Procurement, bonuses deemed hot spots for GOCC corruption

THE GOVERNANCE Commission for GOCCs (GCG) said its anti-corruption and integrity program will focus on problem areas like procurement and property disposals by state-owned companies.

The GCG said it also considers bonuses, allowances, and incentives at state-owned firms, known as government-owned or-controlled corporations (GOCCs), another area that needs to be watched.

"This program will ultimately safeguard the P10 trillion in total assets of the GOCC sector and prevent the dissipation and wastage of public funds arising from corruption," the GCG said in a statement.

The GCG said it hopes to make GOCC personnel more accountable for procurement inefficiency due to corrupt practices.

"The GCG will also hold GOCC officers accountable for granting unauthorized allowances, benefits, and incentives in evident bad faith," it added.

The GCG will create an anti-corruption task force to monitor practices deemed disadvantageous to the government, with members drawn from various agencies with good-governance mandates.

"The task force shall primarily coordinate for fact-finding that can gather, consolidate, and analyze information to build a solid case against erring GOCC officers and employees. This will then be submitted to the proper bodies for the prosecution and final determination of administrative, civil, or criminal liability," the GCG added. — **Luisa Maria Jacinta C. Jocson**

All five bidders for El Nido Port project fail PPA evaluation

THE PHILIPPINE Ports Authority (PPA) said the auction for an upgrade project at the Port of El Nido, Palawan was declared a failed bid following the disqualification of all five participants.

The bid was for the construction of a port operational area and the expansion of a pier.

According to a Dec. 15 PPA resolution obtained by *BusinessWorld*, General Manager Jay Daniel R. Santiago announced the disqualification of the five companies that submitted their technical and final proposals to take on the P128.3-million contract, initially announced on April 20.

The resolution had been approved and adopted by the members of the Bids and Awards Committee on Dec. 12.

The five participants were HG-III Construction and Development Corp., Sunwest Construction and Development Corp., Vicente T. Lao Construction, Khan Kon Chi Construction and Development Corp., and the joint venture (JV) of One Hundred Percent Construction and Development Corp. and Elimared Construction and Trading, Inc.

The bid was conducted under the two-envelope system containing the bidders' technical and financial proposals, with pass-or-fail criteria.

"During the opening of bids on May 12, the five bidders were declared 'passing' with the requirements of the first envelope," the resolution noted.

The financial proposals of the five bidders were also declared "passing."

Issues with the bids emerged during the bid evaluation on May 1. The Bids and Awards Committee found "discrepancies between the total bid prices and unit bid prices" of the JV of One Hundred Percent Construction and Development Corp. and Elimared Construction and Trading, Inc., Sunwest Construction and Development Corp., and HG-III Construction and Development Corp., according to the resolution.

"Deviation was found in the bid proposal of Vicente T. Lao Construction, (which) was declared 'automatically disqualified' for being non-responsive," it noted.

According to the resolution, the JV of One Hundred Percent Construction and Development Corp. and Elimared Construction and Trading, Inc. was found to be the "lowest calculated bidder in the amount of P126,375,535.42."

However, the JV was subsequently declared "post-disqualified" for failing to present the original copy of the certificate of completion and acceptance of its single largest completed contract, which is the proposed construction of the backup area and R.C. pier at Mabacong Port in Batangas City.

The resolution also said that the JV failed to present the original copies of the MARINA certificate of ownership and cargo ship safety certificate for the pledged Barge OHP-1 during the conduct of a post-qualification evaluation.

At the same time, it failed to present the original copies of the LTO original receipts/certificates of registration for the pledged two dump trucks and a cargo truck.

There was no request for reconsideration from the bidder within the time allowed, according to the resolution.

The PPA said it will re-bid the contract. — **Arjay L. Balinbin**

Power distributors required to detail pass-through charges

DISTRIBUTION utilities (DUs) are now required to submit a detailed breakdown of the components of their power bills following the revision of the rules on collecting pass-through charges, the Energy Regulatory Commission (ERC) said.

"We are looking forward to 2023 as the beginning of an era of greater transparency in electricity pricing. The new uniform reportorial requirement (URR) form will allow more information to be available and accessible," ERC Chairperson and Chief Executive Officer Monalisa C. Dimalanta said in a statement.

The energy regulator's Resolution No. 14 Series of 2022 calls for more transparent collection of pass-through charges by DUs. Pass-through charges are fees other than the distribution charge and the payment for the use of DUs' facilities.

Pass-through charges are collected through the generation charge, which accounts for 60% of the consumer power bill. Other bill components are the transmission charge, or the fee for the use of transmission grid; other subsidies, and mandatory payments like the system loss charge and other charges as approved by the ERC.

Other pass-through charges include taxes, the feed-in tariff allowance (FIT-All), and the universal charge (UC).

Under the revised regulatory framework, DUs which includes both electric cooperatives (ECs) and private utilities (PUs) must provide a detailed breakdown of the power bill.

An ERC spokesperson also told reporters via Viber that "DUs shall submit to the Commission, every 31st day of May, an annual bank statement or statement of account, detailing the account transactions during the year."

The revised rules also aim to "set a limit" which, when exceeded, will trigger an adjustment to correct under recovery of the pass-through charges. It will also streamline the process of rate reviews.

"This is the first step to the digital transformation we are undertaking in the Commission to speed up our processes and allow more predictability in regulation," Ms. Dimalanta said. — **Ashley Erika O. Jose**

Livestock, poultry, dairy seen held back by technology deficit

THE LIVESTOCK, poultry and dairy industries are not making progress due to inadequate employment of technology, the Philippine Institute for Development Studies (PIDS) said.

A PIDS study concluded that "investment must be poured into production and process improvements, including technology, equipment, animal inventory, and manpower capacity upgrades, for the agriculture industry to be more competitive."

The study, written by Sonny D. Domingo, senior research fellow at PIDS; Maureen Ane D. Rosellon, former supervising research specialist; Pauline Joy M. Lorenzo, senior research specialist; and Arvie Joy A. Manejar, research specialist, found that support services provided by the government, private sector, and nongovernment organizations enable the operation of only a limited portion of the value chain.

Separately, Research Analyst Isabel B. Espineli and PIDS Senior Research Fellow Roehlano M. Briones said that the government should also focus on business development and adopt digital technology which will aid in supply chain traceability and animal health monitoring.

The study's authors urged the government to strengthen its institutional oversight of regulatory compliance, food safety and standards, and animal welfare at the national and industry levels.

"Opportunities in the sector may increase if the government pursues connectivity initiatives like strategic farm-to-market roads while expanding investment in agriculture-related infrastructure projects, such as improved biosecurity measures, production and postharvest facilities, and processing and marketing outlets," the study concluded.

The Philippine Statistics Authority (PSA) estimates that livestock accounted for 15.6% of agricultural production in the third quarter, up 4%. Poultry production accounted for 15.2% of agricultural output, up 6.4% during the quarter.

Dairy production rose 15.8%.

Local consumption of livestock, poultry, and dairy (LPD) is still heavily reliant on imports, PIDS said.

"Processing consolidation of backyard operators under farmer organizations (FOs) can be an opportunity to transform the LPD industries, as these organizations serve as the main conduit for capacity augmentation, technology transfer, and delivery of regulatory and other services," according to the study. — **Ashley Erika O. Jose**

First palm oil refinery in SOCCSKSARGEN to be completed by 2024

THE FIRST palm oil refinery in the South Cotabato, Cotabato, Sultan Kudarat, Sarangani and General Santos City (SOCCSKSARGEN) region is expected to be completed by 2024 after construction began in July, Land Bank of the Philippines (LANDBANK) said.

LANDBANK financed the construction of the facility, owned by the Garcia Refinery Corp. (GARECO), the bank said in a statement.

"LANDBANK looks forward to the completion of the very first refinery mill in SOCCSKSARGEN. We remain committed to serve the development requirements of the palm oil industry and the whole agriculture sector towards inclusive and sustainable countryside development," LANDBANK President and Chief Executive Officer (CEO) Cecilia C. Borromeo said.

GARECO obtained a P450-million loan from LANDBANK with the goal of becoming the first modern Filipino-owned refinery in Mindanao, the bank said.

LANDBANK said that the mill, located in Tacurong City, Sultan Kudarat, is expected to make palm oil products more accessible and affordable and serve as a stable source of income for palm oil growers from Sultan Kudarat and Maguindanao.

The bank also said that completion of the mill will expand the company's workforce from five to about 35 to 50 workers.

"Our vision is to engage communities in palm oil production that will take them out of poverty and bring peace to the community, in the hopes of becoming a driving force for the Philippine economy," GARECO President and CEO Erwin Anthony Y. Garcia said.

The mill's potential suppliers are palm oil planters tending to 14,000 hectares within Sultan Kudarat. GARECO has current partnerships with 63 farmers to manage their combined 3,065 hectares of palm oil. — **Aaron Michael C. Sy**

OPINION

Endings and beginnings: Year-end tax reminders and tax changes in 2023

TAXWISE OR OTHERWISE
AUBREY GAYLE T. DIAZ

"Celebrate endings – for they precede new beginnings."
— Jonathan Lockwood Huie

Here we are with two days left in 2022! For the past few weeks, most of us have been busy giving gifts and ticking off grocery lists as we finish our last-minute preparations for *media noche*, and coming up with resolutions for the new year. As we celebrate this ho-ho-holiday season with our loved ones and look forward to a new year full of new hopes, goals, and beginnings, let's also make sure we tick off our year-end tax checklist.

Here are a few guidelines to help you make your personalized tax checklist.

CORPORATE INCOME TAX (CIT) FILINGS

For corporate taxpayers following a calendar year, the deadline for filing of the 2022 annual corporate income tax returns (ITRs) is April 17, 2023. The submission of the required attachments to the ITR is also due on the same date for manual filers, and on May 2 for both eBIR and eFPS filers.

Meanwhile, for PEZA and BoI-registered business enterprises, the submission of the duly filed ITR and Audited Financial Statements (AFS) is due on May 17, 2023.

For companies with a fiscal year end other than Dec. 31, the deadline for filing the annual ITR is on the 15th day of the fourth month following the close of the fiscal year. This also applies for the deadline of submission of the required attachments to the filed ITR for manual filers. For eBIR and eFPS filers, on the other hand, the deadline is within 15 days from the statutory due date or date of filing/payment of the ITR, whichever is later. The submission of the filed ITR and AFS to PEZA and the BOI must be within 30 days from the statutory due date or date of filing/payment of the ITR, whichever comes later.

It is also worth noting that certain taxpayers are required to enroll in eFPS or use the eBIRForms Package to electronically file their ITRs. Taxpayers who are required to file electronically but file and pay manually may be liable for "wrong venue" filing.

ATTACHMENTS TO THE ANNUAL ITR

Revenue Memorandum Circular (RMC) No. 28-2022 provides a list of required attachments for annual submission of the ITR. Following RMC No. 46-2021, all tax returns, attachments, and documents identified under RMC No. 28-2022 can be signed by the taxpayer or authorized officer or signatory using an electronic signature (e-signature). Such e-signature is deemed equivalent to an actual or "wet" signature for filing purposes.

These attachments may be submitted to the BIR manually or through the eAFS platform.

OTHER CIT-RELATED MATTERS

The Minimum Corporate Income Tax (MCIT) rate of 1% under Section 27(E) of the Tax Code, as amended by the CREATE Law will still be in effect for CY2022. Note, however, that the Net Operating Loss Carry-Over (NOLCO) incurred in CY2022 can only be carried over as a deduction from gross income for the next three consecutive taxable years. The extension to five years is no longer applicable.

In case there's an overpayment of income tax, ensure that the preferred recovery method is ticked correctly in the ITR, as, unlike our many new year's resolutions, this is irrevocable.

WHAT LIES AHEAD FOR 2023?

For 2023, here's a quick list of changes affecting tax compliance, most of which are good tidings.

Lowered tax rates for individual taxpayers

Effective Jan. 1, there will be a reduction in the graduated income tax rates for individual taxpayers, as presented in the table.

Net taxable Income		Tax Rate
Over	But not over	
-	250,000	0%
250,000	400,000	15% of excess over 250,000
400,000	800,000 22,500	+ 20% of excess over 400,000
800,000	2,000,000 102,500	+ 25% of excess over 800,000
2,000,000	8,000,000 402,500	+ 30% of excess over 2,000,000
8,000,000	2,202,500	+ 35% of excess over 8,000,000

Reduced frequency of VAT filings

Starting Jan. 1, taxpayers will only be required to file four quarterly Value-Added Tax (VAT) returns instead of 12 filings per taxable year.

Reversion of the previously lowered tax rates

Effective July 1, the following taxes, which were previously lowered, will revert to their original rates: Minimum Corporate Income Tax from 1% to 2%; Percentage Tax for non-VAT taxpayers from 1% to 3%; and Special Income Tax Rate for Non-Profit Proprietary Educational Institutions and Hospitals from 1% to 10%.

Increase in mandatory government contributions

There will be an increase in Philhealth and Social Security System (SSS) contributions effective 2023. The Philhealth premium rate will increase from 4% to 4.5%, while the SSS contributions will increase from 13% to 14% — the employer's share in an employee's SSS contribution will rise from 8.5% to 9.5%.

The above reminders should help you kick-start your own year-end tax compliance checklist — and like Santa Claus, don't forget to check it twice (or even thrice!). We need to ensure we're not naughty, but nice and responsible taxpayers.

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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