

El Niño impact could result in 10-15% sugar output decline — SRA

RAW SUGAR production could decline by 10-15% depending on the severity of the ongoing El Niño, though the official production estimate of 1.85 million metric tons (MT) remains above year-earlier levels.

The estimates were contained in the Sugar Regulatory Administration's (SRA) Sugar Order No. 1, covering the 2023-2024 crop year.

The SRA said the El Niño has been determined by the government weather service to be active

throughout most of the crop year, which runs between Sept. 1, 2023 and to Aug. 31, 2024.

Official weather projections put the peak of the El Niño at late 2023 and early 2024.

SRA Administrator Pablo Luis S. Azcona told reporters

last week that sugar production could benefit from an estimated 3,000-hectare increase in land planted to sugar cane.

Sugar production dropped to about 1.8 million MT, in the recently concluded crop year, from 2.1 million MT a year earlier.

The sugar regulator said that 100% of domestic market sugar production will be allocated to millers.

"SRA may from time to time adjust the percentage allocation/distribution to other classes of sugar in accordance to its power

and function and to establish domestic, export and reserve allocations," it said.

It added that total domestic withdrawals from inventory for the crop year are estimated at 2.2 million MT. — **Adrian H. Halili**

PEZA mission to Japan signs up investment pledges worth P10.8B

THE Philippine Economic Zone Authority (PEZA) said it tallied P10.8 billion worth of investment commitments, representing proposed expansions by current locators.

In a statement, the investment promotion agency said that its five-day mission to Tokyo obtained commitments from Terumo Corp. (P1 billion), Taiyo Yuden Co., Ltd. (P1.6 billion), TDK Corp. (P7.2 billion), and Al-mex Technologies (P1 billion).

PEZA Director General Tereso O. Panga said the planned expansions reflect strong demand for the companies' products.

"PEZA will make sure that the country will receive these investments, as we have a small window to get (started with) the manufacturing of new high-tech products in the Philippines given the competitiveness of the industry," he added.

Taiyo Yuden's investment plan covers 2023 and 2024. Manufacturing company TDK's first expansion will run between 2023 and 2026, while a second expansion will start in 2024.

The mission, which returned on Sept. 2, included meetings to pursue investment leads. In one case, PEZA met with Sumitomo Corp. and First Philippines Industrial Park, Inc.

PEZA added that it explored collaboration with Tokyo's Kiraboshi Bank and the Organiza-

DTI sets sights on No. 2 position within ASEAN for attracting FDI

THE Philippines will seek to become a top two destination within the region for foreign direct investment (FDI) by 2028, Trade Secretary Alfredo E. Pascual said.

"Our dream target is to (have) the second highest FDI in ASEAN," Mr. Pascual said in an interview with ANC on Monday.

He said the projections are based on the results of government investment promotion missions overseas.

In a separate interview on the sidelines of the Asian Regional Conference in Support of Accel-

erated Life Sciences Innovation on Monday, Mr. Pascual said that the numbers suggest there is a basis to aspire to higher FDI.

"As of now the total is \$71 billion... So, it is possible to aspire to be at a higher level," he said, citing the combined value of investment leads generated by the Department of Trade and Industry (DTI) and the Board of Investments (BoI).

Mr. Pascual said that for this year, 16 big-ticket projects worth \$1.2 billion are expected to flow in, nine of which are already operational.

He said that the remaining seven are registered with the BoI or the Philippine Economic Zone Authority and are awaiting implementation.

In total, he said 15 projects are being processed via the BoI's Green Lane.

Some of the proposed projects are not registered but covered by "letters of intent or memoranda of understanding with their local partners, so it's (only) a matter of time the investment (is realized)," he said.

— **Justine Irish D. Tabile**

tion for Small & Medium Enterprises and Regional Innovation, known as SME Support.

"Talks with the SME Support led to the possible inclusion of the Philippines in the conduct of CEO Business Meetings that will allow direct linkage between Japanese SMEs and PEZA-registered business enterprises," PEZA said.

PEZA said the proposed partnership with SME Support will help Japanese SMEs locators meet their staffing needs.

SME Support Senior Director-General Soma Hirohisa said the organization is "looking forward to the possible partnership with PEZA to produce more success stories for Japanese SMEs, similar to those who set up manufacturing facilities in the ecozones to export these products to Japan and other global markets."

PEZA said it also entered into a memorandum of understanding (MoU) with NEOJAPAN that will allow it to use the latter's

desknet's NEO and Appsuite, free of charge until the end of 2023.

"The use of these groupware solutions will allow PEZA to digitize, automate, and centralize most of its internal documents and processes under a secure IT environment," PEZA said.

The MoU will also help PEZA become the first Philippine government agency to use the NEO-JAPAN product as a standard operating office system. — **Justine Irish D. Tabile**

Gov't rice dealer subsidy good for 'only a few sacks'

By **Adrian H. Halili**
Reporter

RICE RETAILERS said that the P15,000 in cash aid to compensate them for complying with price controls on the grain is equivalent to a few 25-kilogram sacks of rice.

Rosie B. Quinquin, a rice retailer at Mega Q Mart in Quezon City, said the subsidy is likely to run out before the temporary price controls expire.

"Baka mga ilang sako ng bigas lang ang mabibili nun, hindi nga ata tatagal 'yun sa amin (It might buy a few sacks of rice, and won't last long), she told *BusinessWorld*.

Another rice seller said retailers are also dealing with higher market rents, making selling rice a losing proposition.

"Kung kukwentahin, parang kukulangin dahil sa lahat ng mga babayaran dito hindi siya makukuha sa P15,000," Jennifer A. Tomas said.

The retailers said a 25-kilogram sack of rice costs between P2,000 and P2,500.

"I-ilang sako lang ang mabibibili nun, kasi sa P2,000 pataas mga seven na sako lang ang mabibili ko, pero mahigit pa kasi sa P2,000 ang isang sako (I can only buy seven sacks at P2,000 but less so if the price is

more than P2,000), Ms. Tomas said.

Last week, the government issued Executive Order No. 39, which temporarily capped rice prices at P45 per kilo of well-milled rice and P41 for regular-milled.

The Department of Social Welfare and Development (DSWD) meanwhile, was ordered to disburse up to P15,000 in cash aid to small rice retailers.

Both Ms. Quinquin and Ms. Tomas said that they have yet to receive the subsidy.

Geny F. Lapina, an economist from the University of the Philippines-Los Baños, said some rice retailers may end up not receiving the subsidy.

"Given the tight fiscal space... you cannot give it to everyone, so (they) should prioritize the poorest," Mr. Lapina said in an online briefing.

He added that the government should also aid to poorer farmers and households.

Also on Monday, the DSWD distributed the subsidy to 337 beneficiaries, which had been listed by the Departments of Trade and Industry and Agriculture. The recipients are from Pateros, Navotas, and Parañaque City.

About 15 rice retailers received the subsidy in Pateros, 161 in Navotas, 129 in Parañaque, and 32 in Zambanga del Sur.

Pueblo de Oro shifts to renewable energy

Pueblo de Oro Development Corp. (PDO), the property development arm of the ICCP Group, is walking the sustainability talk as it actively pursue the installation of solar panel systems to energize buildings within its projects.

A pioneer of "green living" in the Philippines, Pueblo de Oro has consistently integrated environmental programs in its developments in Cagayan de Oro, Cebu, Pampanga, and Batangas. This includes flood control measures, erosion mitigation measures, recycling programs, generous open spaces, and nature reserves — all designed to make communities more environmentally resilient.

The developer has recently begun to harness renewable energy (RE) in its projects to make its operations at its sites even more sustainable.

Pueblo de Oro Golf & Country Club in Cagayan de Oro has installed solar panels in its Bag Drop Building. The system has resulted to approximately 12% savings in monthly electricity consumption for the Club.

In Cebu, Pueblo de Oro has installed another rooftop solar system in the Pueblo de Oro Townsquare, a three-level commercial strip located in Babag 2, Lapu-Lapu City. The system powers the Administration Office located in the retail center and is projected to reduce the office's monthly electricity cost by approximately 46%.

These initial rooftop solar panel setups are estimated to reduce carbon dioxide (CO₂) emissions by a combined 2,128 kilograms (kgs) per year or equivalent to 97 trees planted and grown. On average, a mature tree can absorb and sequester approximately 22 kilograms of CO₂ per year.

"We will continue to tap into innovative practices and technologies, such as renewable energy, and expand its use in our day-to-day operations to make our developments more sustainable and environmentally friendly," said Pueblo de Oro officials.

In addition to the rooftop solar panels, the developer has also installed solar-powered streetlights in its various project sites. A total of 720 streetlight fixtures, ranging from 100 to 200 watts, were set up in Cagayan de Oro; Mactan, Cebu; Santo Tomas, Batangas; and San Fernando, Pampanga. Running at an average of ten hours per day, the installed solar streetlights



Solar panels being installed at Pueblo de Oro Golf & Country Club



Solar panels at Pueblo de Oro Townsquare

represent savings of over 320,000 kWh of grid-supplied electricity. This results in a reduction of CO₂ emissions of approximately 154,787 kg per year, or equivalent to over 7,000 trees planted and grown.

In its Townscapes Malvar township in Batangas, the company is planning to utilize electric vehicles (EVs) to service the community and potentially integrate into the public transport network of the province.

Meanwhile, Pueblo de Oro's house design at Townscapes Malvar has secured a preliminary certification from EDGE, an internationally recognized green building certification system. EDGE reported that the purposeful and innovative design resulted in improvements of 20% in energy efficiency, 52% in water efficiency, and a high 72% in embodied energy in materials used compared to a typical housing unit. For the homeowner, these translate to an estimated energy savings of 623.2 kWh per housing unit per year, or over P7,700 per year (estimated at current rates). It also means savings of 63 cubic meters of water per household per year.

OPINION

Prescription period: A taxpayer's defense

As taxpayers may be aware, the tax audits conducted by the Bureau of Internal Revenue (BIR) involve a tedious and long process. Taxpayers dedicate plenty of time and effort in retrieving documents and presenting reconciliations to address the BIR's findings. However, there are instances wherein the taxpayers would later discover that there was actually no point in proceeding with a BIR audit, because the BIR no longer has the right to audit the taxpayer due to prescription.

Court rulings have established prescription as a valid grounds for rejecting audit findings. As a refresher, what is the defense of prescription?

Prescription can be raised by a taxpayer when the BIR conducts or issues assessment notices beyond three years from the deadline of filing of the tax return as fixed by law or the actual date of filing of the tax return, whichever is later. This is the regular prescription period. When the BIR raises the issue of fraudulent or false return, or non-filing of tax returns, the applicable prescription period is 10 years from discovery.

There have been cases in the past in which the BIR brought up the use of the longer 10-year prescription period, as the BIR's assessment was issued only after the regular three-year period. However, it will be noted that the 10-year period cannot be readily used by the BIR.

In one case involving the sale of real property, the BIR alleged that the taxpayer submitted an inaccurate tax return by reflecting a sale price at less than fair market value, thereby allowing it to apply the 10-year period. However, the taxpayer explained that it was compelled to sell the property at less than market value to minimize losses. The court ruled that the BIR failed to show that the taxpayer filed fraudulently with intent to evade the payment of the correct amount of tax.

There was also another court case involving a taxpayer engaged in real estate, in which the sale was not recorded in the 1998 financial statements but in 2000. Here, the BIR claimed that the taxpayer filed a fraudulent tax return in 1998. The BIR also sought to apply the 10-year prescription period; however, the court held that the error committed by the taxpayer stemmed from the wrong application of the rules for recognizing revenue for installment payments, and is not an indication of their intent to evade payment.

In the above case, the court further explained that if there really was an intent to evade payment, the taxpayer would not have reported the transaction and subsequently paid the income tax, albeit in the wrong year.

LET'S TALK TAX LORENZO V. MATIBAG

In another case, the BIR alleged the taxpayer filed a false or fraudulent return after the BIR compared third-party data with the taxpayer's declaration in its VAT returns. However, the court, considering the circumstances, explained that it did not find enough evidence to prove fraud or intentional falsity by the taxpayer.

A recent case featured an argument raised by the BIR that it did not lose its right to assess the taxpayer for deficiency value-added tax (VAT) and expanded withholding tax (EWT), which had prescribed under the three-year period, by reason of the taxpayer's non-filing of another return involving the

documentary stamp tax, a type of tax that is different from VAT and EWT. In this case, the court was unconvinced by the BIR's assertion that the taxpayer's non-filing of the DST return should trigger the 10-year assessment period for all its deficiency tax liabilities. According to the court, a plain reading of the relevant Tax Code provisions would show that the prescriptive periods are reckoned from the last day of each return for each type of tax.

The above cases are just few examples of situations wherein a court decided in favor of the taxpayer after not applying the 10-year prescription period. It will be noted, in summary, that fraud is a question of fact that should be alleged and duly proven. Fraudulent intent to evade the payment of taxes, considering that the same is accompanied by legal consequences, cannot just be presumed.

The defense of prescription available to the taxpayer must be recognized and respected. It is anchored on the rationale that tax assessments should avoid the conduct of the tax audit or investigation for an unreasonable length of time. The taxpayers should have a feeling of security against unwarranted audits that will result in unnecessary time and effort on the part of the taxpayers.

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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