SEC expects 50,000 company registrations by end of 2023

By Justine Irish D. Tabile
Reporter

THE Securities and Exchange Commission (SEC) said it hopes to tally 50,000 new company registrations by the end of the year after exceeding its 2022 total.

"From the 22,000 level in 2020, we went up to 37,000 (in 2021). Then it was like 43,000 last year; now we are expecting that we'll get 50,000," SEC Chairman Emilio B. Aquino said on the sidelines of the SEC 87th Anniversary event on Friday.

Mr. Aquino said that the 50,000 target for the year is double the number of registrants recorded before the SEC embarked on a digital transformation campaign in 2021.

"I am proud to report to you that our company registration reached a record 42,973 by the end of October," Mr. Aquino said.

He said that the 10-month total exceeded the full-year total of 42,926 in 2022.

"It's very important to consider that the SEC is the gateway to doing business in the country, so we we have been pushing digital transformation and it has been bearing fruit for us," Mr. Aquino said.

"We want to help especially those who got hit heavily during the pandemic. Now, they have this chance to put up their businesses virtually as we are trying to make it easy," he said.

NEW LISTINGS

Meanwhile, SEC Commissioner Kelvin Lester K. Lee said it is targeting 15 new listings next year.

"There's roughly around three or four that we are looking at already that are about to ripen. But we are targeting roughly 15 listings next year or so as we are aggressively trying to have them come in," Mr. Lee said.

"This is also part of our project to break the 300 (overall listing level). Right now, we have roughly around 284-285 listed companies and Chairman Aquino has strongly suggested that we want to break 300," he added.

Some of the companies that are listing soon are mining and fisheries companies, according to Mr. Lee.

"With all the streamlined systems that we are working on like the 45-day processing system, we are looking forward to them being able to list pretty quickly," he said.

However, Mr. Lee said that the current market conditions are still affecting company listing decisions.

"Admittedly, the market conditions are not that ideal because of the high interest rate environment. However, that is beyond our control. What we can do is we can work on streamlining the processes as well as reducing some of the fees," he said.

He added that the SEC is looking at discussing with the Philippine Stock Exchange (PSE) ways to improve the listing environment.

"We can't force them to list,... but what we can do is to create a conducive environment to encourage them to list," he said.

"I know for a fact that a lot of the underwriters have companies that want to list and a lot of them are preparing. They are just waiting for the ideal market conditions. I am very sure that once the market adjusts, a lot of initial public offerings will come out," he said.

According to the PSE website, three new listings have been approved this year — Alternergy Holdings Corp., Upson International Corp., and Repower Energy Development Corp.

HUMAN SETTLEMENTS SECRETARY Jose Rizalino L. Acuzar (second from left) at the BusinessWorld x The Freeman Forum in Cebu City on Friday. He is flanked by Philstar group officials Lucien C. Dy Tioco, executive vice-president, and Miguel G. Belmonte, president and chief executive officer. On the right is Johnson Del Valle, general manager of Belmont Mactan Hotel.

Flagship mass housing program must be made attractive to private investors, DHSUD says

THE Department of Human Settlements and Urban Development (DHSUD) said the government's flagship program for mass housing must offer "feasible" terms to encourage private-sector participation, including projects where housing is just one element of a broader development agenda.

The Pambansang Pabahay para sa Pilipino (4PH) Program needs to propose "feasible investments" under an "enabling policy environment," Housing Secretary Jose Rizalino L. Acuzar said during his keynote speech at the BusinessWorld x The Freeman Forum in Cebu City on Friday.

Mr. Acuzar said one project where all the elements are coming together in terms of combining housing needs and developing smart cities is the North-South Development Project, a transit-oriented initiative seeking to link Luzon's major population centers.

He added that Davao and Cebu Cities are at the forefront of the ASEAN Smart Cities Network initiative, noting that the need for smart cities has been broadly recognized.

"We are literally drawing smart cities on a laid canvas with a holistic point of view. I am very confident that we can further expand our horizons on innovation, technology, and best practices to transform our cities (and make them) not only resilient and sustainable, but smart as well," Mr. Acuzar said.

Earlier this year, the DHSUD partnered with the Bases Conversion and Development Authority for housing projects in New Clark City, which are expected to attract people from adjacent provinces and stimulate economic activity in the area.

He added that from the government point of view, the 4PH master plan supports the development of smart cities that elevate living conditions via decent shelter within sustainable communities.

The government is focused on "enhancing quality of life through innovation and technological solutions," Mr. Acuzar said.

To develop smart cities, Mr. Acuzar called for maximizing land use, the efficient utilization of resources efficiently, and support for town in developing open space.

Citing Economist Impact's Digital Cities Index 2022, he noted that Manila is at the bottom of the list of top-performing cities in terms of internet speed and qualitative factors like the policy environment for promoting 5G and artificial intelligence.

"Thankfully, we are now pursuing a promising track, especially with Pambansang Pabahay," he added. — **Justine Irish D. Tabile**

National Government Sept. debt service bill rises

THE National Government's debt service bill rose 15.46% in September as both interest payments and amortization increased, the Bureau of the Treasury (BTr) said.

The BTr reported that debt service amounted to P238.999 billion in September.

Month on month, debt service rose 26.4% from P189.027 billion in August.

Principal payments during the month rose 13.9% year on year to P167.551 billion.

Domestic debt payments rose 16.02% to P148.883 billion.

Amortization on foreign obligations fell 0.55% year on year to P18.668 billion.

Meanwhile, interest payments stood at P71.448 billion, up 19.28% from a year earlier.

Interest on domestic debt rose 17.14% to P55.892 billion.

Domestic interest payments consisted of P28.602 billion for fixed-rate Treasury bonds, P25.62 billion for retail Treasury bonds, and P1.67 billion for Treasury bills.

Interest paid on foreign debt rose 27.7% to P15.556 billion.

Meanwhile, the debt service bill in the nine months to September rose 57.37% year on year to P1.4 trillion.

Principal payments accounted for 67% of the total.

Amortization payments in the January-to-September period rose 91.93% to P940.187 billion.

Interest payments during the period rose 15.04% year on year to P460.124 billion.

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said that the higher debt service bill was due to the government bonds that needed to be redeemed in recent months.

"Furthermore, higher interest rates also led to higher borrowing costs," he added.

Last month, the Monetary Board raised borrowing costs by 25 basis points (bps) in an off-cycle move, bringing the benchmark interest rate to a 16-year high of 6.5%.

Since May 2022, the central bank has hiked rates by a cumulative 450 bps.

The government's debt service budget this year is set at P1.552 trillion — P914.353 billion in amortization payments and P610.665 billion in interest. — **Luisa Maria Jacinta C. Jocson**

Self-financed investment in energy efficiency projects seen rising to P1.7T

SELF-FINANCED projects are expected to account for up to P1.7 trillion worth of energy efficiency investments by 2040, according to the Philippine Energy Efficiency Alliance, Inc. (PE2).

"The Philippine Energy Efficiency Alliance believes that up to P1.7 trillion in energy efficiency investments will be self-financed or carried by the balance sheets of commercial and industrial establishments in the Philippines through 2040," PE2 President Alexander Ablaza said in a Viber message.

Income tax holiday (ITH) incentives for self-financed projects could encourage some P330 billion in energy efficiency investments, Mr. Ablaza said.

The incentives are authorized by the Energy Efficiency and Conservation (EEC) Act and the Corporate Recovery and Tax Incentives for Enterprises Act.

The EEC law describes energy efficiency projects as those "designed to reduce energy consumption and costs by any improvement, repair, alteration, or betterment of any building or facility."

This includes equipment, fixtures or furnishings to be added to any building, facility, or vehicle including the manufacturing and provision of services alike.

The P1.7 trillion in projected investments excludes the estimated P2.3-trillion investment gap in self-financed energy efficiency projects in the transport, residential, and agriculture sectors over the next two decades, Mr. Ablaza said.

He said that the ITH incentive could potentially improve the commercial viability of up to P8.1 trillion in third-party investment for energy efficiency upgrades in the commercial, industrial, transport, residential and government sectors through 2040.

"This investment volume is over and above and significantly larger than those that will be self-financed or through other on-balance sheet financing modalities," he said.

The Board of Investments (BoI) issued last month a memorandum circular updating the guidelines to register EEC projects under the 2022 Strategic Investment Priority Plan. — **Sheldeen Joy Talavera**

FULL STORY

Read the full story by scanning the QR code with your smartphone or by typing the link <tinyurl.com/yw4ko926>

OPINION

Tax vision, pillars, and purpose

SUITS THE C-SUITE
FABIAN K. DELOS SANTOS

Vision, values, and purpose are crucial components of every organization's strategic framework. Vision embodies the direction where the establishment wants to go. Core values keep it on track. Whereas purpose unifies and helps the people within the organization understand the why behind the direction, keeping them motivated to stay on the path.

Together, these shape the fundamental purpose of existence of every organization. These three must be clear, motivational, and inspirational to serve as a guiding force – be it in the private or government sector.

This is the third article in our series following the 2nd SGV Tax Symposium, which focused on how a sustainable and effective tax ecosystem can advance the sustainability agenda for both the public and private sectors. In this article, we will talk about how the SGV tax vision is taking shape, given added impetus by the pillars of the Bureau of Internal Revenue (BIR) in its priority programs.

Four years ago, SGV's Tax Service Line articulated its own tax vision to reinvigorate the way that it operates, one that is consistent with the firm's ultimate purpose of "nurturing leaders and enabling business for a better Philippines." This tax vision is simple and straightforward — to create a tax ecosystem where: 1) taxpayers are willing to comply; 2) we work closely with regulators to attain positive outcomes, 3) tax practitioners are armed with skills and integrity, and 4) the country becomes an investment haven where businesses flourish — all for a better Philippines.

Among the critical players in SGV's envisioned tax ecosystem are the regulators, who we consider vital partners in the progress of the nation.

In February, the BIR, under the leadership of Commissioner Romeo Lumagui, Jr., unveiled its priority programs for 2023 during its yearly tax season kickoff. These programs focus on four pillars that form the foundation of the BIR under Lumagui's leadership, namely, excellent taxpayer service; integrity in the revenue service; audit and enforcement; and digitalization.

These key focus areas were laid down in Revenue Memorandum Circular No. 38-2023 dated March 23 to emphasize the shift of the BIR from strict tax administration to the delivery of efficient, courteous, and timely services to encourage taxpayers to file tax returns and pay the correct taxes on time. BIR Assistant Commissioner Jethro M. Sabariaga, one of our keynote speakers, highlighted these pillars in his talk during the SGV Tax Symposium held on Oct. 25.

Zeroing in on both the strategies and the underlying purpose behind them, we see how there are positive alignments between SGV's tax vision and the BIR's priority programs.

EXCELLENT TAXPAYER SERVICE

By highlighting the importance of process improvement and exceptional client service, the BIR hopes to generate more revenue by combatting disinformation, reeducating taxpayers and stakeholders while standardizing its processes. Consistent with this commitment, the BIR recently launched programs to allow the online filing of requests such as Tax Identification Numbers and certain types of certificates, as well as reducing the documentary requirements in some identified BIR applications.

This is aligned with the first tenet of SGV's tax vision of building a tax ecosystem where taxpayer compliance is voluntary and not enforced. If businesses are equipped with proper information and systems, and the value of timely and correct payment of taxes is clearly articulated to taxpayers, we believe that this can lead to a gradual transformation of taxpayer mindsets where tax becomes a dutiful obligation rather than an onerous burden.

TRANSPARENCY AND INTEGRITY

The BIR's intensified campaign to underscore the value of transparency and integrity parallels SGV's commitment to deal with the government, clients, and stakeholders with probity and accountability.

It is not enough that tax practitioners are equipped with the right technical tools — it is equally important to put a premium on consistently doing what is right.

AUDIT AND ENFORCEMENT PROGRAM

The BIR's audit and enforcement program is aimed at leveling the playing field and allowing taxpayers to evaluate their processes, improve their compliance, and disprove any improper tax assessments. From this perspective, the BIR methodically seeks to shed its image as an adversary and transform into a collaborator for change, similar to SGV's goal to be a catalyst in transforming the Philippine business landscape. In a sense, if the BIR continues to sustain this progressive approach, taxpayers may learn to adopt the mindset that they are key partners in the process of upholding the country's tax ecosystem.

DIGITALIZATION

According to the BIR, it is striving for impartiality, transparency, and efficacy by implementing digitalization programs, elevating the tax administration in the Philippines to be at par with other tax agencies in the world.

As part of its strengthened digitalization program, the BIR recently launched eONETT (Electronic One Time Transaction), circularized through Revenue Memorandum Circular No. 56-2023 dated May 19. Under the eONETT system, taxpayers can file and report tax returns as well as pay the corresponding taxes due for these one-time transactions online, minimizing the need to set foot in a BIR office.

This BIR pillar resonates with one of the tenets of SGV's tax vision, which sees the Philippines as an investment haven where businesses flourish, ultimately for the betterment of the Philippines. Digitalization fosters transparency and efficiency, which allows businesses to thrive only with the minimum required regulatory intervention necessary.

VISION, VALUES, AND PURPOSE DRIVE ORGANIZATIONS

The BIR's transformation agenda and SGV's tax vision prove that both the public and private sectors place a premium on the inspirational and aspirational. Vision, values, and purpose drive organizations to their full potential and allow their stakeholders to support them through their own journeys.

These are key to sustainable growth on either side of the fence, driving the necessary transformative changes to achieve a sustainable and effective tax ecosystem that works with both businesses and regulators to the benefit of all stakeholders, and collectively for the country.

This article is for general information only and is not a substitute for professional advice where the facts and circumstances warrant. The views and opinions expressed above are those of the author and do not necessarily represent the views of SGV & Co. or EY.

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