

Rise of lithium not seen threatening nickel demand

OPINION

The future of tax

In recent years, tax administrators have begun shifting their focus from being regulatory and tax-collecting to becoming transformational. This trend has been further accelerated by the exigencies of the COVID-19 pandemic. Tax authorities have harnessed the latest advances in technology, taking major steps to strengthen their organization and enhance the taxpayer experience. Integrating digital into modernization programs, designing customer-centric services, and fine-tuning age-old policies are at the heart of this global digital transformation — with improving compliance the ultimate objective.

But the digital revolution is only one component of a multi-faceted tax ecosystem needed to drive much-needed transformational change.

Taxpayers, regulators, and tax practitioners have crucial roles to play to make the Philippine tax ecosystem more transparent, accountable, and vibrant.

With these goals in mind, SGV & Co. organized the 1st SGV Tax Symposium to bring in these stakeholders to share ideas, insights, and experiences that could help to further evolve our tax ecosystem. True dialogue, after all, starts from people coming together with a shared goal and common starting point.

Aligned with the firm's purpose of nurturing leaders and enabling businesses for a better Philippines, SGV Tax articulates its vision towards a sustainable Philippine tax ecosystem, where taxpayers are knowledgeable on tax rules and willing to comply. A sustainable tax ecosystem starts from the taxpayers, who can help build a culture of ethics with better tax knowledge and appreciation of their social responsibility and commitment to nation-building by paying the correct taxes.

The importance of closely collaborating with regulators, who are business partners in achieving inclusive and resilient economic growth cannot be underestimated. When tax practitioners are armed with the necessary technical skills, while embracing the value of integrity, they foster an environment where taxpayers are compliant, employment soars, the Philippines becomes an investment haven for potential investors, and businesses flourish.

We all want to see a more evolved, advanced and effective tax system. We all understand the critical importance of taxation to national socio-economic development. We all want a system that is fair, equitable and progressive, one that is less complex and more value-adding.

At the SGV Tax Symposium, we shared the latest developments in taxation and the economy, in the hope of stimulating new conversations on where we want our tax system to go despite the many complex issues facing us today post-pandemic. Increasingly, tax is becoming the business and economic gamechanger in this period of recovery.

The role of tax is particularly important given the priorities of the new administration, as discussed by various government leaders during the SGV Tax Symposium.

National Economic and Development Authority Undersecretary Rosemarie G. Edillon kicked off the plenary sessions by discussing the recent economic performance and outlook, describing as the key to economic recovery the full reopening of the economy through well-crafted policies and programs. She also noted the risks to accelerated and sustained recovery, such as inflation, the fiscal deficit, and the slowdown in global demand.

Trade and Industry Undersecretary Rafaelita M. Aldaba discussed competitiveness, innovation, and the 2022 Strategic Investment Priority Plan, touting the recent liberalization reforms and the push to attract more investment in science, technology, and innovation. She said the Philippines is ready to embrace more investment that will bring in new technology, innovative processes, and disruptive business models. She also assured investors of a conducive innovation and business environment awaiting them.

Representative Jose Ma. Clemente S. Salceda discussed the Department of Finance's priority measures as well as the tax agenda that the House Committee on Ways and Means will focus on. He said Congress will study the feasibility of a 15% minimum tax on book income, address base erosion and profit-shifting through measures such as aggressive transfer pricing policies, and promote legislation that will allow the Philippines to gain a just share of global tax revenue.

Bureau of Internal Revenue (BIR) Commissioner Lilia C. Guillermo focused on the digital transformation of tax administration. She outlined the BIR's path to its 2030 digitalization goals, which comprise four pillars: the strengthening of the BIR organization; the modernization of the BIR digital backbone; the enhancement of policies, governance, and standards; and the elevation of the taxpayer experience via innovative BIR services. There are specific projects for each pillar, but the majority of the positive feedback was on the BIR's planned implementation of convenient, fast, and reliable online or digital transactions in the areas of registration, filing, payment, audit and enforcement.

Over the years, we have seen the progression of tax administration in the Philippines — from manual filing towards e-filing and e-payment and recently, increasing digital transformation. With the policy already laid down by both the BIR and the Department of Finance, supported by the Marcos administration, we expect to witness a rapid evolution of tax administration.

From level 1 of the digital tax administration life cycle, the government is moving towards levels 2 and 3 with the impending full roll-out of the e-invoicing or e-receipting system (EIS). Under Levels 2 and 3, the focus will be on the real-time reporting of data to drive compliance and collection where tax authorities will have direct access to company data. In some instances, the BIR may allow taxpayer information to be cross-referenced and shared across agencies to eventually allow for the electronic audit and assessment of taxpayers.

This article is for general information only and is not a substitute for professional advice where the facts and circumstances warrant. The views and opinions expressed above are those of the author and do not necessarily represent the views of SGV & Co. or EY.

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FULL STORY



Read the full story by scanning the QR code with your smartphone or by typing the link bit.ly/Tax091222



By Luisa Maria Jacinta C. Jocson Reporter

THE increasing use of lithium in the production of electric vehicles (EV) is not expected to threaten demand for nickel, which is one of the Philippines' major minerals, with industry officials calling the two metals complementary.

"We're not worried about the development of lithium because lithium can be complementary to nickel but nickel is still the preferred metal for use in cathodes. All cathodes store energy (and) nickel (has) high energy density," Rocky G. Dimaculangan, vice-president for communications of the Chamber of Mines of the Philippines, said in a phone interview.

According to the International Energy Agency, an electric car has six times the mineral content as a conventionally fueled car.

Most batteries used in EVs are lithium-ion batteries that depend on key minerals like cobalt, nickel, graphite, and manganese, among others.

"Nickel can be used in combination with cobalt, manganese, aluminum and also lithium. Nickel will not be replaced," he added.

In 2021, nickel-based cathodes powered 80% of the battery capacity deployed in new plug-in EVs.

The Philippines accounted for a quarter of mined nickel production in Asia in 2021, according to S&P Global.

The lithium industry is expected to post strong growth amid rising demand from EV manufacturers, according to a report by Fitch Solutions.

"The outlook for the lithium sector on a 10-year horizon is very upbeat, amid fast production

and demand growth and plenty of opportunities across a variety of markets," the report said.

"In fact, the backdrop for lithium, used mainly in lithium-ion batteries for electrification in transportation and grid storage, is as bright as ever, as we are witnessing since 2020 a clear acceleration towards decarbonization, which will be achieved to a great extent via the electrification of autos and energy storage," it added.

The study found the lithium industry to be fast-growing, fast-evolving and subject to key changes in the coming years as demand and price fundamentals improve.

"The lithium market is seeing the emergence of many new players across a variety of regions, from a geographical production and consumption perspective, as well as from a competitive landscape perspective. Constant technological advancements in the supply and demand sides pose risks to the market outlook," it said.

"Meanwhile, lithium is now considered a strategic mineral, which will lead to rising government intervention, in its production and sourcing," it added.

It forecast global lithium production to nearly quadruple between 2022 and 2031, posting 13.6% growth annually over the period.

"Well-established lithium-producing markets will record further growth, while a number of new lithium-producing markets will emerge in the next 10 years," according to the report.

It said annual lithium consumption by the EV industry is expected to triple between 2022 and 2031 while annual EV sales will grow to 30.3 million units from 11.4 million.



BDO NETWORK BANK, INC. NOTICE OF SPECIAL STOCKHOLDERS' MEETING

Dear Stockholder:

Please be informed that owing to COVID-19 pandemic, the Special Stockholders' Meeting (SSM) of **BDO NETWORK BANK, INC.** (BDONB) will be conducted at the 6/F, BDONB Corporate Center, Km. 9, Sasa, Davao City on **October 05, 2022**, Wednesday, at 2:30 p.m.

The Agenda of the meeting is as follows:

- I. Call to order
- II. Proof of notice and determination of existence of quorum
- III. Approval of the Amendments to BDONB's By-Laws
- IV. Open Forum
- V. Other business that may properly be brought before the meeting
- VI. Adjournment

Each agenda item for approval is explained in the Definitive Information Statement (DIS), with a brief description in the attached Annex "1".

In the light of the COVID-19 pandemic, BDONB will not be conducting a physical Special Stockholders' Meeting and stockholders of record as of **August 23, 2022** may attend/participate via proxy and remote communication, and vote *in absentia*.

Stockholders of record who wish to participate in the meeting via remote communication and to cast their votes *in absentia* shall notify the Office of the Corporate Secretary at <bdonbcorsec@bdonetworkbank.com.ph> accordingly, and submit supporting documents no later than **September 23, 2022**. For the detailed registration and voting procedures, please visit <www.bdonetworkbank.com.ph/2022SSM> and refer to the "**Guidelines for Participation via Remote Communication and Voting in Absentia**".

Stockholders of record who wish to appoint a proxy shall submit their duly executed and signed proxies together with other documentary requirements which are set forth in the "**Guidelines for Participation via Remote Communication and Voting in Absentia**" no later than **September 23, 2022** to the Office of the Corporate Secretary at 6th Floor, BDONB Corporate Center, 8000 Km.9 Sasa Davao City via courier delivery or by email to <bdonbcorsec@bdonetworkbank.com.ph>. Validation of proxies and documentary requirements is set on **September 30, 2022**, at **11:00 a.m.**, at the 6th Floor, BDONB Corporate Center, 8000 Km.9 Sasa Davao City. Stockholders of record may download and print the proxy form from BDONB's website <www.bdonetworkbank.com.ph/2022proxyform>.

Successfully registered stockholders can cast their votes and all documents and information submitted shall be subject to verification and validation by the Office of the Corporate Secretary.

For complete information on the special meeting, please visit <www.bdonetworkbank.com.ph/2022SSM>.


Atty. Joseph Jason M. Natividad
Corporate Secretary



ANNEX "1"

BRIEF DESCRIPTION OF AGENDA ITEMS

- I. **Call to order.** The Chairman, Mr. Nestor V. Tan, will formally open the 2022 Special Stockholders' Meeting (SSM) of BDO Network Bank, Inc. (BDONB).
- II. **Proof of notice and determination of existence of quorum.** The Corporate Secretary, Atty. Joseph Jason M. Natividad, will certify that notice requirements for the 2022 Special Stockholders' Meeting have been complied with in accordance with BDONB's Amended By-Laws, Revised Corporation Code of the Philippines, and issuances of the Securities and Exchange Commission (SEC), and will attest whether a quorum is present for the valid transaction of the SSM and all matters included in the Agenda.
- III. **Approval of the Amendments to BDONB's By-Laws.** Approval and ratification by the stockholders representing at least two-thirds of the outstanding capital stock will be sought to amend the By-Laws of BDONB indicated in Annex "A".
- IV. **Other business that may properly be brought before the meeting.** All other matters that arise after the Notice of Meeting and Agenda have been sent out or raised throughout the course of the meeting may be presented to the stockholders for consideration. Stockholders may raise such matters as may be relevant or appropriate to the occasion.
- V. **Open Forum.** Every stockholder may raise any relevant question or express any appropriate comment. Stockholders are given the opportunity to send their questions and/or remarks prior to the meeting by sending an email to <bdonbcorsec@bdonetworkbank.com.ph> not later than 2:00 p.m. of October 05, 2022. Questions which cannot be read and answered during the meeting will be replied to by BDONB through the Stockholders' email addresses.
- VI. **Adjournment.** After consideration of all business, the Chairperson shall declare the meeting adjourned. This formally ends the 2022 Special Stockholders' Meeting of BDONB.