

FIRB approves incentives for P10-B Davao cement project

THE Fiscal Incentives Review Board (FIRB) has approved tax incentives for a P10-billion cement manufacturing project in Davao del Sur set to supply infrastructure projects in Mindanao, the Department of Finance (DoF) said.

The Oro Cemento Industries Corp. project's estimated output is 50 million bags of cement each year, the DoF said in a statement on Monday.

The FIRB granted the cement project a two-year income tax holiday, after which it will receive five years of enhanced deductions and duty exemption on capital equipment and raw materials imports.

Commercial operations in Sta. Cruz, Davao del Sur will start in July.

The DoF said the project will employ energy-efficient equipment to improve productivity.

Incentives granted to the project will "help achieve the country's goal of reducing dependence on cement imports and stabilizing the price and supply of the product, on top of the economic benefits of more jobs and business activity generated by the project," Trade Secretary and FIRB Co-Chair Ramon M. Lopez said.

The approval of incentives was recommended by the Board of Investments, an investment promotion agency.

The FIRB has asked the Board of Investments to finalize by this month the Strategic Investment Priority Plan (SIPP).

The SIPP determines the priority industries and projects to be given government incentives under the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, the law that cuts corporate income tax and rationalizes the tax incentive system.

In the meantime, a transitional list based on the 2020 Investment Priorities Plan is in effect.

Finance Secretary Carlos G. Dominguez III said the publication of the SIPP will help attract foreign investment. — **Jenina P. Ibañez**

Manufacturer of essential oils approved for incentives by BoI

THE Board of Investments (BoI) has approved the registration for incentives of Iba Botanicals, Inc., an exporter of pure essential oils.

The Zambales project involves an investment of P109.5 million.

In a statement on Monday, the BoI said the essential oils producers plans to start commercial operation this month. It qualifies as an exporter covered by the 2020 Investment Priorities Plan (IPP).

The IPP serves as the transitional Strategic Investment Priority Plan (SIPP) pending the implementation of the SIPP, which will help determine investments eligible for incentives under Republic Act No. 11534, or the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act.

"The company employs organic farming techniques, and is in the process of securing a third-party international organic certification. It will engage in the production of export products, particularly essential oils from ylang-ylang, vetiver and elemi species," it said.

Essential oils are extracted from plants and have therapeutic applica-

tions. They are also used in perfumes, cosmetics, and food.

Essential oils with aromatherapy applications include those derived from ylang-ylang, lemongrass, patchouli, vetiver, castor seed, pilli, eucalyptus, malunggay, sampaguita, sambong, and ginger, the BoI said.

The BoI said the project has a capacity of 35.6 metric tons or 35,688 kilograms of essential oils a year, with economic output projected at P245.28 million annually. It is expected to generate jobs in Central Luzon, the region with the third-highest unemployment rate.

Target export markets are the US, Europe, and Asia.

According to the BoI, the global essential oils market was valued at \$10.3 billion in 2021, growing to \$16 billion by 2026.

Iba Botanicals, which is located at ABS-CBN Eco Village, which is home to 85 indigenous Aeta families, will employ up to 80 workers from the tribe to work its plantation.

The output of the Eco Village is contracted until 2043 to Iba Botanicals, which was formerly known as Elysian Essential Oils Philippines, Inc. — **Marielle C. Lucenio**

Foreign business groups press Congress to pass long-delayed transport law

FOREIGN BUSINESS groups on Monday called on legislators to complete the ratification of a measure creating the Philippine Transportation Safety Board (PTSB), which has been reported out by the Bicameral Conference Committee tasked with reconciling the Senate and House bills.

Members of the Joint Foreign Chambers (JFC) were referring to Senate Bill 1077 and House Bill 9030. The JFC is a coalition of the US, Australia-New Zealand, Canadian, European, Japanese, and South Korean chambers and Philippine Association of Multinational Companies Regional Headquarters, Inc.

"Once enacted, the new PTSB can commence its programs to discourage and reduce major transportation accidents taking the lives of too many Filipinos," American Chamber Executive Director Ebb Hinchliffe said in a statement.

The PTSB, which will be attached to the Office of the President, will be the primary agency in charge of investigating transportation-related accidents and incidents.

The creation of the board is intended to reduce the danger to human life and property

from transport operations and ensure compliance with transportation safety standards.

"The PTSB bill has repeatedly been filed since 2004 and has languished in Congress for almost two decades," the JFC said.

"Only during the current 18th Congress has this bill reached the most advanced stage in both chambers and thus now has solid prospects for enactment," it added.

The JFC also noted that currently, various agencies handle their own segments of the transportation sector when investigating accidents.

"The Civil Aviation Authority of the Philippines has authority over aviation disasters. Sea mishaps are under the Maritime Industry Authority which forms inquiry boards to investigate major maritime disasters," it noted.

"With respect to road accidents involving public utility vehicles, the Land Transportation Franchising and Regulatory Board has jurisdiction. Road accidents may also be investigated by the Philippine National Police, the Land Transportation Office, and by the Metro Manila Development Authority." — **Arjay L. Balinbin**

COVID-19 was No. 3 cause of death in 10 months to October

CORONAVIRUS DISEASE 2019 (COVID-19) was the third-leading causes of death in the Philippines in the 10 months to October, according to preliminary data from the Philippine Statistics Authority (PSA).

Registered deaths due to COVID-19 totaled 75,285 or 12.5% of all deaths tallied (604,329) during the period. The two leading causes of death were ischaemic heart diseases (110,332) and cerebrovascular diseases (58,880).

Deaths associated with COVID-19 are classified into those with the virus identified and not identified at the time of death.

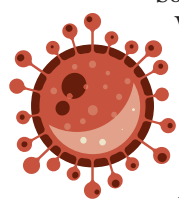
COVID-19 with virus identified tallied 51,514 deaths or 8.5% of total deaths. Taken

by itself, this category would be the seventh leading cause of death during the period.

Some 23,771 deaths due to COVID-19 fell into the "virus not identified" category — 3.9% of total deaths, or eighth overall.

According to the PSA, data on COVID-19 deaths were based on death certificates received and certified by health officers of local government units.

This is a departure from the data collected by the Department of Health, which maintains a separate COVID-19 tracking system and only counts confirmed cases. — **Abigail Marie P. Yraola**



OPINION

Lighter burden from beneficial tax issuances

THE recent surge in the number of COVID-19 cases in Metro Manila and surrounding areas adds to everyone's anxieties during this challenging time. Perhaps, for a change of pace, some more positive developments can lighten the mood, particularly for taxpayers who have a lot on their plate.

Here are some of the more beneficial recent tax issuances that taxpayers may welcome:

LOWER CORPORATE INCOME TAX RATES

One of the main objectives of Republic Act (RA) No. 11534 or the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act is to provide support to businesses in their recovery from unforeseen events, such as the pandemic, and to strengthen the country's ability to address similar developments in the future.

Under the CREATE Act, domestic corporations now enjoy a lower corporate income tax rate of 25%. Domestic corporations with net taxable income not exceeding P5 million AND total assets not exceeding P100 million, excluding the land on which the entity's office, plant, and equipment are situated, currently enjoy a lower corporate income tax rate of 20%.

On the other hand, nonprofit hospitals are subject to a tax rate of 10%, though in the period between July 1, 2020, and June 30, 2023 they pay 1%, as per the CREATE Act. These tax rates apply also to proprietary educational institutions as per the recently signed RA No. 11635.

VAT EXEMPTION ON SELECTED COVID-19 ITEMS

The CREATE Act also grants VAT exemptions for the following COVID-19 related items for transactions beginning Jan. 1, 2021, and Dec. 31, 2023:

1. Capital equipment, spare parts, and raw materials necessary for the production of personal protective equipment (PPE) components such as coveralls, gowns, surgical gloves, dedicated shoes, and shoe covers, for COVID-19 purposes;

2. All drugs, vaccines, and medical devices specifically prescribed and directly used for the treatment of COVID-19; and

3. Drugs for the treatment of COVID-19 approved by the Food and Drug Administration (FDA) for use in clinical trials, including raw materials directly necessary for the production of such drugs.

Note further that the exemption is exclusive. Hence, only the medicines and medical devices for COVID-19 with the corresponding dosage strength, form, and route of administration included in the list submitted by the FDA to the Bureau of Internal Revenue (BIR) will enjoy the exemption. The updated list can be accessed as attached to Revenue Memorandum Circular (RMC) No. 123-2021, and for the related implementation, taxpayers may refer to RMC 99-2021. The RMC also provides for the treatment of certain unutilized VAT that could be carried over to the succeeding taxable quarter/s or be charged as part of cost.

The above is beneficial in reducing the cost of purchasing COVID-19 vaccines, as many corporations are also expediting the implementation of their vaccination programs for their personnel.

USE OF ELECTRONIC SIGNATURES

As the country digitizes, the BIR has provided alternatives to aid taxpayers in better complying with regulations. Under RMC No. 29-2021, the use of e-signatures is allowed on certain BIR Forms/certificates:

- BIR Form No. 2304 — Certificate of Income Payment not Subject to Withholding Tax (Excluding Compensation Income);
- BIR Form No. 2306 — Certificate of Final Tax Withheld at Source;
- BIR Form No. 2307 — Certificate of Creditable Tax Withheld at Source; and
- BIR Form No. 2316 — Certificate of Compensation Payment/Tax Withheld.

Allowing the use of e-signatures on the above forms reduces the instances requiring physical contact with employees and suppliers, which is of great help during these times.

I hope the BIR releases issuances that will further expand the coverage of the use of e-signatures.

ON TAX FILING AND PAYMENT

While some corporations currently employ work-from-home arrangements, there are still instances where physical filing of tax returns/forms is required. This is a challenge, particularly for personnel who will be traveling to and from their homes, offices, and the filing/payment venues.

Fortunately, to help ease this burden, the BIR issued Bank Bulletin No. 2022-02 on Jan. 10, a directive for Authorized Agent Banks to accept all tax payments from taxpayers registered under the Revenue District Offices (RDOs) in areas placed under General Community Quarantine Alert Level 3 and higher levels, including out-of-district returns.

With this resolution, taxpayers may now proceed with the payment of their taxes at the nearest AAB notwithstanding the RDO jurisdiction. No penalty shall be imposed based on wrong venue filing and payment of taxes. Alternatively, taxpayers may also resort to Mobile Payment platforms such as GCash/PayMaya or Taxpayer Software Provider (TSP) MyEG.ph.

While acknowledging our resilience, we, as taxpayers, will need all the good things that we can get to overcome our anxieties during the pandemic. Lessons from the past, together with the beneficial tax issuances released by the government, will certainly help ease the burden during these times. Despite uncertainty, taxpayers need to adapt and push through. After all, nothing in this world is certain, except death and taxes.

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