

Appellate court affirms Petron's canceled P64.33-million tax liabilities

THE COURT of Tax Appeals (CTA) has stood by its decision to refund Petron Corp.'s tax liabilities worth P64.33 million representing its wrongly paid excise taxes on the importation of alkylate gas in 2016.

In a 20-page decision dated June 6 and made

public on June 8, the CTA full court said the firm was able to back its claim for a refund by submitting documents required under the country's tax code.

"The findings of fact by the CTA in Division are not to be disturbed without any showing of grave abuse of dis-

cretion considering that the members of the Division are in the best position to analyze the documents presented by the parties," Associate Justice Maria Belen M. Ringpis-Liban said in the ruling.

The tribunal agreed with its First Division that Petron's importations of

alkylate are not subject to excise tax. Citing the Tax Code, it said alkylate cannot be classified as a raw material that is a product of distillation that can be subjected to excise tax.

The law imposes taxes on naphtha gas, regular gasoline and other similar products

of distillation, but not on the ingredients or raw materials that compose the said gases.

"Thus, the petitioner's (Petron) payments of excise taxes in 2016 for its importation of alkylate are considered erroneous and can be the proper subject of refund," the CTA said.

Petron was able to submit single administrative documents, customs payment receipts, commercial invoices, and Bureau of Customs certifications to back its entitlement to the refund, the tribunal noted. — **John Victor D. Ordoñez**

Meralco sees easing power rates as rainy season starts

POWER RATES in areas served by Manila Electric Co. (Meralco) are likely to go down next month as the electricity distributor expects demand to decrease further in the coming months.

Lawrence S. Fernandez, Meralco vice-president and head of utility economics, expects declining rates "if everything else is the same, given that the rainy season has started."

"We are seeing even in the daily spot market results that the power demand is decreasing in [the] Luzon grid, coming off their highs from May. We may expect that spot market prices will also become more moderate," he said during a briefing on Friday.

On June 2, the state weather bureau declared the start of the rainy season in the Philippines.

Mr. Fernandez said if the market trend goes on, the power utility expects spot market prices to decline, which will likely translate into lower overall power rates.

"If the lower spot market prices trend continues, this will be reflected in the July generation charge but we'll have to see other components like PSAs (power supply agreements) and IPPs (independent power producers) behave," he said, adding that Meralco also needs to see how the foreign exchange moves.

For June, residential customers served by Meralco will see an increase in their monthly power bills after the completion of distribution-related refunds.

Households that consume 200 kilowatt-hours (kWh) of electric-

ity will see an increase of P84 in their June electricity bills. Meanwhile, those consuming 300 kWh, 400 kWh, and 500 kWh will see an increase of P125, P167, and P209, respectively.

"These refunds benefited Meralco's customers over the past two years as these helped temper increases in electricity bills at a time of financial distress and uncertainty for many," Meralco Head of Regulatory Management Office Jose Ronald V. Valles said in a media release.

The power utility giant implemented four distribution rate true-up adjustments from March 2021 until May 2023 for a total of P48.3 billion. This translates to P1.80 per kWh refund for residential customers, Meralco said.

Joe R. Zalardriaga, Meralco spokesperson and vice-president for corporate communications, said lower generation and transmission charges were able to temper this month's power rates from increasing further.

The generation charge decreased by P0.42 per kWh to P7.25 per kWh this month from P7.67 kWh in May.

Charges from PSAs, which account for 50% of Meralco's supply, fell by P0.59 per kWh to P6.53 per kWh.

Charges from the IPPs, however, decreased by P0.59 per kWh to P7.04 per kWh. IPPs account for 38% of Meralco's total requirement.

However, charges from the wholesale electricity spot market (WESM) increased by P2.02 per kWh to P10.94 per kWh due to the tight power supply situation in the Luzon power grid. For

the supply month, WESM accounts for 12% of Meralco's energy share.

Separately, One Meralco Foundation has energized an off-grid public school on an island in Antique province's Caluya town, allowing students to use digital learning materials.

In a media release on Sunday, Meralco said the foundation's project involves a 1-kilowatt-peak solar photovoltaic system for the school, which is reachable after a four-hour boat ride from mainland Antique.

The solar facility will power equipment that will provide lighting and ventilation. Also, printers, laptops, and television sets can now be used by both teachers and students. Lim Elementary School's 100 students are taught by seven teachers.

"Investing on improvements in the learning environment of our students will help further not just their respective individual growth but also contribute towards the development of their community," said Jeffrey O. Tarayao, the foundation's president.

"With electricity access, these students can explore a bigger world of knowledge with the help of multimedia equipment that they can now fully use," he added.

Meralco's controlling stakeholder, Beacon Electric Asset Holdings, Inc., is partly owned by PLDT Inc.

Hastings Holdings, Inc., a unit of PLDT Beneficial Trust Fund subsidiary MediaQuest Holdings, Inc., has interest in *BusinessWorld* through the Philippine Star Group, which it controls. — **Ashley Erika O. Jose**

Maharlika,
from S1/1

'ULTIMATE OBJECTIVE'

The bill creating the sovereign wealth fund also does not contain bankruptcy provisions, according to the paper.

"This might mean that, implicitly, the Philippine government will still shoulder in the end any liabilities or losses that may arise from the MIF," it added.

"The current funding sources remain a serious concern, as this subjects LANDBANK and DBP depositor funds to financial risk, endangering government payroll and the banks' funding of other development initiatives," Terry L. Ridon, a public investment analyst and convener of think tank InfraWatch PH, said in an e-mail.

"To be clear, sovereign wealth funds should be funded from surplus government revenue or through revenue from natural resources. None of these exist in the Philippines today," he added.

Antonio A. Ligon, a law and business professor at De La Salle University, cited the lack of public consultations.

"The question remains whether the public is fully aware of why the bill is being passed and how it will impact the lives of ordinary citizens," he said in a Viber message.

"Those in Congress are supposed to be the representatives of the people. The issue is whether the people are conscious and gave their knowledgeable consent on the matter. The feedback and insights of citizens on the bill is apparently absent," he added.

Mr. Ridon said the fund does not seem to have a clear objective.

"The Marcos government remains uncertain on the ultimate objective of the fund, whether it is to generate better returns than current investment instruments, or whether to fund the country's infrastructure projects," he pointed out.

While both are legitimate objectives, better returns are not always consistent with funding infrastructure projects because these are not necessarily return-driven endeavors, he said.

Mr. Ridon said the Philippines does not need a sovereign wealth fund to boosting infrastructure.

"Existing funding modes such as official development assistance and public-private partnerships are sufficient to provide the necessary funding for infrastructure programs," he said.

"The President needs to provide greater clarity on the ultimate objective of the fund in order to guide policy makers and the MIF leadership team on the types of priority investments that the fund should focus on," he added.



AI threats,
from S1/1

The Philippines ranked 54th out of 181 countries in the 2022 Government AI Readiness Index by Oxford Insights, getting a score 55.42 out of 100.

The Southeast Asian nation, which placed ninth among its 17 peers in East Asia, scored 65.9 in terms of the vision, governance, digital capacity and adaptability of the government. It scored 36.33 in terms of the technology sector's maturity, innovation capacity and human capital and 64.9 in terms of data and infrastructure.

"AI is here to stay, and we can only expect it to evolve quickly," AAP said. "This will change the future jobs."

It said the Philippines' educational system should adapt to "prepare the Philippines' future workforce accordingly."

OpenAI's ChatGPT, launched in November, became an instant hit among students because it can write essays and do other school tasks.

AI AND SCHOOLS

The rise of ChatGPT and similar AI tools has come with social costs. In the Philippines, some students at its premiere state university were investigated earlier this year after they were accused of using AI to cheat their way out of college.

Still, some educators think ChatGPT is more than just a dream machine for cheaters and could actually help make education better.

Crafting AI policies in education should help "ensure inclusive

and equitable quality education and promote lifelong learning opportunities for all," according to the United Nations Educational, Scientific and Cultural Organization.

AI called for the incorporation of AI tools in Philippine learning curricula, adding that teachers should be trained in AI education as early as possible — "learning from the mistakes during the pandemic when we were not prepared to use digital platforms on time to meet the demands for effective learning."

There are a handful of academic institutions in the Philippines that offer AI courses, including the University of the Philippines, which approved in July the country's first doctoral program in AI.

"Everyone will be affected by AI, directly or indirectly," AAP said. "There will be some industries that will be disrupted sooner than others, and not necessarily just the ones that have highly routine and repetitive tasks."

Even the creative industry could lose to AI as machines get the advantage in acquiring more related datasets at a much faster pace.

The group said it's time for Filipino workers to develop new skills that will meet the demands of an AI-powered future.

"Digital skills will be a minimum and mandatory requirement, or else we will constantly fear to be replaced," it said. "But we should not just aspire to be users of AI. We should be creators of our own AI and innovate for our own future."



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HON. MARIBEL F. VITALES
HON. RODOLFO C. SAN PEDRO, JR.

ALSO IN ATTENDANCE:

Secretary to the Sanggunian ATTY. DINDO R. CERVANTES

Upon motion of Hon. A.A.M. Yabut, duly seconded, the Sangguniang Panlungsod of Makati, by a unanimous vote, approved City Ordinance No. 2023-109 on third and final reading.

CITY ORDINANCE NO. 2023-109

Authors: Hon. A.P. Padilla, Hon. R.A.Q. Saguisag, Jr., Hon. D.B. Almario, Hon. B.B. Baniqued, Hon. V.V. Hilario, Jr., Hon. R.C. San Pedro, Jr., Hon. E.M. Marquez and Hon. A.A.M. Yabut

Co-Authors: Hon. M.D.M. Arayon, Hon. M.J.P.Q. Arenas, Hon. J.M. Ariones, Hon. A.J. Cruz, Hon. L.S. Javier, Jr., Hon. C.C. Ortega, Hon. K.T. Sarosa, Hon. J.C. Villena, IV and Hon. M.F. Vitales

AN ORDINANCE DECLARING THE ANNUAL BARANGAY YOUTH INVESTMENT PROGRAM (ABYIP) FOR C.Y. 2023 OF BARANGAY URDANETA TO BE IN CONFORMITY WITH EXISTING LAWS, RULES, AND REGULATIONS.

WHEREAS, Sec. 20 (d) of R.A. No. 10742, otherwise known as the "Sangguniang Kabataan Reform Act of 2015", provides that "(T)he Sangguniang Bayan or Sangguniang Panlungsod shall, within sixty (60) days upon receipt hereof, review the annual budget and supplemental budget of the Sangguniang Kabataan on their compliance in the immediately preceding provision and other existing laws, rules and regulations.;"

WHEREAS, Sec. 8 of the same law also states that the Sangguniang Kabataan shall prepare the Annual Barangay Youth Investment Program (ABYIP) based on the Comprehensive Barangay Youth Development Plan (CBYDP);

WHEREAS, the Sangguniang Kabataan of Barangay Urdaneta, by virtue of Sangguniang Kabataan Resolution No. 001 Series of 2023, approved its ABYIP for C.Y. 2023, a copy of such Resolution, including its supporting documents, is hereto attached and made an integral part hereof as **Annex "A"**;

WHEREAS, the Honorable Members of the Sangguniang Panlungsod of Makati extensively reviewed the subject ABYIP;

WHEREAS, after careful perusal of available documents, it was ruled by the Members of the Sangguniang Panlungsod of Makati that the proposed Annual Barangay Youth Investment Program (ABYIP) for C.Y. 2023 of Barangay Urdaneta is compliant with the minimum requirements as prescribed by existing laws, rules, and regulations; hence, this Ordinance.

NOW, THEREFORE, BE IT ENACTED, AS IT IS HEREBY ENACTED BY THE SANGGUNIANG PANLUNGSOD OF MAKATI, METRO MANILA, BY THE POWERS VESTED IN IT BY LAW, IN SESSION ASSEMBLED, that:

Section 1. The Annual Barangay Youth Investment Program (ABYIP) for C.Y. 2023 of Barangay Urdaneta is hereby declared to be in conformity with existing laws, rules, and regulations.

Section 2. The *Certifications* issued by the Urban Development Department (UDD) and Budget Department dated 15 May 2023 and 22 May 2023, respectively, which attest that the ABYIP for C.Y. 2023 of Barangay Urdaneta substantially complies with the provisions of pertinent laws, rules and regulations, are hereby adopted *in toto*. (**Annexes "B" and "C"**)

Section 3. The provisions of this Ordinance are hereby deemed separable. If any provision hereof should be declared invalid or unconstitutional, the remaining provisions shall remain in full force and effect.

Section 4. All ordinances, resolutions and executive orders which are inconsistent with any of the provisions of this Ordinance are hereby repealed or modified accordingly.

Section 5. Let a copy of this Ordinance be furnished to the Office of the Mayor, Office of the City Administrator, Law Department, Budget Department, Accounting Department, Urban Development Department, Department of the Interior and Local Government (DILG)-Makati City, Sangguniang Kabataan Federation of the City of Makati, Liga ng mga Barangay, Sangguniang Kabataan of Barangay Urdaneta, Sangguniang Barangay of Urdaneta and other departments, offices, and agencies concerned for their information, guidance and reference.

Section 6. This Ordinance shall take effect immediately upon its approval.

ENACTED BY THE SANGGUNIANG PANLUNGSOD OF MAKATI, METRO MANILA, in its Regular Session held on 5 June 2023.

Attested by:

ATTY. DINDO R. CERVANTES
Secretary to the Sangguniang Panlungsod

Certified true and correct by:

HON. MONIQUE YAZMIN MARIA Q. LAGDAMEO
Vice Mayor & Presiding Officer

Approved by:

HON. MAR-LEN ABIGAIL S. BINAY
City Mayor

Date of Approval: JUN 05 2023