

PPA projects in Visayas awarded in January

THE Philippine Ports Authority (PPA) awarded port projects in the Visayas this month, including the construction of the port operations area of the Port of Getafe in Bohol.

The agency issued on Jan. 17 the notice of award for the construction of the port operations area, with continuous roll-on/roll-off ramp and fast craft berth at Getafe, according to copy of the award document released by the PPA.

The P458.99-million project was awarded to Ormoc-based construction company MAC Builders.

On Jan. 19, the agency issued a notice of award for the construction and offshore installation of aids to marine

navigation at the ports of Borongan, Guiuan, Manguino-o, Catbalogan, San Isidro, Calbayog and San Jose, on Samar Island, and Liloan, Southern Leyte.

The P525.86-million project was awarded to Jarzoe Builders, Inc., which is based in Tanza, Cavite.

The Transportation department and the PPA have said that as of Dec. 2, they had completed 484 seaport projects nationwide, with another 100 projects in the works.

"Projects in the pipeline, which will commence before the term of the President ends, include the further expansion of the Abra de Ilog and Balatero ports in Mindoro as well as

the Culasi port in Capiz and Jagna port in Bohol," the PPA said in a statement.

It also noted that several proposals for Mindanao were under review "but expected to be posted for bidding the soonest time possible."

The agency also awarded several projects in December, including the expansion of Puerto Galera Port in Oriental Mindoro and the construction of an operations area at the Port of Calatagan in Batangas.

The Puerto Galera Port Expansion Project was awarded to Great Swiss Metal Builders Corp. on Dec. 6. The project cost is P147.62 million.

The construction of the port operations area at the Port of Calatagan was

awarded to J. C. Piñon Construction, Inc. on Dec. 14. The project cost is P102.87 million.

The agency also awarded on Dec. 6 the P241.69-million civil works contract for the Port of Marawi in Lanao del Sur to Mamsar Const. & Industrial Corp. On the same day, MRBIL Construction Corp. was awarded the P164.8-million Ambulong Port Expansion Project in Magdiwang, Romblon.

Mamsar was also awarded the contract to construct the wharf and port operations area, featuring a roll-on, roll-off ramp, at the Port of Catagbacan in Loon, Bohol. The project cost is P666.99 million. — **Arjay L. Balinbin**

P500-M agri fuel discount being readied for producers

THE Department of Agriculture (DA) said it is readying a fuel discount program for farmers and fisherfolk to help them deal with rising input costs.

Authorized by the General Appropriations Act, the fuel subsidy program will have funding of P500 million, it said.

The subsidy will be triggered when the three-month average Dubai crude oil price hits or exceeds \$80 per barrel, based on the Mean of Platts Singapore benchmark.

"The fuel discount will definitely help reduce the production and transport costs of major farm and fishery products, and subsequently tempering their respective market prices," Agriculture Secretary William D. Dar said in a statement.

Eligible for the program are those that own and operate agricultural or fishery machinery individually or through an organization, cooperative or association. For fisherfolk, fishing ves-

sels must be registered with the Integrated Boat Registry System.

Target beneficiaries must also be registered under the DA's Registry System for Basic Sectors in Agriculture and the Bureau of Fisheries and Aquatic Resources' (BFAR) fisherfolk registry system.

"The DA regional field units and BFAR regional offices shall issue fuel vouchers to qualified beneficiaries to claim the fuel discount, and likewise are au-

thorized to deduct 1.5% of said amount for administrative and other operational expenses," the department added.

The program guidelines currently being formulated will include criteria on prioritization, the volume of discount vouchers to be provided to qualified beneficiaries, and the creation of a technical working group that will oversee the program implementation. — **Luisa Maria Jacinta C. Jocsos**

Customs fuel marking program raises close to P166B in 2021

THE Bureau of Customs (BoC) said on Monday that it collected nearly P166 billion in duties in 2021 from its fuel marking program, which is designed to address smuggling.

The bureau last year marked over 17 billion liters of gasoline, diesel, and kerosene.

Since September 2019, the government has been seeking to deter fuel smuggling by injecting a special dye into fuel products to signify tax compliance. Absence of the dye serves as an indication that the fuel was smuggled.

The Customs bureau in a statement on Monday said it intercepted nearly 87,000 liters of smuggled diesel and kerosene worth P5.16 billion last year, along with two tanker trucks containing unmarked fuel valued at P7.4 million.

"Tanks of eight retail stations (where) these unmarked fuel were found (were) likewise sealed and recommended for filing of criminal cases," the BoC said.

Between the start of the program and December, the government had marked 34.59 billion liters of fuel and collected revenue worth P313.98 billion.

The bureau also plans to donate over 6,000 liters of unmarked diesel fuel it seized to the Philippine Coast Guard for use in anti-smuggling operations.

The Port of Clark ordered the confiscation of diesel fuel found at a retail gas station in Arayat, Pampanga after government teams found no fuel marker on the products.

The Customs district collector in the Clark port forfeited the fuel in favor of the government after the management of the gas station — the Luzon Petromobil Integrated Service Stations, Inc. — officially abandoned its claim on the seized products.

The Department of Finance has estimated that revenue foregone due to oil smuggling was between P20 billion and P40 billion a year.

Customs collections in the first 11 months of 2021 hit P583.3 billion, up 18.47% from a year earlier.

In total, the government collected P2.5 trillion in tax revenue over that period. — **Jenina P. Ibañez**

Senate panel notes backlog in building marine hatcheries

THE SENATE committee on agriculture has asked members of the House of Representatives to monitor the construction of marine hatcheries in their constituencies, amid a backlog in such projects and as bills for more hatcheries pile up in the legislature.

Senator Cynthia A. Villar, who chairs the Agriculture, Food, and Agrarian Reform committee, said at a hearing that the backlog amounts to 37 projects dating back to 2016, all of them authorized by laws passed by Congress.

She said the Senate, sitting in plenary, is evaluating three more projects, while 11 are currently in committee.

"Our work would be a waste if we keep passing these bills and none of them is implemented," Ms. Villar said at the hearing.

If the backlog is addressed and the pending bills are implemented, she said nearly all provinces will have hatcheries, which would be "a big deal for fishing."

Ms. Villar told members of the House to check on the status of pending projects in their districts with the Bureau of Fisheries and Aquatic Resources (BFAR). She cited agency estimates on the cost of a hatchery of about P20 million and the need for each local government unit to donate a site for the project.

"These bills will help resolve overfishing and dwindling fish catch of small fisherfolk, since they will be given priority access to their own town's marine resources and new technologies including the processing and preservation of the fish catch," she said.

BFAR National Director Eduardo B. Gongona said that of the backlog of 37, five have been completed or are in the process of being built, while 25 will be finished before the end of May. The remaining seven are due for completion by year's end.

"It's not enough to pass the bill into law," said Ms. Villar, "it's very important that it should be implemented." — **Alyssa Nicole O. Tan**

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OPINION

Tax incentives for food providers

During one of my yearly home visits, I asked my father why there were no more cornfields visible along the roads. He replied "Alkansa na ang pang uma karon dong uy" (Farming is no longer profitable nowadays, son). I sensed his frustration as he was once a farmer. He then added that the cost of farming inputs, as well as the effects of climate change, prompted him to quit farming.

The agriculture sector plays a vital role in our economy; thus, the government regularly enacts laws and provides tax incentives geared towards supporting and increasing agricultural production and activity. Republic Act No. 11321 or the Sagip Saka Act of 2018 instituted the Farmers and Fisherfolk Enterprise Development Program to achieve sustainable modern agriculture and food security by helping farmers and fisherfolk increase their production and income. Section 12 of the Sagip Saka Act enumerates the available tax exemptions and incentives as follows:

- Gifts and donation of real and personal properties shall be exempt from donor's tax.
- Local government unit shall exempt structures, buildings, and warehouses utilized for the storage of farm inputs and outputs from real property tax, provided that the assessed value of the property does not exceed P3,000,000.00.
- Land Bank of the Philippines shall provide preferential rates and a special window to accredited farmers and fisherfolk.
- Exemptions from income tax may be provided for income arising from the operation of the enterprise, provided that the farmer and the fisherfolk cooperatives and enterprise shall register as barangay micro business enterprise pursuant to Republic Act No. 9178 (Barangay Micro-Business Enterprise Act of 2002).

On Oct. 29, the Bureau of Internal Revenue (BIR) issued Revenue Regulations 19-2021, which implements the tax incentive and exemption provision of

the Sagip Saka Act. The regulations cover the exemption from donor's tax of donations made to and the exemption from income tax of accredited farmers and fisherfolk enterprises engaged in agriculture and fishery-related economic activities. Registration with the Farmers and Fisherfolk Enterprise Development program can be done through the City or Municipal Agriculture Office, Provincial Agriculture Office, DA Regional Field Offices, and Agribusiness and Marketing Assistance Service. Online registration is also possible through <http://ffedis.da.gov.ph/>. Department of Agriculture Memorandum Circular No. 8 Series of 2020 sets out the procedural guidance and documentary requirements for registration.

Exemption from Income Tax — All accredited farmers and fisherfolk enterprises may be exempt from income tax on income derived from the enterprise provided they are registered as Barangay Micro-Business Enterprises (BMBEs). The income tax exemption applies only if, and during the period when, the accredited farmers and fisherfolk enterprises are registered as BMBEs issued with Certificate of Authority by the Department of Trade and Industry, through the Negosyo Center in the city or municipality where the business is located. Additional requirements for the exemption are as follows:

- The accredited business or enterprise must be among the intended beneficiaries as enumerated under Section 5 of the implementing rules and regulations of RA 11321.
- Total assets, including those arising from loans but excluding land where the business is situated, must not be more than P3,000,000.00.

DONATIONS TO ACCREDITED FARMERS AND FISHERFOLK

Donation of real and personal property to an accredited farmer and fisherfolk enterprise is exempt from donor's tax under the following conditions:

- The donee is an accredited farmer and fisherfolk enterprise as certified by the Department of Agriculture.
- The donee is among the proponent groups or beneficiaries of the Farmers and Fisherfolk Enterprise Development program.
- The donation was made for the accomplishment of the Farmers and Fisherfolk Enterprise Development program's objectives to develop enterprise for farmers and fisherfolk towards sustainable and modern agriculture and food security.
- The application of exemption from donor's tax complies with the guidelines of requests for rulings set forth in Revenue Memorandum Order 9-2014 and must be filed with the Law and Legislative Division Room 709, 7th floor BIR National Office, Diliman, Quezon City together with the applicable requirements.

At the onset of this pandemic when border controls were implemented, the vital role played by our farmers and fisherfolk was once again highlighted. In fact, many have started to grow their own gardens at home. Providing tax incentives, such as those discussed, is a great way of showing support to a sector that feeds this nation and will encourage every farmer not to quit farming. Moreover, the success of this program will depend on the effective implementation of the law so that the target industry benefits and thrives.

Let's Talk Tax is a weekly newspaper column of P&A Grant Thornton that aims to keep the public informed of various developments in taxation. This article is not intended to be a substitute for competent professional advice.



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Fishing organizations ask gov't for better data to justify imports

By Luisa Maria Jacinta C. Jocsos

THE fishing industry said the government needs to supply better data that justifies the need for fish imports, after questioning the current rationale for buying fish overseas.

"We are not against imports, but it should be backed up by clear and credible data. We are having a hard time determining how accurate the data are," Chairman of the Philippine Association of Fish Producers, Inc. David B. Villaluz said during a virtual forum on food security.

"We think the cycle pattern of small-scale fisheries is not being... taken into consideration in the data. It just caters to the commercial fisheries sector. What are the indicators considered as the basis to trigger the decision to import, as well as the volume of fish to be imported? Data should be clear to everyone," Mr. Villaluz added.

On Jan. 17, the Department of Agriculture (DA) said it issued certificates of necessity covering imports of 60,000 metric tons (MT) of small frozen pelagic fish, citing the need to contain inflation, losses to the fishing industry due to the typhoon, and the closed fishing season which is restricting supply in parts of the country.

The DA cited a report from the Bureau of Fisheries and Aquatic Resources (BFAR), using data from the Philippine Statistics Authority (PSA), which estimated a potential deficit of 119,000 MT of fish for this quarter.

"Last quarter's imports are still here in our markets, and it's not being sold. We don't know if this data by PSA supporting imports is correct. There are no specific guidelines on how PSA data are being gathered. It is too vague," Mr. Villaluz said.

The National Fisheries and Aquatic Resources Management Council (NFARMC) has said that 60,000 MT of fish imported from last quarter has not yet been completely disposed of.

As of Jan. 13, 12,023 MT of fish was in transit and 22,613 MT in cold storage, according to the NFARMC.

Feedmix Specialist II, Inc. Vice-President Norberto O. Chingcuanco said that the data being used to trigger import decisions are often

forecasts and do not reflect the real situation in the markets.

"It predicted last year that there will be a deficit 120,000 MT of fish. In reality, only 10% of that was needed. It again applied the same formula this year, not taking into account what happened last year. We never run out of fish. They're always there," Mr. Chingcuanco said.

"The data are usually presented as PSA data, but it is not so. It's actually forecast or a prediction. They do use data from the PSA but the rest is what the BFAR came up with as a forecast," he added.

The industry representatives urged the government to incorporate more direct ways of measuring supply and demand.

"Taal Lake produces 60,000 MT (of fish) by itself. For those who compile and gather data, please go to these places and see for yourself what's happening on the ground. Talk to the people in the field. See the fishermen. Don't rely on hypothetical data and forecasts," Mario G. Balazon, Board Secretary of Taal Lake Aquaculture Alliance, Inc. said.

"We have cages overfishing with fish in Pampanga. We cannot sell our fish. We view imports as anti-farmer and anti-fisherfolk. Policymakers should go ground and look at the situation," President of the Philippine Tilapia Association Jon G. Juico said.

"In my 17 years of fish rearing, there was never a time that there was a shortage of fish. We always have enough, or more than enough to supply everyone. That's why we don't understand why there is a need to import," Mr. Juico said.

"Perhaps the data are inadequate and need to be adjusted. They always talk of a shortage, but you never find the market without fish. There is always *galunggong* (round scad), *bangus* (milkfish) and tilapia," Vice-President of the Alliance of the Philippine Fishing Federation, Inc. Peter Paul D. Santos added.

"When there are natural disasters and closed seasons, imports shouldn't be our first recourse when anticipating deficiency in fish supply. There should be research. There should be a study on how to mitigate those disasters without resorting to imports," Dennis F. Calvan, Pangingsda Natin Gawing Tama Network Representative said.