

PEZA asks gov't to lift freeze on economic zones in NCR

THE moratorium on new economic zones (ecozones) in the National Capital Region (NCR) needs to be lifted to better align policy with the provisions of the tax reform program, according to the Philippine Economic Zone Authority (PEZA).

PEZA Deputy Director General Tereso O. Panga said in a statement on Wednesday that Republic Act No. 11534 or the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act makes no distinction between economic zones established in the capital region or elsewhere.

"The CREATE Act... is a (more) recent law" which should take precedence, Mr. Panga said.

"CREATE... (stipulates) the criteria in setting up an information technology (IT) center in Metro Manila (and lists) IT services as an eligible activity (for incentives)... therefore, from our understanding and with our presentation to the Fiscal Incentives Review Board [FIRB], we should already be allowing for the resumption of (registering) IT centers in Metro Manila," Mr. Panga said.

"According to the (IT and Business Process Management

Association of the Philippines), there will be an increase in uptake (for IT ecozones of) 450,000 to 650,000 seats. The more reason that we should be allowing this growth so that we can facilitate the spillover effects of the IT growth in the countryside," he added.

Administrative Order (AO) No. 18 issued by Malacañang in June 2019 declared a moratorium on approving new ecozones in the NCR in order to distribute development more evenly to the countryside.

In March, the FIRB said it rejected a PEZA request to lift the

moratorium, adding that AO No. 18 is a component of the government's strategy for developing the countryside.

According to PEZA Director-General Charito B. Plaza, locators to the countryside must be supported by making services there more efficient.

"Our IT Parks are only located in five business districts in Metro Manila... Nine city mayors were complaining (saying) 'Why are you putting a moratorium when we don't even host... one IT Park?'" Ms. Plaza added. — **Revin Mikhael D. Ochave**

Low booster rate seen endangering recovery as immunity wanes

THE slow rollout of booster shots is putting the economic recovery at risk, particularly for micro, small, and medium-sized enterprises (MSMEs), with the threat expected to be elevated when the protection provided by the first two vaccine doses starts to recede later this year, Presidential Adviser for Entrepreneurship Jose Ma. A. Concepcion III said at a Lagging Handa briefing on Wednesday.

He said the prospect of further lockdowns, should coronavirus disease 2019 (COVID-19) cases surge again, would wipe out whatever momentum recovering MSMEs have built up.

"Our immunity will be waning in the coming months, especially in the second semester. It might affect businesses especially MSMEs that are recovering," Mr. Concepcion said.

Mr. Concepcion said 74.1% of the target population has been fully vaccinated, with boosters administered to 13.7%.

"The gains... will be wasted, especially with our MSMEs. It is difficult to recover again if we are placed under Alert Level 3 or 4," he said, referring to quarantine settings that contain comprehensive restrictions on mobility. "We will lose the momentum of this economic recovery."

Mr. Concepcion said in a statement on Wednesday that boosters are the key to ensuring

that a World Health Organization (WHO) forecast of 300,000 active COVID-19 cases by May does not come to pass.

"There are around 27 million vaccines expiring in July and 53 million more in storage. That's more than enough for our needs," Mr. Concepcion said.

He said the Philippines is still short of its target of 90 million people receiving two doses, with 67 million having received the two shots that the government sees as the norm for full vaccination. He estimated the population that has not received a booster dose at over 53 million, including senior citizens and youth aged 12 to 17.

"While we have almost 80 million vaccines, we should get our booster shots. Let's maintain the wall of immunity, and not waste the vaccines. Let's protect ourselves and allow the economy to grow and help our citizens," Mr. Concepcion said.

"Cases are moving up. This may be due to waning immunity as the booster uptake remains very poor. We're trying to prevent people from getting severely ill and overwhelming the healthcare system. We want to maintain the Alert Level 1 status, but we need people to stay healthy and keep the engines of the economy running," he added. — **Revin Mikhael D. Ochave**

South Korea targeting Mindanao agriculture, energy, infra tie-ups

SOUTH KOREA is hoping to forge private sector-led partnerships in Mindanao agriculture, energy and infrastructure ventures, its embassy in Manila said, expanding on South Korean companies' long-standing relationships in Luzon and the Visayas.

"The sessions of the meeting or forum on April 26 will consist of agriculture, energy and resources, and infrastructure," the embassy's First Secretary Lee Youngsin said in a Viber message to *BusinessWorld*.

The Republic of Korea-Mindanao Sectoral Discussions and Business to Business Meeting will be held in Davao City to help South Korean companies establish networks with the Mindanao business community.

"This visit is expected to provide an avenue for leading Korean companies to build partnerships with local entrepreneurs and explore possible business opportunities in Mindanao," Ambassador Kim In-chul said in a statement on Wednesday, noting that his country's private sector is keen on exploring Mindanao's investment and business potential.

Two South Korean government organizations and eight companies have confirmed their attendance at the meeting, Mr. Lee said.

He added that South Korea is considering opening a consulate in Mindanao.

South Korea's footprint in Mindanao includes key development cooperation projects such as Laguindingan Airport, the Korea-Philippines Vocational Training Center, and the ongoing Panguil Bay Bridge project.

"We are more than happy to facilitate business networks between (South Korea) and Mindanao," Mindanao Development Authority (MinDA) Secretary Maria Belen S. Acosta was quoted as saying in the statement.

Ms. Acosta added that MinDA will look into potential areas of cooperation that are aligned with the Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA) agenda. South Korea is one of BIMP-EAGA's development partners while MinDA serves as the sub-region's Philippine Coordinating Office. — **Alyssa Nicole O. Tan**

Cruise ship port planned for Coron

THE government is planning to build a port to receive cruise ships in Coron, Palawan, according to the Philippine Ports Authority (PPA).

According to PPA documents obtained by *BusinessWorld*, the Coron cruise ship berth has been allocated an approved budget of P425.1 million. It will rise in Coron's Barangay Tagumpay.

The bid deadline for the project was announced as May 11. Bids must be submitted to the Bids and Awards Committee secretariat at the PPA office in Manila on or before 9 a.m. of that date, the PPA said.

The successful bidder is required to complete the project in 540 calendar days from the receipt of the notice to proceed.

"Bidders should have completed a contract similar to the project," the PPA said.

Last year, the Transportation department inaugurated three port projects in Palawan: the Port of San Fernando, El Nido, the Port of Bataraza in that municipality's Barangay Buliluyan, and Borac Port in Coron.

Transportation Secretary Arthur P. Tugade said the projects "will bring convenience and comfort not only to the people of Palawan, but more importantly to the people of the Philippines and also to the people of ASEAN."

The PPA is hoping to complete and inaugurate 31 more port projects before President Rodrigo R. Duterte's term ends on June 30.

Since 2016, the government has completed 585 port projects, large and small, according to PPA General Manager Jay Daniel R. Santiago. — **Arjay L. Balinbin**

Jan. price growth of wholesale goods highest since 2011

GROWTH in wholesale prices for general goods in January was 4.6%, the highest since late 2011, according to preliminary data released by the Philippine Statistics Authority (PSA).

The rise in the general wholesale price index (GWPI) accelerated from 2.1% year on year in January 2021 and also exceeded the 4.1% rate posted in December.

The January reading was the highest in 121 months, when the indicator grew 5.8% in December 2011.

"This can be attributed to the spillover of increased demand from the previous quarter (fourth quarter 2021) when a lot of restrictions were being eased due to declining cases of COVID-19 (coronavirus disease 2019)," UnionBank of the Philippines, Inc. Chief Economist Ruben Carlo O. Ascuncion said in an e-mail interview.

"This suggests that demand may have (picked up despite) the Omicron-induced surge last January and domestic demand was continuing to recover." — **Abigail Marie P. Yraola**

FULL STORY



Read the full story by scanning the QR code with your smartphone or by typing the link bit.ly/Wholesale042122

OPINION

Tax obligations of election candidates

With the national and local elections a few weeks away, candidates are scaling up their efforts to win the hearts of voters. We all know that running for public office is a costly undertaking funded by contributions and monetary support.

But, are you also aware of the registration, invoicing and tax filing requirements that all candidates, political parties, and even campaign contributors must comply with? After the election season, they are required to submit reports to the Bureau of Internal Revenue (BIR) within 30 days after the election. Moreover, campaign contributions may qualify for income tax and donor's tax exemptions.

With the upcoming election, the BIR issued Revenue Memorandum Circular (RMC) No. 22-2022 to remind election candidates of the stringent administrative requirements during the campaign season. Some guidelines also apply to campaign contributors not running for public office. Highlights of the RMC are summarized as follows:

TAXWISE OR OTHERWISE JASMIN L. CHAN

BIR REGISTRATION

Upon filing their certificate of candidacy, all candidates and political parties/party-list groups are required to register or update their registration with the BIR. Registration is to be performed at the Revenue District Office (RDO) having jurisdiction over the political subdivision where the candidate is seeking election, or if this is not applicable, registration may also be based on the candidate's principal residence or registered office address.

Individual candidates must be registered as "Professional — In General" and tagged as "Politician" while political parties/party list groups are tagged as "Political Party" under the special code in the BIR registration system. Campaign contributors must also be registered with the BIR, with individual contributors registering as taxpayers under Executive Order 98.

All candidates and political parties must pay an Annual Registration Fee of P500 before the Certificate of Registration (CoR) is issued. However, a CoR will not be issued to individual candidates who are not engaged in business.

REGISTRATION OF BOOKS

All candidates and political parties are required to register and maintain adequate books and other accounting records (which includes the cash receipts/disbursements journal) that will serve as the basis for the Statement of Contributions and Expenditures (SoCE) to be submitted to the Commission on Elections (Comelec).

Alternatively, the RMC allows individual candidates to use a simplified set of bookkeeping records, as long as these can provide accurate information.

ISSUANCE OF BIR-REGISTERED NON-VAT OFFICIAL RECEIPTS

All candidates and political parties are required to issue BIR-registered non-VAT ORs for every contribution received, whether in cash or in kind. For contributions in kind, the Fair Market Value should be indicated in the OR.

The original OR must be issued to the contributor/donor, while the duplicate must be retained by the issuing candidate/political party/party-list.

PRESERVATION OF RECORDS

All political parties and candidates must preserve records of contributions and expenditures for 10 years, pursuant to Section 235 of the Tax Code, as implemented by Revenue Regulations No. 5-2014.

In addition to the above registration and bookkeeping requirements, the RMC also provides guidelines for the following taxes:

INCOME TAX

Generally, campaign contributions are excluded from the taxable income of the candidate based on the assumption that the contributions are to be used to cover the candidate's campaign expenditures and not for the personal enrichment of the candidate.

Thus, to be exempt from income tax, the contributions should be fully utilized during the campaign period. Any unutilized campaign funds (campaign contributions less campaign expenditures) are treated as taxable income (without any further deductions) of the recipients and reported in their respective annual income tax returns.

It is also crucial for each candidate or political party to file the SoCE with the Comelec within 30 days after the election, as required by the Omnibus Election Code. Otherwise, the recipient is automatically precluded from claiming such expenditures as deductions from the campaign contributions, making all contributions directly subject to income tax.

DONOR'S TAX

Donations/contributions are exempt from the 6% donor's tax, provided these have been utilized during the campaign period and duly reported to the Comelec. However, following RMC No. 38-2018, utilized donations before or after the campaign period are subject to donor's tax and should not be claimed as a deductible expense of the donor.

WITHHOLDING TAX

A 5% withholding tax applies on the following:

- Purchases of goods/services by political candidates and political parties as campaign expenditures; and
- Purchases of goods/services by individuals or juridical persons intended to be given as campaign contributions to political parties and candidates.

Moreover, the general rule for the payor to issue a certificate of withholding tax (BIR Form No. 2307) as evidence of the Creditable Withholding Tax (CWT), upon demand must also be followed.

Withholding of tax is crucial since expenses that were not subjected to the 5% CWT are not considered utilized campaign funds, and therefore, (1) cannot be claimed as deductions against campaign contributions; and (2) must be reported as unutilized campaign funds subject to income tax.

PENALTIES

All parties covered by the RMC who fail to register and comply with the requirements of the BIR will be subject to compromise penalties provided under Revenue Memorandum Order (RMO) No. 7-2015.

Since they are vying for the privilege to be public servants, candidates are called to the civic duty of nation-building, which includes abiding by tax regulations. Candidates who are compliant with their tax obligations may be deemed to reflect a style of leadership and governance anchored in honesty, transparency, and accountability — qualities that this country urgently needs in these times of uncertainty.

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Resorts World Manila opens Hotel Okura Manila. The country's pioneer lifestyle and tourism destination, Resorts World Manila (RWM), has officially welcomed premier Japanese hospitality brand, Hotel Okura Manila, to its impressive list of international hotels within the sprawling Newport City complex. The launch was led by RWM President and CEO Kingson Sian, Department of Tourism Secretary Bernadette Romulo-Puyat, Travellers International Hotel Group, Inc. Chairman Kevin L. Tan (Center), and Hotel Okura Co., Ltd. President and Representative Director Toshihiro Ogita, and Hotel Okura Manila General Manager Jan Marshall (Right). The grand opening of the hotel brand was celebrated by a ceremonial Kagami-biraki or Sake Barrel Breaking ceremony with distinguished guests RWM Chief Gaming Officer Hakan Dagtas, Pasay City Mayor's Chief of Staff Peter Eric Pardo, and Embassy of Japan Deputy Chief of Mission and Minister Yasushi Yamamoto.