

Warning on rate increases issued if wage hike measures cause inflation to accelerate

A LEGISLATED wage increase could delay interest rate cuts by the central bank and even force it to raise rates if it results in a price spiral, economists said.

"A legislated wage increase would be very damaging to the economy," Calixto V. Chikiamco, Foundation for Economic Freedom president, said in a Viber message at the weekend. "It will... force the Bangko Sentral ng Pilipinas (BSP) to hike interest rates, further slowing down the economy."

The proposed wage hike could cause price growth to accelerate. "It might compel the BSP not to cut rates when inflation spikes up again," John Paolo R. Rivera, president and chief economist at Oikonomia Advisory & Research, Inc., told *BusinessWorld* via Viber.

This would result in slowing economic growth as consumers "will reduce spending" and companies "will not borrow much to finance productive activities."

Mr. Rivera also said that the inflation resulting from the proposed legislated across-the-board wage hike may offset any benefits of putting more money in workers' pockets. "This (wage hike) may lead to a wage spiral, driving faster inflation which would offset the increases in wages."

Both chambers of Congress started deliberating bills last month that would impose across-the-board minimum wage increases for private-sector workers.

The Senate approved its version seeking a P100 wage increase on final reading in February. Conversely, House bills seeking to increase daily wages from P150 to P750 remain pending at committee level.

Wage hikes often lead to an inflation uptick due to a wage-price spiral. "That's the normal course of things when wages are increased," Mr. Rivera said, referring to how wage hikes trigger price increases on goods from increased demand.

However, Federation of Free Workers President Jose G. Matula said the proposed legislated wage hike will help the economy, especially those involved in the informal sector. "Increasing wages would boost the purchasing power of workers, who are also consumers," he told *BusinessWorld* via Viber.

"This boost in purchasing power will benefit not only large corporations but also small-scale businesses, as workers would have more disposable income to spend on goods and services," Secretary General Josua T. Mata of labor group SENTRO told *BusinessWorld* via Viber.

Commenting on inflationary concerns, think-tank IBON Foundation Executive Director Sonny Jose Enrique A. Africa said that the wage increase would not be inflationary if companies do not pass on the additional wage expenses to consumers.

"The wage hikes on the table will not be inflationary if they are taken from employers' profits instead of being passed on to consumers," he said.

Aside from inflationary concerns, the proposed wage hikes could lead to small businesses cutting jobs to ensure survival due to the increased wage bill. "It will cause MSMEs (micro, small and medium enterprises), who account for 90% of employment, to cut jobs," Mr. Chikiamco said. — **Kenneth Christiane L. Basilio**

Senate seeks probe of VAT refund delays

A SENATOR has filed a resolution seeking to investigate delays associated with value-added tax (VAT) refunds after complaints by foreign companies.

Senate Resolution No. 978, which Senator and Ways and Means Committee Chairman Sherwin T. Gatchalian filed on March 19, seeks an inquiry in aid of legislation into the large volume of denied VAT refunds and to make it easier for companies to apply for refunds.

He cited complaints from Japanese companies that threatened to leave the Philippines after finding it difficult to secure timely VAT refunds.

"The failure of the VAT refund system to timely refund the money of the taxpayers threatens businesses, investments and local employment thus leading to a significant negative impact on the economy as a whole," according to a copy of the Senate resolution.

The American Chamber of Commerce of the Philippines, Inc.

has said VAT refunds for jet fuel take as long as five years to resolve.

Mr. Gatchalian also cited the case of agricultural multinational Dole Sunshine Co. Philippines, which exports bananas from the Philippines, and has not received a VAT refund amounting to \$67 million (P3.78 billion).

At a Senate hearing in November, Japanese Chamber of Commerce and Industry of the Philippines, Inc. President Shigeru Shimoda pushed for more tax incentives to attract more Japanese companies to expand their operations to the Philippines.

The House of Representatives on March 18 passed on final reading amendments to the law designed to revive the post-pandemic economy through tax incentives.

The CREATE MORE (CREATE to Maximize Opportunities for Reinvigorating the Economy) measure cuts corporate income tax to 20% from 25%. It also provides duty exemptions and VAT exemptions on imports. — **John Victor D. Ordoñez**

Single-use plastics tax seen generating up to P34 billion

THE Department of Finance (DoF) said its proposal to impose excise taxes on single-use plastic bags could yield up to P33.856 billion in the first five years of implementation.

In a statement on Monday, the DoF said that the tax measure will reduce pollution, promote sustainable practices and generate revenue to support growth.

"When a good has some negative externalities, meaning the consumption or use of a product causes some social cost, we try to regulate that through taxation," DoF Fiscal Policy and Monitoring Group Officer-in-Charge Undersecretary Karlo Fermin S. Adriano was quoted as saying in a statement.

"In the case of single-use plastics, the social cost is mismanaged waste," he added.

The revenue generated by this measure will be used to fund solid waste management programs for local governments.

The DoF estimates that the proposal will generate P2.334 billion in its first year of implementation, followed by P6.96 billion in the second year, P7.412 billion in the third year; P8.162 billion in the fourth year; and P8.988 billion in the fifth year.

It also noted these revenue estimates assume that the measure will be implemented as early as the third quarter with 50% tax compliance and assuming 70% tax compliance between 2025 and 2028.

For the 2025 to 2028 period, the measure is expected to yield P31.52 billion in revenue.

The DoF's proposal imposes an excise tax of P100 per kilogram of

single-use plastic bags. It is also proposing 4% annual indexation on the third year of the measure's implementation or beginning Jan. 1, 2026.

"The proposal covers single-use plastic bags that are not recyclable, such as 'ice', 'labo', or 'sando' bags (with or without handles)," it said.

"Under the DoF's proposal, the price of labo bags per piece will slightly increase from P0.47 to P0.82 while sando bags will be priced at P0.51 to P0.91 each," it added.

The DoF said that the Philippines has one of the cheapest tax rates for single-use plastic bags compared to other countries at P0.40 per bag.

Citing World Bank data, the Philippines was found to be the third-largest contributor of mismanaged plastic in the ocean each year.

"This is a low-hanging fruit that has been on the table for more than a decade. I am confident that our legislators will support this measure," Finance Secretary Ralph G. Recto added.

A bill seeking to impose an excise tax on plastic bags was approved by the House of Representatives in November 2022. A similar measure is pending at the Senate committee level.

The House and Senate versions likewise impose an excise tax of P100 for every kilogram of single-use plastic bags. The rate of tax is due to increase by 4% every year, effective Jan. 1, 2026.

Meanwhile, another bill pending at the Senate proposes to charge a P20 excise tax on single-use plastic bags, but also proposes 4% annual indexation. — **Luisa Maria Jacinta C. Joeson**

MOVE IT Launches 'Malasakit sa Biyahe' Safety and Protection Program

Homegrown motorcycle taxi company intensifies its commitment to the safety of both passengers and rider-partners on the platform

Homegrown motorcycle taxi company MOVE IT strengthens its commitment to providing safe and secure transportation to its passengers and rider-partners.

The two-wheel ride-hailing platform has launched its 'Malasakit sa Biyahe' Safety and Protection Program — a multi-pronged initiative focused on key safety elements such as skills assessment and development; technology and report mechanisms; and rider and vehicle roadworthiness.

MOVE IT General Manager Wayne Jacinto shares: "Bilang isa sa mga participants ng Motorcycle Taxi Pilot Study, isang napakahalagang aspeto ng aming serbisyo sa MOVE IT ang kaligtasan — hindi lamang ng aming mga pasahero kundi pati ng bawat Kuya at Ate ng Kalsada. Hindi lamang po pangako ang 'kaligtasan' para sa amin; bagkus ito ay bahagi na ng aming prinsipyo. Kaya patuloy ang ating pagpapalawig ng mga programa, alituntunin at tech features upang mas mapagiting ang kaligtasan ng ating bawat biyahe. Malayo na ang ating narating pagdating dito at patuloy pa tayong mag-i-improve para sa bawat pasaherong patuloy na nagtitiwala at tumatangkilik sa aming serbisyo, at maging sa mga riders na umaasa sa MOVE IT para sa kanilang pang-araw-araw na kabuhayan."

Prioritizing Skills Assessment and Development

Foundational to the safety and security principle of MOVE IT is the assessment and development of the skillset of its rider network. Before onboarding, every aspiring MOVE IT rider-partner undergoes a rigorous identification; and skills and vehicular roadworthiness assessment process. Rider-partners are now also required to do an annual mandatory retraining and vehicle inspection.

Believing in the transformative impact of continuous education, MOVE IT has also partnered with various organizations and agencies in the implementation of capacity-building programs. These sessions cover topics such as road safety, passenger handling, and vehicle maintenance. The moto-taxi platform



MOVE IT rider-partners undergo rigorous skills assessment exercises as part of the pre-onboarding process. Rider-partners who qualify are invited for annual skills refresh and assessment sessions as part of MOVE IT's enduring commitment to safety.

has sealed partnerships with MMDA, PNP, and CEMEX in the pursuit of these programs.

MOVE IT has also recently announced its very first MOVE IT Kaligtasan Center, which is located at the MOVE IT-Grab Warehouse in Marikina. This is a designated facility for all skills development and assessment activities, and will soon evolve to house dedicated help desks for rider and passenger concerns — effectively growing MOVE IT's multi-channel help centers and consumer assistance channels. The homegrown moto-taxi platform is set to establish more Kaligtasan Centers in different cities in 2024.

Lastly, to ensure accessibility to its educational curriculums, MOVE IT offers its rider-partners access to its very own MOVE IT Academy — an in-app online learning platform featuring safety-focused e-learning content. As of March 2024, 150,000 safety courses on MOVE IT Academy have been completed by rider-partners.

Leveraging Cutting-Edge Technology in Ensuring Safe Rides

MOVE IT, with its strategic partnership with leading superapp Grab, has pioneered several in-app features for passengers and its rider-partners geared at ensuring their safety and security on the road. With these user-friendly and readily accessible features, riders and passengers can go through rides with an extra layer of safety and added confidence.

- Share My Ride: This feature allows riders and passengers to share their live location with colleagues and loved ones for easy tracking. A Share My Ride link can be disseminated by the user via different messaging apps and platforms.
- Emergency SOS Button: This feature promptly connects users with local authorities and law enforcement, guaranteeing immediate response and assistance when required.



Col. Edison "Bong" Nebrija from the MMDA, and MOVE IT General Manager Wayne Jacinto conduct a Road Safety Skills Assessment and Development session for MOVE IT rider-partners.

- Manage Emergency Contacts: An exclusive feature on MOVE IT, this functionality allows users to store multiple family and emergency contacts for easy access and speed dial during emergencies.

exponentially growing the capacity of the platform to conduct immediate aid to all concerned.

Passengers and riders are also encouraged to contact the 24/7 MOVE IT Safety Hotline at 02-8883-7109 for any incidents encountered on the road.

A Strong and Continuously Improving Safety Scorecard

Published in 2023, the MOVE IT Passenger Manifesto stresses the deep commitment of MOVE IT to safety: Laging Kaligtasan ang Una Sa Lahat. As a long-standing principle of the platform, safety on MOVE IT remains of paramount importance. This is attested to by its continuously improving scorecard. Touting its professionally trained and fully capable rider fleet, and its 24/7 incident response team; the platform currently maintains a 99.998% safety record and a less-than 30-minute average incident response time.

And it does not end here. The Passenger Manifesto endures with a bigger promise, which is *Laging Nagsusumikap Para Mas Mapaganda ang Serbisyo Namin*. This commitment to optimization pushes MOVE IT to offer safe, reliable, and honest rides every single day — elevating the standards in the local moto-taxi industry to the benefit of every commuter and rider.