

# Maynilad customers warned of 'indefinite' water interruptions

MORE than half a million customers of Maynilad Water Services, Inc. will experience daily water interruptions indefinitely as water levels at Angat Dam, Metro Manila's main water source, continue to decline.

Maynilad, which services the capital's west zone, will subject users to nine hours of water interruptions daily starting on Wednesday until further notice. The service disruptions run from 7 p.m. to 4 a.m.

Affected areas are Caloocan, Malabon, Valenzuela, Navotas, part of Quezon City, and Manila, Ronald C. Padua, head of Maynilad's water supply operations, said in a briefing on Monday.

Mr. Padua said about 591,000 accounts are expected to experience water supply interruptions with water levels continuing to fall in Angat Dam in Bulacan.

As of 6 a.m. on Monday, the water level in Angat Dam dropped to

179.23 meters from 179.56 meters a day earlier. The dam requires 180 meters of water to be considered at normal operating levels.

The dwindling water at the dam resulted in a reduced water allocation to Metropolitan Waterworks and Sewerage System (MWSS) to 48 cubic meters per second (CMS) from 50 CMS.

Manila Water Co., Inc. which serves Metro Manila's east zone, said it does not expect interruptions in its services.

Dittie L. Galang, head of Manila Water's corporate communications, said the reduction in water allocation from Angat will have no impact on its supply.

"Our augmentation sources are still sufficient to fill the deficit from the lower allocation," Ms. Galang said.

Maynilad's Mr. Padua said the lower allocation will decrease the water reaching the La Mesa portal.

Last week, the government weather service, known as PAGASA (Philippine Atmospheric, Geophysical and Astronomical Services Administration), declared the onset of El Niño, which is expected to bring dry spells and droughts.

The National Water Resources Board's decision to cut the MWSS allocation is intended to preserve the water supply with El Niño rendering the dams unable to replenish.

Mr. Padua also said that Maynilad also supports the MWSS position that local government units regulate businesses that consume large volumes of water, such as car washes, pools, and golf courses.

Maynilad added that it expects the southwest monsoon running until September to mitigate the shortages, with some of Maynilad's augmentation measures coming online within the year, Mr. Padua said.

Maynilad, a concessionaire of the MWSS, serves the cities of Manila, except portions of San Andres and Sta. Ana. It also operates in Quezon City, Makati, Caloocan, Pasay, Parañaque, Las Piñas, Muntinlupa, Valenzuela, Navotas, and Malabon.

It serves the cities of Cavite, Bacoor, and Imus, and the towns of Kawit, Noveleta, and Rosario in Cavite province.

Metro Pacific Investments Corp., which has a majority stake in Maynilad, is one of three Philippine units of Hong Kong-based First Pacific Co. Ltd., the others being Philex Mining Corp. and PLDT, Inc.

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

# Rice imports fall 6.43% in six months to June as harvest improves

THE PHILIPPINES imported 1.81 million metric tons (MT) of rice in the six months to June, down 6.43% from a year earlier, according to the Bureau of Plant Industry, amid the improving supply of domestically-grown rice.

In June, rice imports dropped 56.13% to 187,530.760 MT. They also fell month on month against the 319,482.360 MT shipped in May.

During the first half, Vietnam remained the top source of imported rice, accounting for 1.61 million MT or 89.09% of the total.

It was followed by Myanmar and Thailand with 81,895 MT and 73,667 MT, respectively.

Agriculture Undersecretary for Rice Industry Development Leocadio S. Sebastian said that the private sector is guided by market forces because most imports have been liberalized.

Republic Act No. 11203 or the Rice Tariffication Law of 2019, opened up rice imports to private traders but required importers to pay a 35% tariff on grain bought in from Southeast Asia.

It also created the Rice Competitiveness Enhance-

ment Fund, which is allotted an annual budget of P10 billion between 2019 to 2024, funded from rice import tariffs.

Mr. Sebastian said that the domestic harvest has improved in recent months compared to the results achieved year earlier. The Philippine Rice Information System estimates that the harvest of palay, or unmilled rice, rose 6% in the first six months.

"With the favorable weather during harvest time, the quality of the palay was very good. A good quality of harvest plus a high price of rice in the global market encouraged many rice traders to buy our locally-produced rice," he told *BusinessWorld* in a Viber message.

"Hence, the buying price of palay was also high, enabling our farmers to recover from the high cost of inputs (such as fertilizer and fuel)," he added.

According to Mr. Sebastian, the volume of imported rice that has been landed remains high as the Philippines does not expect to match last year's import levels. Imports in 2022 hit 3.8 million MT. — **Sheldeen Joy Talavera**

# Europe roadshow yields P73B in 'investment leads'

THE Department of Trade and Industry (DTI) is counting on potential investments of more than P73 billion after the conclusion of its investment roadshow to Europe last week.

Trade Secretary Alfredo E. Pascual said in a statement on Monday that the valuation of the roadshow results is based on 16 potential projects that are considered somewhat firm. These potential projects could generate 4,350 jobs.

Including the projects that are less than firm, the DTI considers the roadshow to have generated 48 potential leads, including 14 in manufacturing and related services such as training and integrated circuit design; 16 in information technology-business process management; 15 in renewable

energy; and three in infrastructure and construction related services.

The DTI visited France, the UK, Belgium, the Netherlands, and Germany between June 18 and July 6.

In a separate briefing, Trade Undersecretary Ceferino S. Rodolfo said the firmer leads involve companies that have done "due diligence."

"Our expectation is within the next five years, a number of these, if not all, will come to fruition," Mr. Pascual said during the briefing.

According to Mr. Pascual, the delegation considers renewable energy investments to have generated the strongest interest as a result of the Russia-Ukraine war. — **Revin Mikhael D. Ochave**

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## OPINION

# The warrant of distraint and/or levy

Bureau of Internal Revenue (BIR) audits are ordeals for taxpayers, from the moment the Letter of Authority (LoA) is received, to the back and forth involving the submission of documents and the presentation of reconciliations, up to the final settlement of the issues. The best-case scenario is that the case is closed at the earliest stage upon issuance of a Notice of Discrepancy (NoD), meaning, the taxpayer will pay the alleged deficiencies upon receipt of the NoD. Often, however, the case will go through the entire assessment process, wherein the Preliminary Assessment Notice (PAN), Final Assessment Notice (FAN) and the Final Demand on Disputed Assessment (FDDA) are issued against the taxpayer. The longer the process, the more costs are incurred and the more effort is required to resolve the issues.

Going through the entire process is tedious for both the taxpayer and the BIR examiners, but once a Warrant of Distraint and/or Levy is issued against the taxpayer, it becomes a nightmare

on another level. Below are some due process rules covering the issuance of a deficiency tax assessment and the issuance of a Warrant of Distraint and/or Levy (WDL).

## DUE PROCESS IN THE DEFICIENCY TAX ASSESSMENT

Revenue Regulations (RR) 12-99, as amended by RR 22-2020, provide the due process requirements for issuance of deficiency tax assessment (Notice of Informal Conference or Notice of Discrepancy as it is being currently called, Preliminary Assessment Notice, Formal Letter of Demand, and Final Decision on Disputed Assessment). The regulations provide that when the Final Decision on Disputed Assessment (FDDA) is issued by the authorized representative of the Commissioner of Internal Revenue (CIR), the taxpayer is given the opportunity to file within 30 days a Motion for Reconsideration (MR) with the CIR. It is reiterated in the case of *Light Rail Transit vs. BIR* (G.R. No. 231238, June 20, 2022) that if the taxpayer elevates his protest to the CIR, the decision of the CIR's duly authorized representative is not to be considered final, executory and demandable, in which case the protest is to be decided by the CIR.

Pursuant to the lifeblood doctrine, numerous court cases (e.g., CTA EB No. 1837 and G.R. No. 197945) have allowed tax authorities discretion to avail of the most efficient way to collect taxes with as little interference as possible. These cases held that the BIR's power to collect taxes must yield to the fundamental rule that no person shall be deprived of his property without due process of law. The rule is that taxes must be collected reasonably and in accordance with the prescribed procedure.

## THE WARRANT OF DISTRAINT AND/OR LEVY

Sections 205 and 207 of the National Internal Revenue Code (NIRC), as amended, provide and summarize the remedies for the collection of delinquent taxes, which include (a) **distraint** of goods, chattels, or effects, and other personal property of whatever character, including stocks and other securities, debts, credits, bank accounts, and interest in and rights to personal property, and by **levy** upon real property and interest in rights to real property (b) civil or criminal action.

Revenue Memorandum Order (RMO) No. 39-2007 prescribes that upon issuance by the Commissioner of Internal Revenue (CIR) or Regional Director of the final decision on disputed assessment (FDDA) against the taxpayer or upon issuance by the Court of Tax Appeals (CTA) in Division or En Banc of its decision upholding the assessment, Warrants of Distraint and

Garnishment and/or Levy are forthwith to be immediately issued and served.

The memorandum covers the following:

1. Disputed assessments that are finally decided by the CIR or Regional Director, as the case may be, against the taxpayer.

2. Assessments upheld by the CTA in Division whether or not appealed to the CTA En Banc or upheld by the CTA En Banc whether or not appealed to the Supreme Court.

It can be inferred that WDL should only be issued once the CIR, or the Regional Director has issued a decision, and that decision has become final and executory. Thus, pending any decision on the duly filed MR to the CIR, no WDL should be issued against the taxpayer.

While the rules are in place, we have had multiple experiences where WDLs are issued against taxpayers while the decision on their MR is pending before the CIR. These instances were prevalent despite the directives under Revenue Memorandum Circular (RMC) 39-2013 to create a database for all protests to FAN and FDDA received by the BIR. The expectation is that since the BIR is aware that the MR has been filed, taxpayers can rest knowing that they are waiting for the CIR's decision on the MR. Thus, taxpayers are often surprised to receive WDLs considering they have a pending MR and are compelled to litigate before the Court of Tax Appeals to question the validity of the WDL.

To address this, the BIR issued RMC 43-2023, which reiterated that taxpayers must submit/file their protests, request for reinvestigation or reconsideration, and other similar correspondences against the Formal Letter of Demand/Final Assessment Notice (FLD/FAN) with the office of the duly authorized representative of the Commissioner of Internal Revenue who issued the FLD /FAN. In addition, in filing appeals against the FDDA, the taxpayer is required to furnish a copy of the appeal to the chief of the Assessment Division for regional cases, or to the concerned Head Revenue Executive Assistant (HREA), while for taxpayers under the jurisdiction of the Large Taxpayers Service or who are being investigated by the National Investigation Division under the enforcement and Advocacy Service. The copy must be provided within five days from the date of filing with the Office of the Commissioner or the Court of Tax Appeals (CTA).

We give credit to the BIR for establishing a realistic way of resolving the issue, as the above offices will be timely and formally notified of the pending MR before the CIR instead of solely relying on the BIR's database. Taxpayers are more than willing to do this additional legwork to ensure that no WDL is issued against them instead of shedding additional unnecessary costs for litigation just to question the validity of such a WDL.

*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.*

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# PLDT, Smart hail signing of EO 32, back ARTA, gov't workshop for more efficient telco infra rollouts

Leading integrated telco network PLDT Inc (PLDT) and its wireless subsidiary Smart Communications Inc (Smart) have hailed the issuance of Executive Order No. 32 (s. 2023), streamlining the permitting process for the construction, installation, repair, operation and maintenance of telecommunications and Internet infrastructure in the country, which was signed by President Marcos on Tuesday.

This came in the wake of recent telco workshops led by the Anti-Red Tape Authority (ARTA). The second workshop, hosted by PLDT and Smart on Tuesday, was participated in by other stakeholders from various government and non-government agencies, including the Department of Public Works and Highways (DPWH), National Electrification Administration (NEA), Department of Human Settlements and Urban Development (DHSUD), Philippines Association of Building Officials (PABO), Department of the Interior and Local Government (DILG), and Department of Information and Communications Technology (DICT).

As part of ARTA's 'Bayanihan' initiatives, the telco workshop series aim to further address the bottlenecks in the permitting, licensing, and authorizing process involved in the energization of telecommunications towers in the Philippines, and to improve connectivity in far-flung areas.

PLDT and Smart President and CEO Alfredo S. Panlilio, expressing his support for the ARTA-led workshops, also noted the importance of public sector partners in ensuring the fast rollout of PLDT and Smart's fixed and wireless networks. "Through collaborations such as this workshop, we hope to address the urgent need to operationalize policies to ultimately ensure the highest possible quality of service for all Filipinos, and consequently support the government's digitalization efforts," Panlilio said.

ARTA Deputy Director General for Operations Undersecretary Gerald G. Divinagracia, delivering a message on behalf of ARTA Director General Ernesto V. Perez, also reiterated the Authority's mandate under the Ease of Doing Business (EODB) law and to promote streamlining and digitalization of all government processes and procedures through a whole-of-nation approach.

"The President has set forth a bold and transformative vision for our nation: the digitalization of our



economy. Recognizing the pivotal role of telecommunications in achieving this vision, he has emphasized the need for comprehensive efforts to improve our internet connections through strong telecom infrastructure," he said. "As we continue to streamline regulations in the telco sector, we have witnessed significant achievements in making the industry more competitive, none of which would have been possible without a whole of nation approach between Government and the private sector."

At the close of the ceremonies, Sec. Perez emphasized the importance of energy and telecommunications in nation-building. "Our vision at the ARTA is to have a streamlined digitalized bureaucracy for an effective and efficient service delivery," Perez said. "And we cannot have a digitalized Philippine bureaucracy unless we cover the whole nation with stronger internet connection."

PLDT and Smart's support for these ARTA workshops are aligned with the focus areas of the government-mandated Private Sector Advisory Council's (PSAC) Digital Infrastructure pillar, particularly on the acceleration of the rollout of telco towers and internet infrastructure.

The initiative likewise supports Go Digital Pilipinas, a PSAC-backed movement wherein one of the goals is to create policies and programs that promote the development of infrastructure and services.

This also reinforces PLDT's commitment to its aspirational multi-year transformation, with elevating customer experience as one of the key priorities.