Salary hike expectations converge at 6-10%


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By Justine Irish D. Tabile
Reporter

NEARLY HALF of employers are planning 6-10% salary adjustments for middle managers and above, in line with the expectations of their executive staff, recruitment consultancy Robert Walters Philippines said.

Alejandro Perez-Higuero, the firm's director, said that results of Salary Survey 2024 showed that 44% of employers intend to provide 6-10% salary increases, while 44% of employees expect the same.

"If we look at the data, I think what's interesting to mention is that the largest percentage of employers and employees would be agreeing somehow in that range of increased salary that goes from 1-10%," Mr. Perez-Higuero said.

"Especially at 6-10% we can see an even 44% of employers intending to provide that increase and a same percentage of employees that are expecting the same increase," he added.

Robert Walters found that 34% of employers intend to provide 1-5% salary increases, while only 18% of employees had the same expectations.

For salary adjustments of 11% and above, 38% of employees have such expectations and 15% of employers intending to make such adjustments.

Mr. Perez-Higuero said that in total, the salary survey showed that 83% of the employers intend to provide salary increases and 48% of the employees are actively negotiating for higher pay.

He said the study concentrated on middle management roles and above, which Robert Walters specializes in.

"It could be different for let's say if we focused on junior profiles," he added.

He said that the survey also showed that 80% of the employers are prioritizing retention initiatives amid rising costs, a more competitive job market and a shortage of qualified candidates.

"This is among their top priorities, and this is because the market in the Philippines is having, of course, rising cost of living, and also it's getting more competitive," he added.

Mr. Perez-Higuero said many multinational companies are launching hubs in the Philippines for shared services.

"This means that at the end of the day, Filipinos have access also to these types of jobs that sometimes have an international exposure, so it is becoming more competitive," he said.

He said that the increasing competition also results in a shortage of qualified candidates.

"This is because it is a market that is in different functions which are developing, hence these fantastic professionals with very new skills are not a lot or not many," he said.

"If we put together the increasing cost of living, increasing competition etc., of course, the best candidates have higher expectations when it comes to benefits, salary, etc. And at the end of the day, this translates to a shortage of qualified candidates," he added.

Meanwhile, Mr. Perez-Higuero said that across all the industries, employees with niche skill sets expect an average of 15%-25% salary increases, while job movers with niche skill sets expect up to 30%.

Passive-income measure seen helping counter stock market delisting trend

A MEASURE seeking to gradually lower tax rates on interest rates for passive income will help ensure that capital will flow onto Philippine markets, arresting a recent trend of delistings, an investment company said at a Senate hearing.

"Instead of companies raising money and going public, last year, several companies actually delisted from the Philippine Stock Exchange (PSE)," Julio P.G. Bucoy, corporate secretary at the Fund Managers Association of the Philippines, told the Senate Ways and Means Committee.

"One of the main reasons why they delist is they are unable to raise capital in our local markets, so some of them turn to foreign markets instead, or even raise money from offshore private equity funds," he added.

The proposed Passive Income and Financial Intermediary Taxation Act (PIFITA) seeks to "help boost the competitiveness of capital and financial products by aligning the country's financial tax regime with regional peers," the Department of Finance (DoF) has said.

"We believe that any loss of revenue for the government will be more than offset by the increased economic activity and capital flows going into our markets," Mr. Bucoy also said.

The PIFITA seeks to simplify taxes on passive income and financial intermediaries. Under the measure, the tax rate on interest income will gradually decline from the current 20% to 19% in 2024, 18% in 2025, 17% in 2026, 16% in 2027, and 15% in 2028.

The proposed law seeks to increase the dividend income tax rate to 15% from the current 10%. It also aims to lower the documentary stamp tax (DST) to 0.75% from the current 1% on the sale of original issue shares of stock, and 0.75% for debt instruments.

PSE-listed International Container Terminal Services, Inc. (ICTSI) proposed to maintain the 10% withholding tax on dividend income.

"We firmly believe that the increase would be (a) disincentive to investors," ICTSI assistant secretary Benjamin M. Gorospe III said.

Mr. Gorospe also called for the reduction of withholding tax on interest on foreign loans to 15% to benefit the banking and private sectors.

"What's happening right now is that instead of borrowing from local banks, Philippine multinationals, especially if they require bigger loan amounts, borrow from foreign banks in countries where the Philippines has a double taxation treaty and avail of the same 15% withholding tax," he said.

"So, by decreasing the withholding tax on foreign loans, Philippine companies can now borrow locally," Mr. Gorospe said, adding this would ensure loans from local banks and withholding taxes for the government.

Mr. Gorospe also urged legislators to repeal or reduce the DST for intercompany loans, especially for foreign companies granting financial assistance to subsidiaries.

The government could lose almost P126 billion by 2029 under PIFITA, the DoF told senators last week.

"The goal here is not only to simplify, of course, simplification is something that we all welcome, but also to grow the size of the market," Senator Sherwin T. Gatchalian, who heads the committee, said.

"When we grow the market, there is more revenue, and therefore there are more taxes to be collected, and that will offset the negative revenue impact of this measure," he added.

The measure is currently being fine-tuned by a technical working group. — **Beatriz Marie D. Cruz**

'Traffic czar,'
from S1/1

"There must be a realization that high occupancy in conveyances and uninterrupted vehicle flow are the keys to higher commuter throughput," it added.

The MAP recommended the declaration of a traffic crisis, the appointment of a new traffic management team that will be headed by a traffic czar to be appointed by the President.

According to the business group, the traffic czar would have to be given the power and authority to "mobilize, direct and deploy existing relevant resources of the government, both national and local, during the exigency of [the traffic] crisis."

As part of its holistic plan, the MAP recommended that Metro Manila be divided into four traffic management zones to be led by zone traffic managers who will report to the traffic czar.

The group also proposed the revival of Mabuhay Lanes as alternate routes to help ease congestion along Epifanio de los Santos Avenue (EDSA), C4, C5 and other radial roads and disallow parking along these lanes during peak hours.

Traffic flows in Metro Manila should be revised by limiting left turns, crossings, U-turns and that there should be a required off-street drop-off and boarding lanes, it added.

The MAP said the government must prioritize mass public transport over private vehicles by allocating space for busways, expanding sidewalk and cycling network, lowering fares on non-peak hours, implementing road congestion charges on private vehicles, and instituting a one-route, one-franchise system.

At the same time, the government should privatize the EDSA Busway, MRT-3 and LRT-2 systems.

"Three years of pilot testing have proven the EDSA Busway to be the most cost-effective urban mass transit system... The Busway System must be expanded and replicated to cover other major thoroughfares, such as Commonwealth Avenue, Quezon Avenue, Sucat Avenue, Alabang-Zapote Road and others," it said.

The MAP also recommended the development of a new government center and the transfer of all national offices to New Clark City, as well as a moratorium on building new government offices in Metro Manila.

The government must pursue the expansion of Metro Manila's nautical highway by developing ferry systems in Pasig River and Laguna Lake and implementing roll-on, roll-off ferry systems.

The MAP also suggested the construction of more bridges over Pasig River, more on- and off-ramps in existing Skyways and alternate entry and exits for the expressways. It also proposed the construction of dedicated car park buildings with tax exemptions and other incentives.

Meanwhile, transport expert Rene D. Santiago said the MAP's statement is a repeat of the group's 2016 call that did not work.

Back in 2016, the MAP urged the Duterte administration to declare a traffic crisis through an executive order and appoint a traffic czar to address traffic congestion.

"It failed to get to second base then... Why would it manage to reach third base, much less first base, now, under a more deliberative regime?" Mr. Santiago said.

He noted the traffic problems in the National Capital Region have been decades in the making, so the traffic czar would need at least 10 years to resolve them.

"It would take a nonpolitical 'Messiah' at least 10 years to implement a methodical or step-by-step set of solutions, which would include some bitter pills that car-using MAP would oppose," he added.

Sought for comment, Terry L. Ridon, a public analyst and convenor of think tank InfraWatch PH, said that the "traffic crisis has long set in even before the recent traffic study was released."

"Sectors had already described a transportation crisis in the previous regime which had remained unresolved until today," he added.

A study conducted by Japan International Cooperation Agency with the National Economic Development Authority showed that the estimated daily transport cost in Metro Manila is P3.5 billion in 2017. This was projected to increase to P5.9 billion a day by 2035 if nothing is done.

However, Mr. Ridon said that MAP's call is an "indictment of the leadership of the Metro Manila Development Authority (MMDA) and the Department of Transportation (DoTr) for failing to resolve the traffic crisis almost two years into the term of President Ferdinand R. Marcos, Jr."

He said that the President should first look into replacing the MMDA leadership "which seems to have focused too much on adding to the noise on jeepney modernization and ineffective EDSA busway solutions."