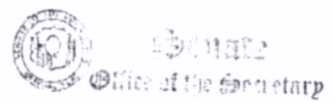


SEVENTEENTH CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )  
Second Regular Session )



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**SENATE**  
**P.S. RES No. 704**

RECEIVED

Introduced by: Senator Paolo Benigno "Bam" A. Aquino IV

**RESOLUTION**  
**DIRECTING THE APPROPRIATE SENATE COMMITTEES TO CONDUCT AN**  
**INQUIRY, IN AID OF LEGISLATION, ON THE INFLATIONARY IMPACT AND**  
**EFFECT ON THE ECONOMY OF THE IMPLEMENTATION OF THE TAX**  
**REFORM FOR ACCELERATION AND INCLUSION (TRAIN) LAW**

1       **WHEREAS**, Article II Sec. 10 of the 1987 Philippine Constitution provides  
2 that the State shall promote social justice in all phases of national development.  
3 Article VI Sec. 28 (1) further states that the rule of taxation shall be uniform and  
4 equitable and that Congress shall evolve a progressive system of taxation;

5       **WHEREAS**, the Constitution asserts that Congress shall give highest priority  
6 to the enactment of measures that protect and enhance the right of all the people to  
7 human dignity, reduce social, economic, and political inequalities, and remove  
8 cultural inequities by equitably diffusing wealth and political power for the common  
9 good;

10       **WHEREAS**, Republic Act No. 10963 or the Tax Reform for Acceleration and  
11 Inclusion (TRAIN) was signed into law last December 19, 2017. Under the law, it is  
12 declared that the State should provide equitable relief to a greater number of  
13 taxpayers and their families in order to improve levels of disposable income and  
14 increase economic activity. In consonance with the Constitution, the passage of the  
15 TRAIN law should enhance the progressivity of the tax system through

1 rationalization of the Philippine internal revenue system, thereby promoting  
2 sustainable and inclusive economic growth;

3 **WHEREAS**, Section 5 of the TRAIN law, which further amends Section 24 of  
4 the National Internal Revenue Code (NIRC) of 1997, adjusted and simplified the  
5 personal income tax schedule of individuals. The intention of the legislature was to  
6 correct 'income creep,' provide a higher take-home pay to almost 90% of taxpayers,  
7 and create a more equitable, just and effective tax regime for Filipino taxpayers.  
8 However, alongside the provision to lower personal income tax, the TRAIN law also  
9 incorporated various measures meant to increase government revenues through  
10 new and higher taxes. This included Section 43, which further amends Section 148  
11 of the NIRC, by increasing the fuel excise tax as follows: gas from P4.35 per liter to  
12 P7.00 per liter; and diesel, kerosene, and LGP from zero (P0.00) excise tax to P2.50  
13 per liter, P3.00 per liter and P1.00 per kg, respectively;

14 **WHEREAS**, concerned consumer and transport groups feared that the  
15 increased prices due to higher excise taxes would offset the benefits of additional  
16 take-home pay that the TRAIN meant to give Filipino citizens. Laban Konsyumer,  
17 Inc., a consumer advocacy group, even filed a petition with the Supreme Court early  
18 this year to nullify the TRAIN law as the increased excise taxes on fuel will have a  
19 domino effect on the prices of goods and services;

20 **WHEREAS**, Congress approved the inclusion of increased excise taxes in the  
21 TRAIN law based on information and data given by the Department of Finance (DoF)  
22 that showed that its impact on inflation would be minimal. According to DoF, the  
23 TRAIN's inflationary impact would not be more than 0.7%, which means that the  
24 inflation rate should not go higher than 3.6% in 2018;

25 **WHEREAS**, various financial and economic experts are now projecting that  
26 inflation will breach the 4% upper end of the target range set by the Bangko Sentral  
27 ng Pilipinas (BSP). While Metropolitan Bank and Trust Co.'s Pauline May Ann E.  
28 Revillas projected an inflation rate of 4.7% for the month of March; Ateneo De

1 Manila's Dr. Alvin Ang had a forecast of 4.8%; and Land Bank of the Philippines'  
2 Guian Angelo S. Dimalagan's projection was at 4.4%. All agreed that the increase  
3 in the tax on petroleum products is a significant contributor, if not the main driver,  
4 of the high inflation rates. All of these projections are higher than DoF's earlier  
5 inflationary impact estimation;

6 **WHEREAS,** with updated and correct information, it is imperative on  
7 Congress to determine the real and actual impact of TRAIN on the country's  
8 economy and the lives of our constituents;

9 **WHEREAS,** the sharp rise of inflation, leading to higher prices and cost of  
10 living, could aggravate poverty and hunger especially among the country's poorest  
11 families. Instead of enabling inclusive growth in the country, the continued  
12 implementation of TRAIN could lead to greater marginalization and suffering for the  
13 poor;

14 **RESOLVED, AS IT IS HEREBY RESOLVED,** to direct the appropriate  
15 Senate Committees to conduct an inquiry, in aid of legislation, on the inflationary  
16 impact and effect on the economy of the implementation of the Tax Reform for  
17 Acceleration and Inclusion (TRAIN) law.

Adopted,

