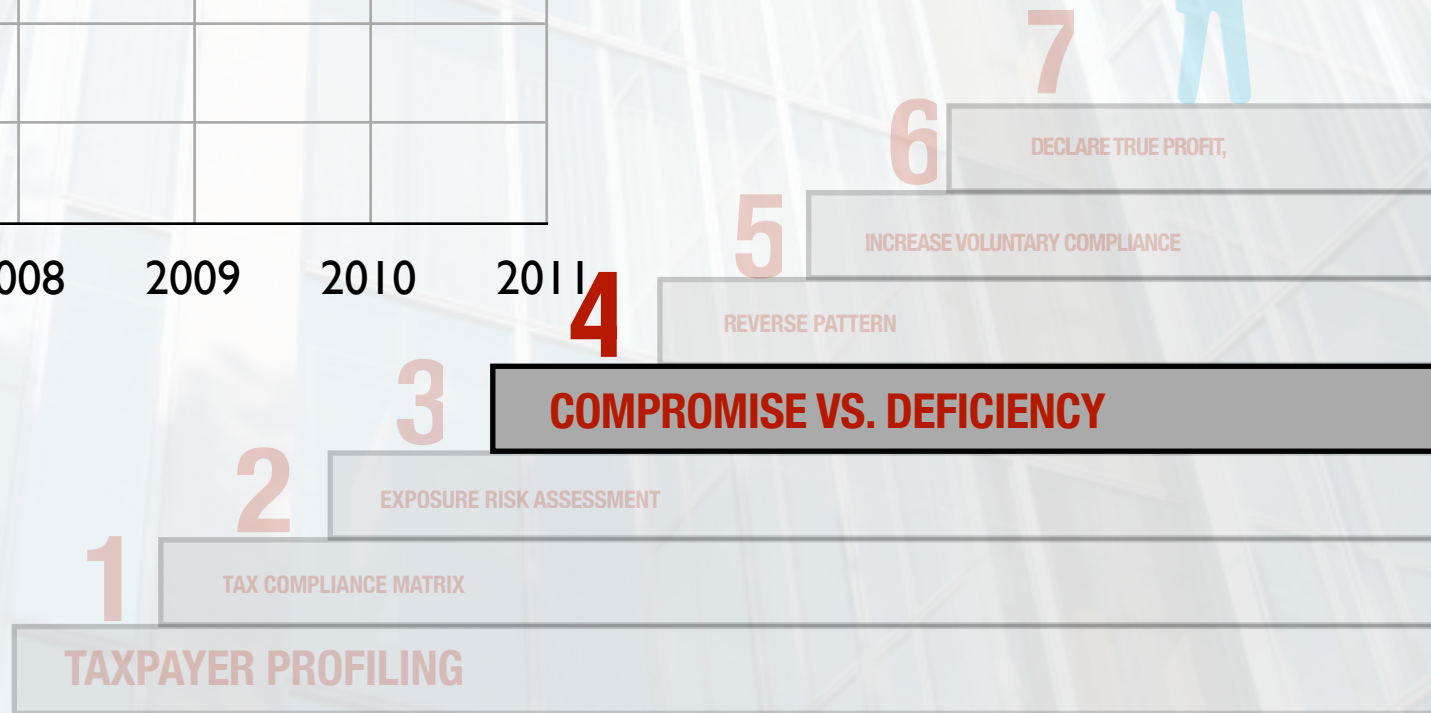
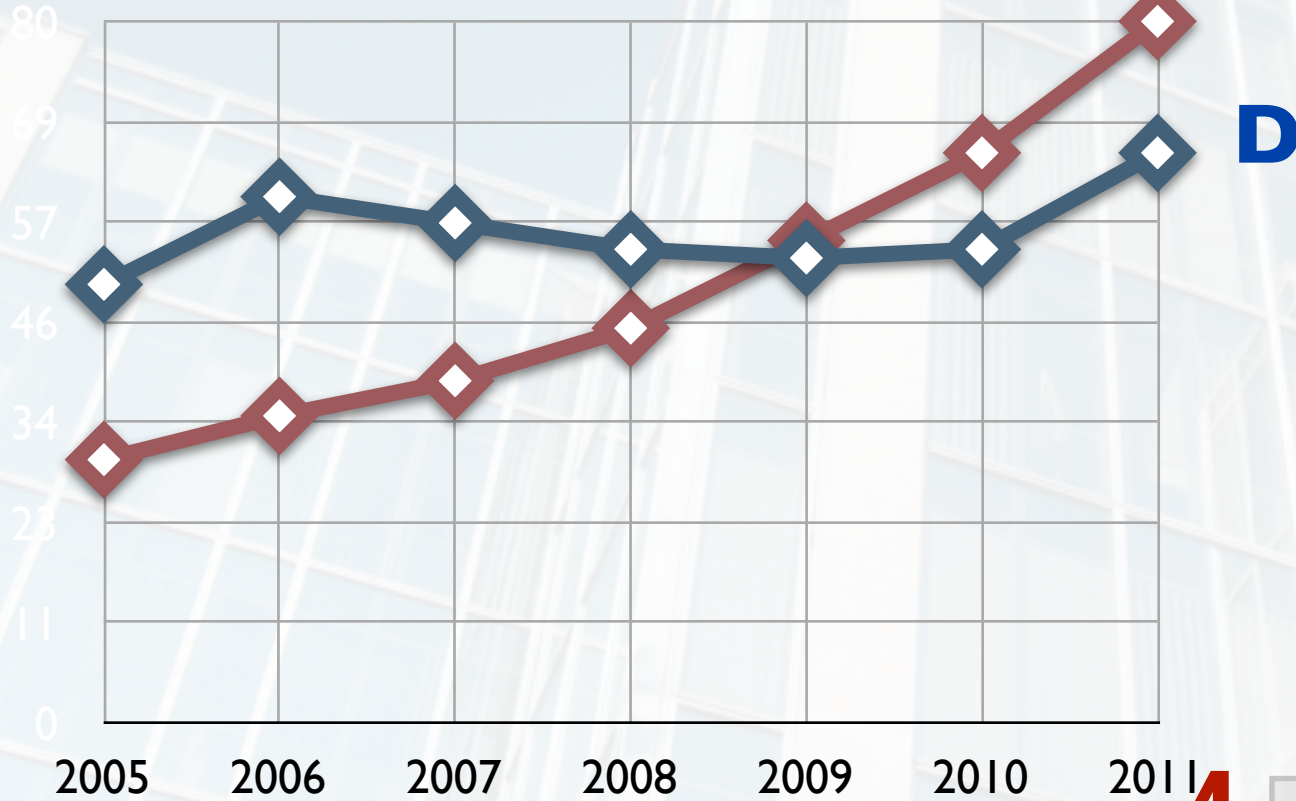
# Citizen Tax Planning Process



■ Actual Income  
■ Declared Income

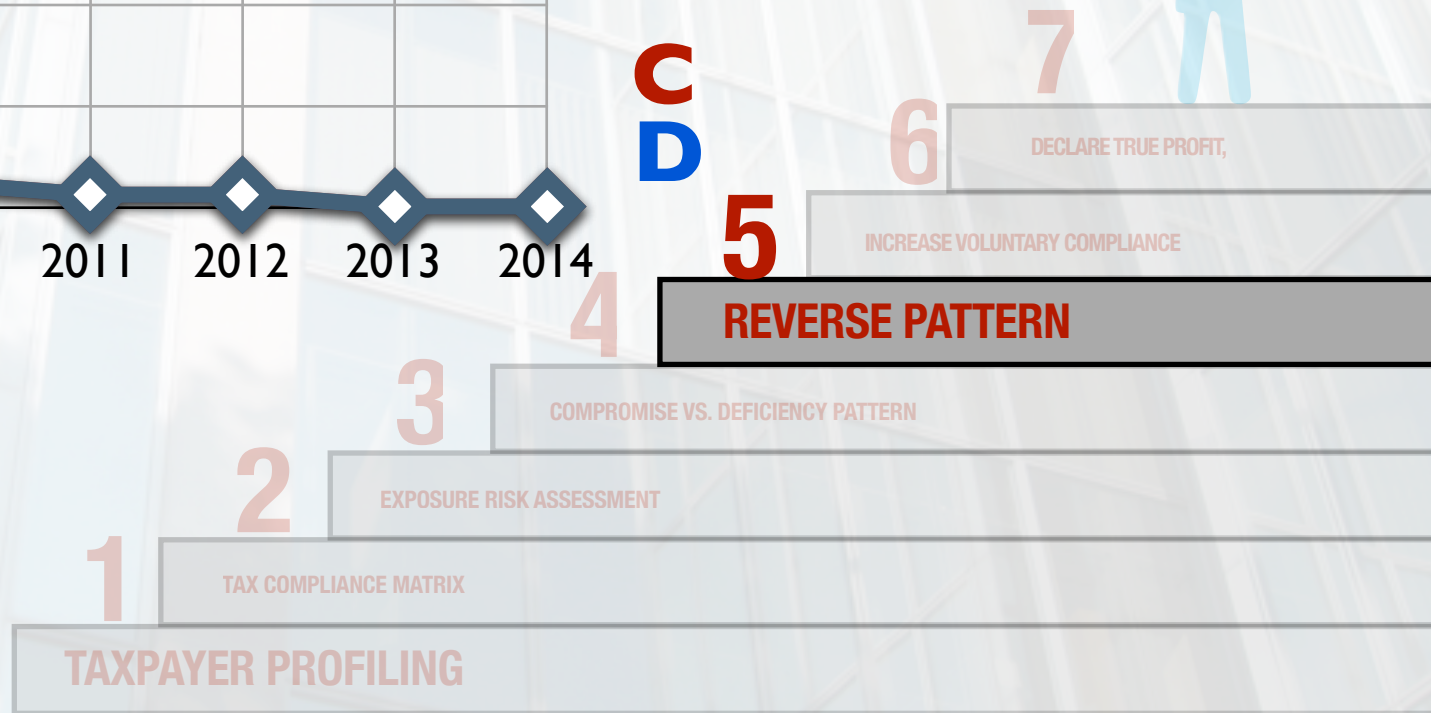
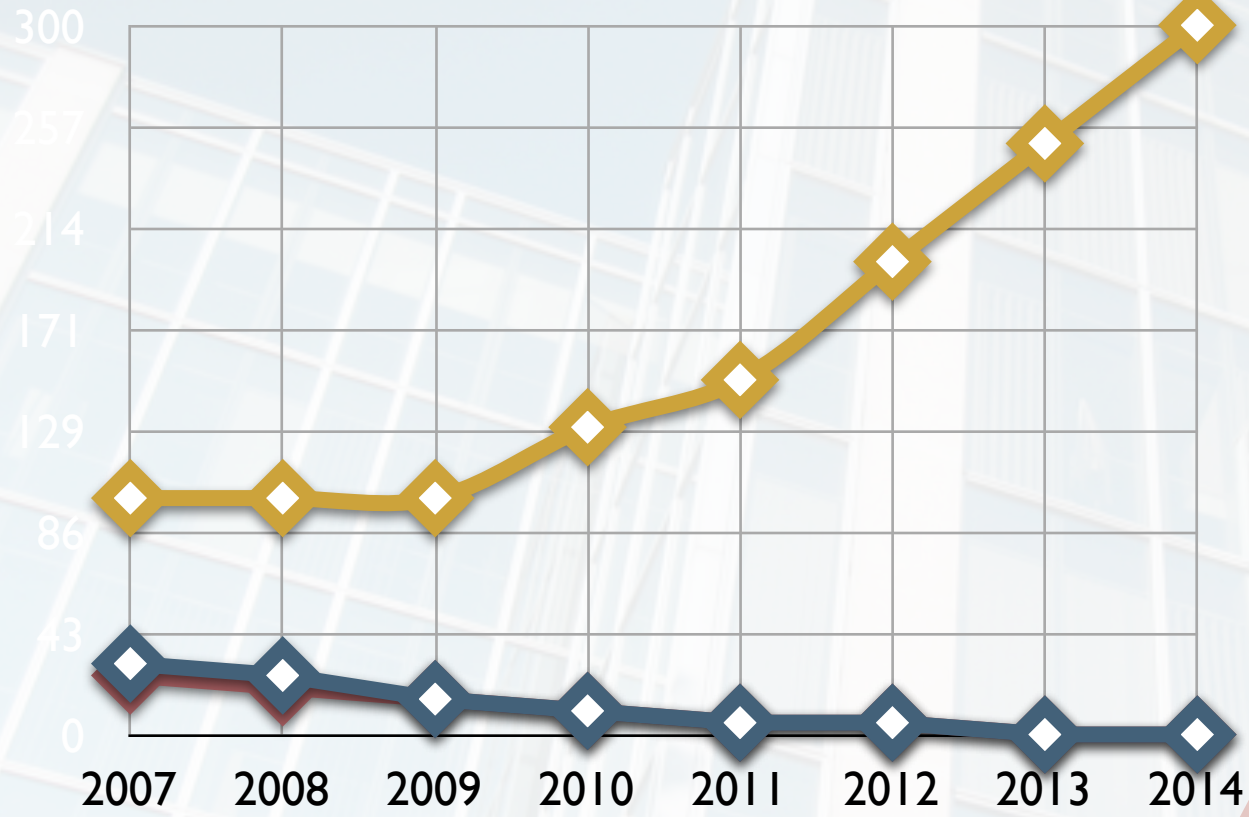


# Citizen Tax Planning Process



# Citizen Tax Planning Process

V



# Increased Voluntary Compliance

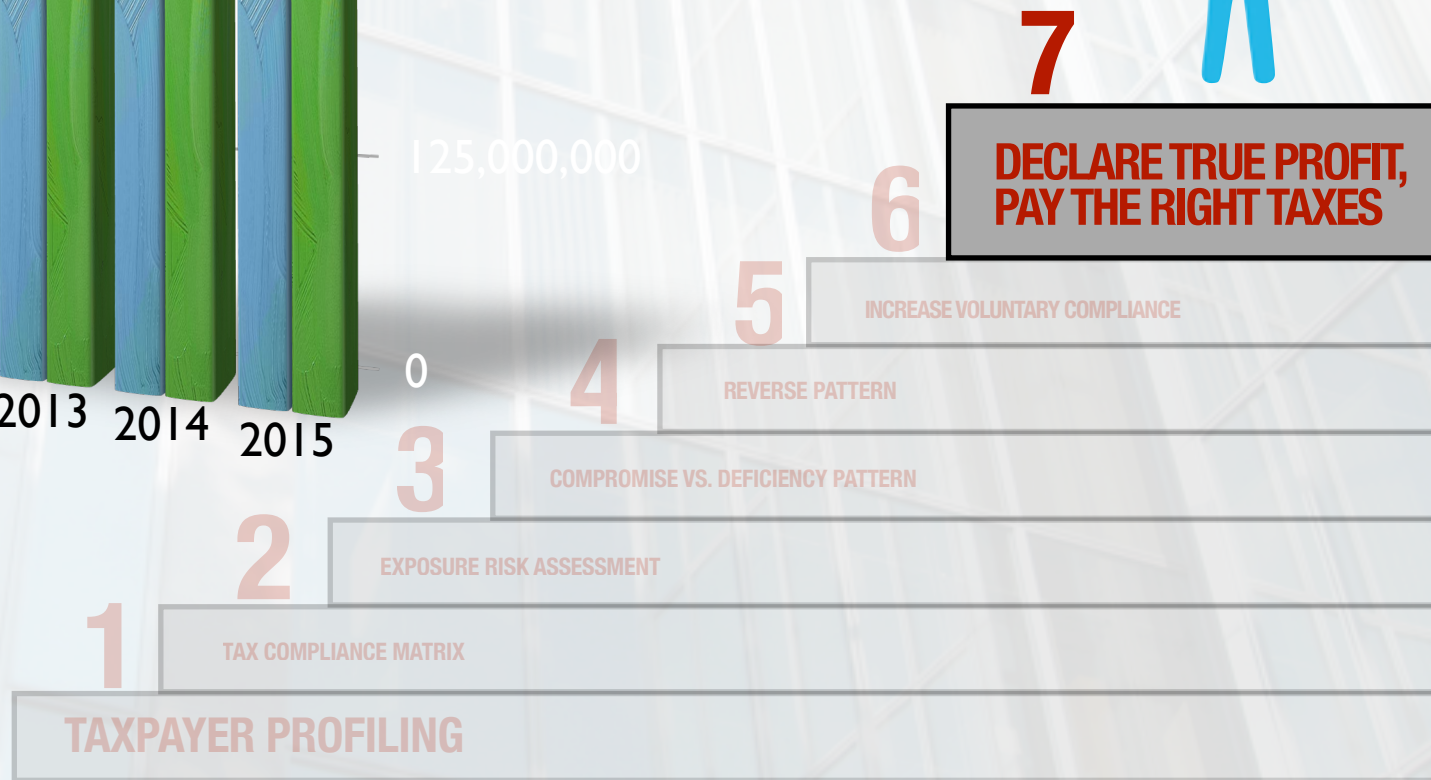
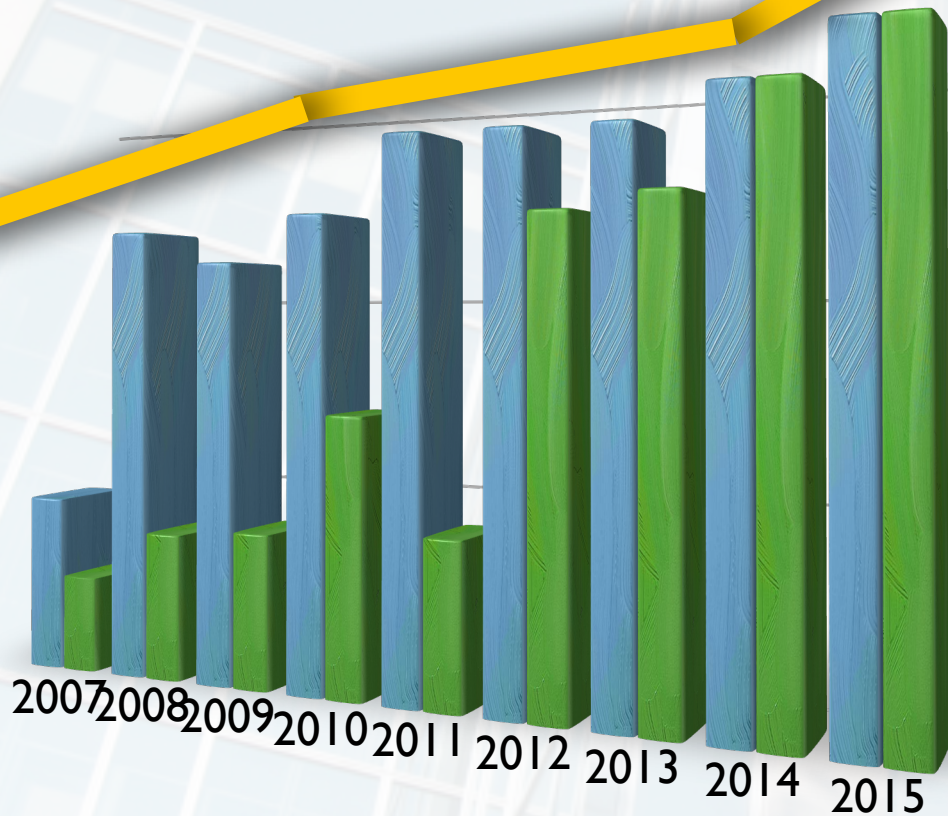
**P 1 Million  
(Nation Building)**



## Citizen Tax Planning Process



■ Actual Income  
■ Declared Income



# Citizen Tax Planning Process



LEGISLATIVE

ADMINISTRATIVE



BUSINESS ENTERPRISES



# How Do We Institutionalize?

## PHASE 1

### ESTABLISH CSR PH AS PARTNER OF BIR

Free Business Clinics to  
Micro and Small Enterprises

Roundtable Discussions  
with Business Owners  
and Entrepreneurs

BIR to adopt Rehabilitation program  
via CTP as official project

## PHASE 2

### LAUNCH OF THE REHABILITATION PROGRAM

Citizen Tax Planning to 500  
Medium to Large enterprises  
(mostly family businesses)

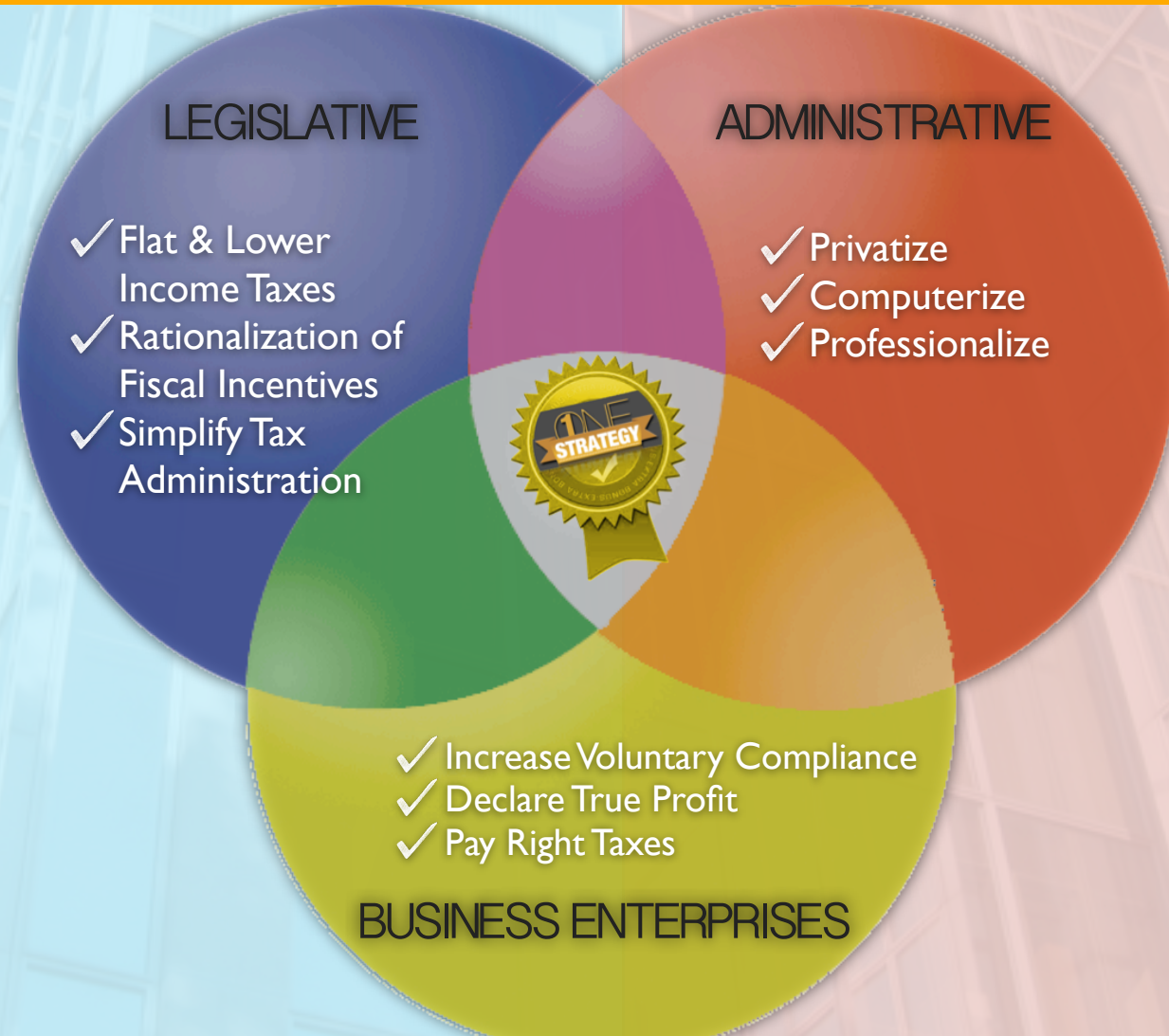
Executive Coaching or  
Check-up for Professionals

BIR to help identify qualified  
taxpayers to extend 3-year no audit  
program

# How Do We Institutionalize?

## PHASE 3

## ESTABLISH CSR PH AS PARTNER OF BIR



## PHASE 4

## GENUINE TAX REFORM





# What's in it for Taxpayers?

- No Audit for 3 Years
- Voluntary Compliance without Compromise
- Help Identify Business Constraints to Encourage Tax Compliance

# What's in it for BIR?

- Build Partnership with Private Sector
- Increase Number of Registered Professionals and Businesses
- Increase Voluntary Compliance and Eliminate Compromises

CITIZEN TAXPAYERS' REVENUE

BILLION





Everyone can be **great**  
because everyone can **serve**.

- Martin Luther King Jr.

**Pamaskong Handog para sa Kabataan (PHK).**  
*"It is better to donate than to evade."*

We bridge individuals and profit-oriented companies to BIR-accredited institutions so they can share their blessings and at the same time save on taxes. This program enables donors to make tax-free donations (i.e. exempted from 30% donor's tax) which can be claimed as tax deductible expense.

**Social Entrepreneurs Engaged in Developing Society (SEEDS).**

We provide a hub for young and spirited social entrepreneurs to extend their expertise to less privileged communities. Moved by the spirit of bayanihan or volunteerism, they collaborate with LGUs to make communities economically and financially independent through social enterprise.

**National Tax Roadshow (NTR).**  
*"VAT Ganun? Bakit Ako May Tax?"*

This is a national campaign for a genuine tax reform. It presents easy-to-grasp information on the country's tax system and proposes concrete actions to improve it. The roadshow is transformed to a forum and then proceeds as a series of roundtable discussions to build partnerships between and among the government and private sectors.



The CSR Philippines engages in activities or efforts that champion and support the initiation, planning, execution, monitoring and evaluation of both local and national reforms in socio-political aspect that are strategically developed for sustainable development. Further, CSR Philippines aims to form a group of responsible Filipino citizens imbibing the core values: Love of God, Country and Others, Integrity and Service Excellence and are committed to initiate and support strategic reforms in the country.



In 2015



**Abrea  
Consulting  
Group**  
Leader in Strategic Finance &  
Tax Advisory Services

STRATEGY

*"We dream that every Filipino company will be pillars of nation building."*

**EMPOWERING  
INDIVIDUALS**



**Our People**

**Our Process**

**IMPROVING  
SOCIETY**



**Our Business**

**Our Strategic  
Partners**

**BUILDING  
NATION**



**Our Country**

**Our Market**

**INTEGRITY**

**SERVICE EXCELLENCE**

**LOVE OF GOD, COUNTRY & OTHERS**

# youthVotephilippines

SOON...

Pay the Right taxes



# #TaxRoadshow

Nationwide campaign on Tax Reform towards Nation Building

“

Let it be *simple* so everyone will understand.

Let it be *fair* so all of us will conscientiously and voluntarily comply.

Let it be our *commitment* to our nation towards a progressive Philippines”