P28.9-B fund to help LGUs build capacity for devolution

THE Department of Budget and Management (DBM) said the P28.9-billion Local Government Support Fund will be deployed for capacity-building projects ahead of the imminent devolution of National Government (NG) services.

"We will formulate capacity-building training, and seminars for our LGUs (local government units) to help them — so that by the time we have full devolution, they can stand on their own feet," Budget Secretary Amenah F. Pangandaman said.

The LGUs will be aided in operations about to be shed by the National Government, such as procurement, project planning and identification, and implementation, she added.

"The Department of Finance's Bureau of Local Government Finance may also provide guidance on how LGUs may use their budgets," she said.

LGUs are to be given more responsibility for operating services formerly undertaken by the National Government after receiving a larger share of National Government revenue. The DBM has said that LGUs' share of NG revenue this year amounts to P820.3 billion, representing 40% of the NG's revenue three years prior.

The Supreme Court, in its Mandanas ruling, had determined that LGUs are entitled to a 40% share of all NG revenue. Before the ruling, the NG interpreted the Local Government Code narrowly, disbursing 40% of "internal revenue" to the provinces, cities, municipalities, and barangays, effectively defining the pool of funds to be allocated as the collections of the Bureau of Internal Revenue. Before the Mandanas ruling, this payout was known as the "Internal Revenue Allotment" (IRA).

The Mandanas ruling resulted in the renaming of the IRA to the National Tax Allocation, reflecting the LGUs' entitlement to 40% of all NG revenue, including the collections of the Bureau of Customs, among others.

Of the other parties to be tapped for capacity-building, Ms. Pangandaman added: "We are also partnered with the Department of Interior and Local Government (DILG) and the Development Academy of the Philippines. There are a lot of groups and departments that will help and hopefully, before 2027, we are able to capacitate (the LGUs)."

In January, the DBM's National Budget Call for the 2024 spending plan highlighted the importance of funding capacity-building programs for LGUs.

The 2024 budget call signaled encouragement for regional programs to bring disadvantaged and laggard LGUs to a position where they can handle devolution.

"The DBM is here to provide guidance to LGUs who are planning their respective projects. We also have the Philippine Development Plan, (which) we're hoping (LGUs) will follow" to align their projects with national priorities, Ms. Pangandaman said.

Late in his term, former President Rodrigo R. Duterte signed Executive Order No. 138, transferring some basic services to LGUs by 2024 in response to the larger share of NG revenue going to LGUs.

In November, the DBM delayed the devolution of some NG functions to 2027 from 2024. — **Keisha B. Ta-asan**

PSALM offers co-ops 90 MW in uncommitted capacity

THE Power Sector Assets and Liabilities Management Corp. (PSALM) told a House committee that it can make available to Luzon electric cooperatives 90 megawatts (MW) worth of uncontracted power.

PSALM, a government-owned and -controlled corporation, told the chamber's energy committee that it can supply the cooperatives during peak demand hours, which is when energy supply is tightest.

Emelina S. Blanco, representing PSALM, said at the hearing on Monday that the 90 MW can be supplied by the company to electric cooperatives "upon their request."

"We will accommodate the request of the electric cooperatives in Luzon, so we can wholly provide the available uncontracted capacity in Luzon to those electric cooperatives. We will just have to get the necessary documentation as well as approvals from our board," Ms. Blanco said.

Ms. Blanco added that cooperatives must submit a letter of intent to initiate the request.

"We are providing the requested capacity... but we cannot provide them more than that... we're just basing our supply agreements on what the electric co-ops request," Ms. Blanco told the panel.

PHILRECA Party-list Representative Presley C. De Jesus said PSALM's offer will help make the island's supply-demand balance more favorable.

The energy committee was evaluating House Resolution No. 235, calling for an investigation into rising generation costs, a contributory factor to increased electricity rates.

The 90 MW represents PSALM capacity not yet tied to power supply agreements. "That is our available capacity during peak hours that... (have) no customers consuming it," Ms. Blanco told *BusinessWorld*. "We really encourage (power co-ops) to send a request," she said.

PSALM manages government power assets and liabilities formerly held by the National Power Corp. as authorized by the Electric Power Industry Reform Act of 2001 (EPIRA). The restructured post-EPIRA Napocor is mainly tasked with supplying power to rural areas. — **Beatriz Marie D. Cruz**

PHL, EFTA partners working to improve trade deal utilization

THE Philippines said it and the European Free Trade Association (EFTA) are working to improve utilization of their free trade agreement (FTA), which were 31% for the Philippines and 30% for the four-member EFTA bloc in 2020.

In a statement on Monday, the Department of Trade and Industry (DTI) said the decision to tap the trade deal more extensively was arrived at during the inaugural joint committee meeting on Jan. 10.

The EFTA consists of Switzerland, Norway, Liechtenstein, and Iceland.

The FTA was signed in April 2016 and came into force for the Philippines, Norway, Liechtenstein, and Switzerland in June 2018. The trade deal took effect in Iceland in January 2020.

"Over the 5 years of implementation, both sides have confirmed that the FTA is working well and has no critical implementation issues to date," the DTI said.

"Both sides are determined to further improve their respective utilization rates," it added.

The FTA with the four non-European Union countries was intended to tap non-traditional markets with high growth potential for trade and investment.

"This agreement facilitates increased market access, reduction of non-tariff barriers, trade and sustainable development, and protection of intellectual property rights among others, which we see as crucial for the Philippine economy," Trade Secretary Alfredo E. Pascual said.

The DTI said total trade between the Philippines and EFTA was $953.58 million in 2021, against $821.81 million in 2020 and $821.41 million in 2019.

It added that the Philippines had a trade surplus with EFTA of $129.89 million in 2021, widening from the $101.49 million posted in 2020 and the $47.12 million reported in 2019.

The DTI valued the Philippine agricultural and industrial products entering the EFTA zone tariff-free at €24.84 million in 2020. These products include tuna, desiccated coconut, fruit and nuts, processed food and food preparations, malt products, vacuum cleaners, new pneumatic tires, and hairdressing apparatus.

"The Philippine market does not compete and is complementary in nature to the EFTA market. As such, the Philippines was able to secure duty-free market access for all industrial and fisheries exports to EFTA and significant concessions on major agricultural products through the FTA," Trade Undersecretary Ceferino S. Rodolfo said.

The DTI said that EFTA countries also helped increase foreign direct investment (FDI) entering the Philippines, adding that more FDI is expected following recent economic reforms such as the opening up of renewable energy projects to 100% foreign ownership.

"From 2018 to the third quarter of 2022, investment promotion agencies approved Swiss investments totaled P1.40 billion (or $25.865 million) in the following sectors: manufacturing, real estate activities, administrative and support activities," the DTI said.

"From 2018 to the second quarter of 2022, investments from Norway, Iceland, and Liechtenstein also amounted to P229.4 million (or $4.23 million) in the financial and insurance industries, and the manufacturing, administrative, transportation, and storage sectors," it added. **— Revin Mikhael D. Ochave**

ASEAN trade show generates over P100M in sales leads for Philippine tourism industry

THE Tourism Promotions Board (TPB) said a regional trade show generated over P100 million in sales leads for 16 exhibitors from the Philippine tourism industry.

The TPB, the marketing arm of the Department of Tourism (DoT), was reporting the result of Philippine participation in the ASEAN Tourism Forum.

In a statement on Monday, the TPB said the Philippine delegation, representing airlines, tour operators, and the accommodations industry, were in Yogyakarta, Indonesia to exhibit their offerings.

Within ASEAN, Singapore and Malaysia were the ninth and tenth largest sources of visitors to the Philippines before the pandemic, according to the DoT. In 2019, the Philippines tallied 158,595 visitors from Singapore and 139,882 from Malaysia.

In 2022, some 50,964 Singapore tourists and 44,357 Malaysians visited the country. The DoT also reported Vietnam as a top 10 country of origin last year with 37,028 visitors.

At the forum, Tourism Secretary Maria Esperanza Christina G. Frasco put out the welcome mat for ASEAN visitors.

"We aim to give you the best of the Filipino to remind you that while the Philippines continues to be a top-of-mind destination all over the world, there is much more to our beaches, our dive sites, our mountain ranges, and our underground rivers," she said.

The DoT is seeking to highlight other elements like food and living cultural traditions. A pavilion at the trade show highlighted Philippine coffee company Kaulayaw and a performance by the Lapu-Lapu Arnis de Abanico martial arts organization. — **Brontë H. Lacsamana**

Marriages surged in 2021 with easing quarantine

REGISTERED MARRIAGES rose sharply in 2021 as quarantine measures eased, the Philippine Statistics Authority (PSA) said in a report on Monday.

Citing preliminary data from its Vital Statistics report, the PSA said marriages in 2021 totaled 356,839, up 48.2%.

On a per-thousand people basis — an indicator known as "crude marriages," the marriage rate was 3.2% that year, the PSA said.

The daily marriage rate averaged 978 in 2021, the report said.

Calabarzon (Cavite, Laguna, Batangas, Rizal, Quezon) logged the largest number of marriages with 50,211, or 14.1% of the national total. Metro Manila had 41,025 (11.5%), and Central Luzon 39,402 (11%).

These regions collectively accounted for 36.6% of the national total in 2021.

The Bangsamoro Autonomous Region in Muslim Mindanao posted the fewest registered marriages with 2,337 (0.7%).

December was the preferred month for marriages with 52,788, or 14.8% of the total. June followed with 34,943 (9.8%) and May 34,246 (9.6%).

August had the fewest marriages with 17,710 or 5% of the total.

The age range most represented in the marriage numbers were couples aged between 25 and 29, with men that age entering 136,613 marriages or 38.3% of the total. Women that age accounted for 142,617 or 40% of the total.

The median age at marriage was 29 years for men and 27 for women, the report added.

Adolescents who married in 2021 included 15,253 females (4.3% of the total) and 3,499 males (1%).

Marriages between a Filipino and a foreign national numbered 4,787, or 1.3% of the total.

In 2021, civil marriages remained the preferred type of ceremony, accounting for 141,183 or 39.6% of the total. This was followed by Roman Catholic rites with 114,660 or 32.1%.

Other forms of religious rites accounted for 26.4%. Muslim rites accounted for 1.1% of marriages and tribal rites 0.9%. — **Abigail Marie Pelea Yraola**

OPINION

Post review of transactions

LET'S TALK TAX
RICHARD R. IBARRA

Today, we are celebrating Valentine's Day, which many will celebrate by giving flowers or boxes of chocolate, or by arranging dinner dates or visits to romantic locations. These gestures are meant to show our appreciation and care for loved ones.

All things considered, this love month can also be a time for showing how much we care for our company. We can express this by preparing for future tax assessments via a transaction post review after we close the books.

By this time, the books of account for the taxable year ended Dec. 31 should have been closed. Note that for taxpayers using loose-leaf or computerized accounting systems, the submission of the books to the BIR should have been completed by Jan. 15 and Jan. 31, respectively.

Thus, for taxpayers whose taxable year ends on Dec. 31, the next challenge is the preparation of audited financial statements (AFS) and the annual income tax return (AITR), which are due for filing and payment on or before April 15. As a prelude, taxpayers should initiate post review for transactions that were recorded on the books and the corresponding amounts reported in the tax returns. This exercise will help taxpayers identify any potential oversights or tax exposure that can be addressed early. Correcting entries should be considered in finalizing the AFS. Thus, taxpayers can minimize, if not eliminate, the potential impact on financials in terms of the monetary penalties levied during a tax investigation.

Considering that the Philippines follows self-assessment for tax purposes, after taxpayers calculate or determine their tax liability and file the corresponding returns, the Bureau of Internal Revenue (BIR) has the right to examine or audit such returns. We observed that the BIR conducts its tax investigation a year, or sometimes less than a year, after the annual income tax return is filed. Part of the BIR's audit procedure is to compare an independent record with other records. Hence, with this type of approach, taxpayers can start to assess whether the reported final balances on the books match the amounts reported on the tax returns duly filed.

As we perform the high-level comparison of the Revenue and/or Sales accounts, taxpayers should check whether the sales and/or revenue amounts were fully reported in the value-added tax (VAT) return. Note, however, that for a taxpayer engaged in services, revenue may reflect a mismatch because VAT reporting of revenue is on a cash basis. Thus, the accounts need to be reconciled to reflect the difference with the revenue reported when the AFS and ITR were finalized in preparation for a future BIR audit.

Another post review should cover expense accounts. Taxpayers need to evaluate whether all expenses should be subject to withholding tax. After all items are identified, the next step is to check whether these were properly reported in the withholding tax on compensation, expanded withholding tax, and final withholding tax and final VAT returns, as the case may be.

The ideal result when comparing the amount per books and per return is that there should be no differences, but this is not the case most of the time. Nevertheless, should there be a discrepancy between the revenue and expenses per book against the tax returns filed, it is not automatic for the taxpayer to immediately be exposed and made liable to remit the tax.

The taxpayer should evaluate whether the discrepancy will require a mere adjustment to the books due either to a wrong entry or misposting of a transaction, or whether such difference will require the amendment of the tax return.

An amendment of the tax return may or may not require an additional payment. Nevertheless, taxpayers should not be discouraged by amending tax returns if there is a due that needs to be remitted. Responsible taxpayers render unto Caesar what belongs Caesar.

Previously, when a taxpayer amended a tax return and it resulted in an additional payable, the BIR would impose a 25% surcharge, in addition to the 12% interest and compromise penalty, as provided for by Revenue Memorandum Circular (RMC) 21-2018.

But the more recent RMC 43-2022 does away with the 25% surcharge on additional tax, provided that the taxpayer was able to file the initial tax return on or before the due date of its filing I believe that it is a good development that encourages taxpayers to correct tax liabilities that were initially reported mistakenly.

Please note, however, that the 25% surcharge still applies to those cases of failure to file any tax return and pay the tax due thereon by the due date. Hence, taxpayers should exercise due diligence and not miss the filing and payment due dates.

Note that the main objective of the post review is to ensure that the recorded transactions on the books were all captured and reported in the tax returns. Hence, the alleged under declaration of sales or revenue and non-withholding of expenses can be mitigated during the tax audit.

Nonetheless, any errors committed by the taxpayer that were caught during post review could be the basis for correcting faulty practices in recording the transaction on the books and determining the tax treatment for the current year and prospectively.

With all these tax rules in mind, may we also remember to show our support not just for our loved ones but for our company, as well. Happy Valentine's Day!

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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Position: Process Lead
Role: Order and Logistics Management
Language: Vietnamese
Headcount: 1
Permanent / Full-Time

Role Overview:
Problem identification and resolution of order management and logistics management processes of Vietnam Team.

As a member of the management team, participates in meeting service levels, key measurement targets of the team, delivers a high quality and cost-effective service and oversees the process (or part of process) and customer service decisions.

Hands on experience of working with an ERP tool (preferably SAP U2K2) for order processing and modification.