# CTA affirms Jollibee Worldwide's P18.5-M refund claim

THE Court of Tax Appeals (CTA) has affirmed its ruling that granted the refund claim of Jollibee Worldwide Pte. Ltd. worth P18.48 million representing its wrongly collected taxes for fiscal year 2009.

In a 12-page decision dated Jan. 10 and made public on Jan. 13, the CTA full court agreed with Worldwide as it said the amount was not legally due to the government.

It said the firm was denied due process when the commissioner of internal revenue (CIR) did not follow the mandated 15-day period to allow a taxpayer to respond to the preliminary assessment notice.

The court added that the decision was deemed final and unappealable since the CIR filed its appeal out of time.

Under the country's revenue code, taxpayers are given 15 days to reply to a preliminary assessment and dispute their tax liabilities.

In 2020, the CTA Third Division ordered the CIR to refund or issue a tax credit certificate to Jollibee Worldwide for the P18.48 million.

"Respondent (CIR), in failing to await the lapse of the 15-day period, correspondingly disregarded the mandatory due process requirement laid down under the revenue regulations," Associate Justice Catherine T. Manahan said in the en banc's ruling.

The tax tribunal said tax assessments that fail to afford a taxpayer due process must be voided.

The CIR argued that Jollibee Worldwide was liable to pay the assessed deficiency taxes since it was given enough time to contest the preliminary assessment notice.

Citing the Supreme Court, the commissioner said procedural rules may be relaxed if "strong considerations of substantive justice are manifest."

The official said the tax court should be able to relax its rules since the delayed filing was not because of the CIR's negligence.

The CTA disagreed saying the revenue code's rules cannot be overlooked and do not exist for the convenience of those involved in a dispute.

"Finality of judgment becomes a fact upon the lapse of the reglementary period to appeal if no appeal is perfected," it said.

"The failure of a party to perfect an appeal within the period fixed by law renders final the decision sought to be appealed." — **John Victor D. Ordoñez**

# Gov't support seen needed to develop sustainable jet fuel

**By Arjay L. Balinbin** *Senior Reporter*

THE government must send strong signals that it supports the development of sustainable aviation fuel (SAF) in the country through tax incentives and other policies, as a crucial step toward meeting the industry's target to cut carbon emissions from air travel by 2050, airlines said.

"Government incentives will definitely help as they will accelerate [SAF] development and adaptation in the Philippines," Cebu Pacific Chief Strategy Officer Alex B. Reyes told *BusinessWorld* in an e-mailed reply to questions recently.

"This can be in the form of tax exemptions on the use of SAF or government funding to help develop local production of SAF in the Philippines," he added.

SAF is a liquid fuel that cuts carbon emissions by up to 80%, according to the International Air Transport Association (IATA).

IATA said this type of fuel can be produced from various sources or feedstock including waste oil and fats, green and municipal waste, and non-food crops.

The aviation industry adopted in 2008 a set of environmental targets, which include reducing net emissions from civil aviation by 50% by 2050 compared to 2005 levels.

The IATA has also called upon governments to create policies to accelerate the development of alternative fuels production facilities, including easier access to finance, supporting demonstration plants and supply chain research and development, putting SAF on an equal footing with automotive biofuels through equivalent public incentives, and legislative certainty over an extended period of time to give investors confidence and incentive to finance new production facilities.

Cebu Pacific said it has been pushing for more investments in SAF biorefineries in the Asia-Pacific region.

"Strategic partnerships and off-take agreements also send a signal of increased demand for SAF, which in turn, helps spur more investments and projects," Mr. Reyes said.

He noted that the development of SAF has been getting attention globally, with 19 biorefineries already operational.

"However, the bulk of these is located in Europe, with 15 operational refineries. Of the 99 planned SAF biorefineries, only 25% are in the Asia-Pacific region," he added.

Mr. Reyes also said that the budget carrier is building strategic partnerships with producers and suppliers to ensure a steady and economic volume of SAF for its future operations.

"This is important since, as of today, the total global SAF supply only accounts for 1% of the total fuel requirement of the aviation industry. Our milestones for the next phase of our SAF program would be launching regular green routes starting in 2024/2025 and incorporating the use of SAF for the entire Cebu Pacific network by 2030," he noted.

Capital A, the Malaysia-based parent company of low-cost carrier AirAsia Philippines, said it is currently in discussions with several fuel producers potentially to supply a trial quantity of SAF.

"We expect to include some percentage of SAF in our fuel mix by 2025," Capital A Chief Sustainability Officer Yap Mun Ching told *BusinessWorld* in an e-mail interview.

She said that governments in Southeast Asia are starting to take note of developments in the SAF industry and SAF mandates in Europe to compel its use.

"However, we would ideally like governments to also consider positive policies that are being developed in the US to incentivize the production and consumption of SAF. One example is the US Sustainable Skies Act announced by the Biden administration. The Act provides for fuel credits to be given to fuel suppliers to lower the cost of production so that these savings can enable SAF to be priced more affordable for airlines," Ms. Yap noted.

She added that governments in the region should consider what resources and infrastructure are currently available in the region, as well as what they can invest in to develop a local SAF industry, rather than just adopting something that is developed for another region.

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