Customs exceeds first half collection target

THE Bureau of Customs (BoC) said it surpassed its collection target by 3.21% for the six months to June.

During the period, the agency collected P434.169 billion in duties and taxes, beating by P13.5 billion its P420.66 billion target for the period.

First-half collections were also up P37.434 billion from a year earlier.

"The increase in revenue was achieved despite the challenges in import volume, which (contracted) 2.8% this year for high-value commodities," the BoC said in a statement late Tuesday.

In June, the agency generated P74.861 billion in revenue, exceeding the P74.721 billion target for the month.

"Furthermore, although the volume of oil increased by 9.9% this year as compared to last year, the revenue from said commodity declined due to decreasing value of oil," the BoC said.

The BoC also attributed its improved revenue collection to anti-smuggling efforts.

Collections from seizures of shipments were estimated at P23.8 billion. This included P15.54 billion from counterfeit goods, P2.9 billion from agricultural products, and P1.85 billion from cigarettes and tobacco.

The BoC's collections in the first six months represent around 48% of its P901.3-billion full-year target.

This year's collection target is 24.9% higher than the P721.5-billion target set in 2022.

Last year, Customs collected P862.929 billion, exceeding the target by 19.6%. — **Luisa Maria Jacinta C. Jocson**

Malampaya gas blended with imports seen lowering prices

PRIME ENERGY Resources Development B.V. (Prime Energy) officials met with President Ferdinand R. Marcos, Jr. in Malacañang on Tuesday to brief the Palace on its "aggregator" business model that will trade imported liquefied natural gas (LNG) blended with gas from the Malampaya field.

During the meeting, the company also briefed Mr. Marcos on the progress of its projects under Malampaya Service Contract 38 (SC 38), the Presidential Communications Office (PCO) said in a statement.

The company said the "explore and develop" component of its planned business will be supplemented with imports of LNG, which it hopes will result in "the stability, competitiveness, and expansion of the country's gas market," the PCO said.

"An added feature is the blending of imported LNG with Malampaya gas... at a price below international prices," the PCO said, noting that the blended gas will be made available by Prime Energy and PNOC Exploration Corp. to all power plant users at the same price.

"It seems that this gas aggregator idea is the key. Again, we have work to do," Mr. Marcos told the Prime Energy delegation, led by Prime Infrastructure Capital, Inc. Chairman Enrique Razon, Jr., President and Chief Executive Officer Guillame Lucci, Senior Advisor Sebastian Quiniones and General Manager Donnabel Cruz.

The Palace said the company will start drilling two deep wells under SC 38 in the last quarter of 2024, "with additional production from the Malampaya field expected to start by the first half of 2026."

The SC 38 was originally set to expire on Feb. 22, 2024. Under an agreement signed by Mr. Marcos in May, the contract has been extended by another 15 years to Feb. 22, 2039.

"With the renewal of SC 38, Prime Energy plans to commence drilling activities by 2025 in the Camago and Malampaya East fields that are in close vicinity to the existing Malampaya Platform and participate in other Service Contracts," the PCO said. — **Kyle Aristophere T. Atienza**

Current account deficit seen narrowing in 2023

THE current account deficit will likely narrow this year due to declining imports and softer prices, though the shortfall will remain large as global growth slows, BMI Country Risk & Industry Research said.

In a report issued July 4, BMI said it expects the current account deficit as a percentage of gross domestic product (GDP) to narrow to 4% this year from 4.4% in 2022.

The forecast is less optimistic than that issued by the Bangko Sentral ng Pilipinas (BSP), which projects a $15.1-billion deficit equivalent to 3.4% of GDP this year.

"The Philippines' external sector is likely to stabilize in 2023, but it will remain far from its usual health," BMI said, adding that the deficit will still be wider than historical norms. The deficit averaged 0.4% of GDP between 2015 and 2019.

The central bank estimates the current account deficit at $4.3 billion (4.3% of GDP) in the first quarter, up from $4 billion a year earlier, as the trade in goods deficit widened.

BMI said demand for Philippine-made goods will remain weak this year and projects that, as a share of GDP, exports will fall to 23.4% this year from 24.3% in 2022.

"This is based on the key assumption that global growth will be lukewarm throughout the remainder of the year," it said.

BMI expects the global economy to expand by 2.2% in 2023, against the 3.1% growth posted last year.

"More specifically, we expect the US, which is the Philippines' largest trading partner, to enter a mild recession in late-2023. Mainland China's reopening has also failed to yield the much-anticipated boost to Philippine trade, especially as the economic recovery has started to show signs of stalling there," BMI said.

The Philippine Statistics Agency reported a trade deficit of $4.53 billion in April, narrowing from the $5.10-billion deficit a month earlier and the $5.32-billion deficit a year earlier.

Exports declined 20.2% year on year to $4.90 billion in April, more severe than the revised 9.1% decline in March and reversing the 6.2% increase a year earlier.

Merchandise imports fell 17.7% year on year to $9.43 billion in April, accelerating a 1.2% decline in the prior month. This reading also reversed the 29.1% growth posted a year earlier.

"Meanwhile, we think imports will fall this year, which will lead to a narrower current account deficit. As a consequence of aggressive monetary tightening, the outlook for domestic demand remains particularly lackluster," BMI said.

The BSP was one of the most aggressive central banks in the region, raising benchmark rates by 425 basis points to a multi-year high of 6.25%. It began its hiking cycle in May last year.

The Monetary Board paused its policy tightening in March amid easing inflation. It is widely expected to keep rates on hold at least until the third quarter.

Inflation slowed to 5.4% in June from 6.1% in May, the lowest reading in 14 months, or since the 4.9% posted in April 2022. Year-to-date inflation settled at 7.2%, still above the revised 5.4% forecast by the central bank.

"Despite the central bank leaving rates on hold recently, we do not expect any cuts to materialize in 2023. Tight financing conditions will feed through to the economy and pose a major headwind to domestic activity," BMI said.

It added that it expects the Philippine economy to grow 5.9% this year, down from 7.6% in 2022. The forecast is lower than the government's 6-7% target.

"That said, we think that imports will still be kept elevated relative to historical standards. Overall, we forecast imports as a share of GDP to edge down slightly from 37.7% to 35.9%. But it will still be higher than the 2013-2019 average of 32.0% of GDP," BMI said.

It also sees remittance inflows remaining resilient this year, which will provide support for the current account. — **Keisha B. Ta-asan**

Green Energy Auction round hampered by transmission, pricing

THE Department of Energy (DoE) blamed the weak results of its second Green Energy Auction (GEA) on concerns about transmission lines available for the projects, with developers also lukewarm towards the reserve prices on offer.

"At the time that we announced the bids, not only were (there) no objections but (the GEA) was welcomed by the private sector," Energy Secretary Raphael P.M. Lotilla said at the Pandesal forum on Wednesday.

On Monday, the DoE announced that GEA-2 resulted in bids for 3,580.76 megawatts (MW) of renewable energy capacity, well below the target of 11,600 MW.

"We recognize that the markets have spoken that in terms of the attractiveness of the options based on the maximum price that was approved by the ERC (Energy Regulatory Commission), the bids were one-third of the volumes that were made available," Mr. Lotilla said.

In a statement, Theresa C. Capellan, president of SunAsia Energy, Inc. and chairperson of the Philippine Solar and Storage Energy Alliance, said that the ERC must revisit the tariff rates set for the GEA program.

"The rates are not reflecting the realities of the current demand and supply of electricity in the country, nor is it encouraging developers to build," Ms. Capellan said.

ERC Chairperson and Chief Executive Officer Monalisa C. Dimalanta said the Commission is determined to find a solution that satisfies investors while protecting consumers.

"We have and continue to value (developer) inputs to the price-setting exercise for the GEA. I look forward to learning, for example, why those who submitted bids found the rates viable while others did not," Ms. Dimalanta said in a Viber message.

Mr. Lotilla said that the availability of transmission lines was one of the other concerns raised with the system impact study experiencing delays.

The system impact study is conducted by the National Grid Corp. of the Philippines. It aims to assess whether the transmission system can absorb new capacity.

"The waiting time right now is ranging from one year to two years. If you have to wait that long before you can even be given a go signal then it can be a detriment to those who would like to be able to offer their capacities on renewable energy," he said.

The GEA program aims to promote renewable energy as a primary source of energy through competitive selection.

This program is expected to help the government increase the share of renewables in the energy mix to 35% by 2030 and 50% by 2040.

The government is also examining the adoption of nuclear power to stabilize the energy supply.

Mr. Lotilla said the Energy department is working with other government agencies such as the Department of Science and Technology and the National Economic and Development Authority to include the private sector in nuclear power development.

"The government is prohibited from entering the power generation space but if there is a possibility for the private sector to do it, we should support it," he added.

"I do not want to second guess Congress... It is for Congress to decide whether or not we should go for nuclear power. Even the timing will be determined by them. But we intend to work with them so in the meantime, we can be sure that when that decision is made... we won't be starting from scratch," he said.

Mr. Lotilla said nuclear can be added to the energy mix "within the decade."

Meanwhile, Mr. Lotilla said that the Malampaya Consortium is on track with its drilling program within the Service Contract (SC) 38 which covers the Malampaya gas field.

In May, President Ferdinand R. Marcos, Jr. signed an agreement renewing the service contract for the Malampaya field until 2039.

The Malampaya field, which is experiencing dwindling supply, is the Philippines' only indigenous commercial source of natural gas.

"The good news that was shared with the President (on Tuesday) by the Malampaya consortium is that we are on track to having the first drilling for the nearby fields by the end of 2024 and we are looking forward to new or additional supply from the same service contract by 2026," Mr. Lotilla said.

The Malampaya Consortium's members are Prime Energy Resources Development B.V., UC38 LLC; and PNOC Exploration Corp. — **Ashley Erika O. Jose**

OPINION

eONETT: A more convenient way to secure an eCAR

TAXWISE OR OTHERWISE

AUBREY GAYLE T. DIAZ

Pursuant to Republic Act No. 11032 or the Ease of Doing Business Act, various government agencies, including the Bureau of Internal Revenue (BIR), have made efforts to use technology to streamline their services.

Guided by its Digital Transformation Roadmap, the BIR successfully rolled out the eAFS System for the submission of attachments to the income tax returns, and the Online Registration and Update System (ORUS), which enables end-to-end taxpayer registration online. And the BIR is at it once again with the rollout of the Electronic One-Time Transaction (eONETT) System.

According to Revenue Memorandum Circular (RMC) No. 56-2023, the eONETT System allows taxpayers to file the relevant taxes and secure an electronic Certificate Authorizing Registration (eCAR) online. The web-based platform enables taxpayers to process their ONETT online, anytime, anywhere. It also allows the BIR to monitor and facilitate the assessment and collection of taxes from one-time transactions. As of this writing, only the applications for eCAR involving the sale of real property can be processed via eONETT.

Transacting through eONETT involves four simple steps: (1) creation of a user account; (2) submission of the eCAR application; (3) filing and payment of taxes and fees; and (4) claiming the eCAR.

CREATION OF THE TAXPAYER USER ACCOUNT

First, you must create a taxpayer user account at *https://www.eonett.bir.gov.ph/* or through the eServices section of the BIR website and clicking the eONETT icon. Once the log-in page appears, click the "Create New Account" button. Fill out the necessary information, and make sure to provide a valid and active e-mail address. Click the "Sign Up" button and a confirmation link will be sent to your e-mail. Then, click the link received through e-mail and simply follow the steps to confirm the creation of the user account.

After clicking the link, you will be directed to the eONETT Login Page where you will input your e-mail address as the Username and your 12-digit password. Click the "LOGIN" button, and you will be directed to the eONETT homepage.

SUBMISSION OF THE eCAR APPLICATION

In the homepage, you may select either the "+ New CGT & DST Application" button for sale of real property classified as capital assets, or the "+ New EWT or DST Application" button in case of sale of real property classified as ordinary asset, according to the type of application/transaction you wish to process. You will then be redirected to the online application form. Fill out the form with the necessary information, and upload all the documentary requirements.

After clicking "Submit Application," the system will automatically assign a transaction number and the data will be transmitted electronically to the concerned BIR district office. The application will be evaluated by the Revenue Officer or Group Supervisor and will then be endorsed to the Revenue District Officer/Assistant Revenue District Officer/Chief of Assessment Section for the approval of the ONETT Computation Sheet (OCS).

All submitted applications can be viewed on the homepage. You may click the corresponding transaction number to view the status of the submitted application. The status could either be "Pending," meaning the OCS is awaiting approval, or "For Payment," which means that the OCS is approved and that the tax due reflected therein needs to be paid.

Once the OCS is approved, a pop-up notification message will let you know that you may now proceed with the payment of the computed tax due and convenience fee of P50.

FILING AND PAYMENT OF THE RELEVANT TAX RETURNS AND CONVENIENCE FEE

From the homepage, you will then download and print the relevant tax returns to be filed and paid.

Taxpayers may opt to pay using the following payment channels:

- For over-the-counter payment, proceed to any Authorized Agent Bank, present the downloaded BIR Forms and pay the corresponding tax due and related fees.
- For online payment, under the "Proof of Payment" tab, you may click the "ePAY" icon and you will be directed to the various ePayment channels.

On the other hand, you may pay the applicable convenience fee by selecting from a broader range of payment methods available.

After successfully paying the required tax due and convenience fee, you may now proceed to submit the proof of payment. Click the "Proof of Payment" tab to encode the necessary payment details and upload the scanned documents/proof of payment, then click the "Submit" button.

You will be notified once the payment has been verified and may then download the Claim Slip for presentation to the concerned Revenue District Office (RDO) in claiming the eCAR.

CLAIMING THE eCAR

To claim the eCAR, taxpayers must present the actual/physical copies of the application documents together with the downloaded BIR Forms and Claim Slip to the concerned RDO where the application was filed. All original documents presented must be the same documents uploaded in the eONETT system. The taxpayer must then accomplish the ONETT Customer Satisfaction Survey Form (CSSF). After this step, you may now claim your eCAR.

Since the eONETT System is new, we have yet to see how the implementation of this system would improve the turnaround time to complete the eCAR application's end-to-end process. As with any new processes, some birth pains can be expected, but I would expect that once the wrinkles have been sorted out, eCAR applications should be faster and more convenient than the traditional manual filing.

I look forward to the system soon accepting eCAR applications for the sale or transfer of shares. Transactions like these are also frequently encountered and processed with the BIR similar to transfers of real property. I believe the processing of eCAR for this type of transaction would likewise be more efficient through the eONETT system.

I look forward to the BIR's next milestone as it goes through its digital transformation with a view towards providing taxpayers with excellent service.

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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