

# BSP expected to keep rates steady in March

THE Bangko Sentral ng Pilipinas (BSP) is likely to retain its policy rate at its March meeting after inflation eased, although strong economic performance could lead to policy normalization sooner rather than later, Moody's Analytics said.

In a note on Monday, Moody's said the BSP still has leeway to keep rates on hold after inflation eased to 3% in February.

"The central bank is keeping a close watch on inflation expectations," Moody's said.

"Russia's invasion of Ukraine has heightened upside risks from high global energy and food prices. Monetary policy is expected

to start normalizing in the September quarter."

The BSP is likely to keep rates steady at its March 24 meeting, according to 15 out of 17 analysts polled by *BusinessWorld*. The central bank is expected to maintain its support for the economic recovery despite inflationary pressures caused by the war.

Oil prices have been volatile since Russia, a top exporter of crude oil, invaded Ukraine in February.

Although the Asia-Pacific is not experiencing the same rate of price growth seen in North America and Europe due to the war,

Moody's Analytics in a separate note said the region can expect rising producer and consumer prices in the second quarter.

Noting strong economic performance in parts of the Asia-Pacific, Moody's said central banks in the region could start policy normalization soon.

"Taiwan joins South Korea, Singapore and New Zealand on the road toward policy normalization," the research firm said.

"The next may be the Philippines, where recent economic performance has been very strong."

The BSP's next policy review after Thursday is on May 19. — **Jenina P. Ibañez**

# PCC orders Grab to disburse refund balance of P19.3M to users by April 22

THE Philippine Competition Commission (PCC) has ordered Grab Holdings, Inc. and MyTaxi.PH, Inc. to distribute the balance of P19.3 million in refunds to eligible users by April 22.

The refunds were ordered as part of the penalty for violating a price monitoring commitment.

In a statement on Monday, the competition regulator said that only P6.15 million of the P25.45 million penalty earmarked for return to Grab passengers has been claimed.

"After reviewing the compliance reports for previous penalties, the PCC found that only 24.1% of the total refund has been claimed from Grab by eligible passengers as of June 15, 2021, or P6.15 million out of the total P25.45 million penalty required by the PCC to be returned to Grab users. The ride-hailing app required additional steps for passengers to claim the refund, contributing to the low uptake," the commission said.

According to the PCC, Grab has until April 22 to distribute the full refund to users, adding that the money should be credited via GrabPay wallet without any action required to claim the refund.

"The penalties are in the form of a refund to remind Grab that every pricing or booking violation committed against passengers shall be paid back to passengers. Grab should immediately release the refunds and continue to adhere to its commitments," PCC Chairman Arsenio M. Balisacan said.

Grab has incurred penalties from the PCC worth P63.7 million since 2018 due to violations of the company's price and service quality commitments. In late 2019, the PCC penalized Grab and told the company to return a portion of its commissions to the passengers after violating the price monitoring commitment.

"The PCC has since ordered Grab to issue refunds in the amounts of P5.05 million in November 2019, P14.15 million in December 2019, and P6.25 million in October 2020," the commission said.

The PCC said Grab's takeover of Uber's Philippine operations in 2018 raised competition concerns, with Grab subsequently compelled to behave as if it had a rival in the market. Some of Grab's voluntary commitments included an undertaking not to deviate substantially from its pricing practices before the acquisition.

However, the PCC found during the monitoring period that Grab's pricing had breached its commitments, resulting in penalties.

"Following its acquisition of Uber, Grab's commitments were first issued in 2018, subject to a one-year monitoring period. The commitments were updated and

monitoring was extended until 2023 due to the remaining competition concerns. PCC underscores that the penalty shall be paid by Grab and shall not be passed on to its drivers or passengers," the commission said.

Asked to comment, Grab Philippines said in a statement that it remains fully committed to adhering to the undertaking, adding that it is working with the PCC to ensure that the remaining fee is redeemed by all eligible passengers.

"Grab Philippines has complied with the disbursement order of the PCC, and has disbursed the full administrative fee in a manner consistent with the agreed mechanics with the PCC. Eligible passengers must redeem their portion of the fine through the GrabRewards Catalog within the Grab App," the company said.

"Since the first order directing Grab Philippines to disburse the administrative fees to eligible passengers last Nov. 14, 2019, Grab Philippines has been proactively monitoring the redemption. Immediately upon its receipt of the PCC Order, Grab Philippines has outlined to the PCC its suggested measures to address this situation and has been eagerly awaiting the PCC's response," it added.

Grab contends that customers need to complete the basic know-your-customer (KYC) process required by the Bangko Sentral ng Pilipinas (BSP) before getting the refund.

"Eligible passengers who have not yet completed their basic KYC are required to complete this BSP-mandated process prior to redemption. Grab cannot credit their GrabPay Wallet without completion of basic KYC as this is a regulatory requirement of the BSP," Grab said.

"Grab Philippines has yet to receive the final decision of the PCC on the recommendations for those eligible passengers lacking the mandatory KYC, but we would like to reassure our *kababayans* that we will continue to work with the competition commission to ensure that the remaining administrative fee amount is fully-redeemed — and focus our efforts in helping the Philippine economy recover," it added.

The PCC's Mr. Balisacan said the measures are in place to stop Grab from "exercising monopolistic behavior due to its unchallenged market power."

"Through the years, the commitment measures are meant to be temporary in disciplining Grab while waiting for the market to mature with new major players. A more permanent pro-competition solution here is to open the market to more transport network companies that can truly rival Grab on the same level," Mr. Balisacan said. — **Revin Mikhael D. Ochave**

# TUCP seeks P430 wage hike in Central Visayas

THE Philippines' largest labor federation filed a petition on Monday seeking a P430 increase in the minimum wage in the Central Visayas, which would bring daily pay to workers there to P808.

In its petition filed before the Tripartite Wages and Productivity Board in the Central Visayas, the Trade Union Congress of the Philippines (TUCP) cited price hikes, malnutrition, hunger, and poverty in the region.

"Minimum wage earners and their families in Cebu, Bohol, Siquijor and other islands are barely surviving with their meager income," it said in a statement, noting that the prices of basic goods and services in the region have risen substantially since 2018.

The TUCP said that the P18 increase in the daily minimum wage that the regional wage board granted in January 2020 has long been offset by rising prices.

"We are deeply concerned that with the looming price hikes in the basic commodities, including electricity and transport fares, our workers and

their families could really go hungry this time and that is unacceptable to us," it said. "We are filing our wage petition today to help our workers and their families in Cebu and in the entire Region VII to at least survive."

TUCP said the current P15 allocated for the daily food expenses of every worker in the region is much lower than the P61.17/meal/person estimated by the Ateneo Policy Center using a state-designed food model.

"What kind of food can be bought for P15.00? Do our workers deserve just to eat nutritionally deficient foods while they continue breaking their backs to sustain and expand the economy?"

The labor group said the workers' sacrifices must be recognized in helping the region achieve vibrant pre-pandemic growth. The region's share of the national economy was estimated at 9.35% between 2016 and 2019.

"Central Visayas has been the consistent fourth-biggest contributor to the GDP, averaging 6.44% for the

period 2016-2020," it said. "And what do they get? Malnutrition, hunger, and poverty."

The TUCP said that the current monthly minimum wage of P9,663.94 is far below the P16,295.00 a month poverty threshold for a family of five in the Central Visayas.

Citing rising fuel prices, the TUCP last week sought a P470 increase in the daily minimum wage of workers in the National Capital Region, which accounted for 32.3% of the Philippines' economic output.

At the height of calls for a minimum wage increase, the government's chief economic planner proposed a four-day workweek to help businesses cut costs and insulate workers from rising fuel prices.

President Rodrigo R. Duterte is set to announce his decision on the proposal soon.

Labor Undersecretary Benjo Santos M. Benavidez said the government "can only encourage, not obligate the private sector to adopt four-day workweeks." — **Kyle Aristophere T. Atienza**

other similar services, are not considered directly and exclusively used in the registered project or activity.

In case the sale to the registered export enterprise is made by another RBE under the 5% Gross Income Tax (GIT) or Special Corporate Income Tax (SCIT) regime, the sale is VAT exempt. The VAT passed on to the seller by its VAT-registered local suppliers forms part of its costs or expenses.

**SALES TO REGISTERED DOMESTIC MARKET ENTERPRISES (DMEs) AND OTHER SERVICE ENTERPRISES**

As provided in the RMC, DMEs or registered non-export enterprises are not entitled to VAT zero-rating on local purchases. Rather, these are subject to 12% VAT.

Similarly, service enterprises such as those engaged in customs brokerage, trucking or forwarding services, janitorial services, security services, insurance, banking, and other financial services, consumers' cooperatives, credit unions, consultancy services, retail enterprises, restaurants, or such other similar services, as may be determined by the Fiscal Incentives Review Board (FIRB), though duly accredited or licensed by any of the IPAs, are subject to 12% VAT on their local purchases.

**SALES MADE BY RBEs**

The applicable VAT rules for the sales transactions by RBEs may vary depending on the tax regime of the RBE and on the taxability of the purchaser.

Sales by RBEs, whether an export enterprise or a DME, under the 5% GIT are VAT exempt, in general. Meanwhile, sales of VAT-registered RBE-sellers enjoying Income Tax Holiday (ITH) to registered export enterprises are treated as VAT zero-rated, subject to the condition that the sold goods and services are directly and exclusively used in the latter's registered project or activity.

In addition, the RMC also provided clarification on the RBE's sale, transfer, or disposition of previously VAT-exempt imported capital equipment, raw materials, spare parts, or accessories. Such subsequent sales may be VAT zero-rated if the purchaser is a registered export enterprise and if the "direct and exclusive use" rule is applied.

If the subsequent sale is made by a DME, the transaction may either be VAT-exempt (if the DME is under 5% GIT), or VATable. The VAT shall be imposed on the net book value of the item/s sold. If the buyer is a registered export enterprise, then the rules on zero-rating apply.

For registered export enterprises having multiple incentives regimes (i.e., the enterprise has registered activities under ITH and GIT), the sales under the 5% GIT regime must be reported as VAT-exempt while sales under ITH are VAT zero-rated.

opinion

## Are Registered Business Enterprise transactions VAT zero-rated or not?

Last year, new value-added tax (VAT) rules were introduced by Republic Act (RA) No. 11534 or the CREATE Act. The CREATE Implementing Rules and Regulations (IRR), and Revenue Regulations (RR) No. 21-2021 soon followed, which did not put a stop to the questions surrounding the law. Not least among them are: What is the proper VAT treatment of transactions with registered business enterprises (RBEs)? What type of BIR documentation is required in addition to the endorsement of the Investment Promotion Agencies (IPAs)? What does endorsement from IPAs mean? What rules apply when availing of VAT incentives?

To clarify issues regarding VAT zero-rating, the Bureau of Internal Revenue (BIR) issued Revenue Memorandum Circular (RMC) No. 24-2022.

Summarized below are some of the highlights of the RMC, particularly on the VAT treatment of transactions with RBEs under CREATE.

**SALES TO REGISTERED EXPORT ENTERPRISES**

RMC No. 24-2022 reiterated that sales are to be classified as VAT zero-rated provided that (a) the buyer is a registered export enterprise, (b) the seller is a VAT taxpayer, and (c) the purchased goods and services will be used directly and exclusively in the registered project or activity of the enterprise.

The RMC defined a registered export enterprise as any individual, partnership, corporation, Philippine branch or any entity organized and existing under Philippine laws and registered with an IPA to engage in manufacturing, assembling, or processing activity, and services such as information technology (IT) activities and business process outsourcing (BPO), resulting in the direct export and/or sale of its manufactured, assembled, or processed product or IT/BPO services to another registered export enterprise that will form part of the final export product or service of the latter, for at least 70% of its total production output. However, the export enterprise is also a registered business enterprise as defined in Section 4(W) of the CREATE IRR.

The RMC stressed that only the portion of expense directly and exclusively used in the registered project or activity qualifies as a registered export enterprise for VAT zero-rating. Hence, those used for administrative purposes do not qualify such enterprise for zero-rating. Taxpayers are now advised to adopt an allocation method (e.g., use of separate water and power meters for utilities or use of financial ratios) to determine the purchases relating to the registered project or activity and administration purposes. In case the proper allocation cannot be determined, the purchase is subject to 12% VAT.

The RMC explicitly states that services for administrative expenses, such as legal, accounting, and

**JOB OPENING**

**Company:** Capgemini Philippines Corp.  
**Location:** McKinley West, Taguig City  
**Contact person:** Marian Sy  
**Contact no.:** +639664728066  
**Email:** bsvirmania.ph@capgemini.com

**Position:** Senior Associate  
**Role:** Consumer & Market Insight Analyst  
**Language:** Bahasa Indonesia/Thai/Vietnamese  
**Headcount:** 2  
**Permanent / Full-Time**

**Key skills required:**

- MS Excel (Intermediate: PIVOT, Lookups, Logical Functions etc.), PowerPoint (Intermediate)
- Proficient in written and spoken English + Bahasa Indonesia and/or Thai and/or Vietnamese
- Experience with tools like BrandWatch/Salesforce Social Studio/Talk Walker/Keyword Planner/Mintel/Nielsen/Sprout Social will be preferred
- Understanding of BOOLEAN logic, Analytical thinking, Research mindset is essential
- Experience with VBA for Excel Macros/Advance Excel will be a plus
- 2 to 4 Years insight analyst experience

**JOB OPENING**

**Company Name and Address:** GLAXOSMITHKLINE CONSUMER HEALTHCARE PHILIPPINES INC. 23<sup>rd</sup> floor, The Finance Centre, 26<sup>th</sup> Street corner 9th Avenue, Bonifacio Global City, Taguig City, 1634 Philippines  
**Contact details of company:** Michelle Torralba  
michelle.torralba@gsk.com  
+632 88920761

**Available Job Vacancy:** 1  
**Position:** Channel Lead (Key Accounts)

**Job Description:**

- Lead and coordinate Internal GSK Consumer Healthcare Key Accounts Sales Team to the achievement of the company's objectives in line with the plan
- Achieve the agreed budget and annual calendarized sales volume and value
- Optimize effective & efficient business partnerships with the key customers and Merchandising Agencies, building mutually beneficial long-term business relationships
- Build a comprehensive sales training program that identifies the skills development needs of the Sales Team and the planning and execution of training programs including on-the-job training
- Strategize & implement an effective distribution structure which meets the needs of the Channel's product categories in ensuring agreed levels of availability by brand
- Plan and implement & coordinate Trade Marketing Programs in consultation and agreement with the Brand Team
- Strategize & implement effective systems and procedures that ensure the provision of required information for effective management with facts and data
- Development and management of Key Accounts annual operations and trade marketing budgets
- Overall Management of the following: Sales Estimates, Monthly Forecasting, Monthly Sales and Marketing Activity Planning, Core Commercial Cycle, Monthly Trade Marketing Effort Priorities, Joint business plans, Territory sales plans; and Annual Sales Training Plan, National Sales Conference
- Champions Sales Operations Excellence and the implementation of the Annual Quality Plan as it relates to the Sales function
- Ensures adequate knowledge and strict adherence by the Sales team to QMS Policies as defined
- Observes and promotes Ways of Working consistent with the Company's Quality Management System
- Attends / sponsors team members to all relevant QMS Trainings


**Qualifications Basic Qualifications:**

- University Degree holder; MBA Degree an advantage
- At least 8 years Sales experience (Key Accounts or General Trade) background in fast moving consumer goods / fast moving consumer healthcare
- At least 5 years' experience in people management
- Excellent communication to include strong English communication skills, spoken and written
- Must have an excellent track record in sales achievement in various sales positions.
- Proven experience in people and account management
- Proven experience of driving change and raising sales capability
- Strong leadership, training, and coaching skills
- Analytical Thinking
- Business planning and management with emphasis to operational excellence, sales practices, and ways of working improvements
- Ability to influence at all levels of the organization

**Preferred Qualifications:**

- Top level negotiator with emphasis in long term and fruitful partnership with the trade and business partners
- Strategic and analytical approach in doing business
- Commercial awareness and acumen with very strong results orientation

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