FUND RELEASES

# Returning the money to taxpayers

Only last month, President Marcos reassured a nationwide radio-TV audience that every peso they paid in taxes would be returned to them "in the form of infrastructure, social services and investments . . ." He has since begun to redeem that "promissory note" not only in the form he has outlined but also in literal terms as well. In quick succession, the President recently ordered substantial releases of funds for various purposes.

First, he ordered the release of P72.7 million for the development of ports, flood-control systems and farm-to-market feeder roads. Out of this, P22 million will be used to complete flood-control projects in Central Luzon, which suffered heavy devastation during the July-August floods last year. (Earlier, P8.5 million was released for flood-control projects in the Greater Manila area and another P4 million for river-control projects in some provinces.) To speed up the flow of farm products, particularly rice, and minimize transport costs, P13 million of the P72.7 million outlay will be used in the construction of farm-to-market feeder roads. The sum of P23.1 million will go into the construction of ports all over the country, while a separate amount of P2.1 million has been set aside for the construction of a port in Mariveles, Bataan, the site of the Export Processing Zone.

Second, the President also made available the sum of P41.7 million for the payment of terminal leave benefits of former government employes and military personnel who had been either retired or separated from the government service following the massive shake-up of the government bureaucracy that was launched in September last year.

Third, for the benefit of some 400,000 public school teachers, he set aside another P250 million for salary increases beginning July this year.

These are only some of the more recent and bigger releases authorized by the President. But even just these already add up to a whooping P364.5 million total outlay.

Certainly, the overwhelming response of the taxpaying public to the Administration's appeal for cooperation in the tax collection effort weighed heavily on the President's decision to order promptly the release of funds of such magnitude. According to Bureau of Internal Revenue officials, there had been a record turnout in the number of income tax return filers, resulting in unprecedented revenue receipts when the deadline came in mid-April. While it would take a few more weeks before the final tabulation can be announced, they already express confidence that, together with payments received under the amnesty decrees, total collections will be very much greater than last year's P2.8 billion total.

That would not be surprising. Over and above the projected increase in revenue realized from traditional taxes, the government has already earned a bonus of P830 million from five tax amnesty decrees. This is only as of the latest tally. More are expected not only upon the completion of the compilation of returns from all BIR offices all over the country, but also because the deadline for the payment of the 10 percent amnesty tax on previously undeclared income and wealth for residents of six provinces in Mindanao (Zamboanga del Norte, Zamboanga del Sur, Lanao del Norte, Lanao del Sur, North Cotabato and South Cotabato) and all Filipinos residing abroad had been reset to May 31.

According to Revenue Regulations No. 4-73, issued by the BIR late last month, Filipinos residing abroad with a net taxable income of less than $13,000 are required to pay only $10 a year. Those with untaxed income or wealth in excess of $13,000 are levied a 10 percent tax on the excess over the net taxable income for every year of tax delinquency. If for a period of four years, for instance, a Filipino residing abroad has a total unreported income of $58,000, then his tax liability under the amnesty decree would only be 10 percent of the excess over $52,000 or $600. As in all cases of tax settlements under the various tax amnesty decrees, payment of due taxes frees the taxpayer of all criminal, civil or administrative liabilities arising from these voluntary disclosures of hidden income and wealth.

Another potential source of increased government revenue from taxes on Filipinos residing abroad is that resulting from the amendments to the National Internal Revenue Code embodied in Presidential Decree No. 69. Under these amendments, they are required to pay a 1 percent tax on their gross income if their income is $6,000 per annum or less. Those with gross income exceeding $6,000 up to $20,000 will have to pay 2 percent; while those earning over $20,000 will be levied a 3 percent tax on the gross income.

Filipinos abroad used to get a tax credit for the taxes they paid to their country of residence, under the old National Internal Revenue Code. In many instances, little was left for their homeland.

"Surely," one Department of Finance official said, "the country of their birth, the country where they got their education, deserves a little more than this."

The old folks at home have responded to the President's appeal for cooperation with enthusiasm. They are fervently hoping that their countrymen abroad can come up with the same display of confidence.

COCONUT INDUSTRY

# A position of strength and prestige

Sometime this month, a Philippine import-export firm, Granexport Corporation, will ship 9,000 long tons of copra worth over $2 million. Final destination: the Union of Soviet Socialist Republics. This shipment constitutes the final half of an 18,000-ton purchase order of the USSR valued at $4.3 million — the second contract approved by the Department of Trade and Tourism for the export of the commodity to that country.

One item could well be buried underneath the implications generated by the reorientation of official policy vis-a-vis communist and socialist bloc countries, and this is the top-billing that copra and other coconut products continue to hold among the country's export commodities.

This is not surprising since the country is a leading coconut producer. Indeed, according to a recent survey made by the Asian Development Bank, the Philippines produced an average of 8 billion coconuts every year from 1966 to 1971. This makes it the leading coconut producer among the developing member nations of the ADB, which includes Indonesia, India, Malaysia, Thailand, Papua New Guinea, Sri Lanka, Western Samoa, Fiji and Tongao. As should be expected the ADB study also showed the Philippines topping the same countries in the annual production of copra, with a average annual output of 1.8 million tons.

From 1965 to 1969, the period covered by the ADB study in relation to the export performances of the same countries, the Philippines again showed the way with a yearly average export of copra totalling 725.7 thousand tons. So too, in its crude coconut oil exports which averaged 288.57 thousand tons annually.

Partly due to the continuing shift from the domestic to the international market and partly on account of greater coconut production, substantial gains have been made by the country's coconut industry in relation to international trade, since then. Last year, copra exports totalled 953.1 long tons; crude coconut was 461.6 long tons; copra cake expeller/pellets, 319 long tons; and desiccated coconut, 77.7 long tons, according to official figures compiled by the Philippine Coconut Administration (PHILCOA).

The country definitely enjoys a position of strength and prestige in the international market for coconut products, and it has also profited immensely from it. The PHILCOA reported that in 1972, the FOB value of copra exports amounted to $116.5 million; crude coconut oil, $84.0 million; copra cake expeller/pellets, $17.6 million; and desiccated coconut, $18.3 million. Even the lowly regarded coconut shell charcoal made a modest contribution to the country's foreign exchange earnings to the tune of $977 thousand. All told, the coconut industry accounted for over 20 percent of the country's total export receipts or $237.5 million out of the total export earnings of slightly over $1 billion.


Philippine coconuts: ranking position among export products.

This makes copra and other coconut derivatives the country's top-dollar earner, followed by sugar and lumber, at least in the past year.

It was not exactly all roses for the coconut industry last year, though. Despite the fact that the Philippines has been able to corner a sizeable chunk of the international market for the product, despite the gains in coconut production, international price fluctuations ate up some of its potential earnings. From a high of P111.62 per 100 kilograms of copra (resecada) and P188 per 100 kilograms of coconut oil in January 1971, prices plummeted down to their lowest level in two years in February last year, with copra selling at only P58.57 and coconut oil at P115 per 100 kilograms.

Since then, however, prices have picked up, reaching new peaks early this year.

In recognition of the price fluctuation problem, coconut authorities have recommended various steps that would minimize its impact. A major one is the improvement of transport facilities from the producing source to the primary point. This would reduce marketing costs and enable the industry to survive even at lower world prices. The Administration's feeder-road building program should greatly benefit the producers, particularly the small farmers.

The widening of the Philippine export market to include non-traditional trading partners could also be considered another step towards cushioning the adverse effects of price trends in certain countries. As Dr. Cesar Villariba, board chairman and general manager of PHILCOA, pointed out, 66 percent of the variations in Philippine prices of coconut products may be traced to variations in United States prices. Now, with almost 60 percent of total Philippine exports of coconut products and by-products going to the European market, perhaps the effects of price fluctuations could be softened.

That should make some eight million Filipinos happy. This group, representing 20 percent of the country's population, derive their income mainly from that source.