
Corporate Commercial

Congress Proposes House Bill No. 9277 to Pave Way for More Competitive Capital Markets

On 5 March 2024, the House of Representatives ("**House**") approved House Bill No. 9277 ("**HB No. 9277**"), which proposes the enactment of Capital Markets Efficiency Promotion Act ("**CMEPA**"). In connection with this, HB No. 9277 also proposes amendments to the National Internal Revenue Code ("**NIRC**"), particularly the provisions under Sections 22, 24, 25, 121, 127, 184, 185, and 190. Upon its approval by the House, HB No. 9277 became Senate Bill No. 2865 ("**SB No. 2865**") and was filed by Senator Win Gatchalian.

One key proposed amendment of the CMEPA is the reduction of the tax rate on the sale, barter, exchange, or other dispositions of shares listed and traded through the local tax exchange (or through initial public offerings) from 0.6% to 0.1% of their gross selling price or gross value. The CMEPA seeks to encourage greater participation from both domestic and foreign investors in the Philippine capital markets through this proposed amendment to the NIRC which significantly lowers trading costs.

Another key amendment proposed under the CMEPA includes the reduction of the tax rate from 25% to 10% on cash or property dividends earned by foreign non-resident individuals from domestic corporations, joint stock companies, insurance or mutual fund companies, regional operating headquarters of multinational companies.

House Ways and Means Committee Chairman Joey Salceda emphasised that these reforms are critical for revitalising the country's capital markets, considering that the country trails behind its regional peers in terms of listed companies and trading activities. This brings the Philippines' tax rates closer to major economies in the ASEAN, potentially making the country a more competitive investment hub by attracting investors, enhancing market development, and fostering growth.

Developments in this proposed bill are expected in 2025 as SB. No. 2865 remains pending second reading in the Senate.

If you have any queries on the above, please feel free to contact our team members below who will be happy to assist.

Client Update: Philippines

2024 MARCH

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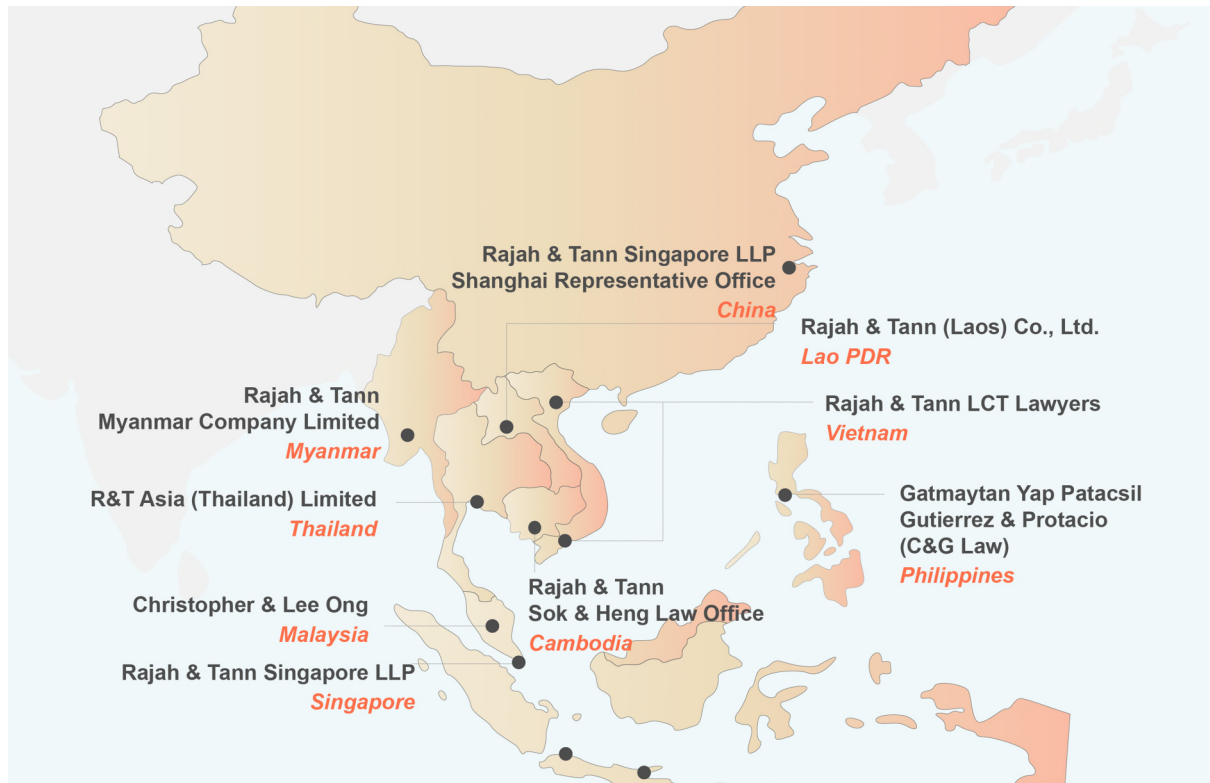
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