

AFFIRMING THE POLICY OF CONSULTATION, EQUITY AND GRADUALISM IN IMPOSING/INCREASING CHARGES AND FOR OTHER PURPOSES

ADMINISTRATIVE ORDER NO. 189, August 13, 2007

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Whereas, the Department of Finance and Bureau of Internal Revenue's (DOF/BIR) 26-fold increase in the 3% tax on gross earnings of public utility vehicles (PUV), based on 2007 prices, has provoked attacks from both Senators and the transport sector;

Whereas, there is a need to reiterate and enforce three important principles in imposing and increasing charges: consultation, equity and gradualism;

Whereas, there should be clear efforts on the part of government to consult affected sectors and relevant agencies, in this case, the Department of Transportation (DOTC), if not the Board of the National Economic and Development Authority; to spread the burden among sectors, especially the rich; and to work out a gradual schedule of tax adjustments;

Whereas, while acknowledging the need to adjust PUV taxes based on current prices, the government should conduct consultations on the correct earnings level on which taxes would be based, as well as the timetable for imposing increases without grave dislocation of PUV operators and workers;

Now therefore I, Gloria M. Arroyo, President of the Philippines, by the powers vested in me by the Constitution and the laws of the land, do hereby order:

1. The principles of consultation, equity and gradualism are hereby affirmed in imposing and increasing charges.
2. The DOF/BIR shall work with DOTC and the transport sector on an urgent study to determine the right levels of PUV earnings as basis for taxation, and to set a schedule for adjusting charges without dislocating operators and drivers.
3. The DOTC Land Transportation Office (LTO) and Land Transportation Franchise Regulatory Board (LTFRB) shall work with the Metro Manila Development Authority and transport associations to rid Epifanio delos Santos Avenue and other major thorough- fares of colorum buses and jeepneys, thus reducing traffic and increasing revenues for legitimate PUVs. Primary responsibility shall be on LTO and LTFRB.
4. The BIR and the Bureau of Customs shall intensify efforts to collect from large taxpayers and importers, and bring evaders and smugglers to court.

Adopted: 13 Aug. 2007

(SGD.) GLORIA MACAPAGAL-ARROYO

By the President:

(SGD.) EDUARDO R. ERMITA

Executive Secretary

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