

# DATELINE PHILIPPINES

## Drop remittance tax, labor group asks

MANILA – A moderate labor organization on Sunday joined calls for the scrapping of the documentary stamp tax (DST) charged on remittances of overseas Filipino workers using the banking system.

In a statement, the Trade Union Congress of the Philippines (TUCP) said the abolition of the DST would benefit OFWs and their families, particularly those that suffered losses during the onslaught of Tropical Storms "Ondoy" and "Pepeng."

"It's one way for the government to help the families of our OFWs, particularly those struggling to rebuild their lives following the recent typhoons," TUCP secretary general Ernesto Herrera said in a statement.

Herrera said that under the Internal Revenue Code, money transfers from abroad payable in the Philippines are subject to a DST of 30 centavos for every P200 sent

through banks.

This means, he said, that OFWs actually pay a tax of P34.85 for every \$500 or about P23,230 that they send home. This is on top of the usual foreign and local bank fees and the 50 centavos to a dollar margin that domestic banks are allowed in converting foreign exchange into pesos, he said.

"The amount may not seem much, but if an OFW sends home \$500 every month for 12 months, he will have paid P418.20 in stamp taxes alone," Herrera said.

Herrera estimated that the government collects about P1.2 billion in DST every year from the remittances of OFWs via banks.

OFWs coursed through the banks \$16.426 billion in remittances in 2008. From January to August this year, they have sent home via banks \$11.3 billion. (*Inquirer.net*)

## RP books \$3.28 billion BOP surplus in 9 months

by LAWRENCE AGCAOLI  
*Philstar.com*

MANILA – The Philippines booked a balance of payments (BOP) surplus of \$3.28 billion in the first nine months of the year or more than double the \$1.54 billion surplus registered in the same period last year, the Bangko Sentral ng Pilipinas (BSP) reported on October 19.

This after the country posted a BOP surplus of \$502 million in September or almost 10 times the \$53 million surplus recorded in August.

Monetary authorities attributed the hefty increase last month to the loan proceeds from Asian Development Bank (ADB), robust remittances from Filipinos abroad, and higher income from investments.

The BOP refers to the difference between the inflows and outflows of foreign exchange. The country's BOP position was boosted by loan proceeds from foreign commercial borrowings of the government which is in dire need of funds to plug the country's deteriorating fiscal condition.

The Philippines completed a \$1 billion bond float during the weekend bringing the government's total foreign commercial borrowings to \$3.25 billion so far this year.

The Philippines is staring at a record budget shortfall of P250 billion or 3.2 percent of gross domestic product (GDP) this year from P68.1 billion or 0.9 percent last year due to the full impact of the global economic meltdown.

A country's external liquidity position gets a boost from a surplus in BOP. The surplus is added to the gross international reserves (GIR) which is the sum of all foreign exchange flowing into the country.

The country's GIR reached a new record high of \$42.3 billion in September or \$800 million higher than the previous month's revised record level of \$41.5 billion.

The current GIR level could cover 7.8 months of imports of goods and payments of services and income. It is also equivalent to 7.6 times the country's short-term external debt based on original maturity and 3.6 times based on re-

sidual maturity.

The central bank expects the GIR to range between \$42 billion and \$43 billion instead of \$37.5 billion and \$38.5 billion this year while the BOP is expected to post a surplus of \$4 billion to \$5 billion instead of \$700 million.

The country's foreign exchange reserves are expected to reach a new record \$47 billion while the BOP is expected to ease to a range of \$3 billion to \$4 billion next year.

The BSP sees the amount of money sent home by Filipinos abroad increasing by at least four percent to a record \$17.1 billion this year from \$16.4 billion last year. Remittances by overseas Filipino workers (OFWs) inched up by 3.7 percent to \$11.34 billion in the first eight months of the year from \$10.94 billion in the same period last year.

Likewise, foreign direct investments (FDIs) are expected to hit \$1.5 billion this year from \$1.4 billion last year. FDIs jumped by 33.8 percent to \$1.239 billion from January to July compared to \$926 million in the same period last year. ■

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