

# Thailand set to tax cryptos, stock trading to shrink budget gap

THAILAND is considering taxing stock trading for the first time in more than three decades, and making crypto traders part with a share of their profits, as the government hunts for revenue to fund billions of dollars in pandemic relief.

Prime Minister Prayuth Chan-Ocha's government is expected to decide by end-January on the method and rate of taxing stock trading, as well as details on how to tax gains from trading digital assets including cryptocurrencies, according to Finance Minister Arkhom Termpittayapaisith.

Thailand is seeking new sources of revenue to finance COVID stimulus measures and cut reliance on borrowing as Southeast Asia's second-largest economy continues to reel from the pandemic. Trading of stocks and digital assets has surged during the pandemic as investors chase higher returns amid record-low interest rates, opening up new tax avenues for the government.

## TAX DOUBLE

"Due to the COVID-19 outbreak, general government revenue has been diverging from spending since 2020, and the impact appears to be permanent," said Charnon Boonnuch, an economist at Nomura Holdings, Inc. in Singapore. "This suggests that the government will likely look to expand its revenue sources further and beyond the proposed tax on digital assets and the recent e-commerce tax, to accommodate an upward shift in spending and provide a scope for more fiscal support to the still-weak economic outlook if needed."

Thailand's tax revenue is lower than most other developing economies, limiting the government's ability to boost spending to counter the economic slowdown. The country's tax-to-GDP (gross domestic product) ratio was at 16.1% in 2019, compared to 18.4% for upper-middle income nations and 24.2% for high-income nations, said Athiphat Muthitacharoen, a lecturer at Chulalongkorn University and the author of "Strengthening Thailand's Tax System."

While many countries, including Indonesia, have raised their value-added tax (VAT) in recent years to expand the revenue base and rein in budget deficits, Thailand cut its VAT rate to 7% from 10% in 1999 and has maintained it at that level ever since. Thailand also offers many tax rebates to lure investment and help businesses.

The finance minister has called for steps to broaden the tax base, but the prime minister has cautioned against levies that will discourage the adoption of innovative financial technology. The move to tax stocks and cryptocurrencies already has been opposed by the industry.

The revenue department is expediting discussions on the proposed crypto tax, and its decision will be fair to investors and other stakeholders.

"Thailand hasn't made any major moves on tax collection for decades and it will be difficult to raise any taxes ahead of the general elections," Athiphat said. "Tax will become one of the key problems over the next five years." — **Bloomberg**

# US Commerce Department says microchip shortage to persist

WASHINGTON — The US Commerce Department said Tuesday a global survey of semiconductor chip producers and users shows a shortage will persist, sparked primarily by wafer production capacity constraints.

The voluntary survey of 150 companies last fall in the supply chain confirmed "there is a significant, persistent mismatch in supply and demand for chips, and respondents did not see the problem going away in the next six months."

Commerce Secretary Gina Raimondo told reporters that the department "in a few instances didn't really get what we needed and we're going to go company by company and do personal engagement and get what we need."

Ms. Raimondo said in November that she had spoken to "all of the CEOs in the supply chain — including Samsung, TSMC, SK — and all of the CEOs have

pledged to me that they will be submitting robust and complete data flows to us."

Some companies in Asia and governments had earlier expressed concern about the data request. Ms. Raimondo reiterated that the department could invoke its legal authority to get responses. Taiwan's Economy Ministry, responding to the survey, reiterated that Taiwanese companies are working hard to produce chips and coordinating with "important international business partners" to strengthen supply chains.

"The Ministry of Economic Affairs and our country's chip makers attach great importance to cooperation with like-minded partners, and will continue to work together to build a safe, trustworthy and resilient supply chain, which should be able to gradually alleviate market growth demand in the next few years."

The US could compel foreign semiconductor firms with US op-

erations to answer detailed questions about the chips market.

Ms. Raimondo declined on Tuesday to say who did or did not comply. The department also said it was sharing its findings with foreign governments.

The department said it had seen some unusually high prices among some chips used by automakers and medical device manufacturers.

The department said it will "engage industry on node-specific problem solving in the coming weeks. We will also look into claims about unusually high prices in these nodes."

"Demand for chips is high. It is getting higher," Ms. Raimondo said, adding demand is now about 20% above 2019 levels. "There is not a lot of good news" in this survey, she added.

Ms. Raimondo said the survey did not show evidence of hoarding.

The department said median inventory for consumers for key

chips has fallen from 40 days in 2019 to less than 5 days in 2021.

"Five days of inventory. No room for error," Ms. Raimondo said. "That tells you how fragile this supply chain is."

House Democrats are expected as early as later Tuesday to introduce legislation aimed at increasing US competitiveness with China and spending \$52 billion on semiconductor production and research, sources told Reuters, after the Senate approved funding in June.

President Joseph R. Biden has been pressing Congress to approve more funds to boost chip production in the United States as shortages of the key components used in autos and computers have exacerbated supply chain bottlenecks.

Intel Corp. said it planned to invest \$20 billion and build two new chip plants in Ohio, while Samsung Electronics chose Taylor, Texas for a new \$17-billion plant to make advanced chips. — **Reuters**

# Allen's family office spins out \$8-B investment group

THE FAMILY office of Microsoft Corp. co-founder Paul Allen has spun out its investment-management group into a standalone business catering to the world's super-rich.

Vulcan Capital is now Cercano Management and oversees investment assets for the estate and family foundation of Mr. Allen, who died in 2018, according to a representative of the family office, Vulcan, Inc. It's led by former Vulcan Capital Chief Investment Officer Chris Orndorff and allocates across public markets, private equity, private credit and real estate, according to a November registry filing.

The Bellevue, Washington-based company describes itself as an investment-advisory firm to ultra-high-net-worth individuals, with managed assets totaling \$7.7 billion at the end of September.

Mr. Orndorff, who joined Vulcan in 2016 from Western Asset Management, didn't immediately respond to a request for comment.

While it's common for an investment management group to operate inside a family office, it made sense to separate that function for legal and tax reasons after Mr. Allen's death, a

Vulcan representative said in an emailed statement.

Mr. Allen started Microsoft with Bill Gates in 1975 and left in 1983. He turned his stake into a \$26-billion fortune over the next three decades, according to the Bloomberg Billionaires Index.

Through Vulcan, Mr. Allen acquired the Seattle Seahawks of the National Football League and the National Basketball Association's Portland Trailblazers. He purchased a world-class art collection, considerable real estate and invested in startups. He also traveled the world on the 414-foot super-yacht *Octopus*, which was

sold last year to an undisclosed buyer after last being offered for €235 million (\$265 million).

Mr. Allen had no spouse or children to inherit his empire, though his sister, Jody Allen, is Vulcan's chair.

Clients typically need at least \$100 million to establish an account with Cercano, filings show, and can include foundations tied to wealthy families.

It invested this month in Pendulum, an online platform for detecting harmful narratives on social media. GeekWire reported on the spin-out earlier Tuesday. — **Bloomberg**

## BoP, from SI/1

The BoP gives a glimpse into the country's transactions with the rest of the world. A deficit means more funds left the country, while a surplus shows that more money came in.

"The smaller 2021 BoP surplus was caused by the wider trade deficit. The pre-pandemic level of import growth supported the bigger trade balance for

2021," UnionBank of the Philippines, Inc. Chief Economist Ruben Carlo O. Asuncion said in an e-mail.

Latest data from the Philippine Statistics Authority showed the trade balance had ballooned to a \$37.92-billion deficit as of end-November, bigger than the \$22.15-billion trade gap in 2020's comparable 11 months.

"The reopening of the local economy and improving levels of infections encouraged domestic demand toward the last quarter of 2021, while exports slowed further due to the softening recovery growth of our trading partners, particularly that of the biggest one, China," Mr. Asuncion said.

He said the BoP is likely to post a slimmer surplus or even a deficit on prospects of economic recovery that will be supported by domestic demand. Mr. Asuncion said the peso could weaken versus the greenback as a result.

The peso closed at P50.999 a dollar on Dec. 31, 6.2% weaker than its P48.023 finish a year earlier.

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said an improvement in global vaccination rates would likely lift the economic outlook.

"This could in turn support increased recurring dollar flows into the country such as remittances, business process outsourcing revenues, and foreign

investments. There could also be some pickup in foreign tourism receipts if fully vaccinated people would be allowed greater mobility," he said in a Viber message.

The BSP expects the BoP to post a surplus worth \$700 million this year, equivalent to 0.2% of the gross domestic product. — **Luz Wendy T. Noble**

## Agri, from SI/1

"Even without Typhoon Odette, agriculture would still have ended up with a negative growth rate in constant 2018 prices," Federation of Free Farmers Cooperatives, Inc. (FFFCI) national manager Raul Q. Montemayor said in a Viber message.

Crop production expanded by 2.6% in the fourth quarter, a reversal from the 0.3% drop in the same quarter in 2020. It accounted for about 60% of the agricultural production during the three-month period.

For the full year, crop output grew by 2.3%, higher than 1.5% in 2020.

"The crop sector improved a little bit, but the gain was more than offset by the decline in gross value added (GVA) of the livestock, principally the hog sector, despite an improvement in market prices," Mr. Montemayor said.

Fourth-quarter palay production value inched up by 0.2%, while corn output surged by 28.6%. Cacao, coconut and tobacco production also rose by 11.4%, 3.6% and 3.4%, respectively.

However, production declines were seen for onion (13.1%), abaca (11.6%), potato (8.7%) and coffee (6%).

"Production was still a challenge because of the weather disturbances. Vegetable areas are more difficult to access, or farmers encounter problems of bringing their produce to the market because of bad road conditions during heavy rains," Pampanga State Agricultural University Professor Roy S. Kempis said in a Viber interview.

Total annual palay production volume reached an all-time high of 19.96 million metric tons in 2021, 3.4% higher than a year earlier.



PHILIPPINE STAR / MICHAEL VARCAS

BUCKETS of fish are seen at the Navotas fishport, May 21, 2021.

"We would have easily breached the 20-million-ton level as Typhoon Odette damaged more than 130,000 metric tons of palay," Mr. Dar said.

## ASF OUTBREAK CONTINUES

Livestock production slumped by 9.7% in the fourth quarter, amid an African Swine Fever (ASF) outbreak. For the full year, livestock output plummeted by 17%, worse than the 7.4% decline in 2020.

"We are surprised to hear about a 17% decline. There have been fewer cases of African Swine Fever, as pronounced by DA that they have controlled it and most recent sporadic cases are in backyard farms," National Federation of Hog Farmers, Inc. (NFHFI) President Chester Warren Y. Tan said in a Viber interview.

Hogs, a major contributor to livestock output, fell by 12.6% in October to December, and by 20.8% for the entire year.

"Farmgate prices have been steady about P190 to P210 per kilogram in Luzon. There seems no reason why swine farmers would decrease their production especially if this is a

source of livelihood for many backyard farmers," Mr. Tan said.

Meanwhile, poultry output contracted by 0.3% in 2021 despite a 2.7% growth in the fourth quarter. Chicken egg production grew by 12.7% in the three months to December, while lower production was seen for duck (-13.3%), duck eggs (-8.6%) and chicken (-0.3%).

"Full-year growth in poultry was basically flat. Output during the first three quarters of 2021 was already 2.5% lower than in 2020 and it was impossible for the fourth quarter to offset this," Mr. Montemayor said.

Fishery production rose by 1.4% in the fourth quarter and by 0.1% for the entire year. This was attributed to double-digit growth in blue crab (33.1%), tilapia (17.8%) cavalla or talakitok (15.9%), mudcrab or alimango (15.1%), grouper or lapu-lapu (13.8%), and roundscad or galunggong (11.2%).

However, lower production was recorded for skipjack (20.5%), seaweed (0.3%) and yellowfin tuna (10.7%). — **Luisa Maria Jacinta C. Jocson**

Fund	Unit Price	
	Current Week, January 25, 2022	Previous Week, January 18, 2022
Peso Secure Fund	1.725	1.728
Peso Diversified Value Fund	1.889	1.891
Peso Growth Fund	2.024	2.023
Peso Dynamic Allocation Fund	1.025	1.027
Peso Target Distribution Fund	0.913	0.914
Peso Cash Fund	0.902	0.904
Peso Wealth Optimizer 2026 Fund	0.911	0.911
Peso Wealth Optimizer 2031 Fund	0.972	0.972
Peso Wealth Optimizer 2036 Fund	0.954	0.954
Powerhouse Fund	0.984	0.987
USD Secure Fund	1.687	1.681
USD Asia Pacific Bond Fund	1.103	1.106
USD Global Target Income Fund	0.849	0.870
USD ASEAN Growth Fund	1.521	1.568
Chinabank Dollar Fund Income VIX Fund	1.066	1.063
USD Asia First Fund	1.414	1.434
USD Asia Pacific Property Income Fund	0.925	0.926
PHP Asia Pacific Property Income Fund	0.999	0.999
PHP Tiger Growth Fund	0.956	0.952
USD Tiger Growth Fund	0.793	0.790
PHP Global Preferred Securities Income Fund	1.025	1.024
USD Global Preferred Securities Income Fund	0.963	0.973
PHP US Growth Fund	1.040	1.039
USD US Growth Fund	0.997	0.991

Fund	Unit Bid Price	
	Current Week, January 25, 2022	Previous Week, January 18, 2022
Peso Bond Fund	2.036	2.039
Peso Stable Fund	1.956	1.928
Peso Equity Fund	2.021	2.020
Peso Balanced Fund	1.050	1.052
Peso Target Income Fund	0.827	0.828
U.S. Dollar Bond Fund	1.742	1.737

  

Fund	Unit Offer Price	
	Current Week, January 25, 2022	Previous Week, January 18, 2022
Peso Bond Fund	2.067	2.070
Peso Stable Fund	1.950	1.957
Peso Equity Fund	2.002	2.001
Peso Balanced Fund	1.066	1.068
Peso Target Income Fund	0.840	0.841
U.S. Dollar Bond Fund	1.789	1.783

## Manulife

Fund	Unit Price	
	Current Week, January 25, 2022	Previous Week, January 18, 2022
Peso Secure Fund	1.726	1.729
Peso Diversified Value Fund	1.910	1.921
Peso Growth Fund	2.019	2.008
Peso Dynamic Allocation Fund	1.039	1.041
Peso Target Distribution Fund	0.919	0.920
Peso Cash Fund	1.017	1.016
Peso Wealth Optimizer 2026 Fund	0.966	0.967
Peso Wealth Optimizer 2031 Fund	0.922	0.922
Peso Wealth Optimizer 2036 Fund	0.922	0.921
Powerhouse Fund	0.993	0.996
Empower Fund	0.916	0.916
USD Secure Fund	1.689	1.684
USD Asia Pacific Bond Fund	1.128	1.131
USD Global Target Income Fund	0.846	0.876
USD ASEAN Growth Fund	1.543	1.579
USD Asia Pacific Property Income Fund	0.924	0.924
PHP Asia Pacific Property Income Fund	0.997	0.997
PHP Tiger Growth Fund	0.946	0.942
USD Tiger Growth Fund	0.783	0.780
PHP Global Preferred Securities Income Fund	1.033	1.042
USD Global Preferred Securities Income Fund	0.961	0.971
PHP US Growth Fund	1.063	1.065
USD US Growth Fund	0.970	0.963

## Manulife

Fund	Unit Bid Price	
	Current Week, January 25, 2022	Previous Week, January 18, 2022
Peso Bond Fund	2.030	2.040
Peso Stable Fund	2.004	2.007
Peso Equity Fund	2.239	2.237
Peso Balanced Fund	1.062	1.064
Peso Target Income Fund	0.835	0.836
U.S. Dollar Bond Fund	2.411	2.403

  

Fund	Unit Offer Price	
	Current Week, January 25, 2022	Previous Week, January 18, 2022
Peso Bond Fund	2.960	2.965
Peso Stable Fund	2.948	2.951
Peso Equity Fund	2.272	2.271
Peso Balanced Fund	1.078	1.080
Peso Target Income Fund	0.840	0.849
U.S. Dollar Bond Fund	2.440	2.440