

# LRT 1 and 2 cleared to adjust fares on Aug. 2

THE Department of Transportation (DoTr) has approved an Aug. 2 fare hike by Light Rail Transit (LRT) Lines 1 and 2, after the Palace had intervened to halt the original adjustment plan to seek a review.

In a statement, the DoTr said Secretary Jaime J. Bautista cleared the way for a fare hike following a cabinet meeting on June 6.

President Ferdinand R. Marcos, Jr. had asked in April that the fare hike plan be reviewed.

The approval follows the release of favorable inflation and employment indicators, the DoTr said.

In May, the consumer price index slowed to 6.1% from 6.6% in April. It remained higher than the year-earlier rate of 5.4% a year earlier.

Meanwhile, the unemployment rate fell to 4.5% in April from 4.7% in March. A year earlier, the reading had been 5.7%.

Assistant Transport Secretary for Railways Jorjette B. Aquino said that the fare adjustment will go towards enhancing services, amenities, and technical capabilities of the two commuter lines.

"We are aiming to make our rail services more accessible, con-

venient, and efficient for commuters," Ms. Aquino said.

The DoTr's Rail Regulatory Unit had previously approved the petitions seeking to increase the train boarding fee by P2.29 with an additional 21 centavos for every kilometer traveled on LRT 1 and 2.

The LRT 1 and 2's minimum boarding fee thus becomes P13.29 plus P1.21 per kilometer for every kilometer traveled.

The Light Rail Transit Authority (LRTA) plans to allocate about P110 million, or about 97% of the projected P114 million in addi-

tional rail revenue, for maintenance, operating expenses, and repair and upkeep of crucial rail systems and facilities, Ms. Aquino said.

"This will improve the turnaround time of equipment and ensure timely preventive maintenance activities for optimal performance," she added.

In order for the fare adjustment to be effective, the LRTA and the Light Rail Manila Corp. must publish the approved fare adjustments in at least one newspaper of general circulation for three consecutive weeks.

"After which, 30 days after the last publication date will be the collection date — Aug. 2," she said.

Deputy Minority leader and ACT Teachers Party-list Representative France L. Castro declared her opposition to the fare hike, noting that inflation remains high.

"Commuters are still reeling from the high prices of goods and services due to inflation, and they do not even feel that inflation is slowing down with their low wages. The proposed fare hike for LRT 1 and 2 will only add to their burden," Ms. Castro said in a statement.

She said that public transportation is a basic service that should be accessible and affordable for all.

"The government should provide adequate subsidies to ensure that the fare remains affordable for the commuting public," she added.

Ms. Castro said that the DoTr should reconsider the proposed fare hike and instead look for alternative solutions that will improve the quality of public transportation without burdening commuters. — **Justine Irish D. Tabile**

## Falling Angat levels could lead to MWSS water allocation cut in July

THE National Water Resources Board (NWRB) said it is considering reducing the water allocation for the Metropolitan Waterworks and Sewerage System (MWSS) next month due to the decline in Angat Dam water levels.

"The water level in Angat Dam continues to drop; we need to control the releases to ensure we have enough water supply," Sevillo O. David, Jr., NWRB executive director, said in a Lagging Handa briefing on Monday.

He said that the NWRB must find a water allocation that can still support the water requirements of Metro Manila and nearby provinces, which are supplied principally from Angat.

Last week, the NWRB approved the request of the MWSS to extend the 52 cubic meters per second (CMS) water allocation from June 16 until the end of month.

The NWRB had previously agreed to raise the allocation to 52 CMS for June 1-15. MWSS normally draws 48 CMS from Angat Dam.

The government weather service, known as PAGASA (Philippine Atmospheric, Geophysical and Astronomical Services Administration), reported that the water level in Angat Dam declined to 186.15 meters early on June 19, from 186.55 meters a day earlier.

Angat's minimum operating level is 180 meters.

Angat accounts for about 90% of the capital region's potable water.

Mr. David said that due to the expected El Niño dry spell, preparations to address any potential water shortages should be in place as early as now.

The El Niño phenomenon is expected to manifest between June and August at an 80% forecast probability, and may persist until the first quarter of 2024, PAGASA said. — **Ashley Erika O. Jose**

## Philippines, India agree to cooperate in developing fintech

THE PHILIPPINES has signed an agreement with India to collaborate on the development of financial technology (fintech), the Department of Finance (DoF) said.

In a statement on Monday, the DoF said Finance Secretary Benjamin E. Diokno and Ambassador of India to the Philippines Shambhu Santha Kumaran signed a memorandum of understanding (MoU) declaring the two sides' intent to cooperate on fintech.

"On the one hand, India is a rising economic powerhouse, with a forte in digital technology. On the other, the Philippines hosts a young and tech-savvy talent pool that can provide the intellectual capital needed to succeed in the digital economy. Clearly, the possibilities between our two economies are boundless," Mr. Diokno said.

Under the MoU, a joint working group will be created with India's Department of Economic Affairs (DEA) Ministry of Finance. The group will be co-chaired by the DoF and the DEA.

"The creation of a JWG is expected to facilitate inter-governmental discussions on the exchange of best practices to improve

policies and regulatory connection, promote cooperation in the development of fintech solutions for business or financial sectors, and develop international standards by encouraging the creation of an international version of Application Programming Interfaces (API)," the DoF said.

On the Philippine side, the group will be composed of the Department of Foreign Affairs, National Economic and Development Authority, Bangko Sentral ng Pilipinas, Department of Information and Communications Technology, Securities and Exchange Commission, Insurance Commission, and the Philippine Statistics Authority.

The Indian side will be represented by the DEA, Ministry of Electronics and Information Technology, Union Identification Authority of India, Reserve Bank of India, Securities and Exchange Board of India, Insurance Regulatory Development Authority of India, Pension Fund Regulatory and Development Authority, Ministry of External Affairs, International Financial Services Centres Authority, and Indian Computer Emergency Response Team. — **Luisa Maria Jacinta C. Jocsos**

## BIR disavows online sellers offering TIN cards, registration

THE Bureau of Internal Revenue (BIR) warned the public against obtaining Taxpayer Identification Number (TIN) cards from unauthorized online sources.

The BIR reported the discovery of service providers on Facebook, Shopee, and Lazada, offering assistance in obtaining TIN cards.

"These offers of TIN ID assistance posted in online channels or selling platforms are not authorized by the BIR and are, therefore, considered illegal. Please do not be deceived or misled by such offers," Commissioner Romeo D. Lumaguí, Jr. said in a statement.

The BIR said it is working with representatives from Shopee and Lazada to stop the offer of services.

Since 2019, the agency has conducted entrapment operations and arrested parties offering such services in Pangasinan, Cebu, Bukidnon, Quezon, Laguna, and the Cordillera Administrative Region.

"The offenders were apprehended, and legal proceedings were initiated to ensure that appropriate penalties were imposed on them. Said arrests and filing of criminal cases highlight the seriousness of the BIR in addressing the proliferation of unauthorized TIN issuance and selling of TIN cards," it added.

The BIR also noted that TIN cards cannot be sold, are free of charge, and do not require a third-party service. TIN numbers and cards can only be issued by the BIR.

"Do not get TIN or TIN cards from unauthorized BIR personnel, non-BIR personnel or through Facebook, Shopee, Lazada and other online selling platforms, because they are considered illegal, fraudulent and fake," Mr. Lumaguí said.

The BIR said that selling TIN card and TIN registration services "not only poses serious legal implications but also undermines the integrity of the taxation system and the revenue-generation efforts of the BIR."

"These illicit activities may lead to identity theft, tax fraud, and other unlawful activities that could harm both individuals (who will avail of such services) and the economy as a whole," it added. — **Luisa Maria Jacinta C. Jocsos**

## Dredging, reclamation reducing catch, Cavite fisherfolk say

FISH harvests are declining due to reclamation and dredging projects along the Cavite coast, according to Pambansang Lakas ng Kilusang Mamamalakaya ng Pilipinas (Pamalakaya), an association of fisherfolk.

In a Viber message on Monday, the group said the fishery along Manila Bay has suffered due to the adverse ecological impact from dredging and reclamation.

It said high fuel and salt prices have also hampered production.

Additionally, fisherfolk who dry their catch have also been challenged by unpredictable weather

Pamalakaya sought subsidies from the government for fish drying as well as post-harvest facilities.

Nazario C. Briguera, spokesperson for the Bureau

of Fisheries and Aquatic Resources, said the bureau is in discussions with the association on possible assistance.

"Early this year, we had engaged them in a dialogue to discuss the different possible interventions for the affected fisherfolk," he said in a Viber message.

Pamalakaya said it is in the process of submitting a list of

members eligible for aid and is awaiting the actual delivery of support.

The group reiterated its call for the suspension of reclamation and dredging to restore the fishery.

Citing the Philippine Reclamation Authority, the association said there are 187 ongoing reclamation projects nationwide. — **Sheldeen Joy Talavera**

### CORRECTION

THE article published in the print edition of this page on June 16, "Warning issued against over-regulating open-pit miners," is hereby retracted, after feedback from the source that the quotes were mischaracterized. The online edition of the story has been taken down.

### OPINION

## The difference one letter can make

If you know any "lectiophiles" — people who love reading — you can probably imagine how they respond to receiving letters, especially if they are handwritten or printed in a lovely font. I know all too well because my significant other is one. She has a box full of letters from dear friends and family, which she constantly opens to read random letters, to remind herself that people love and care for her. One thing a lectiophile really appreciates is receiving letters and reading them over and over again.

It's a fair guess, however, that even the most ardent lectiophile would not be thrilled by a letter from the Bureau of Internal Revenue (BIR), especially if it concerns tax compliance.

One of the letters that taxpayers dread receiving is a Letter of Authority (LoA). This is the official document that authorizes the BIR to examine and scrutinize a taxpayer's books of account and other records to check and determine the taxpayer's tax compliance.

As set forth in Section 6(A) of the Tax Code, as amended, the BIR's authority to examine and assess the taxpayer is restricted only to the Commissioner of Internal Revenue (CIR) or his/her duly authorized representatives, such as the Deputy Commissioner, Assistant Commissioner, and Head Revenue Executive Assistant. However, as an exception to the rule, Section 10(c) of the Tax Code, as amended, allows Revenue Regional Directors (RD) to issue LoAs.

Since the LoA is the starting point of any BIR tax audit, it is the most im-

portant letter a BIR officer should be equipped with in order to legally and validly examine the books of a taxpayer. The LoA is the concrete manifestation of the grant of authority by the CIR or his authorized representatives to the revenue officers. It also serves as a notice to the taxpayers that they are being audited. Without it, the BIR's audit, no matter how fruitful the legal and factual findings were presented, will surely be void on the grounds of technicality. The courts (Supreme Court and Court of Tax Ap-

peals) have clearly ruled on this in a number of tax cases.

### CASES WHERE AN LOA MAY LOSE ITS EFFECTIVENESS

An LoA, which gives authority to BIR officers, is not an infallible document. It does not give them indefinite power over a taxpayer's books of account and records. There are cases where LoAs are invalidated.

#### Assignment of a new team to continue the audit

From time to time, the BIR issues a Revenue Travel Assignment Order (RTAO) which transfers BIR examiners to different Revenue District Offices (RDO) or Revenue Regions (RR). By virtue of an RTAO, BIR officers are reassigned to different RDOs or RRs which means that their old assessment cases will have to be reassigned to another examiner.

Revenue Memorandum Order (RMO) No. 43-1990, as also cited by the Supreme Court in *CIR v. Manila Medical*

*Services, Inc. (Manila Doctors Hospital)* (G.R. No. 255473, Feb. 13, 2023), states that in cases of reassignment, the new set of BIR officers that will continue the audit should be clothed with a new LoA extending to them the authority to examine the taxpayer's books of account which was given to the previous team.

#### Lapse of the prescriptive period to audit the books of account

As a rule, Section 203 of the Tax Code, as amended, provides that an assessment of internal revenue tax must be made within three years counted from the deadline for filing of the tax returns or the actual date of filing, whichever is later.

Since the BIR's right to collect prescribes after three years, the LoA previously issued loses its validity and no further revalidation of the LoA can be done after the fact. An exception to this case is when there is an allegation of fraud, falsity, or failure to file the tax return, in which case the authority to examine will be extended to 10 years from the discovery.

#### Delegation of authority to other revenue officers by letters other than an LoA

In lieu of an LoA, the BIR issues other documents which delegate to BIR officers the authority to audit the books of the taxpayer. Some of the common documents issued by the BIR to reassign the case to a new set of officers are Memorandum of Assignment (MoA), Referral Memorandum, Letter Notice, or any other equivalent document.

As mentioned previously, RMO No. 43-1990, as further explained in the case of *Medicaid Philippines, Inc. v. CIR* (G.R. No. 222743, April 5, 2017), provides that

the deficiency VAT assessment against Medicaid Philippines is invalid because there was no LoA issued by the CIR prior to the issuance of Preliminary Assessment Notice (PAN) and Final Assessment Notice (FAN). The Letter of Notice earlier sent to Medicaid Philippines was not validly converted into an LoA. The SC emphasized that "(W)hat is crucial is whether the proceedings that led to the issuance of VAT deficiency assessment against Medicaid had the prior approval and authorization from the CIR or her duly authorized representatives. Not having authority to examine Medicaid in the first place, the assessment issued by the CIR is inescapably void."

#### Lapse of the 180 or 240-day period to complete a tax audit will not invalidate the LoA

Revenue Audit Memorandum Order (RAMO) No. 1-2000, which is further amended by RMO No. 19-2015 and RMO No. 6-2023, provides that generally, an entire tax audit process must be completed within 180 days from the issuance of the LoA for cases in the RDOs or 240 days for cases covered by the Large Taxpayer Service. Previously, the LoA was to be served to the taxpayer within 30 days; however, Revenue Memorandum Circular (RMC) No. 82-2022 removed that requirement as long as the audit is done within 180 or 240 days, as the case may be.

In cases where the audit is not completed within 180 or 240 days, the LoA does not lose its validity for as long as the BIR's right to assess has yet to prescribe. Hence, there is no need to revali-

date the LoA for the audit to continue. However, the revenue officers assigned to the audit will be subject to administrative penalties. This is consistent with the CTA's ruling in *Xpert Air Services, Inc. v. CIR* (CTA Case No. 10171, March 14, 2023) and with CTA En Banc's ruling in *CIR v. GS MTE Grains Corporation* (CTA EB Case No. 1958, July 6, 2020).

The above cases amended the previous requirement provided for in RMO No. 43-1990 that the LoA loses its effect and should be revalidated by the BIR by virtue of the BIR's General Audit Procedures and Documentation.

To reiterate, no matter how comprehensive the legal and factual findings presented by the BIR, without a valid LoA, the whole assessment will be invalidated. So, check what letters the BIR is issuing to you. The presence of the above-mentioned instance may invalidate the whole assessment for violating your right to due process. By this we can say that one letter can really make a difference in your tax audits.

*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.*

RUNELL ALVYN V. SARMIENTO is a senior in charge from the Tax Advisory & Compliance division of P&A Grant Thornton, the Philippine member firm of Grant Thornton International Ltd. [pagranthornton@ph.gt.com](mailto:pagranthornton@ph.gt.com)

