

Shell pays P3.5 billion in taxes on alkylate imports under protest

PILIPINASSHELL Petroleum Corp. (PSPC) has paid in full the P3.49 billion in disputed alkylate import taxes levied against it, but under protest, the Bureau of Customs said.

Customs Assistant Commissioner Vincent Philip C. Maronilla on Monday said the Port of Batangas confirmed receipt of payment.

"I think it was settled last Friday," he said in a Viber message.

In December, PSPC made a P1.7-billion initial payment also under protest. The Customs bureau instructed the company to pay the balance by Jan. 10.

PSPC had agreed to remit the allegedly unpaid taxes, which were levied

on alkylate imports shipped from 2014 to 2016.

Alkylates are blended into gasoline to produce the desired octane characteristics for fuel sold at retail.

The company made the payments under protest pending a court ruling on the tax treatment of alkyl-

ates, in order to avert a possible suspension.

The courts would still have to decide on whether or not alkylate is subject to excise tax, the company said.

Customs Commissioner Rey Leonardo B. Guerrero in a letter to PSPC President Lorelie Q. Osial said the oil

company's accreditation could be suspended if it fails to pay.

He said the potential suspension is not a threat, but a "proper recourse" that can be taken by the bureau after the Supreme Court lifted the temporary restraining order that had restricted the government from collecting the taxes. — **Jenina P. Ibañez**

Project to locally manufacture oral coronavirus drug approved

THE Board of Investments (BoI) approved an application by Lloyd Laboratories, Inc. to register for incentives to locally manufacture Molnupiravir, an oral drug to treat coronavirus disease 2019 (COVID-19).

The BoI said in a statement on Monday that Lloyd Laboratories will receive technology transfer on how to produce the drug from India's Optimus Pharma Pvt. Ltd.

"With an estimated cost of P24 million and an annual capacity of one million 400 milligrams (mg) capsules of Molnupiravir, the project is expected to start production in January. The laboratory reported that it intends to make the product available locally at the soonest time," the BoI said.

"The suggested retail price of the locally-made Molnupiravir is P65 per pill, which is much lower than its imported counterpart, which sells for around P100 to P150 per pill, providing a COVID-19 patient around P35 to P85 in savings per pill," it added.

According to the BoI, Lloyd Laboratories makes various medicines and recently expanded its production facility in Malolos, Bulacan to gear up for Molnupiravir production.

It added that the project complied with the eligibility requirement that entitles to incentives "All Qualified Activities Relating to the Fight against the COVID-19 Pandemic - Essential Goods" as



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stipulated in the 2020 Investments Priorities Plan, which is considered the transitional Strategic Investment Priorities Plan in force for Republic Act No. 11534, or the Corporate Recovery and Tax Incentives for Enterprises Act.

"Amid the steep surge of COVID-19 cases exacerbated by the emergence of new variants, it is a crucial and urgent step to produce oral therapies locally to reduce hospitalization, and for those who will be hospitalized — to lessen the period of hospitalization, and to prevent the death of Filipinos who contracted the virus," Trade Secretary and BoI Chairman Ramon M. Lopez said.

The BoI said the addition of Molnupiravir to the lineup of treatments resulted in faster clinical improvement in reducing viral

load, according to the interim results of Phase 3 clinical trials of Optimus Pharma, performed in India for orally administered capsules on patients with mild symptoms.

"It also resulted in a significantly higher proportion of patients achieving reverse transcription polymerase chain reaction (RT-PCR) negative results on Days five and 10. In Vietnam, Stella Pharma, which Optimus Pharma also supported in terms of technology transfer, conducted a clinical trial which has also shown promising results with RT-PCR negativity on Day five at 75.4%," BoI said.

Following these results, the BoI said the Food and Drug

Administration (FDA) issued a compassionate special permit to Lloyd Laboratories, limited to supplying Recuenco General Hospital in Taguig with a total of 20,000 400-milligram capsules for one year on until November 2022.

Lloyd Laboratories has also applied for a certificate of product registration with the FDA.

"We invite other pharmaceutical companies to look at this model and how we can replicate it in order to further fill in the gaps not only in our fight against the pandemic but also in providing more affordable critical medicines and health products to Filipinos," Trade Undersecretary and BoI Managing Head Ceferino S. Rodolfo said. — **Revin Mikhael D. Ochave**

Port projects awarded in Mindoro, Quezon and Batangas, PPA says

THE Philippine Ports Authority (PPA) said it recently awarded a number of port projects, including the expansion of Puerto Galera Port in Oriental Mindoro and San Andres Port in Quezon 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., according to a PPA notice of award dated Dec. 6, 2021. The project cost is P147.62 million.

The P176.54-million San Andres Port Expansion Project was awarded on Nov. 11 to RCE Global Construction, Inc.

Meanwhile, 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, MRBII 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.

On Jan. 4, Transportation Secretary Arthur P. Tugade said that the government managed to complete 13 social and tourism port projects in the Bangsamoro Autonomous Region in Muslim Mindanao or BARMM. The projects include the construction of the Languyan Port and the Mapun Port.

"Inaasahan natin na ang mga ito ay maghahatid ng enhanced maritime connectivity at mobility sa kani-kanilang mga lugar, at magbubukas rin ng mas maraming oportunidad sa ating mga kababayan (We are hoping that these will bring enhanced maritime connectivity and mobility in these areas, opening up opportunities to our countrymen)," he said in a statement.

"Ang economic growth and development ay hindi dapat limitados samalalaking lugar lamang. Ang buhay na kumbinyente at komportable ay dapat na umabot sa lahat. Walang tayong lugar na dapat pabayaan o kalimutan (Growth and development are not the preserve of large cities or towns. A life of convenience and comfort must reach everyone. We will not forget about or leave any parts of the country behind)," the official added. — **Arjay L. Balinbin**

Customs post-clearance audits for 2021 yield P1.5 billion in revenue

THE Bureau of Customs (BoC) collected over P1.5 billion in additional revenue in 2021 from post-clearance audits on importers.

The bureau in a statement on Friday said collections over the course of the year rose 25%.

Collections were generated from the 349 audit notice letters on tax declaration and payment errors issued to importers last year.

The bureau also plans to collect more revenue from pending post-clearance audits from 2019 to 2021.

BoC has filed 55 demand letters representing about P12.5 billion in revenue.

"These are now being referred to the BoC Legal Service for filing of the necessary collection suit," the bureau said.

Post-clearance audits help generate revenue for the coronavirus disease 2019 (COVID-19) response, the BoC said.

The bureau collected P645.77 billion in total revenue in 2021, higher than the P630.21 billion posted in the last pre-pandemic year of 2019 as international trade rebounded after the 2020 economic downturn.

Collections last year also rose 20% from the P537 billion logged in 2020 and 4.7% above the bureau's target for 2021.

The BoC attributed the revenue performance to improved valuation, operations against illegal imports, and improved compliance with customs laws.

Gradually improving import volumes and efforts to improve goods transport during the pandemic also contributed to higher collections, the BoC said. — **Jenina P. Ibañez**

OPINION

Compliance with the BIR in closing a business

Just when things were starting to feel normal again, 2022 came, and along with it a significant surge in COVID-19 cases. This pandemic has changed our lives in many ways. Lives were put on hold, some were overturned, and many people were lost. In the new normal, however, we have proven time and time again the Filipino's resiliency and adaptability — always finding new ways to persevere and thrive despite challenges.

While some are still trying to pick up the pieces, others have found new opportunities in new business models that have thrived during the new normal. Living during the pandemic has made people realize that some types of business are not as profitable

during the pandemic as others. This has led people to shift careers, start new businesses, and even close old businesses altogether. Some had to cut their losses by closing old unprofitable businesses and shifting to other more thriving ventures. But before moving on, there is still the necessity of closing out the old business with the government agencies for which the business was registered. There is a myriad of requirements when it comes to closing a business and some of the more burdensome ones are those involving Bureau of Internal Revenue (BIR) processes.

One common mistake of some taxpayers is thinking that when their businesses stop operating, they are automatically relieved from the obligation to file tax returns. Some taxpayers are unaware that there is a need to formally close their business with the BIR. Until the taxpayer files its business closure with the BIR, even with zero transactions, the taxpayer is still required to file regular tax returns indicated in the Certificate of Registration. Failure to file the tax returns will result in "Open Cases," which pertain to the list of tax returns in the BIR's system that are tagged as not filed or not submitted. Resolving these open cases, which would entail payment of penalties, is required before the old business can be formally cleared and closed with the BIR. It is worth noting that these open cases do not prescribe and will continue to accumulate regardless of the years of non-operation, unless the taxpayer properly applies for business closure with the BIR. Under the current rules, the penalty is P1,000 for every unfiled NIL tax return or attachment, provided that the aggregate amount of penalty does not exceed P25,000 during a calendar year. So, if the business stops operating and is not properly closed for a decade or more, the penalty could reach up to P250,000 and more if the taxpayer has tax deficiencies. Business failure is hard

enough as it is, but having to deal with surprise onerous penalties is even worse.

Deregistering a business with the BIR requires the filing of a notice of closure or cessation of business to the RDO where it is registered, by accomplishing the prescribed registration updates form and submitting the required documents. Pursuant to Revenue Memorandum Circular No. 57-2020, the streamlined documentary requirements are as follows:

1. BIR Form 1905 (2 originals);
2. Death certificate, in case of death of an individual (1 photocopy);
3. List of ending inventory of goods, supplies, including capital good (1 original);
4. Inventory of unused sales invoices/official receipts (1 original); and
5. Unused sales invoices/official receipts and all other unutilized accounting forms (e.g., vouchers, debit/credit memos, delivery receipts, purchases orders, etc.) including business notices and permits as well as the Certificate of Registration (BIR Form 2303) subject for destruction to be witnessed by BIR personnel and officials (1 original).

And in case the taxpayer is transacting through a representative, the items below are additional requirements:

- For Individual**
6. Special Power of Attorney together with a valid government-issued ID of the taxpayer and authorized representative
- For Non-Individual**
7. Board resolution indicating the purpose and the name of the authorized representative or Secretary's Certificate, together with a government-issued ID of the authorized representative

Upon submission of the documents, the taxpayer will be provided with a routing sheet and will be asked to go around the different sections of the BIR (i.e., Client Support Section, Compliance Section, Collection Section, and Assessment Section) to get clearance from each section. The taxpayer will be subjected to tax audit by the BIR to identify any unsettled open cases and tax liabilities. Getting the clearance could take months or years depending on the number of findings of the BIR upon audit.

During the process, the BIR needs to perform the following procedures to stop generating more open cases:

- a. "End date" the tax types of the taxpayer;
- b. Destroy/shred in the presence of the taxpayer or his authorized representative, the unutil-

ized SI/ORs and other accounting forms, ensuring that the same will no longer be used as originally intended;

- c. Return to the taxpayer the destroyed/shredded SI/ORs and other accounting forms for burning and/or proper disposition; and
- d. Issue a Tax Clearance (to be released by the BIR district office) to the taxpayer applying for cancellation of TIN within 10 days from termination of its investigations and/or full settlement of the taxpayer's liabilities, if applicable.

Although the BIR streamlined the requirements in line with the Ease of Doing Business Act (Republic Act No. 11032), the business closure process is still a long and tedious one for many taxpayers. Imagine having to endure the long lines at the BIR office and exposing yourself to the risk of COVID-19, and the necessity of coming back multiple times, in case of deficiencies, just for the sake of business closure compliance. Does this not sound dreadful and unsafe given our current circumstances?

With the ongoing pandemic, the uncertainty looming over the economy, and the prevalence of online platforms, maybe it's time for the BIR to consider adopting a virtual business closure process, where taxpayers can submit requirements, similar to eAFS, eFPS and the like, not only reduce the burden on business owners who have had to endure the devastating effects of the pandemic, but also to reduce the risk of transmission of the virus. Another idea is adopting a program similar to the Information Systems used by schools and banks where the status of the user's transactions/applications can be monitored online and where taxpayers may submit deficiency requirements from the comfort of their own home. Whether we like it or not, it seems the COVID-19 pandemic is here to stay for the foreseeable future, and our filing processes should be in step with the progress our society has made in learning how to live in the new normal.

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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JOB OPENING

Company Name and Address: DAHUA TECHNOLOGY (HK) LIMITED
19th Floor Marco Polo Ortigas Manila, Sapphires Road, Ortigas Center,
San Antonio, Pasig City

Contact details of company: jiang_hao4@dahuatech.com

Available Job Vacancy: 1

Position: Philippines Country Manager

Job Description:

- Manage the whole business process of Dahua Philippines in accordance to the company's policies
- Build good relationship with Dahua business customers as well as build good rapport to each business partners of the company in order to improve business sales and status
- Manage the staff recruitment, company branding as well as training assistance and procurement to each company members
- Identify and provide resolutions for foreseeable risks and issues of the company to ensure smooth operation of the company
- In charge of the procurement of the office rental as well as process of office decoration
- Handle the collection and business competitor's information
- Build communication as well as good relationship with the local government
- Supervise channel policies of the company in accordance to the company policy
- Review project policies to ensure it complies to the quality system of the project

Qualifications:

- Bachelor's Degree in Computer, Science and Technology
- With strong knowledge in Software Engineering as well as background in business process and operation
- Knowledgeable in recruitment, franchisee policies as well as business strategies
- Can speak English and Chinese
- Salary Range: PHP 90,000 Monthly