MIAA says domestic air travel has topped pre-pandemic level

DOMESTIC TRAVEL through Ninoy Aquino International Airport is at between 113% and 115% of pre-pandemic levels, the Manila International Airport Authority (MIAA) said.

MIAA Senior Assistant General Manager Bryan Andersen Y. Co said on the sidelines of a media briefing on Wednesday that carriers have weighted their operations towards serve the domestic market because international borders have not yet fully opened or have imposed restrictions that discourage travel.

"I think (domestic passenger traffic is) around 113%-115% already… it has surpassed even pre-pandemic levels. This is because domestic borders were the first to open. Our airlines deployed their aircraft (to favor) domestic operations," Mr. Co said.

He added that passenger traffic at Manila's gateway airport is projected to hit 42 million in 2023, still below pre-pandemic levels. It would, however, be well above the 2022 level of close to 31 million.

According to MIAA's annual report for 2019, the last full year before the pandemic shut down air travel, passenger traffic that year was just over 48 million.

Final totals "will depend on how the other borders will open up. China has been aggressive in opening up, so we are looking at 40-42 million," Mr. Co said.

Passenger traffic for the first two months of 2023 hit 7.1 million, MIAA said. Aircraft movements for the period — the total of takeoffs and landings — are at 43,782.

For the upcoming Easter holidays, MIAA General Manager Cesar M. Chiong said MIAA is expecting passenger traffic of around 1.2 million starting Saturday.

"This is actually almost the same as the pre-pandemic levels. At 1.2 million, we average 120,000 passengers a day," Mr. Chiong said.

"We are looking at a 10-day (peak travel period). But sometimes, we hit 125,000. Yesterday we had about 118,000; sometimes we reach 135,000-140,000 passengers a day," he added.

Mr. Chiong said that it is possible to hit 140,000 or more passengers at the height of the Easter travel period, "depending on the loads of the airlines but I know that the airlines are preparing for this surge as well," he said.

Mr. Co said that the expected passenger volume during the Easter break is double the year-earlier level.

"We are going to process around 120,000 to 140,000 passengers per day. I think around April last year, we were just processing half of that. So, at least double of last year," he said.

Total passenger volume between April 7 and April 19 in 2019 was 1.68 million. Passenger traffic was 935,090 in the same period in 2022.

Travelers during the Easter break were advised to be at the terminals at least three hours before the expected time of departure for international flights, and at least two hours before for domestic flights.

Airlines were also advised to open their check-in counters early if possible, to avoid long queues. — **Justine Irish D. Tabile**

DA to enforce ASF cull guidelines after Cebu province opposition, still hoping for harmonized rules

THE Department of Agriculture (DA) said it intends to enforce the protocols for African Swine Fever (ASF), after receiving pushback from Cebu province following an outbreak there, with Governor Gwendolyn F. Garcia refusing to agree to a cull of hogs within a given radius.

Agriculture Deputy Spokesman Rex C. Estoperez said the Bureau of Animal Industry (BAI) will adhere to the protocols for ASF containment set by the World Organisation for Animal Health (WOAH).

Ms. Garcia had threatened to sue officials of the BAI over its cull and border control measures for hogs.

Mr. Estoperez said, however, the DA respects the authority of governors as defined by the Local Government Code, and expressed the hope that the DA can harmonize enforcement rules with the province.

"We are not closing our doors for the harmonizing of the actions of the local government unit and our National Government because the ASF *kapag kumalat ito ng todo* (if it spreads far and wide), this becomes a national issue," he said.

The WOAH and the Food and Agriculture Organization of the United Nations recommend depopulation within a one-kilometer radius of any outbreak. The National Government is enforcing a 500-meter cull radius.

According to DA's Administrative Order No. 22 Series of 2020, selective depopulation around the affected farm should be conducted within 48 hours of confirming the presence of ASF, including a total cull of all hogs testing positive.

In a briefing on Monday, Ms. Garcia said the province will file administrative charges against BAI officials for enforcing a cull of even healthy animals.

"What have we really accomplished with this culling policy? They started that in 2019 and yet ASF continues to spread. Has it been effective in stemming and containing ASF?" she said.

On March 13, Ms. Garcia ordered the suspension of culling operations in the province after an outbreak was detected in Carcar, southwest of Cebu City. — **Sheldeen Joy Talavera**

Cities with outdated property tax valuations estimated at 65%

CITIES with outdated schedules of market values (SMVs) for real property have been estimated at 65%, or 96 out of 146, the Congressional Policy and Budget Research Department (CPBRD) said.

SMVs are the basis for calculating property tax, and an outdated schedule with artificially low valuations means local government units are collecting below their potential.

"The number of overdue revisions in SMVs, correlated significantly and negatively with the RPT (real property tax) collections," the CPBRD said in a report.

According to the report real property tax collections by cities grew only 5.3% between 2019 and 2021, lagging the cities' rate of development. It added that the Philippines' recurring taxes on immovable property as a percentage of total tax revenue averaged 2.1%, against Singapore's 6.7%.

The National Capital Region (NCR) generated P31.18 billion or 39.9% of all real property taxes in 2021, leading all the regions. The City of Manila collected P5.4 billion in real property tax, the most of any local government in the NCR.

House legislators in December approved on third and final reading House Bill No. 6558 or the Real Property Valuation Assessment and Reform Act.

The bill proposes to require the updating of SMVs within two years after the measure passes, and to strengthen the Bureau of Local Government Finance (BLGF) to support the government's tax reform agenda.

It also proposed that the valuation or appraisal of all real property whether taxable or tax-exempt be based on prevailing market values. Local governments not revising their SMVs will be subject to penalty.

Its counterpart measure, Senate Bill No. 314, is pending at the committee level.

The BLGF estimated that the measure's passage would generate incremental revenue of between P18.6 billion and P37.5 billion.

Finance Undersecretary Maria Cielo D. Magno told a March 9 Senate hearing that local governments should have a regularly updated database of property transactions for reference in setting property valuations. — **Beatriz Marie D. Cruz**

MAV policy for corn 'outdated,' discourages competition, USDA says

THE US Department of Agriculture (USDA) called the Philippines' quota system for admitting corn imports at the minimum tariff "outdated" and not conducive to competition.

The USDA's Foreign Agricultural Service (FAS) office based in Manila said in a report that the quota system, known as the minimum access volume (MAV) in countries trading under World Trade Organization rules, disadvantages smallholder farmers and new importers.

The Philippines commits to admit corn imports of 216,940 metric tons (MT) at a tariff rate of 35% for shipments falling within the quota, and 50% for shipments in excess of the quota.

In May 2022, former President Rodrigo R. Duterte issued Executive Order (EO) 171 which reduced the Most Favored Nation tariff rate on goods including corn to mitigate the impact of the Russian invasion of Ukraine.

President Ferdinand R. Marcos, Jr. signed EO 10 extending the reduced tariff rates until Dec. 31, 2023.

According to the FAS, stakeholders singled out as "anti-competitive and potentially inconsistent with the Philippines' commitments with trading partners" practices such as the non-enforcement of penalties for underutilized MAV quotas.

Administrative Order 9 of 1995 outlines the process for allocating import licenses or MAV Import Clearances, creating an advantage for entrenched importers.

"This provision effectively allows existing MAV licensee holders to keep their full allocation for the next year without ever having to import," the report read.

Corn imports from ASEAN countries, though not counted under the ASEAN Trade in Goods Agreement, are classified as MAV allocations due to underutilization of the MAV.

The FAS said this practice forces new importers to import corn at out-of-quota tariff rates.

"These factors have regularly contributed to the Philippines underfilling its tariff-rate quota and curbed competitive market forces," the FAS said.

Earlier this year, the FAS projected that corn imports in market year 2022-2023 could top 1 million metric tons, exceeding the year-earlier total by 300,000 MT due to the extension of the low-tariff regime. — **Sheldeen Joy Talavera**

Ukraine pitches e-gov't, procurement, mapping apps, long-term grain contracts

UKRAINE has offered the Philippines applications to digitize government functions, procurement and land mapping.

"We have presented three applications which are commercialized. One application is the e-governance application. This product is already market-ready, and we even have the commercial structures prepared to engage with the interested parties here," Denys Mykhailiuk, a counselor at the Ukrainian Embassy in Malaysia, said at a briefing at the Makati Diamond Residences on Wednesday.

"The second one is the Pro-Zorro platform…, a procurement platform for the government," he added. "It's an advanced technological solution (that is) able to reduce the transaction costs and… (human intervention) in the procurement process, so it fights corruption."

The third app digitalizes aerial and satellite images of land, Mr. Mykhailiuk said.

"It can be used for city planning (and) agriculture, so it's widely used," he said. "There will be no need to send thousands of people to measure the land. It will be done through images with our software."

Ukraine submitted proposals on Tuesday to the departments of Information and Communications Technology (DICT), National Defense and Foreign Affairs.

"The next step might be the MoU (Memorandum of Understanding) between our digitalization ministry and the DICT, for example, but the ball is on the Filipino side," he said. "We just kicked the ball to your side yesterday, and we're waiting for a pass back."

Ukraine is seeking to improve trade with the Philippines to remedy the 94% drop in its bilateral trade after Russia's invasion, the counselor said.

He proposed that Ukraine supply the Philippines with more grain, one of its top exports, on long-term contract arrangements.

He said the Philippines can build up a grain bank to minimize the impact of volatile market prices for grain.

Ukraine also hoped for Philippine humanitarian assistance to those affected by the war, as well as participation in rebuilding the country.

He said the reconstruction plan involves bringing in Filipino construction workers to Ukraine.

"We will begin talks about Filipino workers to come because this reconstruction effort will need a significant increase in labor," he said.

"Ukraine, the like majority of European states, is an aging country. Hard-working Filipinos will be very welcomed there," he added.

Ukraine Foreign Minister Dmytro Kuleba is also expected to visit the Philippines around June or July, Mr. Mykhailiuk said.

It hopes to open an embassy in the Philippines by the end of the year, subject to budget availability as much of the Ukrainian government's funding is currently dedicated to defense. — **Alyssa Nicole O. Tan**

OPINION

The perks of being single

TAXWISE OR OTHERWISE
EDMUND JAMES E. OPINIO

In the movies or TV or literature, we have become accustomed to people with extraordinary ability. They defy gravity in red capes, control thunder with enchanted hammers, and so on. We call them "superheroes," whose mission is to save mankind from evil.

In real life, we also encounter people who accomplish extraordinary things without superpowers. We call them parents. Our parents have been invaluable to us all our lives, being there when we took our first breath, our first bike ride, our first heartbreak, our graduation. However, not all of us are fortunate enough to have both parents guide us through life. Some only have single parents. The path single parents take to raise their children may be different and a bit harder because there is one less person to help.

As such, Congress passed Republic Act (RA) 11861 or the Expanded Solo Parents Welfare Act to further support solo parents in rearing their children. The benefits include discounts and value-added tax (VAT) exemptions on their basic needs.

Thus, the Bureau of Internal Revenue (BIR) released Revenue Regulations (RR) No. 1-2023 to set the guidelines for the tax privileges granted to establishments offering the 10% discount on their sales to solo parents of goods identified under RA 11861; and VAT exemption on the sale of identified goods to solo parents by VAT-registered taxpayers.

PRODUCTS COVERED BY THE INCENTIVE

The products subject to 10% discount and VAT exemption include baby's milk, food supplements and micronutrient supplements, sanitary diapers, medicine, vaccines, and other medical supplements. These include generic or branded products.

The purchase must be for the exclusive use and enjoyment or availment of the qualified child/children who are not more than six years old. The purchase of medicine, vaccine, and other medical supplements, must be supported by a prescription from the physician.

The incentives apply to a solo parent's purchases from drug stores, pharmacies, groceries, and similar establishments.

ELIGIBILITY OF SOLO PARENTS FOR INCENTIVES

In order to qualify for tax incentives, the solo parent's income must not exceed P250,000 per annum. Further, the child or children must be six years of age or under.

The solo parent must present his/her Solo Parent Identification Card (SPIC) and Solo Parent Booklet (SPB) to business establishments when making a purchase. The SPIC and SPB is to be issued by the Solo Parent Office or Solo Parent Division of their city or municipality.

TAX TREATMENT OF THE 10% DISCOUNT

Business establishments are entitled to claim the discounts granted to Solo Parents as deductions in their Income Tax Return (ITR).

As an example, if a VAT-registered grocery store sells milk at a selling price (before discount) of P200, the discount is computed as:

Selling Price (VAT-exempt)	P 200
Less: 10% Discount	20
Amount Payable by Solo Parent	P 180

In a sale to a qualified solo parent, milk must be VAT exempt. The discount, which is based on the selling price, may be claimed as a deductible against gross income in the year the discount is granted.

Sales reported in the ITR must be the undiscounted selling price, i.e., sales before the discount. Contrary to an ordinary sales discount, however, the solo parent discount must be reported as an expenses, instead of a reduction from sales. As a guide, RR 1-2023 provides the journal entry to record the sale:

Cash	P 180
Solo Parent Discount Expense	20
Sales	P 200

The discount will be treated as an ordinary and necessary expense as part of itemized deductions. This means that it cannot be claimed if the seller opts for the Optional Standard Deduction (OSD) during the taxable period.

Further, the following requirements must also be satisfied:

- the gross selling price and the sales discount must be separately indicated in the sales invoice;
- only the actual amount of discount granted or sales discount not less than 10%, whichever is higher, based on the gross selling price can be deducted from the gross income (net of VAT, if applicable) for income tax purposes, and from gross sales, for VAT or other percentage tax purposes;
- the seller must record the sales inclusive of the discount granted;
- the discount can only be allowed as deduction for the same taxable year that it is granted; and
- for each sale, the business establishment giving the sales discount must keep a separate and accurate record of the sales, which is to include the name of the solo parent, SPIC number, name/s of the qualified child/ren, gross sales, sales discount granted, date of transaction, and invoice number.

VAT EXEMPTION

The sale is to be presented under Line Item 18 (Exempt Sales/Receipts) in the Quarterly VAT Return (i.e., BIR Form 2550Q). In addition, the input tax attributable to the exempt sale is not allowed as an input tax credit. Instead, such input tax can be claimed as an expense deduction for income tax purposes.

WHAT'S NEXT FOR SOLO PARENTS?

RR 1-2023 is a welcome development not just for the solo parents but also for their children. The very first people who get to witness their hard work and sacrifices in family building are their children. I can say this because I myself am a child of a solo parent. While my mother is no longer able to benefit from the tax incentives from this expanded law, I am certain she is glad that somehow, the solo parent's role in the society is being acknowledged and valued. After all, not all heroes wear capes.

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.

EDMUND JAMES E. OPINIO is a senior associate at the Client Accounting Services department of Isla Lipana & Co., the Philippine member firm of the PwC network.
+63 (2) 8845-2728
edmund.james.opinio@pwc.com