Philippine Stock Exchange index (PSEi) 6,615.95 ▲12.39 PTS. ▲0.18%

WEDNESDAY, MAY 24, 2023
BusinessWorld

PSEi MEMBER STOCKS

AC	Ayala Corp.	P699.50	+P18.00	+2.64%
ACEN	ACEN Corp.	P6.15	-P0.05	-0.81%
AEV	Aboitiz Equity Ventures, Inc.	P55.15	-P0.10	-0.18%
AGI	Alliance Global Group, Inc.	P13.12	+P0.04	+0.31%
ALI	Ayala Land, Inc.	P26.40	+P0.30	+1.15%
AP	Aboitiz Power Corp.	P37.50	-P0.10	-0.27%
BDO	BDO Unibank, Inc.	P136.00	-P1.90	-1.38%
BPI	Bank of the Philippine Islands	P105.00	+P2.00	+1.94%
CNVRG	Converge ICT Solutions, Inc.	P11.00	-P0.20	-1.79%
DMC	DMCI Holdings, Inc.	P9.84	-P0.03	-0.3%
EMI	Emperador, Inc.	P21.10	——	
GLO	Globe Telecom, Inc.	P1,720.00	+P2.00	+0.12%
GTCAP	GT Capital Holdings, Inc.	P512.00	-P7.00	-1.35%
ICT	International Container Terminal Services, Inc.	P201.40	+P0.80	+0.4%
JFC	Jollibee Foods Corp.	P230.00	+P1.00	+0.44%
JGS	JG Summit Holdings, Inc.	P51.00	+P0.20	+0.39%
LTG	LT Group, Inc.	P9.90	-P0.09	-0.90%
MBT	Metropolitan Bank & Trust Co.	P59.30	-P0.20	-0.34%
MER	Manila Electric Co.	P329.00	+P3.40	+1.04%
MONDE	Monde Nissin Corp.	P8.56	+P0.02	+0.23%
MPI	Metro Pacific Investments Corp.	P4.48	——	
PGOLD	Puregold Price Club, Inc.	P31.35	-P0.05	-0.16%
SCC	Semirara Mining and Power Corp.	P28.60	-P0.35	-1.21%
SM	SM Investments Corp.	P929.00	+P9.00	+0.98%
SMC	San Miguel Corp.	P105.80	+P0.10	+0.09%
SMPH	SM Prime Holdings, Inc.	P34.00	-P0.50	-1.45%
TEL	PLDT Inc.	P1,259.00	-P19.00	-1.49%
UBP	Union Bank of the Philippines	P79.90	-P0.10	-0.12%
URC	Universal Robina Corp.	P146.00	+P0.50	+0.34%
WLCON	Wilcon Depot, Inc.	P27.00	——	

ACEN targets P25B from preferred shares offering

ACEN Corp. is looking to raise P25 billion by offering preferred shares as the Ayala-led energy company moves to diversify its funding sources to more institutional and retail investors.

In a stock exchange disclosure on Wednesday, ACEN said it had filed with the Securities and Exchange Commission the shelf registration of up to 50-million preferred shares, which includes a proposed public offer and sale of up to 25-million preferred shares.

The shelf-registered shares may be offered in one or more tranches and may be comprised of one or more series per tranche. The proposed public offer is comprised of 12.5-million preferred shares with an oversubscription option of up to 12.5-million preferred shares priced at P1,000 apiece.

ACEN also submitted an application with the Philippine Stock Exchange, Inc. for the listing of the shares. It said the proposed sale will be offered as the first tranche under its preferred shares program.

In the company's disclosure on March 8, it said its board of directors had approved an amendment to its article of incorporation to create preferred shares by reclassifying 100 million unissued common shares. Shareholders approved the reclassification on April 24.

It said the creation of preferred shares is intended to diversify its sources of funding and "to enable access to a wider base of institutional and retail investors."

Last week, ACEN announced that its board of directors had approved a plan to borrow about P7.8 billion from Mitsubishi UFJ Financial Group, Inc. and China Banking Corp.

ACENRENEWABLES.COM

Eric T. Francia, president and chief executive officer of ACEN, said the company was continuing its effort to fund its renewable energy expansion target.

"These are just ongoing financing initiatives that we have to support all our renewable energy expansions," Mr. Francia told reporters in a recent media gathering.

ACEN has estimated to spend up to $8 billion to roll out its 8-gigawatt (GW) portfolio of clean energy projects in the Philippines by 2030. The company has also said that it will fast-track the development of its project to at least 2 GW per year.

For 2023, ACEN is setting aside between P50 billion and P70 billion as its capital expenditure budget to fund its clean energy goals.

ACEN has around 4,200 megawatts of attributable capacity spread across the Philippines, Vietnam, Indonesia, India, and Australia.

The Ayala group's energy arm is aiming to expand its portfolio to 20 GW by 2030, while also targeting to transition its power generation to fully renewable energy by 2025.

In the first quarter, ACEN registered a net income of P2.03 billion attributable to its parent equity holder, or about five times higher than the P405.03 million recorded in the same period last year.

Gross revenues during the period reached P9.14 billion, up 23.5% from P7.4 billion a year earlier. The bulk of its top line came from the sale of electricity at P9.02 billion, which increased 22.6% from P7.36 billion in the previous year.

At the local bourse on Wednesday, shares in the company fell by five centavos or 0.81% to end at P6.15 apiece. — **Ashley Erika O. Jose**

Hog, chicken production rise in 3 months to March

HOG and chicken output both rose in the three months to March, the Philippine Statistics Authority (PSA) said.

The PSA said hog output during the period was 437.99 thousand metric tons (MT) on a liveweight basis, up 5.1% from a year earlier.

Calabarzon (Cavite, Laguna, Batangas, Rizal, Quezon) was the top producer at 61.18 thousand MT, followed by Central Visayas (57.92 thousand MT), Northern Mindanao (55.46 thousand MT), Western Visayas (52.88 thousand MT) and Central Visayas (40.27 thousand MT).

These regions accounted for 61.1% of national production.

As of March 31, the PSA estimated the national hog herd at 10.18 million head, up 4.2% from a year earlier.

"About 76.5% of the country's swine population came from smallhold farms, while the remaining 22.3% and 1.2% were from commercial and semi-commercial farms, respectively," the PSA said.

The farmgate price of swine for slaughter was down 3.3% to P170.26 per kilogram during the quarter.

The PSA also reported that chicken production increased 3.3% year on year to 470.21 thousand MT.

Central Luzon was the top producer at 162.44 thousand MT, followed by Calabarzon (81.06 thousand MT), Northern Mindanao (44.22 thousand MT), Western Visayas (31.57 thousand MT), and Ilocos Region (25.53 thousand MT).

These regions accounted for 73.3% of overall chicken output.

"Of the total chicken inventory, native/improved chicken accounted for 43.4%, followed by broiler chicken with a 33.5% share, and layer chicken with 23.1%," the PSA said.

The average farmgate price of broiler chicken during the quarter was P116.48 per kilogram, up 9.9% from a year earlier.

Chicken egg production during the quarter grew 2.8% to 175.73 thousand MT.

The top producer was Calabarzon with 57.71 thousand MT, followed by Central Luzon (33.82 thousand MT), Central Visayas (20.05 thousand MT), Northern Mindanao (13.81 thousand MT), and Western Visayas (9.52 thousand MT).

These regions accounted for about 76.8% of chicken egg output during the period.

The layer chicken flock declined 2.2% year on year to 65.22 million birds, with 34.7% consisting of native/improved chicken.

The average farmgate price of chicken egg during the period rose 34.3% to P7.12 per piece.

Cattle production amounted to 53.89 thousand MT, liveweight, up 1.9% from a year earlier.

Northern Mindanao was the top producer at 11.26 thousand MT, followed by Ilocos Region (5.46 thousand MT), Central Visayas (5.41 thousand MT), Western Visayas (4.70 thousand MT), and Calabarzon (4.11 thousand MT).

These regions accounted for 57.4% of national production during the quarter.

"As of March, the total cattle inventory reached 2.57 million head. This indicates a decrease of 0.2% from the previous year's same-period count of 2.58 million head," the agency said.

"About 82.1% of the country's cattle population during the period came from smallhold farms, while the remaining 14.3% and 3.6% consisted of semi-commercial farms and commercial farms, respectively," it added. — **Sheldeen Joy Talavera**

DBM to release P5 billion for BARMM rehabilitation

THE Department of Budget and Management (DBM) said it will release P5 billion for the Special Development Fund (SDF) of the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM).

The government gives the fund P5 billion annually for 10 years "for the rebuilding, rehabilitation, and development of its conflict-affected communities," the DBM said.

"We will ensure that we will help in its smooth transition process and strengthen its communities," Budget Secretary Amenah F. Pangandaman said.

"We hope that BARMM takes advantage of this funding by fully utilizing it to help those in need, and to improve areas that need further development," she added.

It also cited a Task Force Bangon Marawi finding in 2018 that P49.8 billion is needed to restore affected parts of Marawi.

The Bureau of the Treasury will release the allocations to the BARMM government through an authorized government servicing bank, subject to cash programming by the National Government.

Apart from the SDF, the government will also allocate P64.76 billion for BARMM's annual block grant and P4.59 billion as its share of taxes, fees, and charges collected in the region. — **Luisa Maria Jacinta C. Jocson**

OPINION

Empowering tax operations with AI

TAXWISE OR OTHERWISE
NELSON V. SORIANO

As we embrace the business realities of the post-pandemic era, the need for digital transformation has become even more essential. Digital transformation generally involves the use of technology to fundamentally change how businesses operate and deliver value to customers. One of its core technologies is artificial intelligence, or AI.

AI has emerged as a critical component of digital transformation. It allows detailed, accurate data extraction from sources to drive more in-depth questions, answers and analyses that would previously be difficult, time consuming, or even impossible to accomplish. AI can perform structured or unstructured tasks, mimicking the actions of humans, but with greater speed and accuracy. With AI, organizations can automate routine tasks, analyze vast amounts of data and gain valuable insights that can drive innovation and growth.

For the past years, we have seen how AI rapidly transformed the way business operates, and tax operations are no exception.

Tax operations are complex and time-consuming, and with the disruption in business caused by the pandemic, many companies have turned to AI to automate tax processes, among others, to improve efficiency. AI has helped businesses manage tax operations by streamlining processes, reducing errors, and providing real-time insights into tax compliance. As a consequence, more and more tax professionals are turning to AI to leverage its capabilities and effectively manage tax operations, in general. These transformative capabilities of AI apply throughout the entire tax lifecycle from planning to compliance, reporting and controversy.

Among the most impactful uses of AI are the following:

1. Automating tax return preparation and filing

One of many ways in which AI can be used in tax operations is through the automation of routine tasks, such as periodic tax return preparation and filing. Certain AI-powered software used solely or in tandem with Robotics Process Automation (RPA), for instance, can accurately extract data directly from source, such as the trial balance, invoices, and other relevant documents, and organize them into the prescribed tax forms. Through its machine learning algorithms, these AI-powered systems can also analyze tax returns for errors or discrepancies, thus reducing the time and resources required for manual data entry, which frees up staff to focus on more strategic and value-adding tasks.

2. Monitoring tax compliance and improvement

Another area where AI can be useful is in tax compliance monitoring and improvement. With so many changes or updates in tax rules and regulations, AI can help businesses stay compliant by alerting them to new tax developments. Needless to say, monitoring compliance to changes in tax rules is not easy and can be even more challenging without a good and reliable tool. With an AI-enabled monitoring tool, businesses can be updated on a more timely and regular basis, thus avoiding noncompliance which could lead to painful tax assessments and reputational risk.

AI can also help improve tax compliance by analyzing large datasets to identify trends and patterns that may indicate potential tax issues. This enables businesses to proactively address compliance issues before they become major problems and reduce tax assessment risks which could be costly and time consuming.

3. Enhancing the tax audit process and fraud detection

AI can also help businesses prepare for tax audits and improve the audit process. By analyzing past audits and identifying areas of weaknesses, AI can help businesses improve their compliance and reduce tax audit risks.

Tax authorities or agencies can also harness the power of AI in conducting tax audits. In certain jurisdictions, AI is used by these agencies to identify cases that could indicate potential fraud. By analyzing huge amounts of data, AI can detect anomalies and suspicious activities that may indicate fraudulent behavior.

For example, in one country, tax officials have successfully incorporated AI into their Goods and Services Tax administration. In the first year of implementation, only a few cases of fake invoicing were detected and two people were arrested. However, in the following year, the tax agency saw improved detection with more than a thousand cases of fake invoicing being identified and more than a hundred people were arrested.

Several European Union (EU) countries have also been using AI to detect tax fraud. In one EU country, tax officials were able to identify an estimated 60 out of 100 cases of tax fraud using advanced technologies. These show how AI can be powerful and is widely used across geographies.

4. Forecasting and predictive analytics

Another area where AI can be helpful is in the analysis of tax data to formulate business strategy and make better decisions about tax planning and forecasting. Predictive analytics can analyze historical data to identify trends and patterns. For instance, algorithms can analyze sales data to help detect trends within various tax filing cycles — an annual, quarterly, or monthly basis. Those trends can then be used as the basis for predicting what's likely to happen next, which could be helpful in providing better sales forecasts and related tax obligations. By analyzing these data, businesses can gain insights into their operations and identify areas for improvement. This also guides and helps decision-makers optimize their business strategy by reducing costs in order to improve profitability.

The increasing demand for AI in tax operations shows how businesses are adapting to the new technologies to stay competitive in the post-pandemic era. As the technology continues to evolve, we can expect to see even greater innovation in tax operations and new opportunities for businesses to optimize their operations and reduce costs. Companies that embrace digital transformation and AI will be well positioned to stay afloat in the digital age and in this post-pandemic world.

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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