Business chambers support booster requirement by June

BUSINESS CHAMBERS declared their support for a requirement to show proof of vaccination booster shots by June as a condition for entry into most establishments, Presidential Adviser for Entrepreneurship Jose Ma. A. Concepcion III said.

In a statement on Wednesday, Mr. Concepcion said the organizations supporting the booster requirement were the Philippine Franchise Association, the Philippine Retailers Association, the Philippine Marketing Association, the Philippine Association of Legitimate Service Contractors, the Federation of Filipino-Chinese Chambers of Commerce and Industry, the Financial Executives Institute, the American, European, and Indian Chambers of Commerce, the Nagkakaisang Samahan ng Nangangasiwa ng Panlalawigang Bus sa Pilipinas, and other groups representing personal service businesses like salons and spas, amusement park owners, and event organizers and venues.

He added that airlines and restaurants would like to offer various incentives to customers who have received coronavirus disease 2019 (COVID-19) booster shots. Other groups are also studying the proposal.

"We in the business community know only too well how important it is to keep the economy open, not just for our own businesses but for the entire economy," Mr. Concepcion said.

"The real barrier here is citizens who are putting off their boosters or are rejecting them altogether," he added.

According to Mr. Concepcion, the Philippines is risking a surge of COVID-19 cases in the second half unless the vaccine and booster adoption rate rises.

"Right now, there is no danger. The danger is in the next semester when the waning immunity might be felt already. And this is not counting the possibility that new variants might emerge," Mr. Concepcion said.

"We already know what might happen if we don't act, and we know what needs to be done. If we close down again in the second semester, we risk losing our gains in the last two years. This can be entirely preventable if we act now," Mr. Concepcion said.

"The proposal gives people 60 days to get their boosters once the Inter-Agency Task Force (IATF) finalizes the resolution. It will also allow all persons regardless of priority category to get their booster shots. It is also being proposed that booster cards become the proof of vaccination for use in registering on VAXCERT PH," he added.

Mr. Concepcion said in a Laging Handa briefing on Wednesday that there is no need to implement travel restrictions in response to the emergence of a more transmissible COVID-19 variant known as Omicron XE.

"I don't think there's a need for that... You cannot prevent these variants from coming in. The best you can do is to prepare for it," Mr. Concepcion said.

The countries where Omicron XE has been detected include Thailand and the UK. — **Revin Mikhael D. Ochave**

Cebu City grants original proponent status for waste-to-energy facility

CEBU CITY's Joint Venture Selection Committee has approved an unsolicited proposal from New Sky Energy Philippines, Inc. for a waste-to-energy (WTE) facility, and invited competing proposals.

The WTE facility will process municipal solid waste using grate incineration technology.

In its notice, the committee granted New Sky Energy original proponent status, paving the way for rival groups to match or improve on New Sky Energy's proposal, which is for a facility with a waste processing capacity of 800 metric tons a day.

Grate incineration WTE technology heats non-recyclable waste, which generates steam that is used to generate electricity. This method does not require prior sorting or shredding of waste and can thus take in larger volumes of feedstock.

In a circular published by the Department of Energy in March, the development of WTE facilities using waste to generate renewable energy was recognized for its potential to improve solid waste management.

When the feedstock is biomass, "WTE is recognized as a relevant intervention in reducing methane emission by conversion of wastes into usable heat, electricity, or fuel," the department said in the document.

Third parties have 30 days to submit competing bids.

Prior to the construction and operation of a WTE facility, the proponent will need to submit an Environmental Technology Verification statement and report in compliance with Republic Act No. 8749 (the Clean Air Act), Republic Act No. 9275 (the Clean Water Act) and Republic Act No. 9003 (the Ecological Solid Waste Management Act). — **Ram Christian S. Agustin**

No major breach of inflation target expected this year

INFLATION is not likely to significantly exceed the Bangko Sentral ng Pilipinas' (BSP) 2-4% target range for the year, with drivers of price growth viewed as transitory, Pantheon Macroeconomics said in a report.

Pantheon Chief Emerging Asia Economist Miguel Chanco said that the 4% inflation reading in March, announced on Tuesday by the Philippine Statistics Authority, was mainly due to food inflation of 2.8% during the month, or more than double the 1.2% rate in February. Food accounted for over half of the growth in headline inflation.

Mr. Chanco revised his inflation forecast for the Philippines to 3.9% from 3.5% early in March. The 3.9% view matches the expected outcome for 2021.

"But the bump was (also) caused to a large extent by the further unwinding of favorable base effects, which won't be as pronounced going forward," he added.

Headline inflation in March was also affected by an increase in housing and utilities costs of 6.2%, from 4.8% in February. He expects these rates to rise again in April.

The inflation surge is not expected to last long, even taking into account the lagging impact of higher oil prices following the Russian invasion of Ukraine.

Mr. Chanco expects housing and utilities inflation to ease by the third quarter of the year, "despite the stickiness in oil implied by the futures market."

"Indeed, inflation now looks set to hug the 4% upper limit of the BSP's target range for the rest of 2022." Mr. Chanco said. "Nonetheless, we maintain that policy normalization still is unlikely anytime soon."

Mr. Chanco said a blowout past 4% inflation does not guarantee of rate hikes, adding that the central bank maintained its 2% key policy rate last year in the face of serious breaches of the inflation target, including a 4.9% inflation reading in August 2021.

BSP Governor Benjamin E. Diokno has said that the key policy rate could hit 2.75% by 2023.

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said that the uncertainty in oil and commodity prices caused by the Russian-Ukraine War and petitions for wage and transport fare hikes could cause inflation to accelerate.

"Further worsening of the Russia-Ukraine conflict that could lead to higher global oil, energy, and commodity prices could lead to faster inflation globally and locally," he added.

Pantheon estimates Philippine gross domestic product growth of 6.4% and 7.2% for the first and second quarters, respectively, while the consumer price index is expected to come in at 4% in the first two quarters. It could rise to as much as 4.4% by the fourth quarter. — **Tobias Jared Tomas**

PCC flags franchise contracts that dampen competition

THE Philippine Competition Commission (PCC) said some provisions of franchise contracts may be anti-competitive, including pricing restrictions and the imposition of geographic territories on franchise holders.

At a webinar organized by the Philippine Franchise Association (PFA), PCC Chairman Arsenio M. Balisacan said the industry faces "challenges" in sustaining a competitive environment.

"The franchising industry... requires balancing competition enforcement with maintaining contractual limitations that protect intellectual property rights and trade secrets of franchisors. For this reason, the PCC wants a proactive approach to ensure that the sector remains competitive as it grows," he said.

He said franchisees are bound to follow a limited set of formats or supplies offered by the franchisor to remain in compliance with brand standards, though the pricing and geographical clauses in their contracts may not pass competition review.

"Franchising is a popular gateway for starting businesses and an established track of bringing in international brands to the country. As the antitrust regulator, the PCC recognizes PFA's important role in ensuring that pro-competition practices are observed in the sector," Mr. Balisacan added.

He said the challenge lies in enforcing Section 15(e) of Republic Act No. 10667 or the Philippine Competition Act, which forbids the imposition of restrictions on the contract for sale of goods or services, but deems franchising, licensing, merchandising, and distributorship agreements acceptable business practices.

"The PCC is strengthening competition awareness in the growing franchising sector as it sees the industry gaining popularity and fast becoming an important contributor to the Philippine economy," it added. — **Revin Mikhael D. Ochave**

Concepcion: 27 million vaccines set to expire in July

"Let's not allow 27 million doses of the Covid vaccine to go to waste." This was the appeal of Presidential Adviser for Entrepreneurship Joey Concepcion as he shared that some 27 million doses of Covid-19 vaccines are set to expire in July this year. With this, he emphasized the urgency for Filipinos to go and get vaccinated and if already eligible, get their booster shots. The Go Negosyo founder has been pushing for mandatory booster cards by June this year in order to encourage Filipinos to get their booster shots.

"Time is of the essence. This is why I am calling it out now while there is still time before these vaccines expire. If we don't use these vaccines, we will have wasted the Filipino taxpayers' money," he said. "It's money the Philippines can't afford to waste." Concepcion pointed out that the country has recently breached the Php12-trillion mark in its debt for the first time, primarily due to massive borrowing in the last two years for its pandemic response efforts.

"Both government and the private sector bought these vaccines for our citizens," he said. The Philippines has borrowed Php2 trillion pesos, much of it going to vaccines. The Philippines has so far received more than 237 million vaccine doses, with some 140.7 million already administered. As of March 22, there are 65,343,446 Filipinos who have been fully vaccinated, but only 11,629,565 additional or booster shots have been administered. This means only some 13 percent of the eligible population have received their booster shots.

"We in the private sector bought our own supplies through the A Dose of Hope tripartite agreement, and we shared these with the government because we know that vaccines are the solution to battling this pandemic," he said. "We wouldn't have managed to keep our hospitalization rates low and open up the economy without the vaccines," he said.

Concepcion further added that the Philippines is now one of the countries in Asia that is enjoying low average daily attack rates, or the seven-day average number of cases per 100,000, and healthcare utilization remains low. He warned, though, that a double-whammy awaits should Filipinos let down their guard.

"By the second half of the year, the majority of the population will have waning immunity. If cases rise, we will lock down again. And if the conflict in the Ukraine drags on, we will lock down in the midst of rising commodity prices and logjams in the supply chain. Unless we finish all the vaccines in stock and booster everybody that needs it, we risk going back to square one by yearend," he said.

"We need to push a little, and we need to do the groundwork now. People have become complacent and no longer feel that they need to booster. What they do not see is that the real danger is in the second half of the year," he said.

OPINION

Covered period vs validity period in VAT refunds

TAXWISE OR OTHERWISE
JERICHO VALENCIA

Over the past few years, policymakers have taken measures to streamline the filing process of VAT refund applications with the Bureau of Internal Revenue (BIR) to ease the burden on taxpayers. For instance, perhaps one of the more significant amendments to the Tax Code introduced by the TRAIN Law is the 90-day period within which the BIR should act on such applications. Another example is the BIR's issuance of Revenue Memorandum Order No. 47-2020, which significantly reduced the required supporting documents for VAT refund or tax credit applications.

Previously, the requirement to provide voluminous documents and the protracted period for resolution of refund claims have led many taxpayers to veer away from even attempting to pursue this course of action, lest they endure incurring considerable time, administrative costs, and continuously testing the limits of their patience, only to be faced by a grim outcome: the denial by the BIR of their claims. With the 90-day limit and streamlined documentary requirements, taxpayers will arguably feel more confident in filing claims with the BIR.

But one might wonder: are these measures enough? Granting tax refunds or issuing tax credit certificates will result in reduced revenue. Thus, while the resolution period of the claim has become considerably shorter, the BIR is still more inclined to deny applications of this nature, considering that taxes are the lifeblood of the government. The denial will then prompt the aggrieved taxpayers to seek recourse from the Court of Tax Appeals. What follows next is an entirely different battle altogether — one that is fraught with providing not just copious legal bases but sufficient supporting documents and evidence to prove the taxpayer's entitlement to the refund claim. But while this process may understandably be tiring for taxpayers, perhaps they can find comfort in the fact that court decisions, more often than not, serve as a guide on how they can be more vigilant in their compliance. One such case is the Supreme Court (SC) case involving a tax refund that was penned in September 2020 (G.R. No. 236325).

In that case, the taxpayer classified its sales to a buyer during the third and fourth quarters of the fiscal year (FY) 2010 as zero-rated sales and applied for a tax refund of the related input taxes that it was not able to utilize. To support the VAT zero-rated sales, the taxpayer submitted a Certification from the Board of Investments (BoI) dated Jan. 27, 2010, which states that the buyer is a BoI-registered entity that exported 100% of its total sales volume from Jan. 1 to Dec. 31, 2009. The Certification indicates that it is valid from Jan. 1, 2010 to Dec. 31, 2010, unless sooner revoked by the BoI.

Denying the refund claim, the SC held that the BoI Certification merely showed that the BoI-registered entity exported 100% of its total sales in 2009. However, nothing in the Certification showed that the buyer exported its products for the third and fourth quarters of 2010, or from Jan. 1, 2010 to June 30, 2010, which is the period subject of the refund claim.

The decision's rationale is that it is not enough that zero-rated invoices or official receipts are issued. The taxpayer must prove that such issuances are valid based on the existence and validity of the underlying zero-rated sales to be entitled to a refund or tax credit. Hence, the BoI-registered buyer must furnish its suppliers with a copy of the BoI Certification attesting that it exported 100% of its products to enable the supplier to confirm the zero-rated sales treatment.

While the BoI Certification issued to the BoI-registered entity allowed the seller to accord VAT zero-rating status to its sales during the validity period of the certification or until Dec. 31, 2010, this is pre-empted by the condition that the BoI-registered entity must actually and eventually export such products. Notably, the BoI Certification was issued on Jan. 27, 2010. Since the BoI can only attest to actual exports after the end of the taxable year, at that point in time, it could only certify the export sales for the calendar year 2009. Thus, the Certification failed to prove that the BoI-registered entity exported all its in 2010. For the taxpayer's 2010 sales to qualify as zero-rated sales, the BoI must certify that the buyer *actually* exported all its products from Jan. 1, 2010 to Dec. 31, 2010.

From the ruling, what is controlling to qualify as zero-rated sales is the confirmation of the period of actual export sales in the BoI Certification and not its validity period. As the Court explained, the certification's validity period is only meant to accord zero-rating status to sales made during the extended period to avail of this benefit. It is not proof that the relevant sales were, in fact, entirely exported during the same period.

While appeal to courts may give taxpayers another window of opportunity to prove their claims, the ruling nevertheless highlights how important it is for taxpayers to be more prudent in demonstrating their entitlement not just in their legal defenses, but in their supporting documents as well.

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