

# PEZA warns BIR on-site work inspections could alarm investors

THE PLAN to inspect economic zone locators for compliance with the government's on-site work order could inject an element of uncertainty among investors in the Information Technology-Business Process Management (IT-BPM) industry, the Philippine Economic Zone Authority (PEZA) said.

"The Bureau of Internal Revenue (BIR) is now performing surprise inspections of IT-BPMs which again created uncertainty (and) frustration, especially that we're still awaiting the response of the Fiscal Incentives Review Board (FIRB) on PEZA's appeal for a status quo on the work-from-home (WFH) arrangements," PEZA Director-General Charito B. Plaza told *BusinessWorld* in a mobile phone message.

The government has directed IT-BPMs to resume working onsite if they are Registered Business Enterprises (RBEs) based in economic zones. The industry had been allowed to adopt work-from-home arrangements as a safety measure during the pandemic, but the recent decline in coronavirus cases

has caused economic managers to shift their priorities to reopening the economy, in order to support businesses like transportation, restaurants, and retail which depend on worker foot traffic.

Under tax law, RBEs are required to perform their work in economic zones if they are to continue to enjoy tax incentives. FIRB Chairman and Finance Secretary Carlos G. Dominguez III has said that RBEs have the option to continue with work-from-home arrangements, but must surrender their incentives.

"What is needed and are being asked by our investors now, is our government's sensitivity, empathy, understanding, assistance and support while they're still struggling for survival," Ms. Plaza added.

The BIR said it has formed a task force to ensure that RBEs in the industry are complying with the on-site work rules.

BIR Deputy Commissioner Arnel SD. Guballa said mission orders have been issued for site inspections.

The rule making tax incentives dependent on working in economic zones is contained in Republic Act No. 11534 or the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act.

According to Ms. Plaza, PEZA is authorized to grant work-from-home requests and its regular policy is to allow 30% of the IT-BPM workforce to work remotely.

"Now that the FIRB wants everybody to go back on-site work, PEZA is simply going back also to our regular policy of 30% WFH and see to it that RBEs also meet the 70% export sales allowance to continue enjoying PEZAs incentives," Ms. Plaza said.

"Besides, the IT-BPMs are earning (more) revenue and have increased their employment under the WFH arrangement so, the government is not losing but gaining under the hybrid scheme," she added.

In April, PEZA announced that it is allowing 30% WFH and 70% on-site work for until Sept. 12, which is when the state of calamity expires after it was declared to help contain the pandemic.

RBEs and registered IT-BPM firms can avail of this arrangement by requesting a letter of authority (LoA) from PEZA.

The FIRB previously allowed up to 90% WFH for registered IT-BPM companies while still enjoying tax incentives under FIRB Resolution 19-21. However, the resolution expired on April 1.

The Information Technology and Business Process Association of the Philippines (IBPAP) has taken the position that the LoAs issued by PEZA is valid.

"The IBPAP stands by the validity of the LoAs issued by PEZA to our member companies, as well as the member companies of our six partner associations... We continue to count on their support to uphold the validity of the LoAs in order to achieve our jobs and revenue targets," IBPAP President Jack Madrid said. — **Revin Mikhael D. Ochave**

## FULL STORY

Read the full story by scanning the QR code with your smartphone or by typing the link [bit.ly/PEZA052322](http://bit.ly/PEZA052322)

# South Cotabato lifting of open-pit ban still at risk of governor's veto

THE re-elected governor of South Cotabato, the province which hosts the stalled Tampakan copper-gold project, could still veto provincial council legislation lifting a 12-year ban on open-pit mining, after he formed a panel to study the matter.

Governor Reynaldo S. Tamayo, Jr., who just won a second three-year term, told a group of protesters last week that he will "study" and "talk" to all sides before acting on the provincial council ordinance.

In March, Mr. Tamayo approved a resolution of the Provincial Development Council that supported a continued ban.

Last week, the provincial council approved changes to the province's Environment Code, among them an end to the ban on open-pit mining.

A final copy of the council resolution has yet to be submitted to Mr. Tamayo for approval or veto. It will automatically lapse into law 15 days after the official transmission to the governor's office.

"I will study everything that could be studied and talk to everyone to be sure that your governor's decision will be in line with what is right and proper (for the people and the environment)," he told the crowd, which included residents, religious leaders, and nongovernment groups.

Among those present was the Davao-based advocacy group Interfacing Development Interventions for Sustainability (IDIS), which warned against the potential impact of the Tampakan project on various watersheds and the Davao Gulf.

In a statement, IDIS said the open-pit mining project will affect multiple watersheds in South Cotabato, as well as the nearby provinces of Sultan Kudarat, Maguindanao, and Davao del Sur.

"Watersheds are geographical ecological units, and what happens in one part of the watershed will influence the whole watershed from forests, agricultural, urban, and coastal to estuarine ecosystems," it said. — **Maya M. Padillo**

## FULL STORY



Read the full story by scanning the QR code with your smartphone or by typing the link [bit.ly/OpenPit052322](http://bit.ly/OpenPit052322)



**LOWER POWER RATES FOR MERALCO CUSTOMERS THIS MAY.** The Manila Electric Company (Meralco) announced a PhP 0.12 per kilowatt hour (kWh) decrease in power rates this May. The downward adjustment this month equates to PhP 24 in total savings for a typical household consuming 200 kWh. Meralco Vice President and Head of Corporate Communications Joe R. Zaldivar explained that the overall rate reduction is primarily due to the implementation of a refund of distribution-related charges starting this month. This was able to offset the increase in generation charge for May. For more information, customers may visit Meralco's website at [www.meralco.com.ph](http://www.meralco.com.ph) or its social media accounts on Twitter (@meralco) and Facebook ([www.facebook.com/meralco](http://www.facebook.com/meralco)).

## Freight, from SI/1

We saw China go into lockdown mode on elevated cases, and this shuttered major trading ports leading to supply chain difficulties. And then of course, there's revenge spending going on as well in other economies so that leads to supply and demand imbalances," Security Bank Corp. Chief Economist Robert Dan J. Roces said in an e-mailed reply to questions.

Mr. Roces said the ongoing war in Ukraine and sanctions against Russia have continued to drive up prices of oil and other major commodities. "What we are seeing right now are more upsides in inflation risk," he added.

PLSA's Mr. Parco said the group will submit its policy recommendations to the new Transportation Secretary, including how to address "high increases" in tariff.

For his part, Mr. Ricafort said further reopening of the economy would help boost passenger travel and cargo businesses

"Measures to further reopen the economy towards greater normalcy amid the further easing of restrictions with the adoption of the lowest Alert Level 1 in more areas around the country that supports further recovery of passenger travel and cargo business would definitely help generate more sales/topline figures

for shipping companies, in terms of higher passenger and cargo revenues/sales, with some upward adjustments in shipping fares/fees, to help make up for the increase in operating costs largely due to higher oil/fuel prices," he said.

The impact of rising fuel costs can be seen in the first quarter financial results of some listed firms involved in the shipping business.

Lorenzo Shipping Corp. swung to an attributable net loss of P30.83 million in the first quarter, compared with a net profit of P42.72 million in the same period a year earlier.

"There was an increase in direct cost amounting to P796 million from last year of P711 million mainly due to soaring fuel prices," the company said in its first-quarter report. Lorenzo Shipping's revenues increased by 1.88% to P795.17 million "due to determined efforts to recover increasing costs through surcharges and freight adjustment."

Meanwhile, Chelsea Logistics and Infrastructure Holdings Corp. saw its attributable net loss widen to P415.64 million in the first three months from a loss of P218.07 million in the same period in 2021. Revenues went up by 13.04% to P1.30 billion in the January to March period.

"Fuel prices continued to increase with the Ukraine conflict and this pushed the group's bunkering cost to P486 million, a 43% increase year on year. Consequently, cost of sales and services escalated to P1.22 billion," it said.

But the increase was "tapered off by the decline in depreciation and amortization cost by 25% or P94 million to P287 million in 2022 due to the disposal of certain vessels in prior year and extended drydocking of some vessels until this period," it added.

2GO Group, Inc. narrowed its attributable net loss to P34.9 million in the first quarter from a loss of P291.12 million previously. Total revenues were flat at P3.99 billion.

"Our company focused on profitable services and customers, while driving efficiencies in our operations and stringently controlling costs," it said. "The group uses derivative instruments to manage exposures to fuel price risks arising from the group's operations and its sources of financing."

2GO said its cost of services, pertaining to fuel, oil and lubricants, increased by 60.19% to P538.27 million in the first quarter.

Brent crude rose by 0.46% to \$112.55 per barrel as of May 21, while US crude was up 0.35% to \$110.28 a barrel.

## Forum, from SI/1

"Industry Revolution: Reinventions & Opportunities in Traditional Businesses" will be presented by Jon Canto, acting managing partner at McKinsey & Company Philippines.

There will be a panel discussion on "Shifts in Sectoral and Business Game Plan" with John Dy, chief operating officer of JLL Philippines; Clifford Academia, vice-president of Aboitiz InfraCapital Economic Estates; and Edna T. Belleza, general manager of GoRobinsons (under Robinsons Retail Holdings, Inc.). It will be moderated by *BusinessWorld* columnist Andrew J. Masigan.

Ipsos Philippines Country Manager Vicky Abad will have a fireside chat with *BusinessWorld* Multimedia Editor Sam L. Marcelo on "Delivering a Seamless Phygital Customer Experience"; while an Ask the Expert session with Carlo Delantar, founding partner at venture capital firm Core Capital and head of circular economy at Gobi Partners, on "Pivoting to a Circular Economy," will be moderated by *BusinessWorld* contributor Santiago Jose J. Arnaiz.

## DAY 2

On May 26, the forum starts with a panel discussion on "Technology Adoption & Collaboration: Prospects in the Digital Economy" with Diosdado "Dado" Banatao, chairman of PhilDev Foundation; Shailesh Baidwan, president of Voyager Innovations; and Ron Estrella, country manager of Medgate Philippines. It will be moderated by *BusinessWorld* columnist Danie Laurel.

"Internet Revolution: Web 3.0, 5G and a Hyperconnected World" will be presented by Todd Schweitzer, co-founder and CEO of Asia-Pacific

open finance tech solutions provider Brankas.

This will be followed by a panel discussion on "Ensuring Safety and Security in the Virtual Spaces," with Zaza Nicart, managing director of Cisco Philippines; Archieval Tolentino, president of the Information Security Officers Group (ISOG); and Arivuvell Ramu, group chief technology officer at Philippines' first neobank Tonik. It will be moderated by Arjay L. Balinbin, *BusinessWorld* senior reporter.

John Rubio, country director of Meta Philippines, will have a fireside chat on the metaverse's impact on businesses and brands.

"Human Revolution: Man Meets Machine in Industry 5.0" will be presented by Anthony Oundjian, managing director and senior partner of Boston Consulting Group.

A panel discussion on "Re-engineering HR Strategies for Post-COVID Workplace Realities" will feature Ma. Rhodora Campos, senior regional leader of Infosys BPM Philippines and Malaysia; Carol Dominguez, president and CEO of John Clements Consultants, Inc.; Oscar Medina, chief people officer of Coca-Cola Beverages Philippines, Inc.; and Jeffrey John Dela Cerna, vice-president of human resources at TELUS International Philippines.

Sprout Solutions Chief People and Customer Officer Arlene De Castro will have a fireside chat with *BusinessWorld* Special Features and Content Editor Josielyn Luna-Manuel on the topic "Behind and Beyond The Great Resignation."

Completing this two-day forum is an Ask the Expert session with Gwendolyn Lim, partner at Bain & Company in Singapore. She will discuss the

topic "Connecting and Catering to the Needs of the Changed Consumers."

To learn more about and register for this most-awaited event in the business community, head on to [www.bworldonline.com/BWVEFRevolutions2022](http://www.bworldonline.com/BWVEFRevolutions2022).

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# Happy Life celebrates 5th anniversary with promo



It's been five years since Happy Life Organics introduced its innovative and eco-friendly solutions for the home, pets and unwanted pests.

Happy Life Organics provides all natural, sustainable eco-friendly solutions to homes across the country. The company promotes a healthier lifestyle based on a plant based organic view and by bringing home and pet product alternatives that are changing and improving lives for the better.

To celebrate its fifth anniversary this month, Happy Life Organics has come up with various promos where shoppers can enjoy free shipping and discounts of up to 40 percent on certain bundles.

Happy Life's goal is to promote "a healthier happier lifestyle based on a plant based organic view, bringing you home and pet product alternatives that are changing and improving lives for the better."

Gone are the days you have to worry about unwanted chemicals being found in cleaning products

Happy Life's best seller is its Waterless Shampoo, the first product of its kind in the Philippines which is 100 percent natural and pet friendly. It's an innovative and plant bath alternative to the chemicals that are usually found in shampoos for pets.

The product provides less effort and less time in every bath. It saves 70 percent of bath time every time you use Happy Life Waterless Shampoo. The product is perfect for a quick bath and for those on the go. You can still groom your pets even if you are in a hurry.

Happy Life's other featured products include the best seller 2 in 1 Shampoo and Conditioner, Pet Neem Soap, Pet Home Cleanser and B'Gone LC Disinfectant.

For more information about Happy Life's Waterless Shampoo and their other products, you can visit [www.happylifeeph.com](http://www.happylifeeph.com).