

**Taxes**

from S1/1

"People are shifting to e-commerce. It's hard to collect there. We have to find a way, so let's concentrate on that. But like we said, it's easy to make a law but will you be able to enforce it? Maybe we should computerize that."

"It's unfair to brick-and-mortar (stores) that they pay taxes and those in e-commerce don't," he added.

A Senate bill seeking to impose a 12% VAT on digital transactions is now up for second reading, while the counterpart bill was approved by the House of Representatives in November 2022.

Latest data from the Bureau of the Treasury (BTr) showed that the National Government (NG) posted a budget surplus of P88 billion in January, driven by a 21.15% jump in revenues to P421.8 billion.



**THE Bureau of Internal Revenue is encouraging taxpayers to file their tax returns ahead of the April 15 deadline.**

The NG's deficit ceiling is capped at P1.39 trillion or 5.1% of GDP this year. As of end-2023, the deficit-to-GDP ratio stood at 6.2%. — **Luisa Maria Jacinta C. Jocsos**

**Inflation**

from S1/1

The Monetary Board moved its policy meeting, originally scheduled for April 4, to April 8, citing the timing of key data releases such as March inflation.

Finance Secretary Ralph G. Recto last week said that while inflation may remain elevated in the coming months, it will eventually return to within the 2-4% target.

Mr. Recto said he expects March inflation to settle at around 3.9%, similar to Mr. Remolona's estimate.

"But, I think within the year, it's still going to be within 2-4%. It's going to be a bumpy road, but I think within the band. Even if it overshoots, it will return to target, more or less," he said in mixed English and Filipino at the sidelines of an event last week.

This year, the BSP expects inflation to average 3.6%.

Mr. Ravelas said the central bank may begin to cut rates by the second semester.

"We will see after June if we can cut rates. But I am looking at the end of the third quarter as the first cut, if any," he said.

The BSP is seen to begin slashing rates in sync with the US Federal Reserve, which is widely expected to start its easing cycle by June.

The FOMC (Federal Open Market Committee) stood pat at its meeting last week, keeping its fed funds steady at the 5.25-5.5% range. From March 2022 to July 2023, the Fed increased rates by a total of 525 bps.

Mr. Remolona earlier said that while the Monetary Board closely monitors the Fed, its own policy decisions are not dependent on the US central bank. He also said the BSP will likely begin cutting "in the next few policy meetings."

Pantheon Macroeconomics Chief Emerging Asia Economist Miguel Chanco likewise said that the BSP does not necessarily need to move in step with the Fed.

"I don't think that the BSP needs to mirror the Fed, but when the latter does start cutting rates, it will give the former more confidence to do so, as cutting rates in such an environment will have less of an impact on the peso's stability," he said in an e-mail.

UA&P's Mr. Terosa said the BSP is likely to mirror the Fed in terms of easing.

"While it will be economically advantageous for the country to mirror the Fed in terms of easing, I believe that there is leeway for the country to make decisions on rate cuts ahead of

Fed depending on marginal changes in the inflation rate," he said.

"Changes in the inflation rate that do not drastically move the economy away from its target range can give the country some room to cut rates ahead of the Fed. Given past decisions on policy rates, however, I think the BSP will mirror the Fed in terms of easing," he added.

Bank of America (BofA) Global Research said that if the Fed cuts rates as expected in June, the BSP will likely begin rate cuts "around the same time or in the second half of 2024."

However, if the Fed delays its first rate cut, this could also affect the BSP's own policy easing.

"If the Fed's first cut is delayed beyond June, the marginal impact will likely be more notable for a few regional central banks. The People's Bank of China, Bank Indonesia and BSP might postpone rate cuts to safeguard foreign exchange stability," it said in a report dated March 22.

Both Pantheon Macroeconomics and BofA expect the BSP to reduce borrowing costs by a total of 100 bps this year. If realized, this would bring the benchmark rate to 5.5% by year end.

**Borrowings**

from S1/1

In January last year, the Philippines raised \$3 billion from its US dollar bond issuance. This was the second global bond offering under the Marcos administration.

"Global bond issuance by the National Government has yet to start but scheduled as early as the first half of 2024, thus resulting to the sharp year-on-year decline in gross borrowings," Mr. Ricafort said in a Viber message.

Finance Secretary Ralph G. Recto earlier said that the Treas-

ury is working on finalizing its first offshore issuance of the year. No details were available.

For the coming months, Mr. Ricafort said that the NG's gross borrowings could rise. "Furthermore, the Retail Treasury Bond (RTB) issuance in the latter part of February 2024 would lead to some pick up in gross borrowings to start with, on top of other sources of borrowings," he added.

In February, the government raised P584.86 billion from its

offering of five-year RTBs, higher than the P400-billion target set by the BTr.

This year, the government's borrowing program is set at P2.46 trillion, with P1.85 trillion to be raised from the domestic market and P606.85 billion from foreign sources.

In 2023, the NG's gross borrowings rose by 1.38% to P2.193 trillion, but was slightly below the P2.207-trillion borrowing program for the year. — **Luisa Maria Jacinta C. Jocsos**

**Yellow alert**

from S1/1

"The demand forecasts remain as we have forecasted this year under an El Niño scenario of 12% increase from 2023," Ms. Exconde told *BusinessWorld* in a Viber message.

However, Ms. Exconde said that the actual peak demand last week is lower by 1,585 megawatts (MW) compared to the week earlier which is "not yet as high" as forecasted for an extreme El Niño.

There are 44 existing hydro-power plants with an installed capacity of 2,548 MW connected to the grid, according to the data from the DoE as of end-November 2023.

In its latest advisory, PAGASA said that the El Niño across the tropical Pacific Ocean is showing "signs of weakening" and is expected to persist until May.

Energy Secretary Raphael P.M. Lotilla said the DoE continues to monitor the power situation

especially as "scorching temperatures" are expected in the next three months.

"The summer period exerts significant pressure on electricity demand due to increased cooling needs, leading to peak demand shifts in consumption and infrastructure strain," he said in a statement on Sunday.

"We are, therefore, closely coordinating with all the stakeholders to carefully manage and

plan for the effects of the summer period and the on-going El Niño to ensure reliable and sustainable electricity supply."

As of Sunday morning, the Luzon grid has an available generating capacity of 13,715 MW and a system peak demand of 8,821 MW, data from the National Grid Corp. of the Philippines (NGCP) showed.

To avoid issuing alert notices, the DoE said that it is monitoring the grid by continuously updating

the power outlook that "considers any changes particularly in the operations of power generating units."

It added that it is coordinating with government agencies to facilitate timely approval of regulatory requirements for the completion of power facilities.

"The injection of power to the grid of generation facilities under testing and commissioning are allowed to provide additional capaci-

ty to the grid. The NGCP is likewise directed to expedite completion of this activity," the DoE said.

The DoE also urged the public to continue practicing energy conservation "to minimize the cost of running oil-based power plants" during the period.

In 2023, the Philippines raised two red alerts and eight yellow alerts, according to the DoE, below the initial projection of 12 yellow alerts.

# SAVANA SOUTH

San Pablo City, Laguna

A joint venture development by

  
**OVIALAND**  
Premier Family Living

  
**Takara Leben**

