

Ombudsman orders BFAR head's dismissal; Agri dep't names OIC

THE Department of Agriculture (DA) said that the director of the Bureau of Fisheries and Aquatic Resources (BFAR), Demosthenes R. Escoto, has been dismissed following an order from the Office of the Ombudsman.

"The Ombudsman's order, forwarded to the office of the DA chief for implementation, found (Mr.) Escoto guilty of grave mis-

conduct in a graft case arising from BFAR procurement of communications equipment in 2018," the DA said in a statement.

The DA said that Mr. Escoto can seek reconsideration of the Ombudsman's decision or may appeal the ruling to the Court of Appeals.

Mr. Escoto was appointed the bureau's national director in 2023.

Agriculture Secretary Francisco P. Tiu Laurel, Jr. named Isidro Velayo, Jr. as BFAR officer-in-charge (OIC) following the decision.

Mr. Laurel added that "my marching orders to (Mr. Velayo) are to ensure that operations of the agency are not affected by this legal development," he said.

Mr. Velayo had served as the BFAR's director and assistant director for technical services.

"(He) was a former national coordinator of BFAR's seaweed program and previously regional director for the Zamboanga Peninsula," the DA said.

Mr. Escoto did not immediately reply to a Viber message seeking comment. — **Adrian H. Halili**

Tough visa regulations, limited airline capacity holding back recovery of travel in Asia-Pacific

STRICTER post-pandemic visa requirements and reduced airline capacity are behind the lagging travel recovery, according to a New York- and Hong Kong-listed international online travel agency.

In a briefing on Wednesday, Trip.com Group Ltd. Managing Director and Vice-President for International Markets Boon Sian Chai said that although the recovery of travel is on track in some Southeast Asian countries, the remainder, including the Philippines, are lagging because Chinese tourists have not returned.

"If you look at the recovery of travel itself, I think Singapore, Malaysia, Thailand, and some of the other Southeast Asia countries are slightly ahead in terms of recovery because, first of all, they have removed the visa restrictions for Chinese mainland travelers going to Southeast Asia itself," he said.

The United Nations World Tourism Organization estimates that travel has recovered to 87% of pre-pandemic levels in South Asia last year, faster than the 65% recovery in Asia and the Pacific.

Meanwhile, the Philippines logged 5.4 million international vis-

itors, which is 65% of the 8.24 million foreign arrivals seen in 2019. The percentage of international travelers relative to pre-pandemic performance is at par with the average within Asia and the Pacific.

Sophia Pan, country director for the Philippines at Trip.com, said that recovery levels vary for each market in the Philippines, with the number of Chinese tourists still far below the pre-pandemic level.

"For the Koreans, we see a very good recovery. I think it's around 80% recovery compared to pre-pandemic," Ms. Pan said.

"The Chinese (arrivals) are still very low, which is due to the visa policies. Right now, (Chinese travelers) still need a face-to-face interview to get a visa. Before the pandemic, we didn't need that. Visa policies are stricter than before," she added.

She also said that the fees to apply for a Philippine visa are now four times the cost to apply for a Japanese visa.

"It's actually not the most favorable terms for Chinese tourists, especially when Singapore, Thailand, and Malaysia are all visa-free for Chinese," she said.

"But the good news is that for Chinese passport holders with valid Japanese, American, Schengen, Australian, and Canadian visas, they can use that visa to enter the Philippines visa-free," she added.

South Korea remained the Philippines' top source of international visitors last year, accounting for 26.4% of foreign arrivals, or 1.44 million, while tourist arrivals from China only accounted for 4.8%, or 263,863.

Before the pandemic, China was the second-largest source of international arrivals; in 2023, they had fallen to fifth.

Meanwhile, Mr. Chai said that, beside visa applications, the slow recovery of airline capacity and increasing ticket prices are also posing obstacles to a recovery.

"Basically (capacity is a problem) not just for the Philippines. Across the world, we have seen that flight capacity has not recovered back to pre-pandemic levels," he said.

"So that's something that's going to have some kind of impact on travel itself, and I think linked to that is the overall cost of flights," he added.

He said ticket prices have increased due to inflationary pressures.

Despite the concerns, Mr. Chai said that Trip.com is still optimistic that travel will recover not only in the Philippines but globally.

"People are traveling more than ever" despite expensive hotel and air ticket prices, he said.

The growth, he said, is coming from the growing demand from the younger generations, who are keen to collect experiences.

He said Trip.com's revenue last year grew 122% to \$6.3 billion, with hotel reservations revenue outperforming with growth of 132% to \$2.4 billion.

He added that most people in the industry see post-pandemic revenge travel starting to lose momentum, which raises the need to take new approaches in spurring travel.

"What a lot of countries are doing now is removing what they call visa requirements. Previously, especially for Chinese outbound, there's a lot of visa requirements (in) many different countries," he said. — **Justine Irish D. Tabile**

UNCTAD sees Southeast Asia posting 4.1% growth in output

SOUTHEAST ASIA's output growth is projected to expand 4.1% this year, with trade disruptions, tighter-for-longer rates, and supply pressures weighing on performance, the United Nations Conference on Trade and Development (UNCTAD) said.

In its Trade and Development Report Update, UNCTAD said low water levels at the Panama Canal and attacks on shipping in the Red Sea, which leads to the Suez Canal, have raised costs and extended travel times.

"Trade between Asia and Europe, together with maritime routes going between the Pacific and the Atlantic coasts of the Americas, have experienced severe disruption," according to the report.

Prolonged drought at the Panama Canal caused tolls to rise by eight times, while the reduced number of crossings resulted in longer waiting times to transit the waterway.

However, the crisis at the Panama Canal is expected to improve as the rainy season begins in late April to early May.

UNCTAD also noted that attacks by Yemen's Houthi rebels have forced major freight rerouting around the Cape of Good Hope instead of the Suez Canal, adding around 12 to 20 days of transport time.

"The cost of moving containers from Shanghai to Genoa or Rotterdam more than tripled between October 2023 and mid-March 2024. Meanwhile, the cost of transporting containers from Shanghai to Los Angeles doubled," according to the report.

The growth of merchandise trade is projected to remain subdued this year. However, trade in services is expected to outpace trade in goods this year. Main drivers of services trade include travel, transportation, telecommunications, computers and information.

Growth in the global economy is expected to decelerate for a third consecutive year to 2.6% this year, from 2.7% in 2023. Growth during the 2015-2019 period averaged 3.2%.

Private consumption would be the main driver of growth this year at 4%, outpacing the expansion in income of 2.6%.

"For the developing countries, constrained fiscal space in the context of growing debt challenges means a further restricting of public budgets and investment," UNCTAD said.

It also cited the lack of global investments in risks such as climate change and development. "Years of underinvestment are depriving the world of the resources required to enable sustainable development." — **Beatriz Marie D. Cruz**

Palay farmgate prices climb 32% in March

THE farmgate price of palay, or unmilled rice, rose 32% year on year to an average of P24.52 per kilogram (kg) in March, according to the Philippine Statistics Authority (PSA).

In a report, the PSA said all regions recorded year-on-year growth in average farmgate prices during the month.

The highest prices in March were posted in the Ilocos Region, where palay prices rose 33% to P27.71 per kg.

This was followed by the Western Visayas with average palay prices increasing 47.9% to P26.41 per kilo from a year earlier.

The lowest farmgate price was recorded in the Eastern Visayas at P19.11 per kg. Prices there rose 15.9% year on year.

The National Food Authority Council recently raised its

purchasing prices for palay in order to remain competitive with prices offered by private traders in building its rice reserves.

The buying price range for dry and clean palay was raised to P23 to P30 per kg and that for fresh palay to P17 to P23 per kg. Buying prices will vary with location and quality of the grain.

On a month-on-month basis, the PSA said that the average farmgate price declined 2% from February.

The PSA said six regions saw higher farmgate prices month on month, while 10 regions posted declines.

Davao Region reported the highest month on month rise at 7.2%.

The Eastern Visayas saw a 17.3% month-on-month decline in March. — **Adrian H. Halili**

Pharma group enlisted in crackdown on sale of counterfeit drugs online

THE Intellectual Property Office of the Philippines (IPOP) and the Pharmaceutical and Healthcare Association of the Philippines (PHAP) have signed an agreement to help protect the public against counterfeit drugs sold online, IPOP said.

In a statement on Wednesday, the intellectual property (IP) regulator said the e-commerce memorandum of understanding (MoU) with PHAP will help curb the illicit sale of counterfeit drugs online.

"By creating an environment that stimulates innovation through IP, we can ensure wide-

spread access to quality and affordable medicines for our people even as we protect IP rights from possible infringement and the public against counterfeit drugs," IPOP Director General Rowel S. Barba said.

Under the agreement, PHAP Executive Director Teodoro Padilla said that the two parties will establish a code of practice aimed at responding to reports of the illegal online sale of drugs.

"We aim to create a safer online trading environment for all stakeholders; from notice and takedown procedures to proac-

tive and preventive measures, we are committed to upholding the principles of fairness and transparency in the digital domain," Mr. Padilla said.

"The Philippine E-Commerce MoU has been enabling collaboration between online platforms Lazada, Shopee, TikTok Shop, and Zalora and brand owners to streamline ways of preventing and taking down online activities that infringe on the latter's IP rights," the IPOP said.

The PHAP and the IPOP also signed another agreement for collaboration in making medi-

cines that respond to emerging healthcare challenges more accessible.

Under the second MoU, both parties will create a framework and a work plan that include knowledge-sharing and consultation on legislative measures.

"The signatories will also be undertaking policy dialogue on areas that may strengthen the country's IP regime for healthcare innovation and create joint anti-counterfeiting campaigns or other IP awareness activities," the IPOP said. — **Justine Irish D. Tabile**

OPINION

Justifying an extraordinary prescription

TAXWISE OR OTHERWISE
MARYJANE ALMIRA
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Three years to 10 years is quite a leap. Hence, it is important to have some guidelines for both taxpayers and tax authorities on what exactly would justify an imposition of the extraordinary 10-year prescription period for tax assessments. Would honest mistakes or inaccuracies automatically render a return as a "false or fraudulent" return? Are there due process requirements when invoking the 10-year prescriptive period and the presumption of falsity or fraud?

There have been conflicting decisions as to when this extraordinary period of prescription would apply. There had been various cases which would require convincing evidence from the BIR that a taxpayer has intentionally and deliberately or fraudulently falsified or omitted information on returns before the extraordinary period applies. However, there have similarly been various cases wherein the BIR would simply invoke a 1974 Supreme Court (SC) decision which ruled that the 10-year period prescription could apply to false returns in general, whether deviations or misstatements in returns

were intentionally made or not. This has caused confusion and puts taxpayers in an unfavorable situation where honest mistakes, carelessness or inaccuracies in returns, even without the intent to evade taxes, can warrant an extended prescription period for assessments.

Thankfully, in a recent decision, the SC abandoned this 1974 ruling. Now, as clarified, the extraordinary 10-year assessment period may only apply in situations where returns contain errors, misstatements and omissions; AND when such were made deliberately or willfully by the taxpayer.

Moreover, the SC described two due process requirements when applying the extraordinary perspective period.

Due process requirement No. 1: The assessment notice issued to the taxpayers must clearly state that (i) the extraordinary 10-year prescriptive period is being applied and (ii) the basis for alleging falsity or fraud.

The BIR generally has the burden to prove with clear and convincing evidence that there had been an intention on the part of the taxpayer to evade taxes, and said evidence must be presented when imposing the extended period. However, the BIR may be relieved of this burden of proof when there is prima facie evidence of falsity or fraud. Under Section 248(B) of the Tax Code, there is prima facie evidence of a false or fraudulent return when there is either a

substantial understatement of taxable sales/receipts/income or overstatement of deductions/expenses by more than 30%. With this prima facie evidence, the burden of proof (that there's no fraud) would shift to the taxpayer.

To satisfy the due process requirement, the BIR should set out in its formal notice to the taxpayer the computation by which misdeclarations were ascertained to exceed the 30% threshold. If the taxpayer fails to overcome the presumption of fraud, the prima facie evidence should be sufficient to justify the application of the 10-year period.

Due process requirement No. 2: The tax authorities should not act in a manner that is inconsistent with the invocation of the extraordinary prescriptive period or that would have otherwise misled the taxpayer that the basic three-year period will be applied, prejudicing the taxpayer's defense.

In the past, the SC regarded the following acts performed by the tax authorities as contradictory to the application of the 10-year prescriptive period: (i) in cases where waivers of the statute of limitations have been executed; and (ii) in cases where assessment notices were hastily issued before the prescription of the basic three-year period.

It must be noted that the extended prescriptive period is granted as a benefit to the BIR only by exception and upon convincing evidence of the

taxpayer's fraud or bad faith. Due process must always be followed on both sides. The BIR's authority and right to properly assess and collect tax liabilities should always be respected. Likewise, taxpayers have the right to timely defend themselves against allegations of fraud and unreasonable and lengthy examinations.

As common as the idiomatic expression is, honesty is the best policy. I believe that as citizens, we taxpayers inherently and in good faith want to contribute to the betterment of the country. As far as our taxes go, being the lifeblood of the government, most of us strive to honestly comply with the rules and regulations and pay what is due from us. This honesty should be safeguarded by statutory limitations provided under law and not be prejudiced.

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