Palace approves three-year plan to upgrade food logistics network

PRESIDENT Ferdinand R. Marcos, Jr. has approved a three-year plan to upgrade the food distribution network, saying that the logistics industry remains hampered by the lingering impact of the pandemic.

The Three-Year Food Logistics Action Agenda seeks to "modernize" the food distribution system, reduce transport and logistics costs, increase investment in logistics infrastructure like transport and storage facilities, and address "other supply chain gaps," the Palace said in a statement.

It said the plan also seeks to deter hoarding and smuggling, as well as food imports that are not immediately moved from the ports to the markets.

The plan calls for increased monitoring of warehouses and cold storage facilities and harnessing information and communications technology "to improve logistics performance."

"The action plan's general objective is to ensure the availability, accessibility, and affordability of food, and that consumers reliably get the right product at the right time," the Palace said.

It said the Department of Trade and Industry (DTI) is currently seeking to integrate food terminals into the logistics network. It is currently building additional food hubs in Metro Manila and other parts of the country.

"By integrating food terminals, the supply chain from producers to consumers could be shortened, with standardized logistical processes and transportation system directed towards specific destinations," the Palace said.

The food hubs would operate as central command centers to effectively maintain "balance between demand and supply."

The Philippines ranked 60th of the 160 countries in the World Bank's Logistics Performance Index in 2018.

Trade Secretary Alfredo E. Pascual said in a statement that the DTI is endorsing logistics-related measures for inclusion in the priority legislative agenda, including a proposed International Maritime Competitiveness Act that would task the Maritime Industry Authority with regulating shipping lines and keeping shipping charges in check. — **Kyle Aristophere T. Atienza**

BCDA sees land sales of up to P1.45T if bill approved, may help fund military pensions

THE Bases Conversion and Development Authority (BCDA) said on Wednesday that it could generate up to P1.45 trillion from land sales if House Bill (HB) 8505 is signed into law.

"The BCDA estimates that this provision will free up 1,856 hectares of land, which can potentially generate P451.26 billion up to P1.45 trillion in revenue," the BCDA said in a statement. It added that the proceeds could go towards funding military pensions.

HB 8505 will allow the conversion of 5% of BCDA economic zones to freehold status from leasehold, freeing up the land to be sold.

The BCDA expects the prospective buyers to be residential developers, who will then offer homes for sale.

On Aug. 22, the House of Representatives approved on third reading HB 8505, which is a proposed amendment to Republic Act No. 7227 or the Bases Conversion and Development Act of 1992.

BCDA said HB 8505 will help it address obstacles to the full development of land it controls.

"The BCDA (needs) to make big, bold moves to adapt to changes (in the economic landscape) and deliver the socioeconomic transformation we envision for our development areas in Clark," BCDA President and Chief Executive Officer Joshua M. Bingcang said.

Mr. Bingcang said that the bill will also extend the BCDA's corporate term by another 50 years. The BCDA currently has a remaining corporate life of 19 years.

"This extension will increase the confidence of investors when transacting with the BCDA, as well as allow the BCDA to continue its support to the Armed Forces of the Philippines (AFP) Modernization Program," it said.

The bill will also increase the authorized capital of BCDA to P400 billion from P100 billion. — **Justine Irish D. Tabile**

PHL GDP target still within reach — Market Call

THE economy will likely hit the lower end of the government's growth target this year, driven by improved employment numbers, First Metro Investment Corp. (FMIC) and the University of Asia and the Pacific (UA&P) said.

"We think the economy has sufficient vitality to still meet the lower part of the government's target of 6-7%. The growth in employment in the second quarter should feed into second-half income and spending," FMIC and UA&P said in their latest Market Call.

Gross domestic product (GDP) grew 4.3% in the second quarter, well below the 6.4% posted in the first quarter and the 7.5% from a year earlier. It was also the weakest GDP reading in over two years.

GDP growth averaged 5.3% in the first half, falling behind the pace on the 6-7% full-year target.

"Despite the slowdown in GDP expansion to 4.3% year on year in the second quarter, other key economic data do not preclude full-year growth of 6-7%. Sustained job growth, especially in manufacturing, construction, accommodation and food services and other services, and a slight uptick in exports, with an added boost from the peso depreciation in August, provide some glow for the economy," it added.

According to the Philippine Statistics Authority, the unemployment rate averaged 4.6% in the first half, lower than the year-earlier reading of 6.1%.

FMIC and UA&P said growth in the second half will need to be driven by "robust gains" in employment and tourism, accompanied by tame inflation.

Government spending is also expected to accelerate in the second half, it added.

"National Government expenditures should accelerate in the second half as it ramps up infrastructure spending, with the Metro Manila subway and North-South Commuter Rail projects leading the way," it added.

The lower-than-expected growth reading in the second quarter had been partly driven by a decline in government spending, which contracted by 7.1%.

"There remains more work to be done in the second half before we achieve the GDP growth target of 6-7% for the year," the report added.

Meanwhile, FMIC and UA&P also revised upward their inflation forecast.

"Barring a possible transitory jump in rice and oil prices, inflation continues to move southward. Given these risks, we have upped our full year inflation forecast back to 5.7% from 5.5% last month," it said.

Inflation eased to 4.7% in July. However, this was the 16th straight month of inflation exceeding the central bank's 2-4% target.

Inflation averaged 6.8% in the first seven months, still above the central bank's revised 5.6% full-year forecast.

"While inflation will likely spike in August and September due to higher oil and food prices, we think this will prove transitory as the supply response to high prices should prove adequate to bring year-on-year inflation to BSP's 2-4% (target) by the fourth quarter," it added. — **Luisa Maria Jacinta C. Jocson**

IRR on streamlined telecom permits expected next month

THE implementing rules and regulations (IRR) of the Executive Order (EO) No. 32, which calls for the telecommunications permit process to be streamlined, are due for launch by the third week of September, the Anti-Red Tape Authority (ARTA) said on Wednesday.

"The IRR of EO 32 is required to be formulated by the technical working group (TWG) within 60 working days upon the EO's effectivity on July 5," ARTA said in a statement.

ARTA is a member of the TWG.

"The TWG members expressed optimism that... the IRR will be finalized ahead of schedule and submitted to the Office of the President," it added.

On July 4, President Ferdinand R. Marcos, Jr. issued EO 32, also known as "Streamlining the Permitting Process for the Construction of Telecommunications (telco) and Internet Infrastructure," which is intended to accelerate the Philippines' digital transformation.

On Aug. 17, ARTA met with the other members of the TWG and consulted with stakeholders to finalize the IRR.

ARTA said that the TWG members tasked to complete the draft are the National Telecommunications Commission and the Departments of Public Works and Highways, and Interior and Local Government.

"The IRR provides the specific procedures to be followed by all regulating government agencies and local government units and outlines the requirements that must be complied in applications for constructing, operating, repairing, and maintaining telco and internet infrastructures," it said.

"This is not just about making it easier to build telco infrastructure. It is about creating an environment where communication knows no bounds and technological progress becomes an accessible reality for all," ARTA Secretary Ernesto V. Perez said in a statement.

In Ookla's Speedtest Global Index in July, the Philippines ranked 89th with a mobile internet speed measurement of 25.88 megabytes per second (mbps), four places lower than its rank last month and last year.

In fixed broadband, the Philippines ranked 49th with a median speed of 91.56 mbps, two places down from a month and a year earlier. — **Justine Irish D. Tabile**

Coal-fired capacity for retirement in clean-energy shift seen at 5,000 MW

THE Department of Energy (DoE) said its plan to retire or repurpose coal-fired power plants will involve up to 5,000 megawatts (MW) as the Philippines shifts to cleaner forms of energy.

"There will be retirement of coal capacity (of) around 4,000 or 5,000 megawatts or even more under the Clean-Energy Scenario," Michael O. Sinocruz, DoE director for Energy Policy and Planning Bureau, said at a virtual public consultation on Wednesday.

"We are going to come up with an investment plan for the retirement and repurposing of (coal-fired power plants). And again, it is not only the Philippines that looking at the repurposing of coal. Even those countries that have RE (renewable energy) are also looking at the repurposing of coal," he added.

The DoE estimates current coal power capacity at 12,473 MW, with dependable capacity at 11,394 MW, as of June.

This accounts for 44.1% and 46.1% of the Philippines' energy capacity, respectively.

The Clean-Energy Scenario of the Philippine Energy Plan (PEP) 2020-2040 aims to increase the share of RE in the power mix to 35% by 2030, then to 50% by 2040.

Separately, Gerry C. Arances, convenor of the Power for People Coalition, said in a statement on Wednesday that his organization remains opposed to the major role played by gas in the PEP's clean-energy transition.

"The continued presence of gas in the PEP does not achieve any of the goals of the DoE under the law. Gas is expensive, which will not benefit consumers. Gas is imported, meaning the supply will be at the mercy of the international market... Gas, in short, is the worst energy source that the DoE can rely on to fulfill its duties," he said. — **Sheldeen Joy Talavera**

OPINION

The statute of limitations extension

TAXWISE OR OTHERWISE
PAOLO JOHN DANTES

Earlier this year, the World Health Organization declared an end to the global public health emergency at the outbreak of coronavirus disease 2019 (COVID-19). Even so, we still have to deal with COVID-19 and all the disruption it inflicted at the height of the pandemic.

Similarly, from a tax perspective, the extension of the filing deadlines and the suspension of the running of the statute of limitations implemented at the height of the pandemic have had ripple effects which may still be felt today. There are still lingering questions such as "Was the running of the three-year prescriptive period to assess internal revenue taxes during the COVID lockdowns validly suspended by the Commissioner of Internal Revenue (CIR)?" And, "Was the CIR actually prohibited during the lockdown from assessing deficiency taxes?" The answers are still up for debate and there is no jurisprudence to settle these questions as yet.

For the sake of argument, however, let us assume that the CIR validly suspended the running of the statute of limitations via Revenue Memorandum Circular (RMC) No. 34-2020. The next question to be asked is, "For how many days has the running of the statute of limitations been suspended, thereby extending the Bureau of Internal Revenue's (BIR) period to assess deficiency taxes?".

Citing Section 4(z) of Republic Act No. 11469 otherwise known as the Bayanihan to Heal as One Act, Revenue Regulations (RR) No. 7-2020 suspended the running of the statute of limitations pursuant to Section 223 of the National Internal Revenue Code of 1997, as amended (Tax Code). The suspension commenced from March 16, 2020 and extended the statute of limitations by 60 days after the lifting of the state of emergency. RR No. 7-2020 was later amended by RR Nos. 10-2020, 11-2020, and 12-2020, which kept the policy that the extended due dates (e.g., 60 days after the lifting of the quarantine in the case of the suspension of the running of the statute of limitations) are to remain in effect, regardless of any extension or modification of quarantine.

Following these RRs, the BIR issued several RMCs (i.e., RMC Nos. 136-2020, 52-2021, 80-2021, and 93-2021) to clarify the number of days' extension afforded by the suspensions. These issuances are also the same ones cited by the BIR in the recent Preliminary Assessment Notices and Final Assessment Notices/Formal Letters of Demand (collectively, Assessment Notices) it issues to assess taxpayers.

The recent set of Assessment Notices contains the following paragraph on the period of prescription:

"The running of the statute of limitations upon assessment was suspended in light of the declaration of an ***Enhanced Community Quarantine (ECQ)*** and ***Modified Enhanced Community Quarantine (MECQ)*** pursuant to Revenue Memorandum Circular (RMC) Nos. 136-2020, 52-2021/80-2021 and 93-2021 for 212 days, 107 days 101 days, respectively, as clarified by Operations Memorandum No. 66-2022. Therefore, the period of prescription is extended from the original prescriptive date up to (date of 420th day)."

Upon scrutiny, however, there seems to be a discrepancy between the total number of days expressly extended under the RMCs (i.e., 345 days) and the total number of days reflected in the Assessment Notices (i.e., 420 days). For better appreciation, below is a side-by-side comparison of number of days per RMCs and per Assessment Notices.

As noted from the table below, there is a difference of 75 days between what is actually stated in RMC No. 136-2020 and what the Assessment Notices have been reflecting. Looking back on the period covered by RMC No. 136-2020, the 137 days may have just considered the period from March 16, 2020 until May 31, 2020 when the majority of the heavily populated areas in Luzon were placed under either ECQ or MECQ, depending on the location.

There was, however, another declaration placing the National Capital Region and the provinces of Bulacan, Laguna, Cavite, and Rizal back on MECQ between Aug. 4, 2020 and Aug. 18, 2020, which is 15 days. Counting these 15 days plus the 60-day extension under RR No. 11-2020, as amended, such may have been the basis used to account for the additional 75 days being used in the Assessment Notices for RMC No. 136-2020.

While it may be argued that RR No. 7-2020 and its amendments justify the counting of 212 days used by the Assessment Notices, taxpayers may also argue that the BIR is estopped from considering the period from Aug. 4-18, 2020 since RMC No. 136-2020 (dated Dec. 7, 2020) clearly states that the total number of days excluded from the running of the statute of limitations is 137 days.

As of this writing, there is no separate BIR issuance published that covers the period from Aug. 4, 2020 to Aug. 18, 2020 since the subsequent RMCs (i.e., RMC Nos. 52-2021, 80-2021, and 93-2021) already take into consideration the ECQ and MECQ declarations in 2021. Considering the principle highlighted in the case of Tanada v. Tuvera (G.R. No. L-63915) on the obligation of the government to publicize all presidential issuances "of a public nature" or "of general applicability" as a requirement of due process, there should have been an RMC that clarified the basis for the 212 days currently indicated in the Assessment Notices.

Thus, in my view, assuming the statute of limitations was validly extended, the total adjustment to the prescriptive period of assessments should only be 345 days instead of the 420 days as proposed in the BIR's Assessment Notices. As I mentioned earlier, however, whether any actual extension at all is valid is another matter altogether — one that I hope will reach the high court in due time.

	Extension under RMC	Extension under Assessment Notices
RMC No. 136-2020	137	212
RMC Nos. 52-2021 and 80-2021	107	107
RMC No. 93-2021	101	101
Total Number of Days of Extension	**345**	**420**

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