Meat, fish supply seen adequate for holiday season, Agri dep't says

THE Department of Agriculture (DA) said it expects the supply of meat, fish and other foods to be sufficient for the year-end holidays.

"A big chunk of the supply comes from the locally-produced rice, and production of farmers will be enough to meet the demand towards the end of the year," the department said in a press release.

According to the DA, the National Food Authority will ensure sufficient rice on the market by managing the buffer stock.

"Retail prices, however, might be affected by the ongoing drought in China due to its implications in the cost of palay production, as well as the presence of rice varieties from other countries," it added, noting that domestic production will be substantial.

The total broiler supply for the year is 1.82 million metric tons (MT), of which 1.65 million MT is domestically produced, according to the department's sufficiency outlook for the year.

"With the demand for broilers expected at around 1.64 million MT this year, consumers are assured that there will be a generous supply to last up to early 2023," it added.

Meanwhile, the projected demand for pork is 1.79 million MT, or about 160,000 MT more than expected supply.

According to the DA, domestic pork production was estimated at 1.34 million MT, while 290,000 MT of pork was imported this year.

"The department is continuously working on maintaining the stability of prices and monitoring supply to help local producers produce enough for the demand," the DA said.

The DA said it is working on implementing hotlines for immediate agri-fishery assistance among farmers and fisherfolk.

It is also developing an application that will serve as a real-time link between the DA and municipal agriculturists and a system for harvest timetables and market linkage requests. — **Luisa Maria Jacinta C. Jocson**

Hog, cattle, chicken egg production rises in second quarter

OUTPUT of hogs, cattle and chicken eggs rose in the second quarter, according to the Philippine Statistics Authority (PSA).

Hog production in the three months to June rose 3.0% year on year to 418.40 thousand metric tons (MT). Top producer was the Central Visayas at 57.43 thousand MT, accounting for 13.7% of the total, followed by Northern Mindanao (50.32 thousand MT), Western Visayas (49.06 thousand MT), Calabarzon (46.67 thousand MT), and Davao Region (31.52 thousand MT).

The population of swine in backyard and commercial farms rose 1.1% and 7.7%, respectively. About 70% of the population was grown by backyard farms, and the remainder raised in commercial farms, according to the PSA.

The average farmgate price of hogs upgraded for slaughter rose 10.5% year on year to P181.93 per kilogram during the quarter.

Cattle production rose 0.9% to 61.54 thousand MT led by Northern Mindanao with 9.26 thousand MT or 15% of the total. It was followed by Calabarzon (8.48 thousand MT), Ilocos region (6.52 thousand MT), Bicol region (6.28 thousand MT), and Western Visayas (4.71 thousand MT).

The cattle population in backyard farms rose 2.5%, while stock held by commercial farms fell 60.8%. About 97.9% of the cattle inventory was held by backyard farms.

The average farmgate price of cattle for slaughter in backyard farms was P161.25 per kilogram, up 10% from a year earlier.

In the second quarter, chicken egg output rose 10.5% year on year to 185.58 thousand MT. Top producer was Calabarzon, with 63.48 thousand MT or a 34.2% share of the total. Other major producers were Central Luzon (38.22 thousand MT), Central Visayas (21.25 thousand MT), Northern Mindanao (12.38 thousand MT), and Western Visayas (9.29 thousand MT).

Layer chicken numbers rose 11% during the period, while native/improved chicken declined 2.5%. Of the total laying flock, 65.9% were layer chicken and 34.1% were native/improved chicken.

According to the PSA, the average farmgate price of chicken egg in commercial farms was P5.43 during the quarter. — **Luisa Maria Jacinta C. Jocson**

Hermosa Ecozone signs locator deal with Japanese manufacturer

SCIENCE PARK of the Philippines, Inc. (SPPI) said it signed a locator agreement with a Japanese manufacturer, which plans to make automotive wiring components in Bataan's Hermosa Ecozone Industrial Park.

SPPI said the locator is Yokowo Manufacturing of the Philippines, Inc., a unit of Yokowo Co. Ltd.

"Established at an estimated cost of P230 million, Yokowo's 3.7-hectare factory in the Philippines will produce automotive wiring harness and components and is expected to hire around 800 people," the SPPI said in a statement on Wednesday.

In October 2020, the Trade department announced that Yokowo selected the Philippines as a manufacturing site from various Southeast Asian options.

SPPI owns, develops, and operates private ecozone estates in Cabuyao and Calamba, Laguna, Sto. Tomas and Malvar, Batangas, Hermosa, Bataan, and Lapu-Lapu City, Cebu. The developer controls nearly 800 hectares of land.

The company said its locator portfolio includes companies from Japan, Taiwan, South Korea, the US, Australia, and Europe, "including major multinational companies and Fortune 1000 and Forbes Global 2000 companies."

SPPI is a member of ICCP Group, a conglomerate involved in financial services, property development, and exhibition facilities. Group companies include Manila Exposition Complex, Inc. which owns the World Trade Center Metro Manila; Pueblo de Oro Development Corp.; and the Investment & Capital Corp. of the Philippines. — **Revin Mikhael D. Ochave**

MBC commissions report studying impact of gender inclusivity on female executives

MARTEN BJORK-UNSPLASH

THE Makati Business Club (MBC) said it commissioned a report to examine how workplace gender norms affect the careers of female executives.

"The Research and Education on Influencing Gender Norms (REIGN) project will produce a report that will show how gender norms and stereotypes factor in the careers of women managers and executives in the Philippines. The report, which will be based on interviews and surveys, will be shared with the public," the MBC said in a statement.

According to the MBC, the project will also organize sessions with member companies in addition to the earlier learn-and-share activities carried out by its Women-in-C-Suite committee.

"These sessions will cover the findings from the research study and a chosen Diversity, Equality & Inclusion topic of the hosting company. It also serves as a safe space for employees to share their personal experiences of gender inclusivity in the workplace," the MBC said.

Kathy Mulville, Investing in Women Business Partnerships director, said that many of the barriers that exist in terms of gender inclusivity are related to social norms and stereotypes.

"Policies are the foundation but they are not the only issue. It is important that we have the policies and practices but we really need to understand these fundamental stereotypes and norms that are inhibiting the progress that we have to make," she said.

Project partners include the Philippine Business Coalition for Women Empowerment (PBCWE), Investing in Women, Philippine Women's Economic Network, Australian Aid, and Champions of Change Coalition Philippines. The project agreement signing was held in Spaces World Plaza in Taguig City last week.

"The REIGN Project is the second research partnership project between MBC and PBCWE. The first of which is the Women in the Philippine C-Suite Study launched in 2019. MBC and PBCWE also work closely together on the Champions of Change Coalition Philippines, which has heads from the two organizations as co-convenors," the MBC said. — **Revin Mikhael D. Ochave**

OPINION

More hope for holding companies: Local business tax on dividend income

TAXWISE OR OTHERWISE
MARY ROSE LARA

Some of you may be aware that Supreme Court decisions become the law of the land upon reaching finality. This principle comes from our Civil Code which provides that "judicial decisions applying to or interpreting the laws or the Constitution shall form part of the legal system of the Philippines." Thus, if a Supreme Court decision on a particular issue becomes final, generally, there is no room for overturning it unless circumstances warrant its reversal, change, or modification as pronounced in another case. On most occasions, these rulings become a source of hope for those relying on such jurisprudence in making their claims.

In a resolution dated March 24, 2021, docketed as G.R. No. 224322, the First Division of the Supreme Court ruled that a holding company not authorized to perform quasi-banking activities or qualified as a bank and other financial institution under the Bangko Sentral ng Pilipinas (BSP) rules, is not subject to local business tax (LBT) on its dividend income. The high court upheld a Court of Tax Appeals *en banc* resolution dated April 13, 2016, canceling the LBT assessment on the dividend income of the taxpayer. Ruling in favor of the holding company, the Supreme Court based its resolution on Section 133(a) of the Local Government Code (LGC), expressly prohibiting cities and municipalities from imposing income taxes except on banks and other financial institutions.

The Supreme Court concluded that the business tax assessment imposed on the dividend income is an ultra vires act of the local government unit (LGU), for being beyond the powers granted to it by the law. It thus emphasized the limitation in terms of the taxing power of LGUs, citing Section 143 in relation to Section 151 of the LGC. Accordingly, cities and municipalities may impose taxes only on businesses specifically enumerated under the Code. These businesses include manufacturers, wholesalers, distributors, dealers of any article of commerce of whatever nature; those engaged in the export or commerce of essential commodities; retailers; contractors and other independent contractors; banks and financial institutions; and peddlers engaged in the sale of any merchandise or article of commerce. The Court also noted that this enumeration is not exclusive since the LGC authorizes cities and municipalities to impose taxes on any other business not otherwise specified in Section 143.

Moreover, it cited Section 133(a) of the LGC explicitly prohibiting LGUs from imposing income taxes on dividend and interest income, except when levied on banks and other financial institutions whose dividend and interest income are considered gross receipts from the conduct of their principal trade or business. In conjunction with Banking Laws and Regulations, the income of non-bank financial intermediaries should be derived from their regular and recurring business activities and not merely from isolated transactions, much like the case of a holding company. Therefore, the taxing power of LGUs on dividend and interest income should extend only to gross receipts of banks and other financial institutions arising on a regular and recurring basis.

The Supreme Court also cited a 2019 refund case as a precedent, although involving a different LGU, which likewise held that dividends derived from passive income by a holding company not engaged as a bank or financial institution are not subject to LBT. In that case, the Court ruled that while holding companies may partake in investment activities, they do not qualify as a financial intermediary under the purview of Section 143(f) of the LGC; therefore should not be held liable for LBT. That case has already reached finality, thus forming part of the law of the land.

Reading these two cases together, the Supreme Court consistently ruled on the same issue — that LGUs cannot impose business tax on a holding company not qualified as a bank and other financial institution, as provided in the LGC. In doing so, the LGU might be performing an act which is beyond its power to perform. The notable difference, however, is that the 2019 case already forms part of our legal system while, as of this writing, the recent one does not. Considering that a Motion for Reconsideration is still pending in G.R. No. 224322, the case has not reached its final resolution.

There is no guarantee that the Supreme Court will adopt its previous ruling on the same issue, or that the LGU will acknowledge or abide by the 2019 ruling owing to the difference in the litigating party to the case (i.e., different LGU). That said, I believe that taxpayers may rest in the hope that a favorable decision on their claims is likely to be forthcoming. After all, the two decisions were founded on the same basis (i.e., the LGC), resolving the same issue with the taxpayers resting on the same circumstance of being a holding company. Hence, there should be a little less room for a different interpretation.

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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