

TRAIN Bill: An Overview

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The wait is almost over for the finalization of the tax reform that has been undergoing deliberations and amendments over these past several months. While awaiting for the final decision from the bicameral committee and approval of the President, let us go over and review what TRAIN is all about.

What is TRAIN?

The Tax Reform for Acceleration and Inclusion (TRAIN) Bill is the first package of tax reforms proposed by President Duterte's administration, which seeks to correct a number of deficiencies in the tax system to make it simpler, fairer, and more efficient.

What is the goal of TRAIN?

The goal of TRAIN is to create a more just, simple, and effective tax system for collection, as per the constitution, where the rich will have a bigger contribution and the poor will benefit more from the government's programs and services.

What are the programs set forward by the proposed Tax Reform?

The following are the programs set forward by the proposed Tax Reform:

1. Education.

The tax reform will be able to fund investments in education, attaining a more beneficial learning environment with the ideal teacher-to-student and classrooms-to-student ratio:

- Achieve 100% enrollment and completion rates
- Build 113,553 more classrooms
- Hire 181,980 more teachers between 2017 and 2020

2. Healthcare Services.

The tax reform will be able to fund investment to healthcare in order to provide better services and facilities:

- Upgrade 704 local hospitals and establish 25 local hospitals

- Attain 100% PhilHealth coverage at higher quality of services
- Upgrade and/or relocate 263 rural and urban health units to disaster-resilient facilities
- Build 15,988 new barangay health stations
- Build 2,424 new rural health units and urban health centers
- Between 2017 and 2022, hire an additional 2,424 doctors, 29,466 nurses, 1,114 dentists, 3,288 pharmacists, 2,682 medical technologists, 911 public health associates, and 2,497 UHC implementers

3. Infrastructure Programs.

The additional revenue raised by the reform will be used to fund the infrastructure program of the Department of Public Works and Highways (DPWH), which consists of major highways, expressways, and flood control projects.

How does TRAIN address the weaknesses of the current tax system of the Philippines?

The TRAIN addresses several weaknesses of the current tax system by lowering and simplifying personal income taxes, simplifying estate and donor's taxes, expanding the value-added tax (VAT) base, adjusting oil and automobile excise taxes, and introducing excise tax on sugar-sweetened beverages.



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Reference:

http://www.dof.gov.ph/tax_reform/