

 Early Warning System

AIIB-000802

Philippines: Domestic Resource Mobilization Program (Subprogram 1)



Quick Facts

Countries	Philippines
Financial Institutions	Asian Infrastructure Investment Bank (AIIB)
Status	Proposed
Bank Risk Rating	C
Borrower	Government of Philippines
Sectors	Law and Government
Investment Type(s)	Loan
Investment Amount (USD)	\$ 400.00 million
Project Cost (USD)	\$ 800.00 million



Project Description

According to the Bank's website, the Program objective is to support the Republic of the Philippines' economic and fiscal recovery from the COVID-19 pandemic through: (i) enhancing the domestic resource mobilization policies and legal frameworks; (ii) modernizing tax administration through digital transformation; and (iii) strengthening international tax cooperation and exchange of information.

The proposed Program will provide a policy-based loan under the COVID-19 Crisis Recovery Facility of the Bank and will be co-financed with the Asian Development Bank (ADB) as the lead financier.

The Program focuses on the following reform areas:

(i) Domestic resource mobilization policies and legal frameworks enhanced.

This reform area seeks to sustain public spending for post-pandemic recovery by creating the legal frameworks for national and local tax policies. It focuses on approving the 2022-2028 Medium-Term Fiscal Framework to institute domestic resource mobilization as a national strategy to achieve the medium-term fiscal targets; submitting to Congress three critical tax reform laws (law on VAT on Digital Transactions, law that establishes a carbon emission trading system, law that simplifies compliance and reduces the costs of paying taxes); approving an executive order that mandates national/local tax agencies to adopt secure digital modes of revenue collection; and adopting a competency framework for local treasurers to strengthen local tax capacity and transparency.

(ii) Tax administration modernized through digital transformation.

This reform area aims to improve the quality and efficiency of taxpayer services envisaged in the Bureau of Internal Revenue (BIR)'s Digital Transformation Initiative. It focuses on operationalizing the Internal Revenue Integrated System to enable the BIR to use taxpayer data systematically to enhance gender-sensitive taxpayer services; establishing a Data Analytics Unit to undertake data analytics for promoting taxpayer compliance, formulating sex-differentiated tax policies, and strengthening tax audit functions; modernizing business processes for tax registration, filing, and payment through the development of an Online Registration and Update System; and upgrading BIR's electronic tax return forms to enable more taxpayers to file tax returns and pay taxes online.

(iii) International tax cooperation and exchange of information strengthened.

This reform area advances international tax cooperation to combat cross-border tax avoidance. It focuses on implementing a gender-responsive international tax competency program to strengthen tax audit functions; removing preferential tax incentives for regional operating headquarters and imposing a regular corporate income tax rate of 25% in accordance with the OECD/G20 Inclusive Framework on Base Erosion and Profit Sharing (BEPS); implementing tax transparency standards under the Asia Initiative of the Global Forum; and implementing the minimum standards of the OECD/G20 Inclusive Framework on BEPS for addressing international tax avoidance and enhancing tax certainty.



Investment Description

- Asian Infrastructure Investment Bank (AIIB)



Contact Information

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ACCESS TO INFORMATION

You can submit an information request for project information at: <https://www.aiib.org/en/contact/information-request/index.html>

ACCOUNTABILITY MECHANISM OF AIIB

The AIIB has established the Accountability Mechanism for Project-Affected People (PPM). The PPM provides an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement the ESP in situations when their concerns cannot be addressed satisfactorily through Project level GRMs or AIIB Management processes. Two or more project-affected people can file a complaint. Under the current AIIB policy, when the bank co-finances a project with another development bank, it may apply the other bank's standards. You can refer to the Project Summary Information document to find out which standards apply. You can learn more about the PPM and how to file a complaint at: <https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html>

The complaint submission form can be accessed in Arabic, Bahasa Indonesia, Bengali, Chinese, English, Tagalog, Hindi, Nepali, Russian, Turkish, or Urdu. The submission form can be found at: <https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/submission/index.html>



Bank Documents

- [Project Summary \(July 12, 2023\)](#) [\[Original Source\]](#)