



BANGKO SENTRAL NG PILIPINAS

Keynote Message

**2024 UN ECOSOC Special Meeting
on International Cooperation in Tax
Matters**

Benjamin E. Diokno
Monetary Board Member

IMF's World Economic Outlook Update, January 2024

Moderating Inflation and Steady Growth Open Path to Soft Landing

“At the same time, in many cases, with inflation declining and economies better able to absorb effects of fiscal tightening, ***a renewed focus on fiscal consolidation to rebuild budgetary capacity to deal with future shocks, raise revenue for new spending priorities, and curb the rise of public debt is needed.***”



The global policy trajectory suggests a shift from income taxes to consumption taxes as the preferred revenue source

Table 1: Summary of the tax changes from reforms

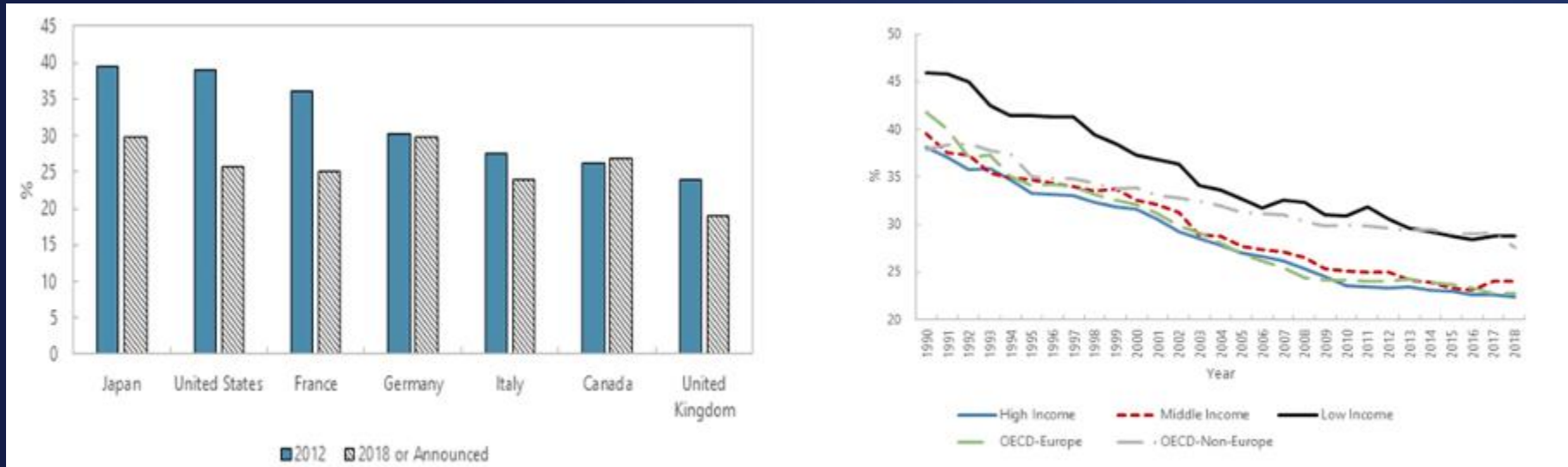
| Period | CIT | | PIT | | VAT | |
|-----------|------|------|------|------|------|------|
| | Base | Rate | Base | Rate | Base | Rate |
| 1990-1999 | -45 | -50 | -73 | -30 | 4 | 15 |
| 2000-2009 | -42 | -55 | -85 | -38 | -3 | 3 |
| 2010-2018 | -30 | -25 | -13 | 5 | 4 | 18 |
| Total | -117 | -130 | -171 | -63 | 5 | 36 |

Source: IMF



The global policy trajectory suggests a shift from income taxes to consumption taxes as the preferred revenue source

Figure 1: Trends in Statutory CIT Rates



Source: IMF staff compilation.

Note: Including average subnational rates.

Figure 2: IMF cross-country comparison on the share of consumption and income-based taxes to total tax collections

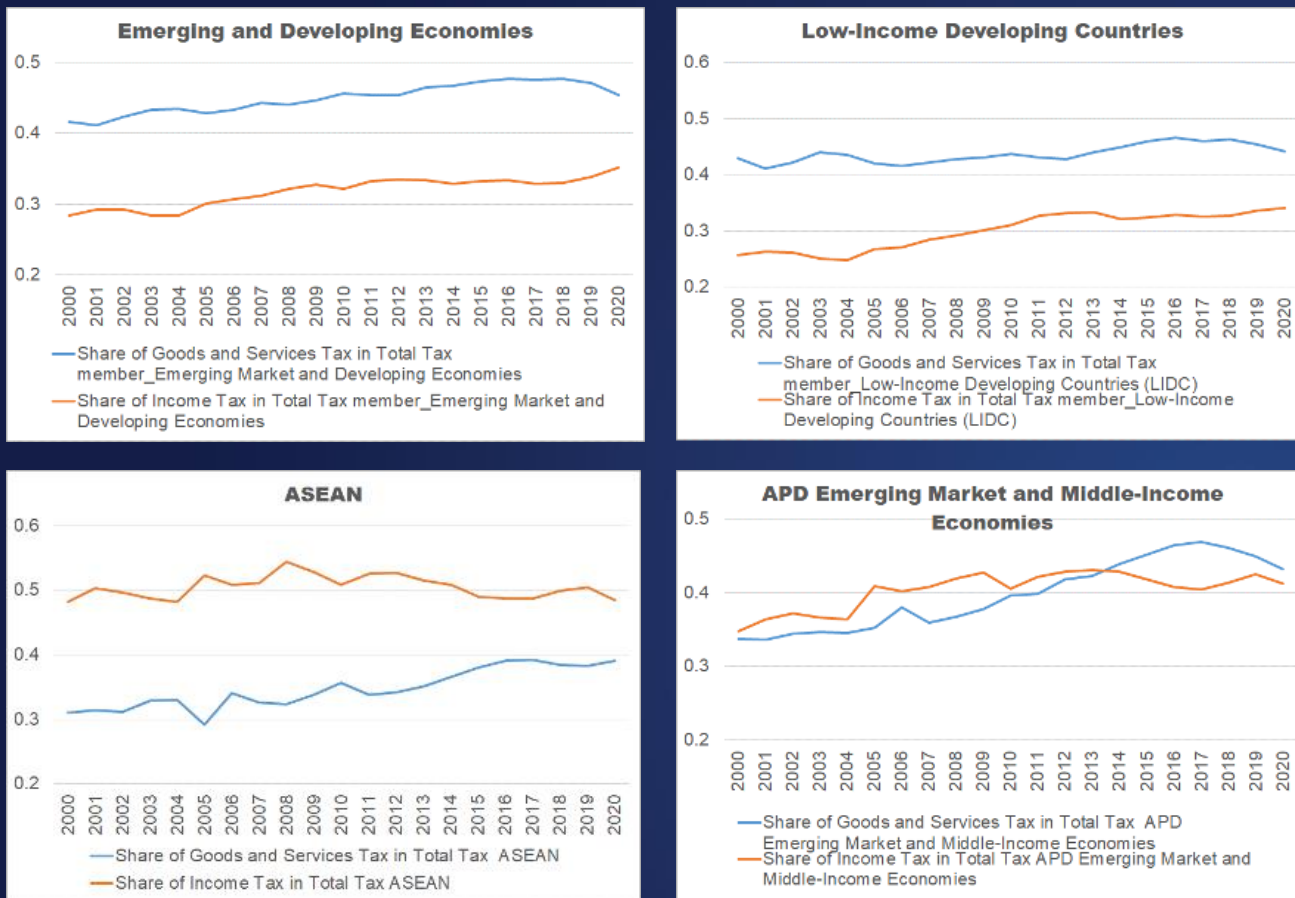
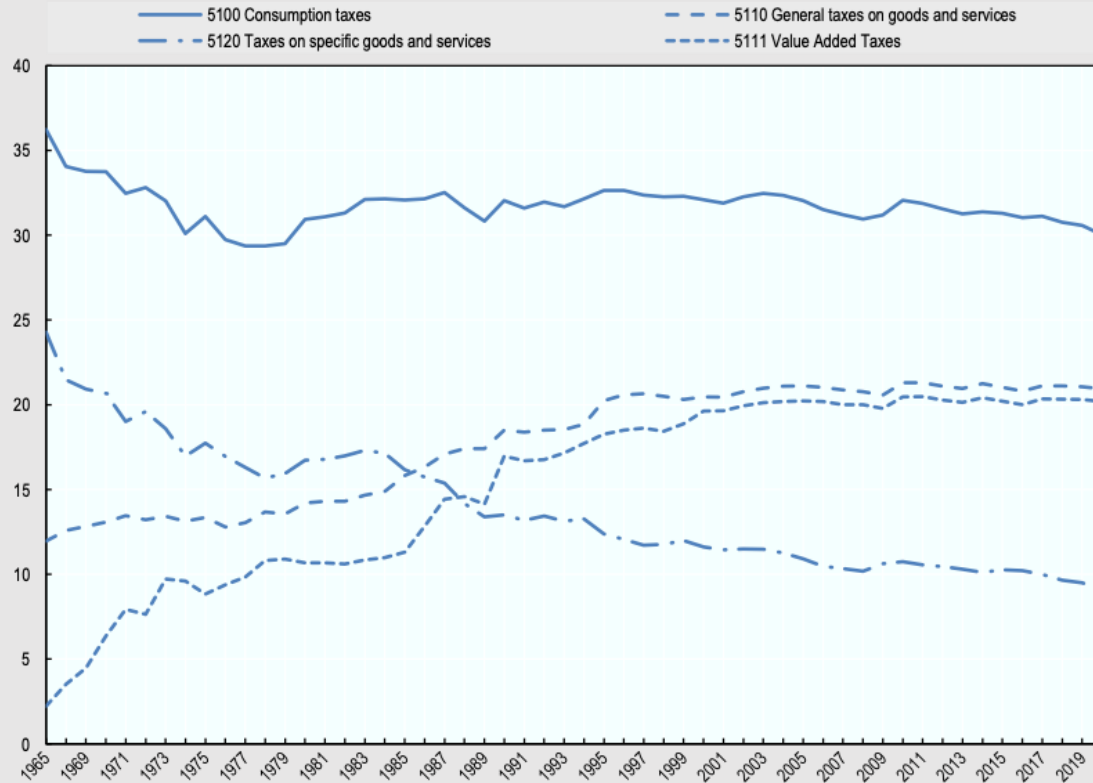


Figure 3: Share of consumption taxes as a percentage of total taxation in OECD countries



Source: OECD



The global policy trajectory suggests a shift from income taxes to consumption taxes as the preferred revenue source



Consumption taxes are less vulnerable to the effects of globalization



Consumption taxes are seen to be more progressive



Consumption taxes are more “neutral” compared to income taxes, as the former do not impact savings or investment decisions



Consumption taxes are efficient and relatively easy to administer



UN General Assembly Resolution No. 78/230 **Promotion of Inclusive and Effective International Tax Cooperation at the UN**

Recognizes the need for all countries to work together to **eliminate tax evasion, tax base erosion and profit shifting** and to ensure that **all taxpayers, especially multinational companies and transnational companies, pay taxes to the governments of countries where economic activities occur, value is created, and from where revenues are generated**, and in accordance with national and international laws and policies



Photo source: United Nations

Scaling up international tax cooperation



Emerging markets and developing economies (EMDEs) get a seat at the table



Capacity-building is accessible to promote peer-learning and encourage effective contributions by all stakeholders



Solutions are cost-effective and administratively feasible



Collaboration with existing bodies on international tax cooperation is leveraged to strengthen efforts



The Philippines continues to demonstrate its commitment to upholding tax fairness and promoting international tax cooperation

OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting

Outcome Statement on the Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalization of the Economy

Asia Initiative (Global Forum on Transparency and Exchange of Information for Tax Purposes)

Legislative Measures: Bank Deposits Secrecy Bill, VAT on Digital Services, Passive Income and Financial Intermediaries Taxation Act, and Real Property Valuation and Assessment Reform Act





BANGKO SENTRAL NG PILIPINAS

Keynote Message

**2024 UN ECOSOC Special Meeting
on International Cooperation in Tax
Matters**

Benjamin E. Diokno
Monetary Board Member