ERC determining extent of subsidies for marginalized power consumers

THE Energy Regulatory Commission (ERC) is in the process of determining the extent of subsidies to be granted to marginalized power users following the signing of the implementing rules and regulations (IRR) of Republic Act (RA) 11552.

"With the signing of the IRR, we are just about to formulate the new criteria and new levels," ERC Chairperson and Chief Executive Officer Monalisa C. Dimalanta said in a Viber message to *BusinessWorld* on Monday.

The IRR will govern how the so-called "lifeline rates" are set. Lifeline rates for marginalized power consumers are authorized by RA 9136, or the Electric Power Industry Reform Act of 2001 (EPIRA). RA 11552 amends Section 73 of EPIRA and is known as An Act Extending and Enhancing the Implementation of the Lifeline Rate.

Marginalized end-users are those deemed unable to pay the full power charges.

In the meantime, ERC Commissioner Floresinda G. Baldo-Digal said that distribution utilities (DUs) are to use the current approved lifeline rate.

"Section 2 Part 2 of the Rules provides that the DU shall still use the existing approved lifeline level in the computation of the lifeline subsidy and lifeline discount, until such time that new lifeline level was filed by DUs and approved by the ERC," Ms. Baldo-Digal said in a Viber message.

Discounts provided to end-users require approval by the ERC and vary based on the individual lifeline programs of the DUs.

According to the ERC, in the first half, the lifeline program provided an average monthly subsidy of P541 million to almost six million end-users.

The average discount for end-users is P90 which applies to those with monthly consumption of seven to eight kilowatt-hours.

Energy Secretary Raphael P.M. Lotilla said the new system for determining lifeline rates will improve targeting to ensure the subsidies go to those in most need.

RA 11552 extends the applicability of lifeline rates to 50 years from the original 20.

According to the amendment to EPIRA, the Department of Social Welfare and Development has been roped in to provide the list of beneficiaries qualifying for lifeline rates. — **Ashley Erika O. Jose**

Tourism dep't seeking phaseout of local gov't entry restrictions

THE Department of Tourism (DoT) said it is in talks with the Department of the Interior and Local Government (DILG) to withdraw entry restrictions on travelers imposed by local government units (LGUs).

Tourism Secretary Maria Esperanza Christina G. Frasco said during a dialogue with the Filipino community in London on Nov. 5 that she hopes the easing of local-travel rules will build confidence among potential visitors to the Philippines.

"We're currently working with the DILG for the purpose of ensuring that any and all restrictions individually implemented by LGUs nationwide are lifted so that we have a national policy as far as the entry of tourists is concerned. The national policy being, to welcome our friends and family back into the Philippines," Ms. Frasco said.

On Feb. 10, the Philippines started accepting nationals from countries that are allowed visa-free entry. Since April 1, borders have been opened to all nationals.

According to Ms. Frasco, "The effort to build confidence in the Philippines continues. We do this by conveying everything that is good and well about the Philippines. The warmth of the Filipino people, the talents of those who work within and outside of the Philippines, the products that we have to offer as well as the beauty of our destinations. It is a continuing effort."

Ms. Frasco added that the DoT is expanding the Tourist Oriented Police for Community Order and Protection program in collaboration with the DILG and the Department of National Defense.

The process of building confidence includes "ensuring programs that will convey a certain level of security for tourists that come into the Philippines," Ms. Frasco said.

Ms. Frasco said arrival requirements have been eased with the launch of the eArrival Card on Nov. 1, replacing the One Health Pass.

"The obtainment of the eArrival pass is no longer a prerequisite as it was with the One Health Pass before you board. We anticipate that this will provide great convenience to our tourists," Ms. Frasco said.

Ms. Frasco also confirmed ongoing talks to resume the direct flights between Manila and London.

As of Oct. 25, the DoT said that tourist arrivals in the Philippines have totaled 1.83 million since borders reopened, surpassing its projection of 1.7 million arrivals. — **Revin Mikhael D. Ochave**

LRT-1 train set order from Spain, Mexico partially delivered

By Arjay L. Balinbin
Senior Reporter

LIGHT RAIL Manila Corp. (LRMC), the private operator of Light Rail Transit Line 1 (LRT-1), said on Monday that 20 out of the 30 train sets manufactured in Spain and Mexico have arrived in the Philippines.

"Completion of delivery is targeted before 2023 ends," LRMC Spokesperson Jacqueline S. Gorospe told *BusinessWorld* in a phone message on Monday.

Spanish railway vehicle company Construcciones y Auxiliar de Ferrocarriles (CAF) recently announced the completion of the 30 train sets, of which 28 were made in Mexico and two in Spain.

LRMC said CAF started the production of the train sets in 2019 following a tender by the Department of Transportation.

The passenger train sets measure 106 meters in length and are 2.59 meters wide, with the maximum design speed at 70 kilometers per hour, according to LRMC.

"Each train set consists of 4 light rail vehicles (LRVs) and can accommodate over 1,300 passengers per trip," the company said in a statement.

"Inside, the driver station features a modern design, and there is monitor that shows the temperature inside each LRV. The new train set is PWD-friendly with special areas for wheelchairs," it added.

LRMC is currently constructing the 11.7-kilometer Cavite extension of the LRT-1 line.

The project is expected to benefit 800,000 passengers daily, cutting down the travel time between Baclaran and Bacoor from one hour and 10 minutes to just about 25 minutes.

"Total travel time for the full line from Quezon City to Cavite will take about 70 minutes," LRMC said.

LRMC is a joint venture of Ayala Corp., Metro Pacific Light Rail Corp. and Macquarie Infrastructure Holdings (Philippines) Pte. Ltd.

Metro Pacific Investments Corp. is one of three Philippine subsidiaries of Hong Kong's First Pacific Co. Ltd., the others being PLDT, Inc. and Philex Mining Corp. Hastings Holdings, Inc., a unit of PLDT Beneficial Trust Fund subsidiary MediaQuest Holdings, Inc., maintains interest in *BusinessWorld* through the Philippine Star Group, which it controls.

ARTA helping organize one-stop shop for shipping industry permits

THE Anti-Red Tape Authority (ARTA) and other regulators are seeking to establish a one-stop shop for permit applications by the shipping industry.

In a statement on Monday, the ARTA said it hopes to sign a memorandum of agreement this month that will lead to the creation of a technical working group to oversee the streamlining project.

ARTA Officer-in-Charge Ernesto V. Perez was involved in consultations regarding the long accreditation process to startup shipping companies.

According to ARTA, the government agencies involved are the Department of Transportation, Maritime Industry Authority, Bureau of Immigration, Bureau of Customs, National Bureau of Investigation, and local government units.

The ARTA added that private sector groups such as the Supply Chain Management of the Philippines, Association of International Shipping Lines, Philippine Multimodal Transport and Logistics Association, Inc., Philippine Liner Association of the Philippines, and the Philippine Inter-Island Shipping Association were also present during the consultations.

"The main objective is to follow the presidential directive and utilize a whole-of-nation approach to create a one-stop shop for government services," Mr. Perez said.

"This is really the policy direction of the government — to make it easier for people to deal with the government," he added.

In August, President Ferdinand R. Marcos, Jr. ordered government agencies to address the logistical issues faced by those transporting agricultural goods. — **Revin Mikhael D. Ochave**

Food security seen intertwined with transport, energy, health systems

FOOD SECURITY will depend on how regulators also manage related industries like transport, energy, and health, the Philippine Institute for Development Studies (PIDS) said in a report.

PIDS Supervising Research Specialist Ivory Myka R. Galang delivered the conclusions in a recent webinar of her study, "Is Food Supply Accessible, Affordable, and Stable? The State of Food Security in the Philippines."

She added that data-driven monitoring and evaluation will be essential to enable regulators to view the interconnected industries as an ecosystem.

"The food system cannot be isolated from the transport, energy, health, and other systems. So, programs and initiatives must always consider coordination among agencies handling the different systems," Ms. Galang said.

Ian Jomari C. Panaga, a senior member of the Department of Agriculture's (DA) policy research service, said the critical points of contact are the relationships among farmers and fisherfolk, local government units, and the private sector.

He added that the DA has been organizing smallholders to provide credit support and extension services at the grassroots level.

"Through these initiatives, we can engage our cooperatives to become viable blocks or units of production with higher operational efficiency and improved profits," Mr. Panaga said.

Ellen Ruth F. Abella, officer-in-charge at the National Nutrition Council's Nutrition Surveillance division, called for improved health and nutrition literacy.

According to the 2022 Human Development report of the United Nations Development Program, malnutrition and hunger in the Philippines worsened, with the Philippine human development index (HDI) score ranking it 116th out of 191 countries, compared to 113th a year earlier.

The HDI ranks countries based on three dimensions of human development: lifespan and health, knowledge, and standards of living. — **Revin Mikhael D. Ochave**

OPINION

Taxation in the digital age

LET'S TALK TAX
JOHN ALEXIS S. B. SUMULONG

In today's era of volatility, there is no other way but to re-invent. The growth of services like *Netflix*, the use of food delivery apps, and long lines outside malls waiting for the release of the latest iPhone are affirmations of our new reality. Given such levels of technological development, taxpayers also expect their tax transactions with the government to be fast and convenient.

The pandemic has amplified the need to re-invent and adapt to the changing times. To ensure business continuity, we were forced to abandon our old ways and adopt new processes tailored fit to the situation. Fast forward to 2022, true enough, we have already seen major technological improvements, particularly in our tax compliance processes.

With Republic Act No. 8792 (the E-Commerce Act) and Republic Act No. 11032 (Ease of Doing Business and Efficient Government Service Delivery Act of 2018) in mind, the Bureau of Internal Revenue (BIR) has released certain issuances to help taxpayers transition into the digital age.

ON USE OF ELECTRONIC SIGNATURES

Revenue Memorandum Circular (RMC) No. 29-2021 authorized the use of e-signatures on the following BIR Forms/certificates:

- Certificate of Income Payment not subject to Withholding Tax (Excluding Compensation Income) (BIR Form No. 2304);
- Certificate of Final Tax Withheld at Source (BIR Form No. 2306);
- Certificate of Creditable Tax Withheld at Source (BIR Form No. 2307); and
- Certificate of Compensation Payment/Tax Withheld (BIR Form No. 2316).

The BIR also allowed the use of e-signatures on the income tax return and its attachments through RMC No. 42-2022. As per RA No. 8792, an electronic signature is deemed equivalent to an actual signature or "wet signature" for filing purposes.

The use of e-signatures removes the additional physical arrangements to be coordinated with the authorized signatory, and taxpayers hope that the recognition of e-signatures will be extended further to letters to the BIR in assessment procedures, among others.

IMPLEMENTATION OF THE ELECTRONIC INVOICING SYSTEM (EIS)

Through Revenue Regulations (RR) No. 08-2022, the BIR required the following taxpayers to issue electronic receipts or sales/commercial invoices:

- Taxpayers engaged in the export of goods and services;
- Taxpayers engaged in electronic commerce (e-commerce); and
- Taxpayers under the Large Taxpayers Service (LTS).

Except for those engaged in e-commerce, the taxpayers mentioned above are required to electronically report or transmit their sales data to the BIR through the use of their Sales Data Transmission System.

Taxpayers not belonging to these categories may still issue manual receipts/invoices. Alternatively, they may opt to use the electronic invoicing system, comply with the provisions of the regulation, and issue the e-Invoices/e-Receipts in lieu of manual receipts/invoices.

As an added benefit, taxpayers registered under the EIS are also not required to submit their Summary List of Sales (SLS) since the transmission of sales data to the Bureau is done real time or near real time. However, the Summary List of Purchases (SLP) and Summary List of Importation (SLI) is still required for submission.

Perhaps, in the near future, even the SLP and SLI will no longer be required for submission, as these might already be captured by a system in the future, for the convenience of the taxpayers.

ONLINE REGISTRATION AND UPDATE SYSTEM (ORUS)

Pursuant to RMC No. 122-2022, the BIR launched ORUS to help taxpayers to register, update, and conduct registration-related transactions online, eventually removing the taxpayers' need to be physically present in their respective Revenue District Offices (RDOs) for such transactions.

Through the issuance, the BIR also reminded taxpayers that the indicated designated e-mail address will serve as the taxpayer's official e-mail address for use in serving BIR orders, notices, letters, and other processes/communications to the taxpayers. Hence, it is recommended that taxpayers keep a keen eye on the e-mails received through the e-mail address registered with the BIR.

CENTRAL BUSINESS PORTAL (CBP)

The CBP serves as a central system for applications for various business-related transactions with various government agencies. The portal, launched through RMC 15-2021, features registration transactions with the SEC, BIR, SSS, PhilHealth, and Pag-IBIG. Additionally, RMC 61-2022 expanded CBP to cover DTI and selected LGUs for business registration. As to BIR registration, the portal can accommodate online registration of:

- Single Proprietors;
- Corporations; and
- Partnerships.

The CBP helps aspiring entrepreneurs create an "online one-stop shop" for business registration-related transactions, reducing their need to go to and from various government agencies and offices simply for registering their business.

SOMETHING TO LOOK FORWARD TO

With its approval on third and final reading in Congress, House Bill (HB) 4125, otherwise known as the Ease of Paying Taxes (EoPT) Act, seeks to amend certain provisions of the Tax Code. These amendments aim to lighten the taxpayer's burden by simplifying various tax rules for taxpayers to meet their obligations in a more convenient fashion. Should the bill be signed into law, the amendments on simplified VAT rules, easier filing and payment of taxes, and lowering of administrative penalties, among others, would be a big help for taxpayers, especially those who are still struggling because of the pandemic or those looking forward to starting anew.

As changes in technology accelerate, we have two choices — to catch up or to be left behind. We hope that with digitalization, government agencies continuously develop and improve their processes, resulting in a better quality of life for all of us. As the saying goes, "To improve is to change; to be perfect is to change often."

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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