Tax reform essay

Government

Tax reform is a series of pluses and minuses. As I see it, the Tax Reform for Acceleration and Inclusion (TRAIN) Act is an opportunity to move our country forward. Not reforming our tax system is a risk we cannot afford to take if we want to accelerate progress. The TRAIN law demands changes among personal and passive income, sweetened beverages, estate fuels, tobacco products, coal, vehicles, aesthetic cosmetic procedures, value-added tax, penalty interest, and donations.

Although the law is often criticized for its perceived impact on the poor, I believethat the increase of prices for some commodities will be temporary. Rather than short-term minimal price increases, persistentpovertyand high inequality result in the systemic inability of the poor to participate in society actively and productively. It is not from the lack of trying but more because of denied opportunities. They are routinely excluded from access to adequate social services and infrastructure that boosts productivity.

Prosperity for the poor and triumph over inequality will not be fully achieved from subsidies, exemptions, and freebies which we have been doing in the past. We need to invest massively in infrastructure to increase the productive capacity of the economy thereby creating more and better jobs and for the people – high qualityeducation, betterhealthservices and adequate social protection. Therefore, everyone is accorded with equal economic opportunities toward prosperity.

These being said, I find the law reasonable. For everyone benefits, from the poorest of the poor to the richest of the rich. All in all it is holistic. It is exceptional, compared to previous comprehensive tax reform measures, for not only addressing increasing taxes and making our tax system truly progressive, fair, simple, and robust, but also in making commitments to social protection and to allot additional revenue for infrastructure, education, health, and the like.

Over the years, the Philippine tax structure has been described as unfair, corrupt, and complicated among other distressing adjectives. It cannot be denied that our tax laws and regulations are favorably tilted toward the tax authorities. Congress has put forth numerous bills and exchanged multiple arguments to revamp the prejudiced Tax Reform Act of 1997, but in December 2017 the Congress finally passed a new law that promised to change the lives of Filipino citizens no matter what state of living they currently belong to.

In the old tax structure, those with an annual income of 10, 000 pesos are exempted from the income tax. But with the new tax reform, families with an annual taxable income of P250, 000 are exempted. Furthermore, bonuses and thirteenth-moth pay are tax-exempt if they amount to 90, 000 pesos. Albeit the old tax code, sweetened beverages were not taxed, the TRAIN now imposes for caloric and non-caloric sweeteners to be charged P6. 00 per liter while high-fructose corn syrups will be charged P12. 00 per liter.

Another commodity affected is fuel. While it is true that oil price hike is caused by an increase in demand, decrease in supply, or dictated by the global market, the TRAIN law imposes P1. 50 charge per year for gasoline and P1. 00-2. 00 charge per year for diesel. Because of TRAIN, estate taxes and donor's taxes seemed to have lowered the rate of estate tax to a flat rate of six percent instead of the five percent of twenty percent of the deceased person's estates. Last but not least, the imposed changes on tobacco tax will follow after the 2012 sin tax law, with an increase of P2. 50 in the succeeding years.