Retailers warn industry will shed jobs if Congress legislates wage hikes

RETAILERS said they could resort to layoffs if Congress proceeds to legislate a higher minimum wage.

Roberto S. Claudio, Sr., Philippine Retailers Association (PRA) president, said businesses would need to shed workers to comply with a Congress-imposed wage hike.

"This is the concern of the industry. If the minimum wage is increased, more jobs will be lost because most of the businesses… will simply reduce staffing," Mr. Claudio told reporters on the sidelines of an expo in Pasay City last week.

Mr. Claudio estimated that the proposed wage hike will result in the loss of 50,000 jobs from mainstream retailers, equivalent to 10% of their workforce.

Senate President Juan Miguel F. Zubiri has said that senators will push for legislation calling for a P150 across-the-board wage hike.

In June, the National Capital Region Tripartite Wages and Productivity Board approved a P40 wage hike for workers in Metro Manila, which brought the daily minimum wage to P610 for non-agricultural workers.

The minimum wage was also raised to P573 for agricultural workers, services and retail establishments with 15 or fewer employees, and manufacturers with less than 10 employees.

Mr. Claudio said that retailers are scrambling just to comply with the P40 wage hike for Metro Manila.

"We are finding ways (to comply with) the wage hike that has already been approved. Anything more will definitely be answered (with job cuts)," Mr. Claudio said.

Mr. Claudio called for wage hikes to be set instead via collective bargaining.

"Most companies have their own labor unions. Let them work it out because every renegotiation, every renewal of contract with the union… will always be additional (wages), more benefits," Mr. Claudio said.

"If you (legislate wage hikes), you are forcing others who are not in a position to give additional wages or adjustments in their wages (to increase pay)," he added. — **Revin Mikhael D. Ochave**

PAGCOR expects to begin privatizing casinos by 2025

THE Philippine Amusement and Gaming Corp. (PAGCOR) plans to start privatizing 45 casinos by the third quarter of 2025, its chairman told a House of Representatives committee on Monday.

"The privatization of PAGCOR's 45 properties will commence during the third quarter of 2025 at the earliest," PAGCOR Chief Executive Officer and Chairman Alejandro H. Tengco told the House Appropriations committee during its deliberations for the P5.768-trillion 2024 national budget.

House Government enterprises and privatization committee Chairman and Parañaque Rep. Edwin L. Olivarez cited the agency's conflicting roles as a regulator and casino operator.

"I have been doing some studies about the privatization. My goal is to increase the value of what we will privatize," Mr. Tengco said, noting that the privatization had been given the green light by President Ferdinand R. Marcos, Jr.

As of June 30, 75% of the agency's income is generated by integrated resorts and licensees, while 25% is sourced from PAGCOR-operated casinos, Mr. Tengco added. "It is clear that PAGCOR should purely be a regulator and not an operator at the same time."

Mr. Tengco added that he is consulting the Department of Finance on whether PAGCOR will remain a government-owned and -controlled corporation (GOCC) or become an agency if the casinos are divested.

He said PAGCOR's P3-million logo redesign, launched in July, was intended to counteract the circulation of fake licenses used to operate in the Philippines and overseas.

Party-list Rep. Raoul Danniel A. Manuel said the cost of the redesign was excessive.

"We claim that we don't have fiscal space for other budget items but (we spend this much) for a logo," Mr. Manuel told the committee. "Many people could have benefited from a budget this large if it was used properly."

PAGCOR reported a net profit of P36.21 billion in the first six months, Vice-President Sharon SJ. Quintanilla told the committee, with funds surrendered to the government to help fund its projects amounting to P22.62 billion.

GOCCs are required by law to remit at least 50% of their profits to the Treasury to finance government priority projects like universal healthcare and other nation-building exercises.

Last year, PAGCOR generated a net profit of P58.96 billion, up from P35.48 billion in 2021, Ms. Quintanilla told the committee.

PAGCOR paid taxes to the Bureau of Internal Revenue of P3.54 billion in 2022. Mr. Tengco said that P307.83 million of this represented corporate income tax, while P2.71 billion was transmitted as franchise tax. PAGCOR also paid P521.83 million in withholding taxes.

Cities that host PAGCOR casinos are allocated a fixed amount for community development projects, Ms. Quintanilla said.

PAGCOR projects a net profit of P75.5 billion and P80.28 billion in 2023 and 2024, respectively.

POGOS

Meanwhile, Cagayan Do Oro Rep. Rufus B. Rodriguez proposed to shut down Philippine Offshore Gaming Operators (POGOs), citing reports of kidnapping, murder and prostitution from the industry.

In response, Mr. Tengco added that POGO licensees, sublicensees and service providers have been placed under probationary status and have until Sept. 15 to reapply, or else their licenses will be revoked.

"I have warned them that this is one one-strike policy and that if they will continue to be involved in the illegal activities such as credit card scams, crypto-investment scams, love match scams, I will recommend the closure of the industry," Mr. Tengco said.

He also noted that PAGCOR is no longer generating e-sabong revenue as the cockfight betting operation was shut down by the previous administration. — **Beatriz Marie D. Cruz**

PAGCOR could contribute P4B to Maharlika

THE Philippine Amusement and Gaming Corp. (PAGCOR) estimates that it will be able to contribute up to P4 billion to the Maharlika Investment Fund (MIF), its chairman told the House Committee on Appropriations on Monday.

"If our interpretation is correct, we will be able to contribute anywhere between P3.6 billion to P4 billion in the Maharlika fund," PAGCOR Chief Executive Officer and Chairman Alejandro H. Tengco told legislators during deliberations on the P5.768-trillion 2024 national budget.

PAGCOR said the contribution will be taken from the dividend it owes by law to the National Government (NG) of at least 50% of its earnings.

"Within that 50% (dividend), we are clarifying if this is where we'll get our investment for the Maharlika fund," he said.

Republic Act (RA) No. 11954, which created the MIF, requires that 10% of the National Government's income from PAGCOR will go to funding the MIF.

PAGCOR is also studying the possibility of investing its retained earnings in the MIF.

"We are seeking clarification if (a certain percentage of) our retained earnings can be invested in the Maharlika fund," Mr. Tengco said.

President Ferdinand R. Marcos, Jr. signed RA 11954 on July 18.

"The fund shall be used to make high-impact and profitable investments, such as the Build Better More program. The gains from the Fund shall be reinvested into the country's economic well-being," Mr. Marcos said in his State of the Nation Address last month.

The MIF law designates as providers of initial capital the Land Bank of the Philippines, which will invest P50 billion. The Development Bank of the Philippines will inject P25 billion, while the P50 billion will come from the National Government.

The bill also prohibits government pension funds and insurers from contributing seed capital to the MIF. These include the Government Service Insurance System, Social Security System, and the Philippine Health Insurance Corp.

The fund has raised concerns that the NG will not be able to fund social services after it accumulated P14.1 trillion worth of outstanding debt as of the end of May.

NG debt is expected to hit P15.84 trillion in 2024, the Department of Budget and Management said last week.

The Maharlika Investment Corp., which will operate the fund, is expected to be fully operational by the end of 2024. — **Beatriz Marie D. Cruz**

PHILIPPINE STAR/EDD GUMBAN

Farmers seek imposition of price controls on rice

A NON-GOVERNMENT organization asked the government to impose price controls on rice, citing the need to deter traders from stockpiling rice instead of releasing inventory onto the market.

"As long as there is (the Rice Tariffication Law, or Republic Act 11203) and the government does not take drastic measures to impose price controls or check the warehouses of traders… rice prices will continue to rise," Bantay Bigas Spokesperson Cathy L. Estavillo said in a briefing.

RA 11203, signed in 2019 liberalized rice imports, which used to be a government monopoly. Instead, importers had to pay a tariff of 35% on shipments of Southeast Asian grain to generate revenue for the government and finance the Rice Competitiveness Enhancement Fund.

At the same time, Ms. Estavillo also warned that the arrival of new imports from Vietnam and possibly India may depress prices at the farmgate level prices during the harvest in September.

Kilusang Magbubukid ng Pilipinas Chairman Danilo H. Ramos also blamed "the cartel in rice" — stockpiling by traders — for the increase in retail prices.

"The farmers as a whole have no capability to store their palay because that is what they use to pay for their debts and daily needs," he added.

Both groups reiterated their call to repeal the Rice Tariffication Law, which they said have worsened the rice crisis and imposed losses on farmers.

This (increase) in the price of rice is (the result of) price manipulation by traders, millers, and importers. Since the signing of RA 11203, the private sector sets the price of the rice in the market, and the government has done nothing," Ms. Estavillo said.

Agriculture Assistant Secretary and Deputy Spokesperson Rex C. Estoperez told reporters on Monday that the increase in rice prices was due to higher international prices.

"We talked to a lot of rice retailers and rice importers, *mataas ang kanilang kuha dahil nga sa presyo ng kanilang* imports *din naman* (their acquisition costs are high because import prices are also high)," he said.

Mr. Estoperez said price controls are not possible, but the DA's enforcement and inspectorate arm could start visiting warehouses to validate claims of hoarding.

"What would be our basis (for price controls?) We are not in an emergency (that justifies price controls)," he said.

Asked to comment on calls to repeal the Rice Tariffication Law, he said: "A review, I think, is the best solution. We will revisit the Rice Tariffication Law. Will look at what else needs to be amended, what provisions need to be strengthened."

On Monday, the DA's Bantay Presyo price monitors quote domestic well-milled rice prices at between P42 and P53, while regular-milled rice was sold for between P38 and P52.

Imported well-milled rice sold in Metro Manila markets for between P45 and P46. — **Sheldeen Joy Talavera**

OPINION

Estate tax amnesty: The extension, part II

LET'S TALK TAX
AZANITH ANN B. PAYAD

Thousands of families with unsettled estates will welcome Republic Act (RA) No. 11956, which further amends RA 11213 or the Tax Amnesty Act. RA 11956 lapsed into law on Aug. 5. In the Philippines, 6% estate tax is imposed on the net estate of a decedent which must be filed and paid within one year from the death of the decedent. Failure to file and pay within the tax deadline is subject to penalties and interest.

The Tax Amnesty Act was signed into law in 2019 to allow heirs to settle any unpaid estate taxes on or before June 15, 2021, without penalty or interest. Due to the COVID-19 pandemic, the estate tax amnesty was extended by two years until June 14, 2023, through RA 11569. In 2023, legislators lobbied for another two-year period in response to the acknowledged difficulties in applying for the estate tax amnesty, especially for those in the provinces where information dissemination on the estate tax amnesty is wanting.

Apart from stretching the deadline to file the estate tax amnesty returns and to pay the corresponding estate taxes until June 14, 2025, RA 11956 also amended the coverage of the amnesty. The Tax Amnesty Act only covered unpaid estates of decedents who died on or before Dec. 31, 2017. In the latest amendment, estate tax amnesty now covers those estate taxes that have remained unpaid or have accrued as of May 31, 2022, a very good development as the expanded coverage allows more heirs to avail of the benefits of the estate tax amnesty.

RA 11956 also enumerated the requirements to apply: death certificate or certificate of no record of death from the Philippine Statistics Authority (PSA) and any valid secondary evidence to establish the fact of death of the decedent, Tax Identification Number (TIN) of decedent and heir/s, proof of claims against estate, proof of the claimed "property previously taxed," proof of the claimed "transfer for public use," at least one government-issued identification card of the executor/administrator of the estate or its authorized representative, and the duly notarized original Special Power of Attorney (SPA) if the person transacting is the authorized representative. If the document is executed overseas, it must be certified by the Philippine Consulate or apostilled.

For real property, the requirements are certificate/s of title of the real property, tax declaration nearest to the time of death of the decedent, and Certificate of No Improvement issued by the assessor's office, if applicable. In the event that the zonal value of the real property cannot be readily determined from the documents submitted, the law requires submission of a location plan or vicinity map. On the other hand, for personal property, RA 11956 requires the Certificate of Deposit/Investment/Indebtedness owned by the decedent alone or jointly with the surviving spouse or with others, Certificate of Registration of vehicle/s, Certificates of Stock, proof of valuation of shares of stock at the time of death, or proof of valuation of other types of personal property.

The recent law is also in line with the government's push to digitize by allowing the filing of returns and payment of estate taxes either manually or electronically with any authorized agent bank, Revenue District Office through the Revenue Collection Officer or authorized software provider. Further, the law also allows payment by installment of estate taxes due within two years from the statutory date for its payment without civil penalty or interest.

With that said, the government is yet to issue the implementing rules and regulations of RA 11956.

Parting from a loved one can be taxing — physically, emotionally, and financially. It is completely understandable why some families have postponed the timely payment of estate taxes of their deceased loved ones. However, such taxes are inevitable especially if the heirs will want to transfer their inherited property and obtain a Certificate Authorizing Registration from the Bureau of Internal Revenue (BIR).

Death is one of the hard conversations we must talk about more openly. To quote American surgeon and best-selling author Atul Gawande in one of his books, *Being Mortal* — lacking a coherent view of how people might live successfully all the way to the very end, we have allowed our fates to be controlled by medicine, technology, and strangers. His book notes the need for courage to confront the reality of mortality. Conversely, there are ways to gain control of our lives going forward, which includes estate planning.

Estate planning is a legal tool that can minimize the burden of taxes upon a person's death. Contrary to popular belief, not only high net-worth individuals need estate planning. As long as you own property, you can set a plan in place to settle your affairs in the event of your passing. The Supreme Court in several cases has acknowledged the legality of tax avoidance which is a tax-saving device within the means sanctioned by law.

The 6% estate tax can be burdensome even without penalties and interest. The extension of the application period for estate tax amnesty will definitely benefit thousands of families. We hope that the pending IRR of RA 11956 will streamline the application process and ease the compliance requirements to accommodate the families who still plan on availing of the amnesty within the new deadline.

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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