

[ADMINISTRATIVE ORDER NO. 112, February 10, 1994]

CREATING A TASK FORCE ON TAX AND TARIFF REFORMS

WHEREAS, global competitiveness should be boosted to attain rapid, sustainable growth envisioned in the medium-term development plan, reach newly-industrialized country status by 2000 as envisioned under the Philippines 2000 and reduce dramatically the incidence of poverty in the country;

WHEREAS, as agreed upon in the Economic Summit held last September 8 and Economic Caucus held on July 22 and October 29, a level playing field is necessary to enable industries to compete more effectively in both the domestic and international market place;

WHEREAS, a stable macroeconomy is necessary to allow for optimization of savings and investment;

WHEREAS, multiplicity and high rates of taxes and tariffs with proliferation of exemptions distort revenue allocation, hamper competitiveness of domestic industries, compound difficulties in collection and cost of tax administration;

WHEREAS, a complicated tax system induces avoidance and evasion resulting in inequitable distribution of tax burden and an uneven playing field for economic and social sectors; and

WHEREAS, the absence of integrating and harmonizing mechanism among entities conducting studies and making recommendations on tax and tariff policies in the medium-term could delay the formulation of a firm and consistent plan for viable reforms that should be implemented immediately;

NOW, THEREFORE, I, FIDEL V. RAMOS, President of the Republic of the Philippines, do hereby approve the following:

1. A Task Force on Tax and Tariff Reforms shall be created with the following functions:

- a. The Task Force will be guided by the following basic objectives:
 - i. Setting up a tax system which has equitable and reasonable rates, minimal level of exemptions, and features which facilitate administration thus reducing leakages, minimizing compliance costs and tax administration expenses, distributing tax burden equitably across economic sectors and income groups, enhances productivity and efficient resource allocation and contributes to revenue yields adequate for the government's development programs;