

**PRESIDENTIAL COMMUNICATIONS OFFICE**  
**News and Information Bureau**

**PRESS BRIEFING OF MS. DAPHNE OSEÑA-PAEZ**  
**WITH BUREAU OF INTERNAL REVENUE COMMISSIONER ROMEO LUMAGUI JR.**  
**AND DEPARTMENT OF FINANCE DIRECTOR NINA ASUNCION**  
**OCTOBER 2, 2024 [10:11 A.M. – 10:46 A.M.]**

**MS. OSEÑA-PAEZ:** Magandang umaga, Malacañang Press Corps, and welcome sa ating press briefing ngayong araw, October 2.

This morning, President Ferdinand R. Marcos Jr. signed into law Republic Act 12023 or a bill imposing a 12% Value-Added Tax or VAT on foreign digital service transactions. This law aims to address revenue losses due to ambiguities and existing legislation based on the National Internal Revenue Code of 1997 specifically regarding taxation of non-resident digital service providers, except for educational services. This will generate additional revenue for the government and level the playing field for local providers that are already covered by existing VAT regime.

In keeping with the Marcos administration's thrust of fairness, progress and inclusivity, the VAT on non-resident digital services will help fund critical public services, create more jobs and uplift more Filipinos out of poverty as it aids in nation building.

And to further discuss with us the salient points of this law, we have with us Bureau of Internal Revenue Commissioner Romeo Lumagui Jr. and Department of Finance Director Atty. Nina Asuncion. Good morning, Commissioner and Director.

**BIR COMM'R LUMAGUI JR.:** Good morning.

**MS. OSEÑA-PAEZ:** Okay, let's start with Commissioner Lumagui, please.

**BIR COMM'R LUMAGUI JR.:** Yes, good morning, everyone. Today marks a significant milestone for the Philippines as we witness the signing of the Value-Added Tax on Digital Services into law. This is not new tax just to clarify, but a crucial step in ensuring fairness on competition in our rapidly evolving digital economy. For too long, local digital service providers have carried on and carried the tax burden of VAT while foreign DSPs or digital service providers, they're profiting from our consumers have not.

This new law corrects that imbalance by subjecting all digital service providers both local and foreign to the same 12% value-added tax. This law strengthens the Bureau of Internal Revenue's authority to collect value-added tax on digital transactions and clarifies how the DSPs can comply with the VAT requirements imposed under the National Internal Revenue Code. This is a welcome support for the bureau's efforts to collect what is due to the government.

Digital service providers render services subject to value-added tax during their trade or business much like their counterparts in the brick-and-mortar's establishments. This law promotes fair competition ensuring that both local and foreign DSPs compete on equal footing, and in doing so, we create a more competitive market place where consumers will ultimately benefit from improved services and fairer pricing.

Additionally, the new law is projected to contribute an estimated one hundred ... more than a hundred billion in government revenues from 2025 to 2029 – funds that will go directly toward nation building efforts.

We also want to emphasize the VAT exemption for educational services, a testament to the government's commitment to accessible and affordable education.

Furthermore, the BIR is empowered with new tools to ensure compliance including the authority to block digital services of non-compliant DSPs through Oplan Kandado program. This landmark legislation, of course, supported by our President Ferdinand Marcos Jr., the Senate and the House of Representatives is a step forward in strengthening our tax system and aligning with international standards like the OECD's VAT Digital Toolkit for Asia-Pacific. The BIR fully supports this law and will work tirelessly to implement it ensuring a fair competitive business environment that benefits consumers and drive national progress.

Sa Bagong Pilipinas, hindi natin dinadagdagan ang buwis ng ordinaryong Pilipino; pinagtitibay natin at pinalalawak natin ang lakas ng ating Kawanihan ng Internas Rentas upang mas pagtibayin ito ang pagbubuwis lalo na sa mga kumpanyang nakikinabang sa consumption sa bawat Pilipino,

Magandang umaga po at maraming salamat.

**MS. OSEÑA-PAEZ:** Maraming salamat, Commissioner Lumagui. And now, let's hear from Director Asuncion.

**DOF DIR. ASUNCION:** A very good morning to everyone. We have a presentation.

So the grey area in the taxation or treatment of non-resident DSPs lead to inequitable tax treatment, unfair competition and erosion of the VAT base. It's against the principles of fairness and equal treatment in taxation, and it creates a disparity between local providers and their foreign counterparts. So while local businesses are paying the VAT, foreign competitors enjoy a tax advantage.

So Republic Act # 12023 or the VAT on Digital Services Act levels the playing field between businesses, especially those whose nature cannot shift to the digital platform and those digital businesses.

So prior to the signing of the law, the government is unable to fully collect taxes from the growing digital economy. So these revenues could have been used to fund public services infrastructure and other socioeconomic programs. So the VAT on DSP law does not impose a new tax but, again, streamlines and strengthens the BIR's authority to collect VAT from DSPs.

So who are liable to pay ... who are liable to collect the VAT? So digital service providers, whether resident or non-resident shall be liable to assess, collect and remit the VAT on digital services consumed in the Philippines. The law defines DSP as a non-resident or resident supplier of digital services to consumer who uses the digital services in the Philippines. Non-resident digital service providers are those DSPs that have no physical presence within the country. When a DSP's gross sale for the past twelve months exceeds three million or there is reasonable ground to believe that their gross sales will exceed the said threshold, they are required to register under the VAT system.

So what are digital services? I think this is a very important question. These are services that are supplied over the internet or other electronic networks using IT and they are—where the supply of the service is also automated. So it shall include online search engines, Cloud services, other media or advertising, e-market places and digital goods. To be covered by the law, the digital services are considered performed or rendered in the Philippines if they are consumed in the country.

There are compliance requirements under the law, so one of the highlights of the measure is that we are providing a simplified registration system for non-resident DSPs. And the BIR is already working on the filing and payment system as of the moment.

Invoicing for non-resident DSPs is minimal as well, so there are less requirements. Mandatory invoicing information are limited to the date of the transaction, the transaction reference number, identification of the consumer, a brief description of the transaction and the total amount. Any communication to the DSPs shall be done by electronic mail. So since they are not here, they have to have an official email where the BIR and the DOF can communicate with them.

Of course, as mentioned by the Commissioner, the BIR has the power to suspend the operations or block the websites or platforms of these digital service providers if they do not comply with the requirements of the law.

There are VAT-exempt transactions under this measure. So educational services, including online courses, online seminars and online trainings render by private educational institutions accredited by CHED, DepEd and TESDA, as well as government educational institutions are exempt. The sale of online subscription-based services, for example Zoom, Google Classroom to DepEd, CHED, TESDA and educational institutions or government educational institutions are also exempt. As well as, services of banks, non-bank financial intermediaries and other non-bank financial intermediaries.

There are two kinds of withholding taxes that could be imposed under the measure. The first one, we're expanding the services that are subject to the withholding VAT for non-resident suppliers. As well as for other percentage taxes, the Secretary of Finance is now allowed as recommended by the Commissioner of Internal Revenue to collect a percentage taxes via the withholding tax system. Of course, the rates should not exceed those that are applicable in the tax code.

As to the timelines of the measure, these are found in the final provisions of the law: The IRR must be issued within 90 days from the effectivity of the law, and the BIR may start imposing the VAT on DSPs 120 days after the effectivity of the said IRR. This is to allow, of course, the DICT, the BIR ample time to institute the systems and have the compliance requirements and all the regulations in place.

That's it. Thank you very much.

**MS. OSEÑA-PAEZ:** Okay. Thank you for that presentation. Let's open the floor to questions. We have Racquel Bayan, Radyo Pilipinas.

**RACQUEL BAYAN/RADYO PILIPINAS:** Good afternoon po, sir and ma'am. Sir, you mentioned earlier na hindi po ito bagong batas. But for the record po, since bubuwisan na natin iyong foreign digital services, should the public be expecting increase po sa cost doon sa mga monthly subscriptions na binabayaran nila?

**BIR COMM'R LUMAGUI JR.:** Well, unang-una bagong batas ito but hindi bagong tax measure. We have to clarify that 'no kasi simula pa lang naman talaga, taxable naman dapat sila bilang being service providers that have consumers here in the Philippines.

So, as to whether magkakaroon ng price increase, it doesn't necessarily follow. Of course, it would also depend on the ... it's a business decision by the service providers. But, again, nag-aano naman iyan nagbabayad na naman talaga dapat sila from the very beginning so they should have incorporated that iyong concept ng VAT na iyan sa simula pa lang during their pricing.

So, puwedeng magkaroon ng price increase but again I think it would be minimal; hindi naman iyan 12 percent automatically mag-i-increase sila also commensurate the same rate.

**RACQUEL BAYAN/RADYO PILIPINAS:** Sir, mayroon po ba tayong power like for example to impose iyong ceiling na kumbaga hanggang dito lang sila puwedeng magtaas kung magkakaroon man sila nang itataas para hindi naman po maipasa iyong burden sa consumer, iyong 12 percent na VAT?

**BIR COMM'R LUMAGUI JR.:** As to that, parang they're free to make their own pricing so hindi naman mahihirapan tayong magkaroon ng limitation on that. As far as BIR is concerned, kung ano ang price mo, that's how much we'll compute the VAT, the 12 percent VAT based on your fees na sinisingil.

**RACQUEL BAYAN/RADYO PILIPINAS:** Sir, sorry, last na lang po. Paano po natin mapo-protect iyong mga consumers kung wala po pala tayong, you know, power to impose the ceiling po?

**BIR COMM'R LUMAGUI JR.:** As to the protection kasi doon sa pricing na iyan 'no, of course, I think the natural principles of economics and iyong market would balance that because imagine if walang limit din in terms of iyong business decision nila, of course, hindi magsu-subscribe ang mga consumers. So, in the end, if they will increase their prices by so much, they will also lose their customers at the same time. So, I'm sure they will not do that; it's not a wise business decision that's why they will also implement and they will also control their price increase because they will lose subscribers. So, in that sense, that's economics working as a protection of the prices.

**MS. OSEÑA-PAEZ:** Okay. Maricel Halili, TV 5.

**MARICEL HALILI/TV 5:** Magandang umaga po. Puwede po bang paki-elaborate kung paano natin babantayan iyong mga online shopping, itong mga sina-subscribe ng ordinary people? Paano sila makakapagbayad sa dami po kasi nila?

**BIR COMM'R LUMAGUI JR.:** So, ang gagawin po natin, of course, naka-focus tayo sa mga platforms sa kanila kasi dumadaan din lahat iyan. So, they monitor their providers, iyong mga sellers nila and sila iyong magwi-withhold niyan eh, iyong mga marketplace and platforms.

So, we will issue a revenue regulations on how they would report to us and makikita naman iyon easily because when we go to their platforms, makikita natin iyong mga sales nila diyan and iyong mga transactions can easily be seen. So, mamonitor natin iyan and then we can crosscheck with the payments that they're making, at kapag nakita natin na hindi nagtutugma iyan, of course, we will call them out. And then, itong batas na ito also binibigyan tayo ng kapangyarihan na i-block ang kanilang website or ang platform nila para mapilitan talaga sila na mag-comply.

**MARICEL HALILI/TV 5:** I understand, ii-issue pa lang po iyong IRR but at least do we have an idea kung gaano kahaba iyong ibibigay natin na time for online businesses, paano sila makakapag-register sa BIR to ensure na lahat sila nakalista?

**BIR COMM'R LUMAGUI JR.:** So, iyong pagri-register 'no and even without this DSP, they are required to register. Lahat po nang nasa ... itong online stores basta't kumikita po tayo ay generally dapat talaga nagrehistro tayo and hindi po iyan ang subject ng DSP. Ang DSP lang naman po, itong VAT on DSP is iyong collection of VAT doon sa mga non-resident, iyan ang mas naka-focus itong batas na ito. But as to iyong registration ng mga online sellers, regardless kung whether physical goods ang binibenta niyan or services, kailangan talaga nakarehistro iyan. At matagal na nating nabigay iyang palugit sa kanila kaya nga noong nag-impose po tayo ng withholding tax on mga online sellers ay in place na po iyan, so dapat nakarehistro na sila.

So, mostly itong VAT on DSP ay iri-regulate nito iyong mga hindi pa rehistrado dito, mga foreign digital service providers.

**MS. OSEÑA-PAEZ:** Okay. Tristan Nodalo, CNN.

**TRISTAN NODALO/CNN:** Hello po. Good morning. Sir, sabi ninyo po more than 100 billion government revenues ang posibleng ma-generate from 2025 to 2029. But I just want to know, mayroon po ba kayong list kung sino iyong mga top streaming platforms or mga online digital service providers that you are looking at na ito talaga kapag once mag-comply dito sa law ay malaki iyong mako-contribute? Like, siguro top five, Netflix ba ito, mga ganiyan. If you can share to the public just so they will be aware kung—and ano po iyong feedback, sir, ng mga companies na ito with this new tax?

**BIR COMM'R LUMAGUI JR.:** In terms of ranking, mahirap magbigay ng ranking ng masasabi natin na top. But, of course, iyong sinasabi natin na mga very popular, alam naman natin na ito iyong mga popular digital service providers na lahat siguro tayo medyo familiar na like Netflix, iyong YouTube, Spotify – iyan iyong mga marami nating subscription na platform ng mga services. So, we are looking at them.

And nakapag-coordinate na rin naman tayo sa kanila both sa Department of Finance and sa BIR, and they are positive about it. They committed na magko-comply sila sa batas na ito at magri-register.

So, we're hoping na magiging mataas ang compliance nito as far as iyong mga popular digital service providers are concerned na mga nakalista diyan. We're expecting na maganda iyong magiging compliance nila.

**TRISTAN NODALO/CNN:** Sir, last question lang po. Siguro, just a message to the public because siguro sa perspective ng government is to equal the level playing field but siyempre for ordinary people kung ito na lang iyong source of entertainment, enjoyment baka feeling nila madadagdagan pa iyong babayaran nila if mag-increase iyong kung saan naka-subscribe. So, how would you address that concern sa mga ordinary Filipino na ito na lang din po iyong way of destressing? Thank you.

**BIR COMM'R LUMAGUI JR.:** Unang-una, hindi po dapat tayo mangamba dito sa VAT on digital service providers because, unang-una, napakaganda ng layunin ng batas. Ang layunin ng batas na ito ay ma-equalize again iyong playing field between iyong mga registered and paying digital service providers at iyong mga foreign. And madalas naman iyan makikita ninyo na mas

maraming hindi nagbabayad ng buwis na foreign digital service providers kaysa sa local – iyong local nagbabayad na.

So by this, iyong playing field, magiging level so iyong mga local businesses ay magpapantay iyong kanilang competition. Unlike before hindi yata competitive disadvantage dahil nga mas hindi nako-cover, hindi malinaw kung nagbabayad ng buwis itong mga foreign digital service providers – so, that's one 'no. So, protected ngayon iyong mga negosyante na nag-i-employ din ng mga tao natin, ng mga kababayan natin. So, we want businesses also to flourish.

Number two, iyong mga buwis na papasok from the foreign digital service, malaki nga po iyong nakikita natin, iyong expected natin na magiging revenues dito sa VAT on DSP na iyan na makakatulong in turn sa pagpupondo ng mga government projects and iyong mga social welfare services at iyong mga infrastructure projects – so, babalik po sa atin iyan. So, kung anuman ang binayad natin diyan kasi subjective iyong magiging ... if ever magkaroon ng price increase, subjective iyan kung masakit ba sa bulsa natin o hindi. But ang dapat naman nating maisip, lahat nang makokolekta na ito ay babalik din naman sa atin in terms of government services and social welfares services.

And number three, hindi naman natin ini-expect na magiging malaki ang pagtaas ng presyo nito kung magkakaroon man. And ang tinitingnan natin baka naman posible rin, malaki rin naman ang chance na hindi rin naman magtaas ang presyo ng mga produktong ito.

**MS. OSEÑA-PAEZ:** Cleizl Pardilla, PTV 4.

**PARDILLA/ PTV 4:** Hello po. Good morning. Sa blocking po ng website, what are the penalties for non-compliance po dito? Lalo na po foreign, baka po ba mahirap habulin sila? Thank you.

**BIR COMM'R LUMAGUI JR.:** Unang-una, iyong pagmo-monitor kasi natin diyan, of course, iyong computation ng tax na kailangan nilang bayaran. So, in addition po doon sa blocking, siyempre may mga penalties and surcharges na i-impose tayo diyan, so mas lalaki ang kinakailangan nilang bayaran. And as to kung papaano nga implement ito dahil foreign sila at wala silang presence dito at iyan ang immediate solution natin, ma-block sila dito and they will lose that revenues that they are generating from the Philippines and I think, that would alone, kahit paano, magiging sufficient na mag-comply sila dito sa VAT on DSP na ito dahil mawawalan sila ng revenues at malaki-laki rin naman ang revenues na mawawala sa kanila dito.

**DOF DIR. ASUNCION:** If I may add, usually these are multinational companies; and for multinational companies, it's very, the reputational risk and, of course, the loss in revenues is very high if ever they get blocked. So, correct what the Commissioner has mentioned that the blocking is enough to stop them from tax cheating or evading the tax.

**MS. OSEÑA-PAEZ:** Okay, Pia Gutierrez, ABS-CBN.

**GUTIERREZ/ABS-CBN:** Sir, the President mentioned in his speech that creative industries or the creative sector will get 5% from the revenues of the measure. So, may ibang specific sectors pa po ba na makikinabang dito kasi he mentioned the construction of classrooms, farm-to-market roads?

**BIR COMM'R LUMAGUI JR.:** Well, iyong education sector magbi-benefit in the sense na exempted ang mga educational materials, institutions dito sa VAT on DSP. And iyong ... kasi kapag natulungan natin ang creative industry din, marami rin naman na magsasanga-sanga iyan

na mas matutulungan pa. So, again, mas marami pa ring makikinabang dito sa batas na ito compared with the issue nga kanina na that may potentially increase the prices na hindi naman ganoon dapat alarming iyon.

**MS. OSEÑA-PAEZ:** Okay, Harley Balbuena, DZME.

**BALBUENA/DZME:** Hi. Good morning. Commissioner, Director, the President is aggressive in acquiring investments for the Philippines particularly in the digital sector. So, are we confident that under this new law, the other foreign players will not be discouraged to enter the Philippine digital market?

**BIR COMM'R LUMAGUI JR.:** We are confident that this will not discourage them from coming here in the Philippines dahil kanina nga, noong na-discuss na natin that hindi naman bago itong konsepto na ito; ginawa lang natin na batas ito para mas masigurado na walang doubt sa implementation ng VAT. Pero internationally, kaya 'di ba na-mention ko kanina we are following also international standards dahil malinaw rin naman sa international community na kung ano ang vatable sales pagdating sa digital services. So, hindi iyan bago sa mundo.

So, these multinationals, aware nila na kailangan magbayad ng VAT kung saan nako-consume ang produkto nila, ang services nila. So, standard iyan, pare-pareho iyan kahit saan ka magpunta ng ano. Sa OECD, iyan na iyong naging agreement, naging discussion ng lahat ng mga tax administrators.

**BALBUENA/DZME:** Commissioner, can you enlighten us po, noong wala pang VAT doon sa digital services, ano na po iyong mga buwis na binabayaran nitong digital service providers sa Pilipinas?

**BIR COMM'R LUMAGUI JR.:** Oo, kasi dahil wala silang presence dito sa Pilipinas, so wala silang binabayaran na buwis. Kaya sinasabi natin na malaking tulong itong batas na ito. Unang-una, kahit na mayroon ng concept, kasi before concept iyan kung gusto natin na i-implement iyong VAT puwede, pero kaya lang dahil hindi masyadong malinaw kung mai-enforce ba natin iyon dahil hindi malinaw ang batas tungkol diyan kaya hindi natin masyadong masingil ang VAT pagdating sa foreign DSP. Pero ngayon na nagkaroon na ng batas, malinaw na malinaw na dapat silang magbayad. Kaya nga sinasabi natin na hindi ito panibagong tax measure; panibagong batas lang ito para mas maging malinaw na kinakailangan nilang magbayad ng VAT dito sa atin.

**MS. OSEÑA-PAEZ:** Okay, Alvin Baltazar, Radyo Pilipinas.

**BALTAZAR/RADYO PILIPINAS:** Commissioner, magandang umaga po. Based on your monitoring, ilang mga foreign companies iyong engaged sa digital services na nag-o-operate dito sa Pilipinas na magkakaroon na ng VAT?

**BIR COMM'R LUMAGUI JR.:** As to iyong exact number ng foreign DSP, wala pa tayo as of now na exact number niyan. Pero makikita natin na marami-rami rin ito dahil siguro, more than—marami, marami. But to exact numbers, wala pa po tayo.

**BALTAZAR/RADYO PILIPINAS:** Rough estimate, Commissioner?

**BIR COMM'R LUMAGUI JR.:** Siguro, mga more than 100 ang nakikita natin, at least.

**MS. OSEÑA-PAEZ:** Ivan Mayrina, GMA7.

**MAYRINA/GMA7:** Kaugnay po iyong tanong ko sa tanong ni Alvin: Paano po natin nakuha iyong 100 billion estimated revenue from this measure kung hindi po natin alam kung ilan iyong bilang ng mga DSPs, non-resident DSPs?

**DOF DIR. ASUNCION:** So, the revenue estimates are from the Department of Finance and the National Tax Research Center. So, we use data from Statista, these are on digital media and digital advertising services. So, in Statista, the sales of the major DSPs are given so we can compute from there the revenue estimates.

So, we got data from Google, of course, Netflix, Spotify, Amazon and the others. So the big ones are reported there, we computed the revenue estimates from those amounts. The thing is, since Statista is also limited, we don't have the ... since the threshold is at 3 million, the DSPs there is not complete, so the revenues could be bigger. But as to the major ones, the ones that we know, we assure that will comply, these are the amounts that we have computed.

**MAYRINA/GMA7:** It's been a few months since we started collecting VAT on resident DSPs, kumusta po iyong compliance natin dito and what has been our experience in our collection, so far?

**BIR COMM'R LUMAGUI JR.:** Iyong data kasi natin diyan, 'di ba kakasimula pa lang din natin ng July, so iyong third quarter noong i-implement iyan, the data would come in by November pa. So, as to iyong exact, iyong estimates, wala pa tayong makita kasi ang payment is on November.

**MAYRINA/GMA7:** But based on registration, doon po natin makikita so far iyong compliance, how has it been?

**BIR COMM'R LUMAGUI JR.:** Maganda-ganda 'no, thousands din iyong nag-register. So, we are expecting that maganda iyong magiging turnout nito.

**MS. OSEÑA-PAEZ:** Okay, we'll have to wrap up soon. Sam Medenilla, Business Mirror.

**MEDENILLA/BUS. MIRROR:** Going back, ma'am, doon sa na-mention po nila regarding doon sa study. So, may projection po ba tayo or assurance na walang magiging impact po itong new law pagdating doon da paglago po noong digital economy sa Pilipinas?

**DOF DIR. ASUNCION:** We think there would be no impact as to the growth. We are also looking at the passage of CREATE MORE soon, so that would also boost investments 'no, coming in, lalo on the digital space. We don't really see that the additional amounts, if ever there is an increase in the amount, it would impact on their business.

Note that they are already this in other countries. They have been complying—actually, we are late in the game, in collecting from our non-resident DSPs. So, we don't really see any impact, especially with the 5% subsidy or earmarking for the creatives industry. We think that would be really helpful as well.

**MEDENILLA/BUS. MIRROR:** Another question, ma'am. Ano po ang gagawin ng government doon sa expected na 100 million na mako-collect from this law?

**DOF DIR. ASUNCION:** So, as I mentioned, the 5% will go to earmark for the creative industry and then the rest would go to the general fund, so it could go to any program in the GAA.



**MS. OSEÑA-PAEZ:** Okay, Ann Soberano, Bombo Radyo

**ANN SOBERANO/BOMBO RADYO:** Hi, sir. Good morning. Sir, tanong ko lang, since 100 po iyong nabanggit ninyo na mga foreign companies na naka-invest ngayon dito sa bansa, mayroon pa bang nakalinyang mga foreign companies ang digital space na nag-i-intend po na mag-invest sa atin? Mga ilan po iyon? Thank you.

**BIR COMM'R LUMAGUI JR:** May mga nagsi-signify din ano. But as to iyong, again, iyong number hindi pa rin natin na makita. Hopefully, we will have ... mas maganda iyong magiging data natin once na fully implemented na itong batas na ito.

Again, iyong implementation na ito kasi we're given 90 days to come up with the revenue regulations nito. And then, the implementation, kasi marami rin tayong kailangang gawin sa systems ng BIR that is why, iyong full implementation nito ay 120 days after ng effectivity ng IRR natin.

**ANN SOBERANO/BOMBO RADYO:** Sa projection, sir, mga ilan po ang projection ninyo na madadagdag doon sa 100 companies?

**BIR COMM'R LUMAGUI JR:** Projection, mahirap magsabi ng projection as of now kasi hindi pa natin nakikita iyong entire picture. Kaya rin naman iyan din ang isang pakay at purpose ng batas na ito para ma-capture natin ang data na dumadaan sa internet at dito sa mga digital space and online na transactions. So once na mas ma-capture na natin and nagawa na natin ngayon lahat ng mga measures na iyan, mas magkakaroon tayo ng ability to ... iyong makita pa at makapag-predict kung ano pa iyong mangyayari.

**MS. OSEÑA-PAEZ:** Okay, Christian Yosores, Radyo 630; and then Pia Gutierrez.

**CHRISTIAN YOSORES/ RADYO 630:** Good morning, sir. Sir, what was the reason po ulit bakit iyong 5% specifically allocated for the creative industry?

**DOF DIR. ATTY. ASUNCION:** During the deliberations at the House of Representatives, this was actually proposed by one of the congressmen, Congressman de Venecia, the fear was that if we impose the VAT of DSP, there would be an impact on the earnings of creators, digital creators. So, to support the industry and allay the fears, we supported the ... providing them the 5% earmarking, at least for the next five years.

**MS. OSEÑA-PAEZ:** Okay, Pia Gutierrez.

**PIA GUTIERREZ/ ABS-CBN:** How do we determine po if whether or not the services of these DSPs serving used for educational services? Kasi, ma'am, you mentioned kanina, Zoom, Google, they can be used for online classes. Pero what about YouTube, for example, Canva, [unclear] ChatGPT can be used for educational services or even Spotify kasi they have podcast that can be used for classes, for example?

**DOF DIR. ATTY. ASUNCION:** Yes. So, as provided in the provision of the law 'no, for educational services, they have to be provided by government institutions or the service is provided by a school that is accredited by CHED, TESDA or DepEd. But, that's on the educational courses, training and seminar.

Now, if you're going for subscription, the consumer should be a school that is registered or accredited again by DepEd, TESDA and CHED, as well as ... or if the subscriber is a government education institution. So, information would be required by the BIR when the person subscribes.

**PIA GUTIERREZ/ ABS-CBN:** So, ibig sabihin po, YouTube only needs a school to subscribe sa kanilang premium services, for example, and they will be exempt, ganoon?

**DOF DIR. ATTY. ASUNCION:** Yes.

**MS. OSEÑA-PAEZ:** We don't have time anymore, I'm sorry, because the commissioner has another appointment. But, would you like to close the press briefing, Commissioner Lumagui?

**BIR COMM'R LUMAGUI JR:** So, again, this law is a welcome development para sa ating lahat. Unang-una, mas magiging level ang playing field gaya nang nauna na nating napaliwanag dahil magkakaroon ng patas na treatment sa mga local and foreign. At pangalawa, ang pinaka-importante ay huwag po tayong mangamba na magresulta ito ng pagtaas ng presyo dahil, of course, iyong ating market naman ay magko-correct niyan. At pangatlo, ito namang makakalap natin na buwis dito ay malaki-laki at mas makakatulong. So, imagine natin, makikita natin iyong mga foreign ...iyong kumikita ng mga foreign digital service providers ay magbabayad na ng buwis at makakatulong na rin sa atin sa pagpapalago ng ating ekonomiya.

So with that, dapat maging masaya tayo dito sa ating panibagong batas na ito.

**MS. OSEÑA-PAEZ:** Maraming salamat, Commissioner Lumagui. And thank you, Department of Finance Director Nina Asuncion. And maraming salamat, Malacañang Press Corps. Have a nice day. Thank you.

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