New ecozones proclaimed in Tanza, Cavite and Pasig City

THE GOVERNMENT has proclaimed two new economic zones — an industrial estate in Cavite province, and an information technology (IT) park in Pasig.

In Proclamation No. 513, President Ferdinand R. Marcos, Jr. created the 404,141-square meter (sq.m.) MetroCas Industrial Estates-Special Economic Zone in Tanza, Cavite upon the recommendation of the Philippine Economic Zone Authority (PEZA) board.

MetroCas was among the five proposed economic zones that the PEZA had hoped to be approved in October.

Meanwhile, Mr. Marcos created an Information Technology Park along various sites E. Rodriguez, Jr. Avenue and Ugong, Pasig City.

The IT Park has a combined area of 123,837 sq.m., according to Proclamation No. 512.

The development of new ecozones is a component of the five-year Philippine Development Plan, with the aim to promote industrial dispersion, integrate ecozones into local economies, and boost open trade between zone locators and firms outside the zones.

Under the medium-term plan, PEZA is tasked to expedite the types of special economic zone. — **Kyle Aristophere T. Atienza**

Brands drawn to PHL by e-commerce growth

THE thriving e-commerce market is leading more international fashion and sports brands to expand in the Philippines, according to Zalora Group, a Singapore-based fashion and lifestyle e-commerce platform.

"The Philippines remains a rapidly growing e-commerce market," Zalora Group Regional Director of Platform Services Matej Urban told *BusinessWorld* in an e-mail.

"Compared to advanced markets like China and the US, the country still has a lot of potential to grow, with global brands entering and scaling in the market, as well as local brands evolving into regional brands through Zalora," he said.

Mr. Urban said that more brands are looking into entering the Philippines, pushing e-commerce platforms such as Zalora to in turn scale their platform services.

"Today, we are working with top global fashion and sports brands to enable their entry into and operations within the Philippines," he said.

"We see growing demand from brands to have a presence in the Philippine market, and our fulfillment and operations services will continue to scale in this market," he added.

According to a report by Google, Temasek Holdings and Bain & Co., the Philippine digital economy is expected to grow to between $80 billion and $150 billion in gross merchandise value by 2030.

"While the macroeconomic situation will influence the growth of brands and the e-commerce market in the Philippines and the wider Southeast Asian market, Zalora is equipped to scale its platform services at any time and make continuous improvements in its technology and processes, especially with the help of artificial intelligence," Mr. Urban said.

Zalora said that business-to-business platform services and e-commerce solutions will be the company's focus areas for expansion, calling these segments bright spots in Southeast Asia despite current macroeconomic conditions.

"Platform services are a key growth driver across our Southeast Asian markets. Notably in the Philippines, we've established the country's largest e-fulfilment center exclusively for fashion e-commerce, situated in Muntinlupa City and inaugurated in 2020," Mr. Urban said.

"At present, the center boasts a warehouse storage capacity of 1.8 million items, accompanied by 10,000 square meters of mezzanine storage space, with plans for future expansion," he added.

Zalora has three fulfillment centers across Southeast Asia and has a customer base of approximately 8.3 million in Singapore, Indonesia, Malaysia, Hong Kong, Taiwan and the Philippines. — **Justine Irish D. Tabile**

Resolving CREATE ambiguities expected to unlock investments

AMBIGUITIES in the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act are serving as a brake on investment, with amendments to the law expected to clear up any uncertainties for investors, property consultancy Colliers said.

"The government must respond immediately... as maintaining the status quo may result in forgone billions of pesos in revenue and economic opportunity losses," Colliers said in a report.

Colliers expressed its support for amendments proposed in the CREATE to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE) bill.

"Colliers supports... streamlining the tax incentives systems and making it more responsive to the global market," it said.

"Through this regulatory development, the Philippines will be able to sustain its attractiveness as well as allay uncertainties in the market," it added.

CREATE MORE proposes to return to investment promotion agencies the power to grant tax incentives and redefine the Fiscal Incentives Review Board's function as an "oversight body."

Colliers, quoting House Ways and Means Chairman and Albay Rep. Jose Ma. Clemente S. Salceda, said the current system "requires multiple stages of submission and is causing delays in the arrival of new investors."

It added that investors and industry groups still want clarification of the value-added tax zero-rating guidelines two years since CREATE was implemented in 2021.

If the salient amendments are signed into law, Colliers said the Philippines can expect the entry of more established foreign enterprises and growth in export-oriented industries, thereby creating more jobs.

"Colliers sees this development to benefit major exporting industries, such as the IT-BPM (information technology and business process management) sector," it said.

"Clarity on tax incentives schemes and allowing flexibility through institutionalizing the work-from-home or hybrid work setup will be key in sustaining the competitiveness of the IT-BPM industry," it added.

One of the amendments proposed under CREATE MORE is extending the grant of incentives to IT-BPM enterprises even if they implement hybrid working arrangements as long as they comply with on-site work quotas set by the investment promotion agency they are registered with.

"The bill seeks to include a clause that 'carves out' the IT-BPM sector from the prohibition on conducting registered projects or activities outside the geographical boundaries of their freeports or economic zones," Colliers said.

However, Colliers said that the bill will also affect the office market through continued rationalization of office space especially from large occupiers.

"While this may be a short-term tradeoff, Colliers believes that a more favorable investment climate will eventually spur office space demand in the long run," it said.

"Given this flexibility, companies may 'test the waters' to find the optimal working setup for their respective operations," it added.

Colliers projects office utilization to settle at 70-80% calling physical offices a vital platform for collaboration and developing corporate culture. — **Justine Irish D. Tabile**

German companies pitched on mineral processing ventures

THE Department of Trade and Industry (DTI) said German companies are exploring opportunities to invest in minerals processing operations in the Philippines.

"Germany has consistently ranked as a top trade and investment partner, and 2023 was a record-breaking year," Trade Secretary Alfredo E. Pascual said in a statement Wednesday.

"Foreign direct investment from Germany soared to $149.89 million, the highest since 2005. This momentum continued with Germany emerging as the leading source of foreign-approved investments in 2023," he added.

At the 2nd Joint Economic Commission (JEC) meeting on March 27, the two sides also discussed prospects for collaboration in manufacturing and industrial services, energy, infrastructure, and information technology-business process management (IT-BPM).

"Both sides identified opportunities to expand bilateral cooperation, particularly in minerals processing and investment financing," the DTI said.

Board of Investments Director Raquel B. Echague and Bernardo V. Bitanga, the Mines and Geosciences Bureau's metallurgical technology division chief, briefed the joint commission on prospects for minerals processing in the Philippines.

"They also proposed cooperation projects such as technical assistance for establishing an iron-making facility," the DTI said.

Stefan Wenzel, the Federal Ministry for Economic Affairs and Climate Action Parliamentary State Secretary, said Germany is looking at diversifying its supply chains and views the Philippines as a possible partner.

The DTI, quoting Mr. Wenzel said, that: "global developments have made Germany aware of the vulnerability of international supply chains."

"He expressed the German Federal government's intention to diversify and reduce one-sided dependencies, which has led Germany to view the Philippines as a promising partner," the DTI added.

Meanwhile, the Department of Energy (DoE) invited German companies to explore more opportunities in the renewable energy industry and to establish manufacturing plants for RE components.

"The Director of the Energy Policy and Planning Bureau, Michael O. Sinocruz, said agencies are focused on how to improve the permitting process, grid connection, ports and other matters related to offshore wind projects," the DTI said.

The JEC also led to a signing of a memorandum of understanding between Philippine Constructors Association, Inc. and BFW Construction Training Institute NRW, which was represented by the German–Philippine Chamber of Commerce and Industry, Inc. (GPCCI), to establish a German Dual-Training System in the Philippines.

GPCCI President Stefan Schmitz said that the second JEC session shows the "enduring and robust bilateral trade and economic relationship between the Philippines and Germany." — **Justine Irish D. Tabile**

Imported fish diverted from canneries seen at 100,000 MT

THE Department of Agriculture (DA) said about 90,000 to 100,000 metric tons (MT) of imported frozen fish meant for canning and processing are being diverted to wet markets each year.

Agriculture Secretary Francisco P. Tiu Laurel, Jr. said Fisheries Administrative Order (FAO) No. 195 of 1999 authorizes institutional importers to bring in fish, which may not be sold to the public.

Mr. Laurel was speaking to reporters on the sidelines of a food security forum on Wednesday.

The DA has suspended the issuance of sanitary and phytosanitary import clearances for fish species intended for institutional buyers, pending an investigation into the diverted shipments.

The DA had received reports of imported round scad (*galunggong*), mackerel, and bonito surfacing in wet markets.

"These are being diverted in huge quantities... both fisherfolk and commercial (fishing companies) are being affected," Mr. Tiu Laurel said.

FAO 195 allowed institutional buyers to ship in frozen, chilled, or fresh fish to reduce competition for those selling their domestic catch in public markets.

He added that prices should remain stable due to the open fishing season for commercial and municipal fisherfolk.

He added that the DA will create an enforcement team to regulate the diversion of fish to other markets.

"We are rebuilding the enforcement team. At the moment, there are still quite a few without official appointments. So, we can't move effectively," he said.

He added that the DA will target registered importers diverting fish from institutional buyers.

"Those at fault are the ones who imported and diverted (the fish), while those in the markets (are) just doing their job... they just need income. I don't think the crackdown will be on the (public market) level," he said. — **Adrian H. Halili**

OPINION

SEC FS filing deadline looming

TAXWISE OR OTHERWISE
CYRIL PESTILOS

Every year, accountants and auditors undergo a unique form of penance during Holy Week, extending their hours or even sacrificing sleep to ensure the timely filing of Annual Financial Statements (AFS).

In response to the prayers of our accountants and auditors, and to alleviate congestion in the Securities Exchange Commission (SEC) Electronic Filing and Submission Tool (eFAST) for those operating on a calendar year, the SEC, through Memorandum Circular (MC) No. 2-2024, has once again instituted staggered filing schedules for the AFS of all corporations, including branch offices, representative offices, regional headquarters, and regional operating headquarters of foreign corporations. The filing dates are determined by the last numerical digit of their SEC registration or license numbers, as follows:

Submission Dates	Last Digit of SEC Registration / License Number
April 29, 30 May 2, 3, 6, 7, 8, 9, 10	1 and 2
May 13, 14, 15, 16, 17, 20, 21, 22, 23, 24	3 and 4
May 27, 28, 29, 30, 31 June 3, 4, 5, 6, 7	5 and 6
June 10, 11, 13, 14, 17, 18, 19, 20, 21	7 and 8
June 24, 25, 26, 27, 28 July 1, 2, 3, 4, 5	9 and 0

AFS filing is exclusively conducted through the SEC eFAST. The SEC MC confirms that other forms of report submission (i.e., over-the-counter, mail, or courier services previously facilitated through the SEC Express Nationwide Submission facility) will no longer be accepted.

Thus, SEC-registered entities are encouraged to strategize their submissions in advance of the designated submission dates and consider filing before April 29. Beginning April 29, strict adherence to the prescribed filing schedule is mandatory.

Some corporations with deadlines falling in June or July should still consider filing ahead of their actual deadline. This is because the deadline for filing the Annual Income Tax Return with the Bureau of Internal Revenue (BIR) remains fixed at April 15, and the submission must be accompanied by the AFS.

Moreover, it should be noted that the above filing schedule does not apply to the following corporations:

1. Those whose fiscal years end on a date other than Dec. 31, 2023. These entities must file their AFS within 120 calendar days from the end of their respective fiscal years.

2. Those whose securities are listed on the Philippine Stock Exchange (PSE), those whose securities are registered but not listed on the PSE, those considered public companies, and other entities covered under Sec.17.2 of the Securities Regulation Code (SRC) or the Republic Act No. 8700. These entities must file their AFS within 105 calendar days after the end of their fiscal year, as an attachment to their Annual Reports (SEC Form 17-A), in accordance with the Implementing Rules and Regulations of the SRC. Non-listed registered issuers of securities who submitted SEC Form 17-EX (Notification of Suspension of Duty to File Reports under Section 17 of the SRC) for 2024 are required to adhere to the regular AFS filing period, which spans 120 calendar days from the end of the fiscal year.

3. Those whose AFS are being audited by the Commission on Audit.

Ideally, corporations strive to minimize unnecessary delays. Therefore, it is imperative to ensure the accurate submission of the required information and attachments to prevent repetitive filings. For instance, this includes ensuring that the AFS reflects the "received" stamp by the BIR or its authorized banks, unless the BIR permits an alternative proof of submission, such as the system-generated Transaction Reference Number. Additionally, submissions may be rejected if the uploaded report exhibits poor image quality, is in a horizontal image orientation, or if the submission form contains inaccuracies regarding company profile, period covered, or submission type.

While access to the eFAST platform will be available 24 hours a day, the review, acceptance, and any reversions by the SEC personnel will be processed exclusively from Mondays to Fridays. Submissions made on Saturdays, Sundays, holidays, or during work suspensions will be deemed filed on the subsequent working day.

AFS submissions from corporations failing to upload their reports on time or within the scheduled dates (commencing April 29) will be accepted from July 8 onwards. These delayed submissions will incur prescribed penalties calculated from the filing deadline. As of now, the SEC has not announced the new scale of fines and penalties.

However, with the anticipated proposed rates and stricter penalties for late or non-filing, corporations should submit their annual reports promptly.

Corporations have the option to settle the applicable penalties at a later time or when they undergo monitoring or when the SEC identifies late filings or unmet reporting requirements.

The SEC's former amnesty program, integration of online filing, and reinforcement of penalties underscore the critical importance of punctual AFS submissions for corporations. Although fines are not imposed on late filing of the AFS and General Information Sheet, late filing will still result in penalties upon securing the SEC Monitoring clearance, which is a prerequisite for most SEC applications. As we anticipate the SEC's forthcoming announcement on revised fines and penalties, it's essential for corporations to prioritize compliance, ensuring seamless operations and regulatory alignment in today's ever-evolving business environment.

The views or opinions expressed in this article are solely those of the author and do not necessarily represent those of Isla Lipana & Co. The content is for general information purposes only, and should not be used as a substitute for specific advice.

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