

Fiscal and monetary stability stand as foundational pillars in shaping the economic trajectory of countries. These principles hold particular significance, serving as key factors for sustainable growth and development. In the Philippine context, emphasising prudent fiscal management, revenue collection initiatives spearheaded by the Department of Finance (DOF) is pivotal in sustaining government expenditures while supporting essential public services. Additionally, the Bangko Sentral ng Pilipinas (BSP) plays a crucial role in maintaining monetary stability through its proactive measures, fostering an environment conducive to financial innovation, inclusion, and adaptability.

In the area of taxation, the Philippines has seen significant progress in revenue collection, with both the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BOC) surpassing targets. The BIR's Digital Transformation and Run After Fake Transactions programs have bolstered tax compliance and confidence,¹ while the BOC's implementation of electronic systems like the One-Stop Electronic Travel Declaration System has streamlined customs procedures.² Looking ahead, the Department of Finance aims to raise PHP 4.3 trillion in revenues for 2024, prioritising infrastructure, education, health, and social protection projects, with a focus on digitalization and tax compliance efforts to increase the tax ratio to 15.9% of GDP by 2026.³⁴

Meanwhile, in the financial services sector, the Philippines has witnessed robust growth in its banking system, marked by increased total resources and deposits, alongside a notable rise in digital transactions and financial inclusion initiatives. The Philippine government's targets of onboarding 70% of Filipino adults into the financial system and transitioning 50% of retail transactions to electronic channels by 2023 have been achieved,⁵ showcasing the country's commitment to fostering a conducive environment for financial innovation and inclusion. Moreover, proactive measures by the Bangko Sentral ng Pilipinas (BSP), such as approving digital banks and introducing the Open Finance Framework, underline efforts to address deficiencies identified by international bodies like the Financial Action Task Force (FATF) while promoting a resilient and dynamic financial ecosystem.

As we at the European Chamber of Commerce of the Philippines (ECCP) recognise the steps that have been taken in the said areas, we bring forth our priority advocacies to further advance the country's fiscal and monetary landscape. Firstly, the expedited **Senate concurrence of the Foreign Account Tax Compliance Act (FATCA)** is crucial for enhancing compliance with international tax regulations, combating financial crimes, and promoting transparent reporting systems. In line with this, the ECCP welcomes the recent update from the BSP, stating that refinements are being done on the policy considering challenges in its implementation, and looks forward to the positive resolution of this policy.⁶

Similarly, the **enactment of the Anti-Financial Account Scamming Act and amendments to the Bank Secrecy Law** are essential steps toward bolstering cybersecurity measures and facilitating more effective anti-money laundering initiatives. These legislative reforms not only strengthen the country's regulatory framework but also enhance its position in global financial markets. The Philippine financial system is likewise known to be one of the most restrictive in the world due to its tight bank secrecy regulation. As such, we strongly believe that enacting these legislative measures will highlight the country's commitment to work towards the removal of the Philippines from the grey list of the Financial Action Task Force (FATF).⁷

¹ [BIR ramps up tax compliance and enforcement drives in 2023, results in higher collection performance](#)

² [BOC and other agencies introduce the eTravel Customs System for streamlined border control](#)

³ [Recto to taxpayers: Settling taxes easier now than ever, exercise heroic duty in nation-building](#)

⁴ [BIR to undertake \\$400-M digitalization drive](#)

⁵ ECCP Courtesy Meeting with the Bangko Sentral ng Pilipinas

⁶ Ibid.

⁷ [FATF Jurisdictions under Increased Monitoring - 23 February 2024](#)

Secondly, **promoting ease in tax- and finance-related transactions and processes** is imperative for fostering economic growth and financial inclusivity. The government's efforts to boost digital transformation in the financial sector, streamline tax payment procedures, and adopt international best practices in transfer pricing and base erosion and profit shifting (BEPS) are commendable. By leveraging technology and aligning with global standards, the Philippines can enhance transparency, efficiency, and compliance in its tax and financial systems.

In promoting these agenda, the ECCP also strongly urges that actions are taken to **bridge the gaps in digital infrastructure development, boost security in the tax and financial services sector, and foster strong public trust and confidence among consumers and taxpayers**. Specifically on the adoption of international rules and principles, we strongly opine that initiatives to further clarify and raise awareness on related tax rules should be put in place. Ultimately, this will significantly support efforts to boost tax compliance and adaptability to innovative technologies and optimised tax processes.

In building trust between taxpayers and the government, it is imperative to employ initiatives aimed at **strengthening tax awareness and promoting taxpayers' rights**. This fosters voluntary compliance, and creates a fairer and more equitable tax environment. As such, the ECCP highlights the importance of the Code of Conduct⁸ that establishes defined procedures in dealing with taxpayers. Additionally, we strongly believe that efforts relating to boosting tax awareness and taxpayers' rights should provide for effectively delineating the rights of taxpayers.

To this end, we underpin that **stakeholder collaboration** is paramount in driving sustainable development in taxation, financial services, and insurance. The ECCP remains committed to working with the Philippine government, along with industry stakeholders and advocacy groups to address challenges, implement reforms, and promote taxpayer education and awareness.

By fostering cooperation and dialogue, stakeholders can contribute to the formulation of effective policies, the enhancement of regulatory frameworks, and the promotion of a culture of compliance. Ultimately, by prioritising monetary and fiscal stability, the Philippines can build a resilient and dynamic economy that fosters prosperity and well-being for all its citizens.

⁸ Republic Act No. 6713