

Talent dev't 'nonnegotiable' in achieving BPO industry's 1.1-million job target

THE business process outsourcing (BPO) industry cannot delay talent development initiatives if it is to create 1.1 million new jobs by 2028, industry officials said.

"Our goal is not going to be easy and it will necessitate the coordinated efforts of a multi-stakeholder coalition across the next six years," Jack Madrid, IT and Business Process Association of the Philippines President and Chief Executive Officer, said.

Speaking at the IT-BPM (Information Technology-Business Process Manage-

ment) Talent Summit on Wednesday, Mr. Madrid added: "This is non-negotiable. We can't delay any longer on getting a scalable, strategic, and sustainable talent attraction and development program off the ground if we want to see and feel its positive impact on the sector and the competitiveness and employability of Filipinos by 2028."

In his speech, Trade Secretary Alfredo E. Pascual said an inter-agency technical working group has been formed to support the implementation

of a five-year National Development Program for the IT-BPM industry.

"The signing of the statement of commitment serves as a testament to the Philippine government's unwavering support and dedication to the growth and expansion of the IT-BPM industry," Mr. Pascual said.

The statement of commitment's other signatories were the departments of Education, Information and Communications Technology, Labor and Employment, Science and Technology,

as well as the Commission on Higher Education and the Technical Education Skills and Development Authority.

"Our efforts to increase the industry's full-time employees to 2.67 million by 2028 must be carefully coordinated and planned," Information and Communications Technology Secretary Ivan John E. Uy said in a statement of support.

"A multi-stakeholder approach is required to ensure the development of a workforce-ready and globally competitive Filipino talent. With a workforce

that possesses the necessary skills and competencies, we will be able to maintain our position as a top global destination for digitally-enabled and customer-centric services," he added.

Mr. Madrid said the Philippines has secured a place in the IT-BPM industry and needs to work on the "talent crisis" to continue to grow.

"The biggest opportunity really for us to continue to grow and deliver the 1 million jobs is if we can address the talent crisis, and I use the word crisis,

because this is really important to drive home the urgency of talent, because, you know, the Philippines is a world capital already in IT-BPM," he told reporters on the sidelines of the event.

"This talent thing is really going to require the joint efforts of the government who have a hand in the educational reforms that are needed, then, of course, the private sector, because it is the private sector that needs the talent. These are the companies that will give jobs to the Filipinos," he said. — **Justine Irish D. Tabile**

WTO warns of risk to growth if economies shun globalization

BANGKOK — The World Trade Organization (WTO) warned against rolling back the tide of globalization, saying that such a process will make the world poorer, and added that the Asia-Pacific region's prominent role in global trade will result in an outsized impact should trade become less seamless.

"(Southeast Asia and the Pacific) are important players in global trade and central to some of the issues which we are now grappling with," WTO Director-General Ngozi Okonjo-Iweala said in a recorded message to participants at a WTO-organized conference in Bangkok on Tuesday.

"As the world navigates the polycrisis of climate change, pandemic, economic slowdown, inflation, food insecurity, and depletion of the oceans' resources, we need multilateral cooperation and solidarity more than ever," she added.

Ms. Okonjo-Iweala said the fragmentation of trading arrangements "would be costly for all economies, particularly poorer ones. WTO economists estimate

that if the global economy decouples into two self-contained blocs, long-term global gross domestic product (GDP) would decrease by at least 5% — worse than the damage from the financial crisis of 2008-09."

"Your region, where global supply chains are an important contributor to economic success, would no doubt be also impacted," she added.

Ms. Okonjo-Iweala added that food security issues will be addressed during the WTO's 13th Ministerial Conference (MC13) in February in Abu Dhabi, and called for a "pragmatic" approach to trading agricultural commodities.

"We need to look at how the growing concerns regarding food security can be incorporated and addressed holistically in the discussions. I do hope we can find a sensible and pragmatic approach to food security that will set members on the path to further progress in the years ahead," Ms. Okonjo-Iweala said.

She was referring to the protectionist direction some countries have taken in keeping their agricultural goods from

being exported as supplies of key commodities tightened in the wake of the Russian invasion of Ukraine.

"We also need to make progress on reforming agriculture trade. We've been negotiating on this for more than two decades, with success in eliminating export subsidies. But big issues related to farm subsidies and tariffs remain unresolved," she added.

Ms. Okonjo-Iweala urged members to move quicker in ratifying the fisheries subsidies agreement reached during MC12 in June 2022. The agreement seeks to restrict illegal, unreported, and unregulated fishing.

"(The agreement) will only enter into force once two-thirds of the WTO membership has accepted it," Ms. Okonjo-Iweala said.

"We need to complete the 'second wave' of negotiations on fisheries subsidies by agreeing on new discipline (against) harmful subsidies that contribute to overfishing and overcapacity, while at the same time taking into ac-

count the needs of fishing communities in developing and least developed countries," she added.

Ms. Okonjo-Iweala said MC13 is expected to focus on reforming the organization's dispute settlement system.

"Many members have identified this as their top priority. Ministers agreed at MC12 to have a fully- and well-functioning dispute settlement system in place by 2024; discussions are under way, but this is a difficult issue and we don't have a lot of time if we're to engage in substantive negotiations and achieve results. Nevertheless, the ongoing work on this issue is moving in the right direction," Ms. Okonjo-Iweala said.

She said the WTO is also hoping to deliver one or two accessions at MC13, while other issues that could be discussed in the conference include the effective application of special and differential treatment for developing and least developed members and access to COVID-19 therapeutics and diagnostics. — **Revin Mikhael D. Ochave**

Solar capacity grew the most among renewables in 2022

RENEWABLE ENERGY (RE) capacity hit 8,255 megawatts (MW) in 2022, up from 7,914 MW a year earlier, with solar adding the most new capacity, the Department of Energy (DoE) said.

RE accounted for 29% of the energy mix by capacity at the end of 2022, the DoE said in its Renewable Energy Act implementation status report.

New solar projects in Luzon added 170.9 MW in capacity during the year, followed by biomass with 12 MW, and hydro 4.6 MW.

In the Visayas, biomass added capacity of 70 MW, and hydro 15.9 MW. In Mindanao, geothermal added 3.6 MW in new capacity and hydro 0.8 MW.

The DoE said 1,002 projects were awarded RE contracts last year, of which 216 are running and 786 under development with potential capacity of 80,399 MW.

The DoE said that following the implementation of the RE Act of 2008, investment in RE facilities hit P280 billion.

The DoE estimated the reduction in carbon dioxide emissions resulting from the RE projects at about 4,365 kilotons. — **Ashley Erika O. Jose**

'Naughty list' of fake-receipt users, sellers targeted soon

THE Bureau of Internal Revenue (BIR) said it has compiled a list of sellers and users of fake receipts, as well as the accountants who abet them.

BIR Commissioner Romeo D. Lumagui, Jr. said that the agency "will remain aggressive" in taking down the identified targets.

"I am challenging you to come clean and together let us be partners in nation-building," he added in a statement on Wednesday.

The effort is led by the BIR's Run After Fake Transactions task force.

In March, the BIR filed criminal complaints against four suspected "ghost" corporations behind the sale of fake receipts.

The revenue foregone as a result of fake-receipt usage has been estimated at around P25.5 billion.

Later that month, the BIR filed an administrative case against an accountant suspected of being behind the four "ghost" corporations. — **Luisa Maria Jacinta C. Jocsnon**

PHL in talks to join International Transport Forum

By **Arjay L. Balinbin**
Multimedia Editor

THE Department of Transportation is in talks to join the International Transport Forum (ITF), ITF Secretary-General Young Tae Kim said.

"We discussed the current questions in the mobility sector in the Philippines, but more broadly, we also discussed the pos-

sible joining of the Philippines into the ITF community," Mr. Kim told *BusinessWorld* on Tuesday, referring to the outcome of his April 24 meeting with Transportation Secretary Jaime J. Bautista.

The ITF serves as a policy think tank for all modes of transport. It is an arm of the Organisation for Economic Co-operation and Development.

According to the ITF, only eight out of its 64 member countries are from Asia, including Cambodia, China,

Japan, South Korea, and India.

Last year, Cambodia became the first Southeast Asian country to join the ITF after being unanimously voted in by the membership during the annual summit in Leipzig, Germany.

"To make more balanced discussions and to provide more balanced solutions, we need to have more non-European countries, because out of

64, 44 countries are from Europe, so the Secretary (Mr. Bautista) thought about this positively, and we will further discuss how we can arrange the Philippines joining the ITF in the future," Mr. Kim said.

The ITF, through its members, aims to set the future direction of the mobility sector. It also hosts the largest meeting of transport ministers every year in Germany.

FULL STORY



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OPINION

Bridging the gap between TP and Customs

In recent years, the business community has acknowledged the relevance of transfer pricing (TP) not only in terms of taxation, but also in relation to customs matters. In these two areas, there is common ground that may be useful to both tax and customs authorities.

At the outset, the customs and tax authorities may have similar objectives when assessing related party transactions. For customs valuation purposes, import transactions between two distinct and legally separate entities belonging to the same multinational group are treated as related party transactions. One of the main objectives of the customs authorities in examining these import transactions between related parties is to determine whether the prices declared for the imported goods are influenced by such relationships.

On the other hand, for taxation purposes, the determination of prices of transactions between related parties is called TP. At the heart of every TP rule is the concept of the arm's length principle which requires the transfer prices between related parties to be consistent with the prices that independent parties would charge for a similar transaction. Thus, in TP audits, the tax examiner's main objective is to determine if the taxpayer's selected TP methods and arrangements are consistent with the arm's length principle.

The parallel objective of both the customs and tax authorities on related party transactions opens a discussion on what information can be shared between them.

Aside from the above, the customs valuation methods also have striking similarities with the TP methods set out by the OECD TP Guidelines and Philippine TP Guidelines. In terms of customs valuation, the primary method is the transaction value, which is the price that is actually paid or payable when the goods are sold for export, plus any adjustments or cost elements which are not included in the invoice price (e.g., related royalties, commissions, etc.). When the transaction value method cannot be applied, the following alternate methods may be applied:

- Transaction value of identical goods
- Transaction value of similar goods
- Deductive value method

- Computed value method
- Fallback option

In order to apply the transaction value of identical or similar goods, there must be an available comparable shipment to which the transaction value of the identical or similar goods is applied. The criteria for similar goods are less restrictive than for identical goods, hence allowing a larger pool of potential comparable goods/shipment. These methods resemble

the comparable uncontrolled price (CUP) method under the OECD and Philippine TP Guidelines.

The deductive value method, on the other hand, is based on the price at which the imported goods are sold on the domestic market, reduced by costs related to post-import activities (e.g., transportation and storage costs) and by profit and general expenses. The deductive value approach is quite similar to the resale price method under TP Guidelines which starts with the price at which the product that is the object of the controlled transaction is resold to an independent enterprise, which is then reduced by an appropriate gross profit margin in order to determine an arm's length price.

The computed value method, which is based on the manufacturing cost of such imported goods, is akin to the cost-plus method which starts with the costs incurred by the supplier of the property or services that are the object of the controlled transaction plus an appropriate mark-up in order to determine an arm's length price.

Given the above, one may ask, 'What if the information available to the customs authorities is made available to the tax authorities, and vice versa?'. For instance, if the customs authorities have access to the transaction value of identical or similar goods, would that information be helpful to tax authorities as well in assessing the arm's length nature of the import transaction between related parties? On the other hand, what if the information needed by the customs authorities is already included in the transfer pricing documentation of the local entity, would that bring more value to the TP documentation in terms of supporting the position that the pricing between related entities is not influenced by their special relationship?

Another matter worth noting is the impact of TP adjustments to customs duties. In some cases, TP ad-

justments may be necessary to be consistent with the arm's length principle. For instance, imagine a limited risk distributor (LRD) that imports goods from its related party supplier (Entrepreneur) which acts as the main entrepreneur and bears majority of the risk. In this scenario, given that the LRD only assumes limited functions and risks, the LRD's TP policy is to maintain a targeted arm's length margin. Any difference from the actual and the targeted arm's length margin of the LRD should be taken into account by both the LRD and the Entrepreneur. If deemed reasonable, there may be an adjustment on the LRD's purchase price from the Entrepreneur. Such adjustments are usually done at year end before the closing of the books and after importation. As such, these adjustments may also need to be reported to the customs authorities to reflect the correct transaction value of the imported goods. However, there is a possibility that such adjustments may not be accounted for by the customs authorities given that these adjustments usually occur only after the goods have been released from customs custody. In such cases, a clear understanding of the TP policy of the related parties by the customs authorities should be helpful in order to assess whether future adjustments may still be possible to arrive at the final transfer price. Thus, TP documentation should equip the customs authorities in their collection efforts especially on related party transactions.

With rapid globalization, the interplay between TP and customs can no longer be downplayed. The linkages between TP and customs come with a lot of possibilities and discussions as to what can be done to streamline the two practices. This is not an easy task but having an open conversation is a great start.

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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REPUBLIC OF THE PHILIPPINES Department of Transportation LAND TRANSPORTATION FRANCHISING AND REGULATORY BOARD East Avenue, Quezon City		
Application for a Certificate of a Public Convenience to operate a Shuttle Service. GT LANTIN SHUTTLE TRANSPORT CORP., Applicant's. CASE NO. 2023-7295		
NOTICE OF HEARING Applicant request approval of a Certificate of Public Convenience to operate a SHUTTLE Service for the exclusive transportation of employees, staff and personnel of EPSON PRECISION (PHILIPPINES) INC. located at SEZPZ Lima Technology Center Lipa City, Batangas and from said place to their designated pick-up and drop-off points with the use of TEN (10) units.		
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PLATE NO.	DBG3363, DAS5757, DBG2954	
NORMAL TIME SCHEDULE	DEPARTURE	ARRIVAL
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OUTGOING 5:00 PM	4:30 PM	6:00 PM
SHIFTING SCHEDULE	DEPARTURE	ARRIVAL
INCOMING 10:00 AM	8:00 AM	9:30AM
OUTGOING 10:00 PM	10:00AM	12:15PM
INCOMING 10:00 AM	8:00AM	9:30PM
OUTGOING 10:00 PM	10:00AM	12:15AM
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OUTGOING 5:00 PM	4:30 PM	6:00 PM
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OUTGOING 10:00 PM	10:00AM	12:15PM
INCOMING 10:00 AM	8:00AM	9:30PM
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INCOMING 10:00 AM	8:00AM	9:30PM
OUTGOING 10:00 PM	10:00AM	12:15AM
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PLATE NO.	ABL8190, DCQ8590, NAT1734, DBA9437	
NORMAL TIME SCHEDULE	DEPARTURE	ARRIVAL
INCOMING 7:00 AM	6:00 AM	8:00 AM
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SHIFTING SCHEDULE	DEPARTURE	ARRIVAL
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OUTGOING 10:00 PM	10:00 AM	12:15 PM
INCOMING 10:00 AM	8:00 AM	9:30 PM
OUTGOING 10:00 PM	10:00 AM	12:15 AM
NOTICE is hereby given that this application will be heard by this Board on MAY 05, 2023 AT 1:00 PM at its Office at the above address. At least five (5) days prior to the above date, applicant/s shall publish this Notice once in one (1) daily newspaper of general circulation in Luzon. Pursuant to Memorandum Circular No. 2021-043 in relation to No. 2020-069 (re: Guidelines in conduct of on-line hearing during community quarantine), the Formal Offer of Evidence (FOE), must be submitted at least (5) working days prior to the scheduled hearing. Parties opposed to the granting of the application must file their written oppositions supported by documentary evidence on or before the above date furnishing a copy of the same to the applicant/s and may if they so, desire appear on said date and time. This application will be acted upon by this Board on the basis of its records and documentary evidence submitted by the parties, unless the Board deems it necessary to receive additional documentary and/or oral evidence. Witness the Honorable ATTY. TEOFILO E. GUADIZ III, CESO V, Chairman this April 18, 2023. Atty. JENIFER LEAH P. ROJAS Attorney IV.		