

## Locators seek retention of tax incentive schemes

LOCATORS inside the Clark and Subic freerports asked the government to suspend the new rules which they said are taking away their tax incentives.

The request was contained in a joint resolution issued by the Clark Investors and Locators Association (CILA), Subic Bay Freeport Chamber of Commerce, American Chamber of Commerce, Metro Clark Chamber of Commerce and Industry, Tarlac Chamber of Commerce and Industry, Metro Clark ICT Council, and IT and Business Process Association of the Philippines.

The resolution is dated May 19 and was released to reporters on Thursday.

It calls for the immediate suspension of Revenue Regulations (RR) No. 21 2021 and Revenue Memorandum Circular (RMC) 24-2022, both issued by the Bureau of Internal Revenue (BIR).

The signatories said the implementing rules and regulations (IRR) of Republic Act No. 11534 or the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act and the two BIR issuances have "effectively stopped the enjoyment of the tax incentive and other fiscal perks," as some investors are now charged value-added tax (VAT), among others.

"We appeal in the strongest terms for the government to cure the situation by ordering the review and amendment of the IRR and the immediate suspension of RR-21-2021, RMC 24-2022 in order to preserve the original

intent of the CREATE Act," the signatories said.

"The IRR and BIR revenue regulations RR-21-2021, RMC 24-2022 went beyond and against the provisions of the CREATE Act insofar as the transitory provision in Section 311 of Chapter VI is concerned," it added.

According to the signatories, the IRR and the issuances have also caused "massive confusion as well as substantive impairment to the cost structure, business models and the viability of existing and potential investors."

Asked for further comment, CILA Chairman Christopher A. Magdangal told *BusinessWorld* by phone that the group is asking the executive department to honor the CREATE Law's 10-year transitory provision.

The transitory period gives locators "ample time to re-study our business models and rethink our investment priorities," Mr. Magdangal said.

"This (issue) applies as well across other freerport zones... It is making local suppliers less competitive because their costs are rising," he added.

Last week, the Finance and Trade departments approved Rule 18 Section 5 of the CREATE IRR, which provides that transitory registered domestic market enterprises within an

economic or freeport zone availing of the 5% gross income tax regime can register as VAT taxpayers.

Queried on the amendment, Mr. Madrigal said it will hamper local or competitiveness. — **Revin Mikhael D. Ochave**

### FULL STORY



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# BCDA, Tarlac to co-develop 47-hectare Clark tech hub



THE Bases Conversion and Development Authority (BCDA) said it will develop a 47-hectare site in New Clark City into a technology hub in partnership with Tarlac province.

In a statement on Thursday, BCDA said it signed a memorandum of agreement with Tarlac province on Aug. 11.

The agreement gives Tarlac province the right of usufruct, allowing it to use the site.

According to the BCDA, the site will host agro-industry projects, research and development facilities, logistics centers, and technology-focused operations like hyperscale data centers.

"We are grateful that through the efforts of the provincial government, we are realizing our dream of developing New Clark City as the Philippines' model for future smart cities," BCDA President and Chief Executive Officer Joshua M. Bingang said.

Tarlac Governor Susan A. Yap said the technology hub is expected to generate investment and jobs for the province. — **Revin Mikhael D. Ochave**

## Plastic Bank touts 'gamified' waste collection business model

VANCOUVER-BASED social enterprise Plastic Bank said it is proposing a "gamified" business model for collecting plastic waste, with participants incentivized to generate higher volumes with benefits like health insurance, grocery vouchers, and school supplies, apart from payments.

"We ultimately gamify the collection of material by providing a remarkable incentive in areas that are producing the most amount of the material," Plastic Bank Chairman and Founder David Katz said at a media roundtable on Thursday.

Plastic Bank is evaluating parts of Mindoro, Antique, Cebu and other sites interested in becoming "collection and recycling ecosystems."

Plastic Bank proposes to partner with junk shops and plastic waste collectors, who will be provided with digital tools and equipment to enable their waste collection efforts. The enterprises provide sacks, uniforms, weighing scales, and shop signage.

Collections are recorded via a mobile application which makes the collected plastic traceable through the recycling process and facilitates reporting on operational metrics.

"There will be a market fluctuations but we also provide an incentive and a bonus on top of that, so there is always a financial incentive all the time," he said.

Plastic Bank currently operates in the Philippines, Indonesia, Brazil, and Egypt, with licensed partner-based expansion on the pipeline within Southeast Asia and Africa.

At present, the enterprise has about 36,000 registered members globally, including 8,000 in the Philippines, which has a network of 200 collection sites.

Plastic Bank Marketing Manager Camille Nuñez estimates that a member can earn an average of P8 to P15 per kilogram of collected material.

"The benefit of a member joining Plastic Bank is they earn incentives on top of the market price that they receive from the junk shop that they deliver the scraps to," she said.

Plastics are sorted and transferred to an affiliated processor which will repurpose them into ethically sourced "social plastics," for use by partner manufacturers like SC Johnson & Son, Inc.

"This is the challenge... recycling has been stigmatized. If someone sees you recycling, the conclusion is that you must be poor," she said. — **Sheldeen Joy Talavera**



On Friday August 11, 2023, DoubleDragon's CentralHub has conducted ground breaking ceremony on its 10.06-hectare prime CentralHub-Negros industrial warehouse complex project in the province of Negros Occidental.

The Phase 1 of CentralHub-Negros is expected to be completed in 2024 and the Phase 2 in 2025. The 10.06-hectare land of CentralHub is located in J. Apitong Ledesma Street, Silay, Negros Occidental, and is about 5 minutes drive to the Silay Negros International Airport and about 25 minutes drive to Bacolod City proper and Bredco Bacolod Port. CentralHub-Negros will add about 74,000 square meters of industrial warehouse leasable space to DoubleDragon's total leasable portfolio.

DoubleDragon's CentralHub has also recently fully leased out its CentralHub-Cebu Danao project covering a 44,601sqm of industrial warehouse complex in its property located in Danao Cebu translating to a recurring rental income of ₱15.98 billion pesos for CentralHub over the lease term of CentralHub-Cebu.

CentralHub currently has already built 6 industrial warehouse complexes, and is simultaneously on various stages of development in various provinces in the country. CentralHub-Capiz recently commenced construction of its Phase 3 due to fully leased out Phase 1 and Phase 2. Current tenants of CentralHub are Logistics companies, FMCG (fast moving consumer goods) companies, trading companies, distribution companies as well as the Jollibee Group. The largest commissary and distribution center of Jollibee, located in Laguna, where majority of the burger patties and other supplies come from, now forms part of the CentralHub portfolio.

CentralHub has currently grown its portfolio to 605,732 square meters of industrial assets, and continues to build out its ₱24.8 Billion industrial leasing portfolio as it prepares to become the first Philippine Industrial REIT IPO and aims to file as soon as the REIT capitalization rates go back to 5% to 6% levels.

DoubleDragon aims to soon make CentralHub one of the largest landlords of industrial warehouse complexes in Luzon, Visayas and Mindanao. CentralHub's network of industrial warehouse complexes are suited for use as a warehouse, commissary, cold storage facility, and logistics distribution center.

DoubleDragon's longterm vision for the footprint of CentralHub warehouse complexes to operate one complex in each of the 82 provinces in Luzon, Visayas and Mindanao, as DoubleDragon sees the industrial warehouse network to play a vital role in the forward development of the Philippines through improved logistical efficiency and DoubleDragon sees this countryside expansion to make lasting positive contribution in our collective efforts to Nation-Building.

(The 10.06-Hectare CentralHub-Negros Ground Breaking Ceremony on August 11, 2023 was led by Silay City Negros Occidental Mayor Joedith Gallego, Mr Buddy Jison, and DoubleDragon Chief Investment Officer Hannah Yulo-Luccini)

## Agrarian debt condonation IRR due in Palace by mid-September

PRESIDENT Ferdinand R. Marcos, Jr. is expected to receive the implementing rules and regulations (IRR) for the New Agrarian Reform Emancipation Act by the second week of September, the Department of Agrarian Reform (DAR) said on Thursday.

"We intend to finish the IRR by Sept. 10 and present it to the President by Sept. 12 or Sept. 13," Agrarian Reform Secretary Conrado M. Estrella III told the House Appropriations Committee reviewing the proposed P5.768-trillion 2024 national budget.

He said the committee tasked to create the IRR convened on Monday.

Mr. Marcos signed Republic Act No. 11953 on July 7, which will condone debt incurred by land awardees.

The law is expected to help 610,054 agrarian reform beneficiaries (ARBs) holding 1.17 million hectares of land.

RA 11953 also terminates payments to landlords in a voluntary land transfer and direct payment

scheme, which will benefit 10,201 ARBs across 11,531.24 hectares.

The DAR is proposing a P9.39 billion budget for 2024, which is 12.21% lower than this year's.

Mr. Estrella noted that DAR has distributed 49,484 land titles in the year to date.

He said that under the Support to Parcelization of Lands for Individual Titling program, the department distributed 33,654 titles in the seven months to July. This covers 46,241 hectares of land handed to 29,320 beneficiaries.

Under the Regular Land Acquisition & Distribution program, 15,830 titles have been distributed within the same time frame, covering 14,454 hectares of land for 14,303 (beneficiaries).

"Access to land empowers communities to establish local economies, generate employment opportunities, and enhance food security," House Appropriations Senior Vice Chairperson and Marikina Rep. Stella Luz A. Quimbo told the committee. — **Beatriz Marie D. Cruz**

## WB: Digital competitiveness needs liberal regulation of cross-border data

CROSS-BORDER data flow requires an enabling environment if the Philippines is to unlock the competitiveness of its digital trade and data-driven industries, the World Bank (WB) said.

"The ability to use, share, and access data across borders is vital for innovation and economic growth and to leverage technologies, such as the Internet of Things and artificial intelligence," World Bank Senior Digital Development Specialist Naoto Kanehira said during a virtual policy discussion on Aug. 16.

"My advice would be to not only look inward but also outward and to acknowledge the role the Philippines has been playing as a regional leader for cross-border data flows. This is

consequential not only domestically but (also has) regional and global implications," he added.

According to Arangkada Philippines, which organized the discussion, public policy has been generally supportive for low barriers to data flow in the private sector, while data localization requirements or measures dealing with the location of stored data and data processing have been limited to residency restrictions on sensitive and top-secret data under the Cloud First Policy.

Arangkada Philippines is a project of foreign chambers of commerce based in the Philippines and serves to promote the chambers' policy recommendations to the government.

The Asia Internet Coalition called for a transparent and consultative approach between the government and industry to ensure that policy is consistent with international standards, and described the fostering of digital trust as critical in facilitating cross-border access, usage, and exchange of data.

Meanwhile, IBM Philippines Government and Regulatory Affairs officer Princess Lou M. Ascalon said restrictions on cross-border data could hamper the operations of the IT and Business Process Management (IT-BPM) industry.

She added that the restrictions could result in higher costs and pose risks for cybersecurity, disaster recovery, and redundancy. — **Revin Mikhael D. Ochave**