

NEGATIVE VOTE ON RATIFICATION

Sen. Alfredo S. Lim

Mr. President, allow me to explain why I am voting against the ratification of the bicameral conference committee report approving the new- vat bill.

I may sound a broken record or even chastised for being "makulit" in insisting on my proposal to repeal, if not amend, the 7th subparagraph of Subsection C, [4] of Section 145- the infamous poison pill provision- of Republic Act No. 8424, otherwise known as the Tax Reform Act of 1997. So be it!

But, for as long as what I am fighting for is for the good of the many and the most practical solution of our financial woes with no

additional burden to our poor constituents, but certainly a heavy toll on the fortunes and riches of the few oligarchs, I shall not rest in my crusade but will pursue it till kingdom come.

Last year, while we were deliberating on the sin tax measure which eventually became the new sin tax law, I took the opportunity of suggesting a very substantial improvement on the sin tax proposal by deleting the last paragraph of Sec. 145 which reads:

“The classification of each brand of cigarettes based on its average net retail price as of October 1, 1996, as set forth in Annex D, shall remain in force until revised by Congress.”

I urged the deletion because once we do away with the fixed 1996 retail price of

selected cigarettes of favored manufacturers, we could generate a revenue of 40 billion pesos annually compared to what we are getting by merely increasing the sin tax rates.

Result! The administration complains that the revenue generated from the amended sin tax is inadequate. The remedy: it decided to increase the vat rate from 10 to 12%.

Mr. President, as we tackled the new- vat proposal, I revived my proposal to delete said paragraph of Sec. 145 with the hope that this chamber would finally seriously consider my views, as after all, although the objective was to increase the vat rate, however, since it involved an amendment of the Tax Code, I considered it opportune to incorporate my

suggestion to delete the pertinent paragraph of Sec. 145.

Although I thought that when we voted on the measure, a majority of our colleagues joined me, however, on recounting, my proposal lost by a vote.

Mr. President, this is not a solitary position. No less than former Secretary Solita Monsod claims that we could collect an additional 22 billion peso revenues by amending or repealing the oft-repeated three line "poison pill" provision. In this regard, former Secretary Camacho asserts that we lost 28 billion in potential tax take from Fortune, 10.8 billion from La Swerte, and 2.52 billion from Sterling.

Parenthetically, this view posited by Secretary Monsod, that an additional revenue from 22 billion to 30 billion can be generated through the said repeal or amendment of the so called "poison pill" provision enjoys the common sentiment of our four financial experts, namely: 1. Joselito Camacho 2. Vicente Jaime; 3. Jesus Estanislao; 4. Roberto de Ocampo and 5. Ernesto Leung. All of them were former Secretary of the Department of Finance.

I realized then, Mr. President, that my proposal has been gaining ground and eliciting support from our colleagues little by little. As a noted sweepstakes dealer's slogan runs: "Ang umaayaw ay `di nagwawagi, ang nagwawagi ay `di umaayaw!"

Mr. President, "hindi pa ako umaayaw dahil alam ko, magwawagi din ako".

Frankly, Mr. President, it is not only in this august halls that I had fought tooth and nail for the repeal of the said "poison pill" provision. In the many public conventions, conferences and gatherings, national in scope and significant in objectives, attended by men of various religious, economic and political persuasions, at which I was privileged to address, I intoned with equal vigor and determination to push for the repeal of said "poison pill provision". Alas! The captivated audience not only fully concurred with my proposal but pressed and urged me to continue my fight. "Ipaglaban mo ang tama Sen. Lim" and we are all behind you!

That's why, Mr. President, I stand again this time reiterating my sentiments and those of the people for the repeal of the poison pill provision.

Indeed, the pulse of the people and their plaintive cry is: "Stop increasing the vat!" their clamor is: "Repeal the poison pill provision". People who I talked and rubbed elbows with could not understand why we in the Senate, and Congress for that matter, are persistent in increasing the vat rate or expanding its coverage when we do not expect substantial revenues from it. On the other hand, once we repeal the poison pill in the Tax Code we are sure to generate from 40 to 42 billion pesos annually.

Yes, Mr. President, I consider it a betrayal of the people's faith and trust if I shall not vote against the bicam report. I hope that my colleagues will finally relent and join me in my vote with the hope that with the bicam report's disapproval, it will leave this Congress with no recourse but to pursue my proposal to repeal the "poison pill provision" of the Tax Code.

I assure you Mr. President, that the predicted revenue of P40 billion that we will achieve once that is done, will not only assuage the people's despair, especially the poor, for the worsening economic conditions we are experiencing now, but will brighten up our hope for international understanding on our sincerity in mending our poorly managed

economy, thus, could bring about favorable climate for investment, reforms and tranquility.

Thank you and good day.

