

Customs 2021 collections exceed pre-pandemic levels

THE Bureau of Customs (BoC) collected P645.77 billion in 2021, exceeding the P630.31 billion generated in 2019, the last year before the pandemic, as international trade rebounded after the 2020 economic downturn.

Collections last year were about 20% higher than the P537 billion logged in 2020 and 4.7% above the bureau's target, the

bureau said in a statement on Monday.

"The BoC's positive revenue collection performance is attributed to the improved valuation, intensified enforcement operations against illegal importations, and improved compliance by traders with customs laws," the bureau said.

Gradually improving import volumes and efforts to improve

goods transport during the pandemic also contributed to higher collections, the BoC added.

Customs collections declined by 14% in 2020.

In December 2021, the bureau collected P62.48 billion, which exceeded its target for the month by more than 20%.

Of the 17 collection districts, 13 exceeded their targets for the year.

These include the Port of San Fernando, Port of Manila, Manila International Container Port, Ninoy Aquino International Airport, Port of Batangas, Port of Legaspi, and Port of Iloilo.

The Ports of Surigao, Zamboanga, Davao, Subic, Clark and Limay, Bataan also surpassed their 2021 targets. — **Jenina P. Ibañez**

Lost manufacturing, construction jobs seen dampening Q4 growth

JOBS shed by the manufacturing and construction industries will likely temper fourth quarter economic activity, to bring the full-year growth estimate to 5-6%, offsetting gains from a pickup in business activity, First Metro Investment Corp. and University of Asia and the Pacific said in a joint report on Monday.

"We remain sanguine over the growth prospects for Q4-2021, as more firms have reopened, and consumers headed back to malls and restaurants," the institutions said.

"We should end with a full year 2021 gross domestic product (GDP) growth of 5-6%, and improving further in 2022, due to heavy election spending."

The government recently raised its GDP projection for 2021 to 5.5% after the economy grew faster than expected in the third quarter even with lockdowns imposed to contain the coronavirus disease 2019 (COVID-19) outbreaks.

According to the report, the manufacturing sector appears to have led economic activity in the fourth quarter, as employment levels improved.

"However, we caution against over-optimism on account of the job losses in construction and manufacturing industries, tepid employment gains in the services sector in

October, as well as uninspiring export expansion."

The institutions are mostly optimistic, noting the expansion in manufacturing.

The Philippine Manufacturing Purchasing Managers' Index, which measures factory activity, rose to 51.8 last month from 51.7 in November, the highest since the 52.2 reading in March.

The report's authors also said that the inflation rate in December will likely fall below 4% with the decline in oil prices.

This aligns with Bangko Sentral ng Pilipinas projections, which noted headline inflation likely ranged between 3.5% to 4.3% in December.

However, the institutions noted that the employment situation is mixed, with construction jobs falling 7% and manufacturing jobs slipping 1.2% month on month in October.

Services jobs in transportation, insurance, retail, and public administration also fell.

"While employment rose in October, other facets of the labor situation paint a more mixed picture," the institutions said.

"But we expect good prints for November and December, with increased economic activity, and Q1-2022 with national and local elections in sight." — **Jenina P. Ibañez**

Davao quarry raid results in arrests, equipment seizures

THE Department of Environment and Natural Resources (DENR) said it apprehended 14 illegal miners in Barangay Waan, Davao City on Dec. 11.

In a statement on Monday, the DENR said the operation was carried out by its Environmental Law Enforcement and Protection Service (ELEPS), which seized unlicensed equipment apart from arresting the persons engaged in unauthorized quarrying.

Environment Secretary Roy A. Cimatu said the operation was designed to "deter potential culprits and discourage them from violating existing environmental laws."

In March, Davao City Mayor Sara Z. Duterte-Carpio had issued a cease-and-desist order (CDO) after the quarry operators ignored previous CDOs issued between 2018 and 2020.

Environment Undersecretary Benito T. de Leon said the "continual success of the ELEPS operations proves that the DENR needs an enforcement bureau."

ELEPS handles illegal quarrying cases, including unauthorized operations inside the Taal Volcano Protected Area Landscape.

The miners are charged with violating the Philippine Mining Act of 1995.

On Dec. 23, the government lifted the four-year ban on open-pit mining. The DENR said on Dec. 29 that the removal of the ban is not expected to hinder enforcement efforts against illegal miners.

"The lifting of the open-pit ban does not... result in more illegal miners because their areas are separate from that of the large-scale miners," Mines and Geosciences Bureau Director Wilfredo G. Moncano said. — **Luisa Maria Jacinta C. Jocsos**

Fish imports approved to fill supply gap in typhoon zone

THE Department of Agriculture (DA) said it approved a plan to import 11,015 metric tons (MT) of frozen fish for wet markets in typhoon-hit areas to ensure adequate supply.

In a statement, the DA said on Monday that the imports will be distributed to the parts of the Visayas and Mindanao affected by Typhoon Odette (international name: Rai) in order to stabilize food prices.

The designated ports of entry are Davao City and Cebu City.

As of Jan. 3, agricultural damage caused by Odette was estimated at P10.7 billion, with 163,760 farmers and fisherfolk affected across 370,142-hectares of agricultural land, the DA said.

Lost production volume was 244,924 MT.

The fisheries sector was most affected with losses valued at P3 billion or 28.2% to the total, affecting 50,256 fisherfolk.

The DA said it will "ensure that the fish for wet markets to be imported will not compete with local catch," with Sanitary and Phyto-

sanitary Import Clearances covering these imports due to expire on Jan. 31.

Eligible importers need to have shipped in at least 70% of the volume applied for in the last importing round, with no pending cases. They must also sell imported fish at a wholesale price of P75 per kilogram.

"We are also giving notice to the National Fisheries and Aquatic Resources Management Council (NFARMC) to convene soonest to consider a proposal to import additional volumes of fish in 2022 under Fisheries Administrative Order (FAO) 259 for distribution in public wet markets, as most of the fish cages and mariculture parks in Visayas and Mindanao, (and some) in Calabarzon and Mimaropa, were badly damaged and need immediate repair or re-establishment," Agriculture Secretary William D. Dar said in a statement.

In August, a certificate of necessity was issued to import 60,000 MT of frozen small pelagic fish, in order to ensure adequate supply and keep prices in check. — **Luisa Maria Jacinta C. Jocsos**

DoE backs power industry system audit after typhoon damage

THE Department of Energy (DoE) said on Monday that it is seeking a system audit of the power sector after Typhoon Odette (international name: Rai) did extensive damage to the industry.

"We have been pushing for the system audit, but we are looking into the action to be taken by the National Grid Corp. of the Philippines (NGCP) and the Energy Regulatory Commission (ERC)," Energy Undersecretary Felix William B. Fuentebella said in a news conference.

Last week, a group of electricity consumers said they would to Energy Secretary Alfonso G. Cusi on Dec. 21, urging the department to investigate the grid operator's alleged shortcomings in providing sufficient power to areas affected by the typhoon.

In its letter, the group said it wants an audit of the grid operator's transmission system to allow the Energy department to pinpoint areas where upgrades may be needed to make the transmission system more resilient.

The ERC was also asked to carry out a financial audit of the NGCP's capital expenditures for rehabilitating and upgrading the transmission system.

"(The system audit) is not only about the Build Back Better (plans) for the transmission network or the distribution system, it also comes with system operations, better pre-positioning and stockpiling of (electricity) posts," Mr. Fuentebella added.

President Rodrigo R. Duterte signed on Nov. 18, 2020, Executive Order No. 120 creating the

Build Back Better Task Force to oversee post-disaster rehabilitation and recovery efforts.

The Energy undersecretary also added that the National Transmission Corp., a government agency operating and managing power transmission system that links power plants to the electric distribution utilities, must also perform an inventory.

The grid operator has restored 87 of the 95 transmission lines toppled by the typhoon.

Meanwhile, NGCP Head of System Operations Reynaldo B. Abadilla said that while full power has not been restored to Bohol still, it has sought to prepare Bohol power companies for energization.

Bohol 1 Electric Cooperative and Bohol 2 Electric Cooperative are targeted for power restoration on Jan. 31. — **Marielle C. Luceno**



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JOB OPENING

Company Name and Address	Bank of Taiwan / Unit 1404 Tower One & Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City 1226
Contact details of the company	george@mail.bot.com.tw
Available Job Vacancy/Position	Representative
Job Description	Role holder will be responsible for: • Look for prospective clients of Bank of Taiwan • Disseminate information and promote Bank of Taiwan's products • Accomplish duties as allocated or as the situation dictates • Support the growth and development of the staff and the bank • Monitor and manage the operational activities of the bank • Act as representative of Bank of Taiwan in the Philippines • Prepare Mandarin Reports to Bank of Taiwan, Head Office
Basic Qualification for the Position	• Master's degree holder in Finance and Investments • At least 25 years of work experience in banking industry • At least 5 years of work experience with a local bank in Taiwan • With 5 years of experience of participating in syndicated loan • Good command of Microsoft Office • Must be able to communicate effectively in English and Mandarin • With excellent verbal and written communication skills in Mandarin • Must have basic knowledge of Taiwan Banking Law
Salary Range	350,000-450,000

OPINION

2022 Tax Trends and Ends

The new year has officially started, and it would be prudent to start the year right by getting to know the trends that taxpayers may want to look forward to. This year, there are new tax rules that are bound to begin and end, some of which are described below.

OUTRIGHT RECOGNITION OF INPUT VALUE-ADDED TAX (VAT) ON CAPITAL GOODS

The introduction of the Tax Reform for Acceleration and Inclusion (TRAIN) Act in 2018 brought with it an amendment that provides that the "amortization of input VAT" on purchased or imported capital goods will no longer be allowed beginning Jan. 1, 2022. Therefore, the related input VAT on capital goods acquired in 2022 may be fully recognized outright and be claimed as input tax credits

against output tax during the month when the capital goods are purchased or imported, regardless of whether the aggregate acquisition cost in a calendar month exceeds P1 million.

Prior to the effectivity of the TRAIN Act, the Tax Code, as amended, provided that the input VAT on capital goods purchased or imported in a calendar month for use in a trade or business be spread evenly over 60 months if the aggregate acquisition cost for such goods, excluding the VAT component thereof, exceeds P1 million; provided, however, that if the estimated useful life of the capital goods is less than five years, the input VAT be spread over such a period.

On the above development, what will happen to the unutilized input VAT as of Dec. 31, 2021?

Under the TRAIN Act, the unutilized input VAT may still be amortized as scheduled until fully utilized. Thus, it is essential for taxpayers to separately monitor the input VAT on the purchases or imports made starting Jan. 1, 2022, and those that were acquired on or before Dec. 31, 2021.

CHANGE IN REGIONAL OPERATING HEADQUARTERS (ROHQ) INCOME TAX RATE

This year's tax trends will also affect the ROHQs. Beginning Jan. 1, 2022, ROHQs will no longer be considered special corporations subject to the preferential tax rate. They will now be subjected to Regular Corporate Income Tax (RCIT) just like regulars Resident Foreign Corporations (RFC).

Previously, under the TRAIN Act, ROHQs were subject to a preferential tax rate of 10% on their taxable income. However, due to the effectivity of the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, and as per Revenue Regulations (RR) No. 5-2021, the tax rate has increased to 25% RCIT. With the change, the Minimum Corporate Income Tax (MCIT) of 1% is also now applicable provided the ROHQ is on its fourth taxable year in 2022. The MCIT rate is effective for ROHQs starting Jan. 1, 2022 to June 30, 2023. The MCIT rate will revert to 2% starting July 1, 2023.

Considering the changes, ROHQs are expected to transition from using BIR Form No. 1702-MX to BIR Form No. 1702-RT in the preparation of their income tax returns.

NEW EXCISE TAX RATES

Further adjustments to the excise tax rates on certain excisable products are also to be expected. The adjustment process started with the implementation of the TRAIN Act, with updates issued under subsequent regulations. These include Republic Act (RA) No. 11346, also known as the Tobacco Law of 2019, which increases the excise tax from P50.00 to P55.00 per pack of cigarettes that are packed by hand or by machine.

On the other hand, RA No. 11467 increased certain excise taxes on alcohol, tobacco products, and e-cigarettes. For fermented liquors, the increase is from P37.00 to P39.00 per liter. For heated tobacco products, the increase is from P27.50 to P30.00 per pack of 20 units or packaging combinations of not more than 20 units. There are other upward adjustments on excise taxes, and the effectivity of such adjustments is Jan. 1, 2022.

REVERSION TO 3 YEARS FOR NET OPERATING LOSS CARRY-OVER (NOLCO)

The period for NOLCO carry-over had been adjusted to provide some relief for the impact of COVID-19 on businesses. Under RR No. 25-2020 (implementing certain provisions of Bayanihan to Recover as One Act), the net operating loss (NOL) for taxable

years 2020 and 2021 was to be carried over as a deduction from gross income for the next five consecutive taxable years, immediately following the year of such loss.

For 2022, the NOLCO period will revert to three years. Hence, for taxpayers using calendar years, their NOL for the year ending Dec. 31, 2022 will be allowed to be carried for three consecutive taxable years. On the other hand, for taxpayers using fiscal years, as per Revenue Memorandum Circular (RMC) No. 138-2020, those who have fiscal years ending after June 30, 2022 will revert to the three consecutive taxable years for their NOL incurred in fiscal years ending after June 30, 2022.

Starting the new year right means that taxpayers ought to know the new trends in taxation in aid of compliance and decision-making. It is necessary to know the newest trends, what's in and what's out, in order to deal with the changes. Doing so will help ensure that taxpayers have the necessary tools to begin the year right.

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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