

Manufacturers urged to temper price hikes for Christmas feast items

THE Department of Trade and Industry (DTI) is appealing to manufacturers to minimize any price increases for ingredients used to prepare the traditional feast for Christmas Eve, known as *noche buena*.

“We have a standing appeal for manufacturers (to keep price hikes at) an absolute minimum only. We understand that the cost of production has increased,” Trade Undersecretary Ruth B. Castelo said at the Laging Handa briefing on Wednesday.

“We don’t want manufacturers to incur losses but the price increases should also not be too heavy for consumers,” she added.

The DTI issued a *noche buena* price guide on Nov. 23 which reflects price increases for 195 out of 223 stock keeping units.

The price guide covers ham, fruit cocktail, spaghetti noodles, spaghetti sauce, and *queso de bola*.

According to Ms. Castelo, the price increases for products in the guide range from 10% to 27%.

“For ham, there is a price increase of up to 10%, fruit cocktail

is at 13%, and mayonnaise around 27%,” Ms. Castelo said.

“We are strengthening our price monitoring efforts especially now that it is the Christmas season,” she added.

According to the DTI, the prices of products in the *noche buena* guide are not regulated and do not require approval, as opposed to basic necessities and prime commodities covered by the suggested retail price bulletin, as authorized by Republic Act No. 7581 or the Price Act.

Separately, Trade Secretary Alfredo E. Pascual led the pilot run of the “Ikot Palengke” (market rounds) program in Marikina City on Wednesday, to check whether vendors are charging fair prices.

“Today’s launch of the ‘Ikot Palengke’ reminds everyone that we at DTI will always make sure to protect our consumers. Let this be a warning to unscrupulous traders and those who do abusive practices such as hoarding, profiteering and cartels,” Mr. Pascual said. — **Revin Mikhael D. Ochave**

BoI tallies 163 IT-BPM projects endorsed for transfer from PEZA

THE Board of Investments (BoI) has received 163 endorsements of information technology and business process management (IT-BPM) projects seeking to transfer their registration from the Philippine Economic Zone Authority (PEZA), according to the Department of Trade and Industry (DTI).

The DTI said the BoI tally is as of Nov. 17, of which 55 have paid the administrative fees and are being processed. The transfer of registration allows the IT-BPMs to offer 100% work-from-home (WFH) arrangements while still enjoying fiscal incentives under Republic Act No. 11534 or the Corporate Recovery and Tax Incentives for Enterprises (CREATE) law.

“As of Nov. 17, 2022, the PEZA has endorsed for registration with BoI 163 projects under the IT-BPM sector with a total investment of P13.9 billion,” the DTI said in a statement.

On Oct. 18, the DTI issued Memorandum Circular No. 22-19 that provided the specific procedures on the transfer of registration from the PEZA to the BoI.

The DTI issued the circular after the inter-agency Fiscal Incentives Review Board issued Resolution No. 026-22 on Sept. 14 which permitted registered IT-BPMs to implement a 100% WFH arrangement and remain eligible for fiscal incentives such as income tax holiday by transferring their registration from PEZA to BoI.

Registered IT-BPMs have until Dec. 31 this year to shift their registration to the BoI from the PEZA.

“Those who did not exercise the option shall no longer be allowed to register and shall be covered by Corporate Recovery and Tax Incentives for Enterprises (CREATE),” the DTI said.

Under Republic Act No. 11534 or the CREATE Act, registered business enterprises (RBEs), including IT-BPM firms, are required to conduct operations within economic zones in order to be eligible for fiscal incentives.

According to the DTI, registered IT-BPMs that can transfer to the BoI are those that have remaining tax incentives under CREATE and those that have approved incentives on or before Sept. 14 under the CREATE Act.

“After the lapse of the period of the remaining tax incentives, the existing registered project of the covered RBEs shall not be entitled to additional incentives, unless the activity qualifies as a new investment or qualified expansion under the Strategic Investment Priority Plan (SIPP), subject to a separate application for registration,” the BoI said.

IT and Business Process Association of the Philippines (IB-PAP) Chief Policy and Regulatory Affairs Officer Celeste B. Ilagan said in a Laging Handa briefing on Wednesday that further skills development is required for the industry’s workers.

“Many of our services are already at higher value. The skills are increasing. The digital transformation is a big part of globalization and therefore, employees need to be digitally skilled,” Ms. Ilagan said.

“It would be good for the industry if the Department of Education and Commission on Higher Education (equip graduates with) the skills that they need to be hired,” she added.

IBPAP estimates that the IT-BPM industry employed 1.44 million full-time workers and posted 10.6% revenue growth in 2021. — **Revin Mikhael D. Ochave**

Casecan hydro pre-bid meet draws 13 potential buyers

THE Power Sector Assets and Liabilities Management Corp. (PSALM) said 13 potential bidders attended the pre-bid conference for the auction of the Casecan hydroelectric power plant in Nueva Ecija.

Lorenzo Deona, corporate staff analyst A at PSALM, told *BusinessWorld* by phone that 13 potential bidders attended the conference, but did not identify them nor provide further details.

In a statement on Wednesday, PSALM said the conference was called to gauge the acceptability of the terms of sale for Casecan, a 165-megawatt hydropower plant.

PSALM said the asset is being privatized on an “as is, where is” basis. The deadline for the submission of bids is Feb. 24.

In its invitation to bid, PSALM required interested parties to submit a letter of interest to PSALM’s privatization bids and awards committee not later than Nov. 18. It noted that only those who submit letters would be allowed to participate in the privatization exercise.

PSALM said that bidders are also required to pay a non-refundable participation fee of P160,000.

The Casecan hydro plant is a combined irrigation and power generation project. The water from its reservoir flows into the irrigation channels of the National Irrigation Administration (NIA). — **Ashley Erika O. Jose**

JOB VACANCIES	
2 - Foreign Customer Service Team Leader	5 - Foreign Java and Python Developer
1 - Foreign Back Office Team Leader	5 - Foreign Quality Assurance Officer
2 - Foreign Marketing Operations Team Leader	5 - Bilingual Sales and Marketing Officer
2 - Foreign IT Designer	10 - Bilingual Customer Service Specialist
5 - Foreign Social Media Marketing Officer	5 - Bilingual Data Analyst
5 - Bilingual Market Research and Development Officer	5 - Foreign Audit and Risk Control Specialist
5 - Bilingual IT support	2 - Foreign Visual Graphic Designer
5 - Bilingual Systems Analyst	2 - Bilingual SEO Officer
5 - Bilingual Web and Software Developer	5 - Bilingual product development specialist
5 - Foreign Application Developer	5 - Foreign Operations Specialist

ORIENTAL CREST
 *Bachelor's Degree in any field
 *Knowledgeable in computer applications
 *Must be proficient in reading, speaking and writing in Mandarin, Bilingual and English
 *With background in any related position
 *Flexible hours, overtime and willing to work under pressure
 *With good oral and written communication skills

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JOB OPENING	
Company:	Cappemini Philippines Corp.
Location:	Ten West Campus, Le Grand Ave, McKinley West, Taguig, 1634 Metro Manila
Contact person:	Marian Sy
Contact no.:	+639664728066
Email:	bsvhrmanila.ph@cappemini.com
Position:	Process Lead
Process:	Cash Application
Language:	Thai
Headcount:	1
Permanent / Full-Time	
Role Overview:	
•	The Cash Application Process Leader is responsible for the day to day management of Cash Application team process.
•	Ensures the delivery of a high quality, customer focused service on a daily basis to the client in accordance with agreed Service Level Agreements. Responsible for leading, motivating and assigning work within a small team. The Process Leader should have a strong proficiency with Thai Language both written and oral. Focuses on in-depth process knowledge including but not limited to technicalities on tool like SAP, automations, Webcollect etc.
Qualifications:	
•	Preferably Bachelor's Degree with Business and Finance background
•	Advanced Excel Skills
•	At least 5 years of relevant experience
•	Excellent English Communication Skills
•	Fluent in Thai written and oral

Singapore cybersecurity scheme touted as model for Philippines

MICROSOFT Corp. said on Wednesday that Singapore’s cybersecurity labeling scheme for consumer devices could be one approach towards boosting cybersecurity in the Philippines.

Certifications and labels can “enhance cybersecurity transparency and assurance,” Microsoft Philippines National Technology and Security Officer Dale Pascual Jose said at a briefing.

Launched in 2020, Singapore’s cybersecurity labeling scheme is

the first of its kind in the Asia-Pacific. It provides cybersecurity ratings for smart devices, allowing consumers to determine the level of security on offer to help them make informed purchasing decisions.

“The cybersecurity labeling scheme also aims to help manufacturers stand out from their competitors and be incentivized to develop more secure products,” according to Singapore’s Cyber Security Agency on its official website. — **Arjay L. Balinbin**

FULL STORY



Read the full story by scanning the QR code
bit.ly/Cybersecurity112422

OPINION

The problem with being authentic

One key change to our shopping experience has been the rise of mobile shopping apps. These apps offer unparalleled convenience and, at times, unbelievable savings. I recall one experience this year during the “7.7” flash sale where I was notified by my smartphone of drastically lowered prices for any and all kinds of products. Lo and behold, the golf club which I had been saving up for was available. Surprisingly, it only cost about a fifth of the selling price from a brick and mortar authorized retailer. To my disappointment, however, the golf club broke after only my second round of using it.

This incident made me realize that we should be cautious of the products we buy online and remain steadfast against counterfeit items. At the very least, we should check the comments and reviews section of the merchant’s page to get feedback on the merchant and the quality of the products it is selling.

In a similar vein, our tax authorities have enforced strict measures to ensure that documents submitted by taxpayers are authentic, especially when the documents are executed overseas.

To cite an example, Revenue Memorandum Order (RMO) No. 46-2020 was issued by the Bureau of Internal Revenue (BIR) to promulgate guidelines and procedures for the availment of the 15% rate on dividends paid by a domestic corporation to a non-resident foreign corporation (NRFC), otherwise known as the Tax Sparing Rule. In the RMO, the BIR requires certain documents to be authenticated or apostilled in order to prove an NRFC’s entitlement to the lower rate.

TAX SPARING RULE PROCEDURES UNDER RMO NO. 46-2020

Under Section 28(B)(5)(b) of the Tax Code or the Tax Sparing Rule, the final withholding tax (FWT) on Philippine-sourced dividends received by an NRFC can be reduced from 25% to 15%. To avail of the tax sparing rate, the NRFC-applicant must prove that the foreign tax jurisdiction of the NRFC either: a) allows a credit against the tax due from the NRFC the taxes deemed to have been paid in the Philippines of at least 10%; or b) exempts the dividends from tax.

For this purpose, the RMO requires the NRFC-applicant to submit the following documents:

- A copy of the law of the country of domicile allowing a tax credit for taxes actually paid in the Philippines and for taxes deemed paid in the Philippines equivalent to at least 10% of the dividends; and

- A copy of any document issued by, or filed with, the foreign tax authority showing the amount of deemed paid tax credit actually granted by the foreign tax authority or a document confirming that the NRFC is exempt from income tax on dividends received from the Philippine corporation.

TAXWISE OR OTHERWISE JOSE LUIS M. YUPANGCO

AUTHENTICATION REQUIREMENT

Based on the RMO, in order to be acceptable in the Philippines, all documents executed in a foreign country must either be authenticated by the Philippine Embassy stationed there, or apostilled if the foreign country is a signatory to the Convention Abolishing the Requirement of Legalization for Foreign Public Documents (HCC 1961 otherwise known as the Apostille Convention).

The reason for the authentication requirement, as cited by the BIR, is that existence of a foreign law is a question of fact and Philippine courts do not take judicial notice of foreign laws. Thus, citing Section 24 and 25 of Rule 132 of the Revised Rules on Evidence, the BIR requires that a foreign law be established by a certification and authenticated copy thereof. In case the country of Domicile of the NRFC is a member of the Apostille Convention, a foreign law can also be established by submitting an apostilled copy thereof in lieu of the required certification and authentication.

In practice, if the copy of the foreign law and other required documents executed abroad are not apostilled or authenticated and certified, the BIR will not accept the taxpayer’s Tax Sparing application.

While the intention is to guard against spurious and outdated versions of the foreign tax law, the strict authentication requirement has become a burden for NRFCs intending to avail of lower tax rates on their Philippine sourced income. Not only does the authentication process entail additional costs for the NRFC-applicant, it normally takes a long time to apostille or authenticate a document, taking as long as a month in certain jurisdictions.

Foregoing considered, I think that the BIR could revisit these strict requirements. The BIR is an administrative agency tasked to enforce the National Internal Revenue Code of the Philip-

ippines. Thus, it need not adhere strictly to the requirements of the Rules of Court with regard to administrative matters. In administrative proceedings, case law provides that the technical rules of procedure and evidence are not to be strictly applied. The quantum of evidence in administrative proceedings is substantial evidence, which refers to more than a mere scintilla, but such quantum of relevant evidence which a reasonable mind might accept as adequate to justify a conclusion.

Thus, in lieu of the strict authentication or apostille requirements to prove the foreign tax law, the BIR may consider accepting documents from other verifiable sources. In fact, in one BIR Ruling confirming the application of the Tax Sparing rule issued prior to RMO No. 46-2020, a full text copy of the foreign jurisdiction’s tax law from a reliable source (i.e., website of a reputable audit firm located in the NRFC’s country) was accepted by the BIR. If the copy of the foreign tax law is from a reputable source (such as a copy of the tax law from the government’s official website), I think that the BIR could dispense with the requirement of authenticating or apostilling the copy of the foreign law since the BIR can readily verify the authenticity of its contents.

To conclude, I fully agree that the BIR should remain vigilant when evaluating documents, just as online buyers should be careful with potential counterfeit purchases made over an online platform. Nevertheless, RMO No. 46-2020 was issued to simplify the manner of confirming entitlement to reduced tax rates in view of the implementation of the Ease of Doing Business and Efficient Government Service Delivery Act of 2018. Perhaps, the BIR should exercise some flexibility with its requirements to better achieve the government’s overarching intention.

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Senate casts doubt on rosy POGO revenue forecast

THE Philippine Amusement and Gaming Corp. (PAGCOR) issued a forecast for revenue generated by the Philippine Offshore Gaming Operator (POGO) industry of P10.23 billion by 2027, which was called overly optimistic at a Senate hearing.

Senator Sherwin T. Gatchalian, who chairs the Senate Ways and Means Committee, said at a hearing on Wednesday that the forecast was “ambitious” after the industry peaked at P8 billion in revenue in 2019.

The forecast was issued in the context of debate on whether the industry should be phased out.

Renfred Tan, PAGCOR senior manager for the Offshore Gaming and Licensing department, replied: “The gradual increase in the income is based on the increase of the number of licensees.”

Mr. Gatchalian also cited the forecast’s sensitivity to events like a crackdown on Chinese gambling.

Jackie Lou D. Rivera, PAGCOR acting senior manager for Compliance Monitoring and Enforcement, said the POGO industry took in revenue from 24 countries in 2019, and downplayed fears that it is too dependent on the Chinese market.

Revenue in renminbi accounted for 47% of the industry’s total, Mr. Gatchalian said, asking whether this strongly indicates a heavy weighting towards Chinese customers.

“From a business standpoint, you should know where your customers are coming from,” Mr. Gatchalian said, noting that if China decided to further restrict gambling, then revenue will be impacted. “There are policy considerations from that country of origin that we need to consider,” he added.

“You plan to grow (revenue), but the growth... also has risk because our source of revenue can change its policy,” he said. “We are getting revenue from a country that declared POGO illegal. That’s a risk and we need to (consider) that risk.”

Former Finance Secretary Margarito B. Teves, speaking at the hearing, said that continued POGO operations may put the Philippines’ bilateral relations with China at risk, noting as well the possible impact on foreign direct investment.

“Since governments have some influence on their investors, we have to relay to these governments and also get a feel (for the government position),” he said. “We’re saying that since most POGO operators come from China, it would be net advantageous for us to consider (the

Chinese government’s) position and attitude towards the POGOs.”

Gambling is illegal in China, with Beijing calling cross-border gaming an attempt to circumvent its laws.

The Anti-Money Laundering Council, Mr. Teves said, estimated that of the P54 billion worth of POGO transactions between 2017 and 2019, 26% were deemed suspicious transactions, “which puts the credit rating of the Philippines at risk, something we need to be careful about given the country’s very tight fiscal position.”

“Opposition would be in favor of stopping POGO operations. The social costs of continued operation of POGOs do not only outweigh its current economic benefits, it’s social costs will bring further economic costs,” he added.

Valery Joy A. Brion, finance assistant secretary for Fiscal Policy and Monitoring, said direct economic costs from POGO operations include additional funding for law enforcement and immigration.

A clearly directed and implemented phase out of POGOs may resolve these issues, Mr. Teves said.

“The signal will have to be very clear that we’re going to stop POGO operations but we’re going to have a phase out mechanism because of its impact on our economy,” he said, noting urgent economic concerns including inflation and job loss. “But the signal has to be continuously conveyed to both investors as well as governments.”

Mr. Tan said “social costs or social ills stem from illegal operations and not from those that are licensed by PAGCOR.”

“In the short term, that would be very helpful for the POGO industry to differentiate itself, to show that it is a business that does not come with the social costs that is associated with it,” he added.

For the medium term, the agency seeks to encourage the establishment of more POGO hubs with the inclusion of government regulatory offices.

“In the long term, we see POGO as a contributor to the government of important revenue without the social costs that are associated with it, and we hope there will be reduced or zero illegal operations,” Mr. Tan said.

“As of now, we have 33 remaining licensees. This was reduced during the pandemic, most of the licensees closed shop... so now our long-term goal is to reach that number again so that we can provide the same revenue to the government, if not more,” he added. — **Alyssa Nicole O. Tan**