Dividends from state-owned firms up 46% in 2023

DIVIDENDS generated by government-owned or -controlled corporations (GOCCs) rose 46% in 2023, the Department of Finance (DoF) said.

In a statement on Monday, the department said that its Privatization and Corporate Affairs Group collected P99.98 billion in dividends from GOCCs last year.

"The increased dividend collection is a result of fiscal discipline that the DoF continues to instill in GOCCs. These dividends will help manage our deficit and will be used to support the country's development needs," Finance Secretary Benjamin E. Diokno said.

The Bangko Sentral ng Pilipinas (BSP) was the top contributor in 2023, with dividends amounting to P55.61 billion.

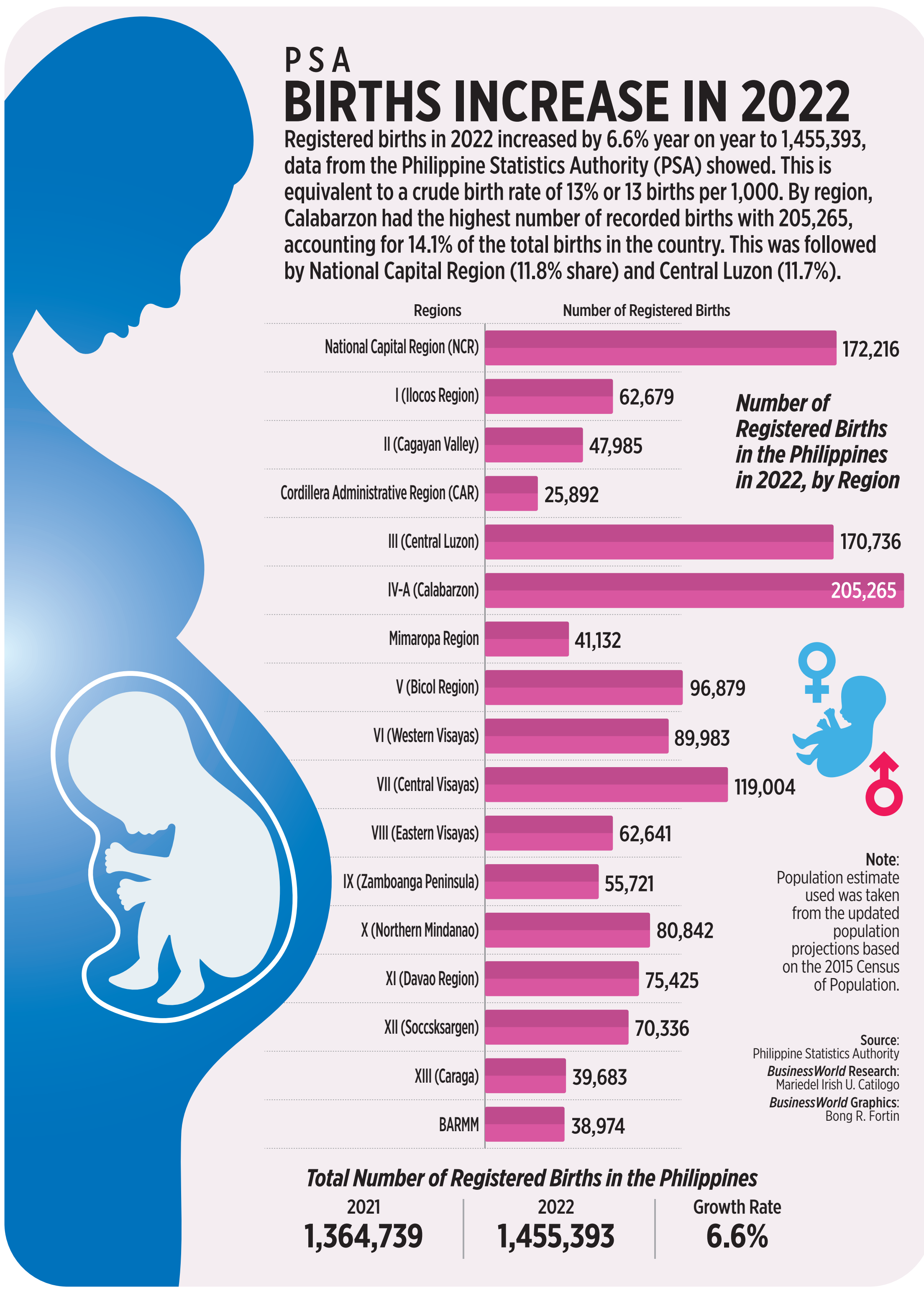
The Philippine Deposit Insurance Corp. remitted P14.05 billion, while the Philippine Amusement and Gaming Corp. contributed P6.96 billion.

Other top contributors were the Philippine Ports Authority (P4.44 billion), the Power Sector Assets & Liabilities Management Corp. (P3.15 billion), the Philippine Charity Sweepstakes Office (P2.67 billion), the Philippine National Oil Co. (P1.68 billion), the Subic Bay Metropolitan Authority (P1.52 billion), the National Transmission Corp. (P1.48 billion), the Philippine Reclamation Authority (P1.35 billion) and the Clark Development Corp. (P1.21 billion.)

As of Dec. 31, a total of 51 GOCCs remitted dividends to the Bureau of the Treasury.

By law, GOCCs are required to declare and remit at least 50% of their net earnings to the National Government.

"The dividends have been a major source of non-tax revenues to fund the accelerated implementation of programs on infrastructure and various social and economic programs of the government," the DoF added. — **Luisa Maria Jacinta C. Jocson**



Palay production targeted to exceed 20 million MT in 2024

THE palay production target has been set at no less than 20 million metric tons (MT) this year, the Department of Agriculture (DA) said.

"Last year, our target was 20 million MT, so it shouldn't be below than (that)," DA Spokesperson Arnel V. de Mesa told reporters on Monday.

Mr. De Mesa added that the DA is taking steps to mitigate the impact of El Niño on rice production during the dry season.

"The harvest (tends to be higher) during the wet season, because the area planted to rice is bigger especially for rain-fed areas. El Niño will hit during the dry season and the water in the dams is still good," he added.

The El Niño is expected to bring dry spells and drought to 63 provinces.

The government weather service, known as PAGASA (Philippine Atmospheric, Geophysical and Astronomical Services Administration), has said that the most intense phase of El Niño may run until the second quarter.

President Ferdinand R. Marcos, Jr., has ordered the creation of an interagency task force to address the effects of the weather phenomenon.

"Our mitigation measures are already in place. One of our strategies is to plant hybrid (seed), at least 1 million hectares, this dry season due to their higher yields," Mr. De Mesa said.

He added that the DA is expecting the land planted to hybrid seed to offset the loss of riceland that cannot be cultivated due to the lack of water.

Meanwhile, Mr. De Mesa said that rice prices will continue to rise entering the lean months between harvests.

"Right now, rice prices are a bit higher because we are entering the lean season, and we have no more local production," he added. "Our only source is imports and the price of imports is high right now."

The DA has said that it is expecting 500,000 MT of imported rice to arrive as the government builds up reserves in preparation for the worst of El Niño.

The government has also extended the lowered tariffs on rice via Executive Order No. 50. Rates for rice imports were kept at 35% regardless of the minimum access volume and country of origin.

As of Jan. 8, the price of well-milled rice in Metro Manila markets was P40-55 per kilogram, while regular-milled rice was fetched P43 to P52 per kilo. — **Adrian H. Halili**

Agri officials making big push to enhance dry-season rice harvest

THE Department of Agriculture (DA) said it will meet with rice farmers to identify strategies to boost production for the dry-season crop.

In a special order, the DA authorized the Masagana Rice Industry Development Program (MRIDP) to consult with the rice industry to identify and map areas deemed vulnerable during the dry season.

According to the government weather service, known as PAGASA (Philippine Atmospheric, Geophysical and Astronomical Services Administration), droughts and dry spells brought about by El Niño will affect about 63 provinces and dampen their rice output.

PAGASA expects El Niño to intensify this month, persisting until May.

It added that the consultations will develop plans for distributing seed, fertilizer discount vouchers, soil ameliorants and biocontrol agents.

The Visayas agriculture cluster, which includes Region 6,7, and 8, will meet on Jan. 9, while the Mindanao cluster meeting (Regions 9 to 11) will meet on Jan. 11.

It added that the date has not been set for the Calabarzon, Mimaropa, and Region 5 cluster meetings.

The MRIDP aims to stabilize the rice supply at between 24.99 million metric tons (MT) and 26.86 million MT, in the process lowering growth in rice prices to less than 1% annually.

It also seeks to increase farmer incomes by 54% and ensure adequate reserves held by the National Food Authority. — **Adrian H. Halili**

Philippine current account deficit seen possibly widening in 2024 — BMI

THE current account deficit may widen in 2024 as the global economy will likely slow further this year, with the resulting weak external demand dampening exports and tourism receipts, BMI Country Risk & Industry Research said.

In a report on Monday, BMI Country Risk & Industry Research said the current account deficit as a percentage of gross domestic product (GDP) could widen to 2.8% in 2024, from an estimated 2.6% in 2023.

"We expect the current account shortfall to widen from an estimated 2.6% of GDP in 2023 to 2.8% in 2024, leaving the deficit much larger than its 2015-2019 average of 0.4%," BMI said.

The 2024 forecast is less optimistic than that issued by the Bangko Sentral ng Pilipinas (BSP), which projects a $9.5-billion deficit, equivalent to 2% of GDP this year.

The BSP also sees the current account deficit to narrow to $11.2 billion (2.5% of GDP) in 2023, from the $18.1 billion (4.5% of GDP) shortfall in 2022.

"Our 2024 forecast stands in stark contrast to the government's expectations for a further narrowing. The BSP thinks that trade activity will rebound in 2024 but we believe otherwise. Instead, we think that the global economy is set to slow further which will exert pressure on the country's external sector," BMI said.

The BSP reported a current account deficit of $10.9 billion in the first nine months of 2023, equivalent to 3.5% of GDP.

According to BMI, global economic growth may slow to 2.1% in 2024 from an estimated 2.5% last year, as the US and China could experience shallow recessions in the second half.

"Contrary to regional trends, the Chinese economy is expected to miss out on the impending recovery, with growth decelerating significantly from an estimated 5.5% in 2023 to 4.7% in 2024," BMI said.

"This is particularly relevant for the Philippines, as the US and China combined represent nearly one-third of the Philippines' outbound shipments," it added.

The Philippine Statistics Authority reported a trade deficit of $4.17 billion in October, against the $3.31-billion deficit a year earlier.

Export revenue dropped 17.5% year on year to $6.36 billion in October while merchandise imports declined 4.4% to $10.54 billion.

The US remained the top destination of Philippine exports, accounting for $1.02 billion or 16% of the total in October. This was followed by Japan ($902.65 million or 14.2%) and China ($880.37 million or 13.8%).

On the other hand, imports will likely surge this year due to a rebound in domestic demand and an improvement in economic activity. — **Keisha B. Ta-asan**

FULL STORY

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OPINION

A fresh start: LGU business permit renewal

LET'S TALK TAX
JOSELLE MARIANO

The new year symbolizes a new start and an opportunity to move on from the mistakes made in the previous year. Surely, a lot of people are looking forward to kickstarting 2024 with a bang.

But the other side of the coin is the dread felt by many businesses. Not only does 2024 symbolize a new year, but it also represents the start of one of the busiest months in their working lives. It's business permit renewal season at local government units (LGUs), which means enduring paperwork, bargaining, and phone calls from various people.

LGU permit renewal is one of the most essential processes businesses go through each year. Obtaining a valid business permit allows them to continue to operate in their city. Without such a permit, businesses risk their whole operation getting shut down and being charged a penalty. Although the process may sound tedious, it isn't always the case, especially for long-standing businesses that have perfected the art of LGU business permit renewal.

Whether you're new to business permit renewal or consider yourself experienced in the process, here are some of the basics that you should never forget.

BUSINESS PERMITS: WHY AND WHAT FOR?

Consider your business permit as one of the A-B-Cs of your business. It gives Authority to your Business and is issued only if the business is Compliant with the rules and regulations in a particular city. A business permit isn't just a piece of paper handed to you by your LGU representative. If at all, it is THE piece of paper that every business needs to signify the validity of their existence for the year.

One can't simply do away with this requirement, regardless of how big or small your business is. The absence of a valid permit can lead to the closure of a business, penalties, and fines. All the hard work and effort you put into building your business could be for nothing if you fail to apply for this coveted piece of paper.

THE NITTY GRITTY OF LGU PERMIT RENEWAL

The requirements for LGU permit renewal usually vary per city or municipality. Notwithstanding, the procedure is similar in almost all cities.

The first step usually begins at the barangay level, where a permit to operate and a clearance must first be obtained. The whole procedure could take no more than a day to accomplish, so be sure to come prepared with the necessary documents.

After the barangay, you can now proceed with the LGU permit renewal. You can start as early as Jan. 1, but no later than Jan. 20. In previous years, some cities extended the period for LGU renewal due to the volume of applications.

Businesses must also prepare for the local business tax they have to pay during renewal. This is perhaps one of the biggest difficulties some businesses face, especially if they're assessed a large amount. Unfortunately, companies have no other option but to pay the local business tax, as it is mandated by the Local Government Code (LGC). Sections 166 and 167 of the LGC provide that all local taxes, fees, and charges accrue on the first of January each year and must be paid within the first 20 days of January. Failure to make such a payment will subject a business to a surcharge and penalty of no more than 25% of the amount of taxes, fees, or charges not paid on time. In addition, a rate not exceeding 2% will be imposed as interest for every month of unpaid taxes, fees, or charges.

DIGITALIZING LGU PERMIT RENEWAL

In an effort to make renewal accessible and convenient for everyone, some LGUs have adopted a system of online submission. There's hardly any difference between in-person and online submission, except for the fact that you're skipping lines and experiencing a much more convenient way of doing business. Businesses can also expect feedback immediately from their LGU assessors so that they'll be able to work on additional requests, if any. Now that this option has been made available in some cities, it begs the question of when other cities will apply it, especially in cities that are densely populated by corporations.

FINAL WORDS

Mark your calendars because the season for LGU permit renewal has officially begun. It's a busy start for many companies, which can make the month of January pass by fast. Make sure to take note of the basic requirements and have them ready for submission. More importantly, make sure to get the full set of requirements from your respective LGUs. Now that you know the basics of LGU renewal, you have at least a few bullets in your arsenal as you welcome 2024 by dealing with this tedious task.

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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