

# Sugar prices have risen 42%, supermarkets say

SUGAR prices have risen between 40% and 42% since the start of June, an association of supermarkets said, forcing consumers to modify their shopping behavior by buying smaller quantities at a time or switching to brown sugar.

Steven T. Cua, Philippine Amalgamated Supermarkets Association president, told *BusinessWorld Live on One News* on Monday: "I was surprised when

I checked (and) found out that (the price of refined sugar was) P100, P105, P108 per kilogram (/kg)... I checked again when the price of sugar started to climb. As of June 1, it (was) around P72.50/kg... So that's around a 40%-42% increase in two months. A very steep price for one commodity that everyone uses every day."

"I noticed that people have been buying smaller and smaller packs of sugar. Super-

markets that did not carry these items before are now carrying 1/4 kg of sugar because people are looking for that. People are also shifting, especially in the countryside, to brown sugar (which prices) did not increase as much," Mr. Cua said.

Mr. Cua called for a long-term plan to address the sugar supply problem.

"We really have to fix this (issue) for the long term, beyond a six-year term of

any administration. It has to be continuous for food security purposes and for the economy," Mr. Cua said.

"If you're going to flood the market with a supply of sugar (imports), definitely prices will go down but again that's a quick fix," he added.

The Department of Agriculture (DA) has announced that it is verifying the overall supply of sugar on hand and ex-

pected to be milled and is considering increasing the volume of sugar classified for consumer use.

It is also consulting the industry on the appropriate volume of sugar to be imported if necessary.

The Sugar Regulatory Administration (SRA) has said that it is recommending the import of 300,000 metric tons of sugar. — **Revin Mikhael D. Ochave**

## Farmers cite ASF threat with easing of import rules on fish feed materials

FARMERS' associations said they will oppose an easing of import restrictions on fish feed raw materials from countries affected by African Swine Fever (ASF).

"(This) will further expose the still-vulnerable livestock industry to the spread of ASF," Samahang Industriya ng Agrikultura (SINAG) Chairman Rosendo O. So said in a statement.

"Clearly, this was not approved or allowed by the industry because of the possible damage to the livestock industry," he added.

Last week, the Department of Agriculture (DA) authorized imports of processed animal protein (PAP) used in fish feed from countries affected by ASF.

The DA had earlier banned imports of processed porcine or pork meal for animal feed use from countries affected by ASF in March.

In 2019, the Philippines recorded its first case of ASF, which eventually decimated its pig herd.

Mr. So said that SINAG, along with other agri-industry groups, will file an appeal against the memorandum.

"(ASF) continues to wreak havoc in some regions, (reducing) the hog population by a little over 3 million... As a result of the ASF disease outbreaks, thousands of farmers suffered complete loss of income and livelihood, with smallholder farmers suffering the most," it said.

"The DA has said that there is evidence that contaminated feed can possibly transmit the ASF virus to pigs consuming the feed. The private sector, veterinarians, veterinary drug companies and even the government have been creating programs to improve swine biosecurity practices and to encourage the swine farmers to re-populate safely in the absence of a viable vaccine," it added.

The association said that while the livestock industry recognizes the aquaculture sector's need to reduce the costs of feed to be more competitive, any threat to biosecurity is the concern of the entire agriculture industry.

"The aquaculture sector's request to lift the ban of porcine animal protein from countries with ASF cases limited to wild boars will certainly expose the fragile and recovering swine industry to further threats from contaminated raw materials," it added.

The easing of import rules is expected to "reverse the decline in fish production, enable expansion, and ensure the nutrition of Filipino consumers," the aquaculture industry said.

"If the import ban on PAPs had continued, the Bureau of Fisheries and Aquatic Resources said 20% of aquaculture production would be imperiled. The aquaculture sector surely welcomes this initiative as it has been requesting for this since April of this year," Asis G. Perez, co-convenor of food advocacy group Tugon Kabuhayan, said in a briefing on Monday.

"The general public will stand to benefit from this decision as there will be a continuing supply of affordable protein coming from aquaculture," he added.

Feedmix Specialist II, Inc. Vice-President Norberto O. Chinguanco, also co-convenor of Tugon Kabuhayan, said that PAP is a key, irreplaceable ingredient for aquaculture feed, and its production process can be expected to kill the ASF virus.

"PAPs are processed at high temperatures that kill all forms of bacteria and viruses," he said.

"Fish growth slowed down because of the absence of proper ingredients. Nutritionists had a hard time balancing nutritional needs without PAPs. Fish production is not growing. Tugon Kabuhayan has been vigorously advocating to allow imports of PAPs, 70% of which are from Italy, from where they were disallowed starting January," Mr. Perez added.

— **Luisa Maria Jacinta C. Jocsos**

## Climate emergency declaration awaited from national gov't

By **Kyle Aristophere T. Atienza**  
Reporter

THE government must declare a climate emergency to wield extraordinary powers that will facilitate a shift to renewable energy, which analysts and economists said will address prevailing problems like the unreliable food supply and the Philippines' vulnerability to calamities. They said on Sunday that senior officials and the public should initiate wide-ranging discussions on the economic costs of climate change.

"The climate crisis precedes — and is a factor in — many of the issues we are facing today, and so declaring a climate emergency should have been done years ago," Lea Guerrero, country director of Greenpeace Philippines, said in an e-mail.

President Ferdinand R. Marcos, Jr. said in his first address to Congress that he will work towards a shift to green energy and boost investment in climate-resilient infrastructure.

Mr. Marcos has yet to declare a climate emergency, which would authorize the government to mobilize funds to step up climate mitigation efforts.

Makati City, home to a major business district, declared a climate emergency last week, introducing a plan to put up solar panels in schools and government offices to ensure uninterrupted power services during disasters. It also encouraged the business community to enforce mitigation measures.

The House of Representatives made a similar declaration in 2019, but Greenpeace said "we have not seen the follow-through from our national government."

"This tells us that a declaration itself isn't enough — the sitting administration must ensure there is a coherent plan to address the climate crisis with urgency and efficiency," it said.

"More than 60% of (the Philippine) population is coastal, and the majority of our cities are in coastal areas," Greenpeace said, noting that extreme

weather events and slow-onset impacts of climate change, including ocean heating and acidification, also affect economic performance.

"The World Bank estimates that we spend 0.5% of our gross domestic product on natural disasters annually," it said.

Citing its own study on rising sea levels, Greenpeace said as much as 80% of Manila could be submerged by 2030, "potentially impacting 87% of its GDP." "Climate change) will further affect not just fisheries and agriculture and livelihoods, but also access to water and secure shelters and homes."

Renato E. Reside, Jr., an associate professor at the University of the Philippines School of Economics (UPSE), said climate change effects impede economic productivity — a reality that the government should recognize as early as now.

"Climate and environmental problems lead to poor health outcomes which reduce worker and student productivity," he said in a Messenger chat. "So, the social cost of climate problems is very large and growing. The cost of abatement and cleanup is itself part of the social cost and it is growing too."

Climate change took its toll on Europe recently, with the region experiencing record-breaking temperatures last month. The European Parliament declared a climate emergency in 2019.

The US has also not been spared from the effects of climate change. Last month, some 100 million Americans from New York City to Las Vegas were under heat warnings as temperatures rose well above 100°F (38°C), Reuters reported.

The US has yet to declare a climate emergency, nor has China. The two economies accounted for 41.89% and 34.75% of world GDP in nominal and purchasing power parity terms, respectively.

Mr. Marcos, 64, needs to collaborate with Congress to implement a massive plan to combat climate change, policy analyst Michael Henry Ll. Yusingco said in an e-mail. "The supermajority support he has in both chambers is a

huge plus, but he will still have to deal with various interests and agenda that could dilute his original objective."

Mr. Yusingco said the President and his team need to provide an evidence-based rationale that can be understood by the public to gain broad support.

"Whether the emergency declaration is as provided for in the constitution or not, a coherent and cogent explanation is very crucial in order to gain public support for the declaration as well as the moves that will follow after it," he said.

"A lot of sacrifices will be made by the people, so it's very important that they understand why we are doing this radical step," he added. "More critically, civil society and the business sector need to be engaged every step of the way."

Mr. Marcos has said he would make infrastructure more resilient to disasters, vowing to modernize ports and update housing standards.

Terry L. Ridon, convenor of infrastructure think tank InfraWatchPH, said "infrastructure and government projects must be designed to achieve net zero emissions."

"It means incorporating climate adaptation... in designing various infrastructure projects," he said in an e-mail. "It means installing solar panels and other renewable energy solutions in unused infrastructure spaces."

The former legislator said the government needs to determine an appropriate level of climate intervention, "as we are not expected to introduce advanced measures... unlike developed economies."

"The appropriate level of intervention determines whether low or moderate levels of emissions produced by infrastructure projects remain acceptable in the medium term," he said. "A higher level of intervention will certainly incur significantly higher immediate costs, and this is a question which both government and the private sector will have to address together."

Mr. Ridon said the government needs to expand tax and nontax incentives for firms undertaking climate-resilient projects and programs. "This

is 'the only way' for the private sector to participate in accelerated climate intervention."

"These incentives should be long-lasting, as the purpose for the incentive, climate intervention and resilience, is a long-term national and international undertaking," he said.

Mr. Reside of UPSE said the government needs to revisit climate abatement laws and rules, including a policy that provides incentives to businesses that reduce air pollution. "Have they actually abated pollution in any way since they were passed? If so, by how much? No one is doing the math."

"We already have the Clean Air Act and this law provides tax incentives for pollution abatement, but the take-up of tax benefits from this law in exchange for abatement is very low," Mr. Reside said. "Climate-targeted financing could also be made available to fund initiatives to protect the environment at various levels of government."

Greenpeace urged the government to institute a "rapid and just" transition to a low-carbon pathway through a massive uptake of renewable energy solutions.

"It should strengthen energy security starting by scaling up renewable energy targets to at least 50% by 2030, and instituting a blueprint for 100% RE by 2050," it said.

The government also needs to ratchet up its Nationally Determined Contributions (NDC) under the Paris Agreement, it said. The Philippines has promised a 75% carbon emissions reduction between 2020 and 2030, subject to foreign funding. The reduction target using internal resources is only 2.72%.

Greenpeace also challenged the government to expand coverage of the coal-fired power plant moratorium to include projects in the pipeline and implement a phaseout plan for operating coal projects.

It said businesses should be required to align with the government's commitments under the Paris Agreement "to address the human rights impacts of climate change."

### OPINION

## Status of regular BIR audits under the new administration

Last week, I received inquiries from several clients — "Has the suspension on tax audits been lifted?" The reason for their question is that these clients received assessment notices from the Bureau of Internal Revenue (BIR) such as the Notice of Discrepancy (NoD) and Preliminary Assessment Notice (PAN) that were personally served at their respective offices.

My clients were referring to Revenue Memorandum Circular (RMC) No. 77-2022 issued by the previous BIR Commissioner on May 30, with respect to the suspension of tax audit investigations. Per the RMC, the Bureau suspended all field operations of the BIR covered by Letters of Authority (LoA) and/or Mission Orders (MO) relative to the examination of taxpayers' books of account and accounting records until further notice.

The new BIR Commissioner issued RMC No. 115-2022 on July 28, which lifted the suspension of the Tax Compliance Verification Drive (TCVD) only. Note that the TCVD focuses on taxpayer compliance with BIR registration and other requirements such as the posting of the Certificate of Registration (BIR Form 2303) conspicuously on the premises of the business, payment of the annual registration fee (BIR Form 0605), the authority to print receipts or invoices, maintaining the registered books of account or the computerized accounting system, and registration of the cash register machine or point-of-sale machine, if applicable.

My clients' confusion began because of the provisions of this new RMC. They asked whether the suspension of regular tax audits has been lifted by the new RMC. Are the NoD and PAN that they received after the new RMC was issued valid and enforceable?

If we look into the salient provisions of the earlier RMC, it was stated there that no written orders to audit and/or investigate taxpayers' internal revenue

tax liabilities are to be issued and/or served, except in the following cases:

- Investigation of cases prescribing on or before Oct. 31, 2022;
- Processing and verification of Estate Tax returns, Donor's Tax returns, Capital Gains Tax returns, and Withholding Tax returns on the sale of real property or shares of stock, together with the Documentary Stamp Tax returns related thereto;
- Examination and/or verification of internal

revenue tax liabilities of taxpayers retiring from business;

- Audit of National Government Agencies, Local Government Units, and Government-Owned and Controlled Corporations, including subsidiaries and affiliates; and

- Other matters/concerns where deadlines have been imposed or under the orders of the Commissioner of Internal Revenue.

The earlier RMC also stated that the service of Assessment Notices, Warrants, and Seizures Notices should still be effected.

Interpreting the above provisions, the BIR can continually serve assessment notices like NoD and PAN to taxpayers despite the suspension of field audits.

Thus, taxpayers have no other choice but to diligently respond once they receive an assessment notice. Note that the BIR assessment is a procedural process whose rules the BIR and taxpayers must strictly abide by. We have heard a lot of horror stories about taxpayers neglecting assessment notices which resulted in full-blown investigations and the assessments becoming final and executory. Such failure by default of the taxpayers had led to serious repercussions involving monetary penalties. Thus, taxpayers must be mindful of the number of days prescribed by the rules in submitting their written reply and supporting documents.

### LET'S TALK TAX

RICHARD R. IBARRA

It is also advisable that taxpayers maintain an open line of communication and cooperate with the assigned BIR examiners. This way, any material tax findings and discrepancies could be reconciled and discussed by the taxpayer and be canceled as early as possible. The best way to close an assessment case is at the earliest stage and not to wait for the final assessment notice. Otherwise, taxpayers should be prepared to elevate the case to court as one of the remedies.

In the past, suspensions of field audits lasted for short periods because normally, the purpose of the suspension is for the BIR to conduct an inventory of all issued and outstanding or unresolved LoAs and MOs. With this activity, the BIR could properly monitor the status of assignments given to case officers and make plans to further expedite the tax investigation.

In a month or so, we should expect that the BIR to lift the suspension as the field audit is indispensable in the audit process to determine compliance. It is with fervent hope that once the BIR officially lifts the suspension, we will see improvements in the way the BIR conducts its field audit and investigation, producing reasonable tax findings supported by facts and with solid legal grounding — not the usual table audit that produces unreasonable and bloated assessments.

*Let's Talk Tax is a weekly newspaper column of P&A Grant Thornton that aims to keep the public informed of various developments in taxation. This article is not intended to be a substitute for competent professional advice.*

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