

# DICT, NGCP sign lease deal for broadband co-location

THE Department of Information and Communications Technology (DICT) and the National Grid Corp. of the Philippines (NGCP) have signed a lease agreement covering the co-location of the National Broadband Program's facilities within the NGCP's right of way.

"What we signed today is the master lease agreement on the facilities, because we would definitely have to co-locate our facilities inside the NGCP infrastructure," DICT Secretary Ivan John E. Uy said in an recorded statement provided by his office to reporters.

The NGCP is a privately owned corporation in charge of operating, maintaining, and developing the state-owned power grid.

Mr. Uy said the agreement is a major development in the national broadband plan, which will allow the

government to "facilitate the two-terabyte connection that is coming in from our eastern seaboard."

The national broadband plan is the DICT's blueprint for accelerating the deployment of fiber optic cable and wireless technology to improve internet speeds.

According to the department, the NGCP's private telecom network operates and maintains a telecom backbone supporting the operation of the electricity grid across the archipelago.

The DICT is working with Facebook and the Bases Conversion and Development Authority to complete the Luzon Bypass Infrastructure Project, a 240-kilometer fiber corridor connecting western and eastern modular information technology facilities.

"The two cable landing stations located in Baler and Poro Point will

increase the total government capacity to 2,000,000 Megabits per second (Mbps), which is 50x the current government capacity of only 40,000 Mbps," it said in a statement.

In his first address to Congress, President Ferdinand R. Marcos, Jr. said he has tasked the DICT to expand digital connectivity even to remote islands.

"This will be done through the implementation of the National Broadband Plan, the common tower program, connecting our geographically isolated and disadvantaged areas via our 'Broad Band ng Masa' project," he said.

"All relevant modes of digital transport should be utilized. These may be through a combination of terrestrial or submarine fiber optics, wireless and even satellite technology," the President added. — **Arjay L. Balinbin**

## DoE backs full foreign ownership of renewable energy projects

THE DEPARTMENT of Energy (DoE) said on Wednesday that it supports 100% foreign ownership of renewable energy projects to facilitate the Philippines' shift to indigenous sources of power, making it less vulnerable to disruptions in the supply of imported fuels.

"We need to address the industry's needs and definitely, one way of doing that is to open up renewable energy... to 100% foreign ownership so that foreign locators can actually also develop their own sources of power," Energy Secretary Raphael P.M. Lotilla said at a Senate energy committee hearing.

The 1987 Constitution prescribes 60-40% ownership in favor of Filipinos for most renewable energy sources, excluding biomass and geothermal.

The DoE told the committee that the Philippine energy supply is generally adequate during the cooler months, with the only risk of disruption being unscheduled power plant downtime. The main problem is power supply during the dry season.

"My rule of thumb is for every one degree (the temperature drops), it's a deduction (in consumption) of 100 megawatts. So, as we go into the cooler months, our reserves also go higher," Mr. Lotilla said. "But for the summer months, I have to tell you that I'm beginning to have concerns about that and we will do our best precisely to address stranded power out there."

The long-term solution, he added, is to shift to hybrid systems.

"We must end this over-dependence on petroleum and petroleum-based fuels because otherwise, we'll always experience volatility in prices," he said. — **Alyssa Nicole O. Tan**

### FULL STORY



Read the full story by scanning the QR code with your smartphone or by typing the link [bit.ly/DOE081122](http://bit.ly/DOE081122)

## Balisacan says PPP projects must outperform ODA in cost-benefit analysis

By **Diego Gabriel C. Robles**

THE public-private partnership (PPP) mode of financing major projects will be subjected to cost-benefit analysis to determine whether such an option is more beneficial than tapping official development assistance (ODA), Socioeconomic Planning Secretary Arsenio M. Balisacan said.

In chance remarks delivered to reporters on the sidelines of a Gross Domestic Product (GDP) briefing on Tuesday, Mr. Balisacan said: "The most important consideration is you do a cost benefit analysis, and if the PPP is a better mechanism for this type of project than ODA, then so be it."

"I'm not inclined to pre-identifying the mechanism but I think that our job is to ensure that whatever we choose as a modality, that's the most beneficial modality for society," he added.

In his first State of the Nation Address (SONA), President Ferdinand R. Marcos, Jr. cited the role of PPPs in his administration's ambitious infrastructure spending target of 5-6% of GDP, with the government currently lacking the fiscal space to fund projects on its own.

Mr. Balisacan acknowledged that PPPs introduced innovations and hold the potential for improving the quality of services.

In the SONA, Mr. Marcos also cited amendments to the Build-Operate-Transfer (BOT) Law as a legislative priority.

"Specifically, the amendments seek to address the ambiguities in the existing law; address the bottlenecks and challenges affecting the implementation of the PPP Program; and foster a more competitive and enabling environment for PPPs," he said.

The current iteration of the BOT Law, particularly its implementing rules and regulations (IRR), is viewed negatively by economists and the private sector as it compels private proponents to shoulder more risk while relieving the government of

responsibility for delayed deliverables.

"There is a need to have mutually (acceptable) returns and risks for both the private sector and the government, especially based on global best practices in able to encourage the private sector to pour in more investment in infrastructure," Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said.

On Tuesday, Mr. Balisacan pinpointed contingent liability or Material Adverse Government Action (MAGA) clauses in the BOT Law as the most critical to resolve.

The BOT IRR defines MAGA as "any act of the executive branch, which the Project Proponent had no knowledge of, or could not reasonably be expected to have had knowledge of, prior to the effectivity of the contract; and that occurs after the effectivity of the contract, that: specifically discriminates against the project proponent; and has a material adverse effect on the ability of the project proponent to comply with any of its obligations under the contract."

"You have to examine what can be justifiably or reasonably seen as MAGA. If there are changes in the rules of the game during the implementation of the project, obviously the private sector will not go there. Obviously, that would discourage investment and engaging with government projects, if that's the environment. We have to strike a balance," Mr. Balisacan said.

Asked whether canceled infrastructure projects with China can be turned into PPPs, Mr. Balisacan said his agency, the National Economic and Development Authority (NEDA), is looking at other options.

Last month, the Beijing funding commitment for the Calamba-Bicol, Clark-Subic, and Mindanao railway projects were deemed canceled as China has been unresponsive to the government's loan application since 2019.

"I think we'll keep that open," Mr. Balisacan said.

## Padilla files bill raising RCEF take from rice tariffs to P15 billion/year

A BILL has been filed in the Senate proposing to increase the Rice Competitiveness Enhancement Fund (RCEF) allocation from rice tariffs to P15 billion from P10 billion a year.

Senator Robinhood Ferdinand C. Padilla said the increased funding for RCEF will "aid our farmers in reducing rice production costs while increasing farmer incomes."

The RCEF is a component of the 2019 Rice Tariffication Law (Republic Act 11203), which opened up rice importing to private parties, who must pay tariffs of 35% on inbound shipments of grain from Southeast Asia. Of these tariffs, P10 billion a year is allocated to RCEF for six years to

modernize rice farming practices, including support for mechanization and the acquisition of high-yielding seed.

The bill also proposed to set aside "10% of the RCEF.. for scholarships, health and other similar benefits for the rice fund beneficiaries," Mr. Padilla said in a statement on Wednesday.

The new allocations will effectively reduce the allocation for rice seed development, propagation and promotion to 20% from 30%.

Mr. Padilla said tariffication has had unintended consequences like an influx of imported rice, which has resulted in farmers receiving less for their harvest. — **Alyssa Nicole O. Tan**

### OPINION

## PEZA Checklist: Reporting requirements and deadlines

In the first half of 2022, the Philippine Economic Zone Authority (PEZA) and Fiscal Incentives Review Board (FIRB) introduced notable changes regarding the implementation of Republic Act (RA) No. 11534 or the CREATE Law.

In an advisory dated April 28, the FIRB announced the availability of updated Annual Tax Incentives Report (ATIR) and Annual Benefits Report (ABR), among others, for submission by Registered Business Enterprises (RBEs) to PEZA.

A month later, an FIRB advisory dated June 1 addressed the frequently asked questions regarding the Fiscal Incentives Registration and Monitoring Systems (FIRMS), ATIR, and ABR. Several issuances were circularized thereafter on the deadlines and extensions for submission of the updated PEZA reports for 2021.

With the frequent release of advisories, RBEs may be wondering — how can RBEs track the PEZA-mandated requirements? What reports are needed, and when are these due?

For easy reference, below is the list of reporting requirements and deadlines set by the PEZA Implementing Rules and Regulations (IRR):

Types of reports	Due dates
Economic Zone Monthly Performance Report (EZMPR) <i>(All Locators are required except for Developers/Operators, Facilities, and Utility enterprises)</i>	Every 20 <sup>th</sup> day of the following month
Quarterly Income Tax Returns (ITR) (BIR Form 1702Q) <i>(Including the proof of payment to the Bureau of Internal Revenue (BIR) and Local Government Unit (LGU), as applicable)</i>	15 days after filing with the BIR
Annual ITR (BIR Form 1702) <i>(Including the proof of payment to the BIR and LGU, as applicable) Audited Financial Statements stamped "Received" by BIR</i>	30 days after filing with the BIR
COA Annual Audit Report <i>(For Developers/Operators owned by the Government)</i>	After the end of the year with an Audit Certificate
General Information Sheet	30 days after filing with the Securities and Exchange Commissions (SEC)
Amendment of the Articles of Incorporation or By-Laws	30 days after registering with SEC
Replacement of any Board of Director/s, Member/s, or Officer/s Change of Corporate Name & Equity Ownership BIR certificate granting a change in the accounting period	30 days after the said change

The non-filing and late submission of the above requirements are subject to the following penalties under Section 8 Rule XXV of the PEZA IRR:

Violations	Basic Fines	Daily Fines
1 <sup>st</sup> violation	P500	P50
2 <sup>nd</sup> violation	P1,000	P150
3 <sup>rd</sup> violation	P2,000	P200

ATIR and ABR requirements under RA No. 10708 or Tax Incentives Management and Transparency Act (TIMTA)

Under the CREATE Law's IRR, RBEs availing of tax incentives must submit to PEZA the updated ATIR and ABR templates, superseding the old TIMTA forms, within the following deadlines:

Types of reports	Due dates
<b>ATIR and ABR</b> – Annexes A.1, A.2a, A.2b, A.3, B.1 and B.2 (based on accounting period)	Within 30 days from the statutory deadline for filing the Annual ITR
<b>ABR – Annex B.3</b> (January to December transactions regardless of the accounting period)	On or before May 15 of the following year

The MS Excel soft copies of these reports should be e-mailed to [timta@peza.gov.ph](mailto:timta@peza.gov.ph) and furnished to [firbmeq@ntrc.gov.ph](mailto:firbmeq@ntrc.gov.ph).

The penalty for non-submission of these reports, based on Section 7 of the TIMTA law, is as follows:

Violations	Penalties
1 <sup>st</sup> violation	P100,000
2 <sup>nd</sup> violation	P500,000
3 <sup>rd</sup> violation	Cancellation of Registration

### WORK-FROM-HOME (WFH) COMPLIANCE REPORT

Under PEZA Memorandum Circular (MC) No. 2022-018, all Information Technology – Business Process Management (IT-BPM) enterprises must submit a monthly WFH compliance report every fifth day of the following month to the online Information Technology Sector – Report Compliance System (ITS-RCS).

As per FIRB Resolution No. 017-2022, 70% of the total work force is required to render work within the ecozone, while employees working remotely under the WFH arrangement may not exceed 30% of the work force during the period April 1–Sept. 12. RBEs that fail to comply with the prescribed WFH threshold will have their fiscal and non-fiscal incentives suspended corresponding to the months of noncompliance, pursuant to Revenue Memorandum Circular (RMC) No. 23-2022.

### CERTIFICATE OF ENTITLEMENT TO TAX INCENTIVES (CETI)

To avail of the Income Tax Holiday and/or preferential rate granted by the CREATE Law, RMC No. 28-2022 requires all RBEs to secure the CETI before filing the Annual ITR. The CETI forms part of the other attachments to the Annual ITR for submission to the BIR starting with the taxable year 2022, as per FIRB Advisory 004-2022.

CETI applications should be filed within 90 days prior to the Annual ITR filing deadline, and will be processed through the online registration and incentives application portal (FIRMS) where RBEs can submit and monitor applications for incentives granted by any Investment Promotion Agency.

### VALUE-ADDED TAX (VAT) ZERO-RATING CERTIFICATE

Under MC No. 2022-046, there is no need for RBEs to request a certified true copy of the PEZA-issued VAT zero-rating certificate. Each certificate contains an electronically generated QR code, which, when scanned, shows the Certificate Number, Company Name, and Date of Issuance — features for authentication purposes.

Even before the CREATE Law took effect, PEZA was already endorsing to the BIR a monthly list of RBEs, which were issued VAT zero-rated certificates.

### WHAT'S NEXT FOR RBES?

It is worth mentioning that payment of fines for noncompliance with the reporting requirements does not exclude the imposition of other administrative penalties such as suspension of incentives and permits and/or cancellation/revocation of registration, among others.

Thus, keeping abreast of the latest issuances and advisories is key to ensuring that RBEs can comply with mandated requirements. However, it might also help if the government could also look at the journey of RBEs using the same lens as investors. With the many compliance requirements, one might wonder — is the journey aligned with the government's objective of making doing business easier, or have we already gone down a bumpy road?

*The views or opinions expressed in this article are solely those of the author and do not necessarily represent those of Isla Lipana & Co. The content is for general information purposes only, and should not be used as a substitute for specific advice.*

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### JOB OPENING

**Name of company**  
The Boston Consulting Group - Philippines Branch  
**Place of assignment**  
26th Floor Menarco Tower, 32nd Street, Bonifacio Global City, Taguig City, 1630 Philippines  
**Position** Project Leader  
**Quantity of workers needed** 1

**Brief description of functions**

- Play a key role on client engagements, managing studies to define client needs and supervising research activities to obtain relevant data
- Oversee the formulation of hypotheses for research and investigation and the advanced financial analysis of client, competitor and industry data
- Apply knowledge of business principles and industrial organization, develop actionable recommendations and supervise work including strategic due diligence, product development studies, change management plans, and the evaluation of the long-term investment opportunities
- Responsible for managing client contact and play a key role in the development and maintenance of high level client relationships
- Interact with the client lead on a day-to-day basis to ensure that expectations are aligned
- Provide the project management oversight required to meet client expectations
- Responsibilities may include the development of presentations, managing of external relationships and consultants work progress, providing status reports and overseeing budgets

**Brief description of the qualifications** (at least five (5))

- Demonstrated expertise aligned with one BCG's practice areas.
- 3 to 5 years of post-graduate school of consulting experience, with 1+years at a team lead level.
- Tract record of collaboration with senior executives. Must be comfortable delivering formal presentations to management.
- Strong management and communication skills. The ability to bring together all stakeholders and persuade senior clients to take action is essential.
- Strong analytical skills and a high capacity for conceptual thinking. Ability to develop leading edge business models, frameworks for analysis, and long-term business strategies that maximize shareholder value.

**Application process**  
Please email your updated resume as word document to [seaHR@bcg.com](mailto:seaHR@bcg.com)