

Maharlika considers investing in BCDA Clark, Poro Point projects

THE Maharlika Investment Corp. (MIC) said it is considering investing in five projects of the Bases Conversion and Development Authority (BCDA).

On Monday, the MIC and BCDA signed a partnership to “explore investment opportunities within BCDA properties.”

The five projects are the Clark International Airport expansion; the New Clark City affordable housing project; the Clark Integrated Public Transport System; the Poro Point Seaport Modernization Program; and Clark Central Business District.

“Of course, we most definitely welcome MIC participation because... it’s a show of confidence in our projects that we can show to our investors abroad that the National Government is behind us in developing these programs,” BCDA President and Chief Executive Officer Joshua M. Bingcang told reporters.

These projects will require a total investment of about \$4 billion. The MIC has yet to announce how much it plans to invest in these projects.

“Normally, when we do PPPs like this, the majority (60%) of the project cost will be by private sector. The 40% can be discussed among government partners. One of which is Maharlika, of course,” Mr. Bingcang said.

Some of these projects can also start as soon as this year, he added. — **Luisa Maria Jacinta C. Joenson**

Maharlika agrees to evaluate Mindoro power infra projects

THE Maharlika Investment Corp. (MIC) has signed a memorandum of agreement (MoA) with Occidental and Oriental Mindoro provinces, as well as with their respective power cooperatives, to conduct studies on possible future investments in the island’s power infrastructure.

“Under this agreement, MIC will finance a comprehensive demand outlook for the Philippine economy. The (Mindoro) pilot program, if successful, has the potential to serve as a model for replication in other provinces across the archipelago,” MIC President and Chief Executive Officer Rafael Jose D. Consing, Jr. said in a speech on Monday.

The MoA will facilitate development of action plans and strategies to ensure energy security for both Oriental and Occidental Mindoro, National Electrification Administration Administrator Antonio Mariano C. Almeda added.

Mr. Almeda said the MoA will help bring forward the President’s goal of full electrification for the Philippines by 2028.

“In particular, this partnership will help Oriental Mindoro Electric Cooperative, Inc. (ORMECO) and Occidental Mindoro Electric Cooperative, Inc. (OMECO) refine their services as distribution utilities and ultimately ensure the provision of affordable and reliable energy for the people of Mindoro Island,” he said.

He added that the two provinces will need a complete transmission loop across the island to be able to export power reserves to each other when needed.

Mr. Consing said that the island has an insufficient, unreliable, and disproportionately expensive power supply.

“Mindoro’s residents face some of the highest electricity rates in the country, with recent increases further compounding the burden on households and businesses,” he said.

Oriental Mindoro Governor Humerlito A. Dolor said power generators in his province whereas underdelivering on their capacity.

“We only have around 68 MW of dependable capacity. During daytime, we have a peak demand of 75 MW during midday, and 70 MW at nighttime. And we have only 68 MW dependable capacity. On a daily basis, we experience deficits,” he said.

Mr. Consing said the right investments in the provinces’ power infrastructure could boost the island’s economy and attract foreign investment.

“In the case of Mindoro, our investment could pave the way for significant private capital, both foreign and domestic, to establish large-scale, sustainable, and sustainable electricity. This could not only ensure food security for our growing population, but also create a potential thriving export market,” he said. — **Aaron Michael C. Sy**

NIA granted full Angat water allocation in May

THE National Water Resources Board (NWRB) of the Department of Environment and Natural Resources said they agreed on a full allocation of water from Angat Dam for irrigation ahead of the harvest.

“For May, full allocation was given by the NWRB to the National Irrigation Administration (NIA) because May is the last month of the cropping season. Farmers will soon harvest their crops,” Environment Undersecretary Carlos Primo C. David said in a briefing on Monday.

He added that NIA will be allocated 24 cubic meters per second (cms), following an adjustment in the wet-season crop calendar to start in February due to El Niño.

The dry-season calendar has been adjusted accordingly to start in September.

Angat Dam is the main source of water for Metro Manila and nearby provinces, accounting for about 90% of the capital’s potable water.

Mr. David said that despite the threat of El Niño on the water supply to keep from letting the dry-season crop from going to waste.

“We are in the last month of the cropping season. If we were to stop at this point *masasayang* dry season cropping

natin (our dry-season crop would go to waste); therefore, we have given full allocation to irrigation for a harvest by the end of May,” he said.

According to the government weather service, known as PAGASA (Philippine Atmospheric, Geophysical and Astronomical Services Administration), El Niño is currently weakening, with its effects projected to last until August.

“The El Niño is ending but the drought conditions persist because of the transition from El Niño to La Niña,” Science and Technology Secretary Renato U. Solidum, Jr. said.

PAGASA said that about 41 provinces will experience drought until the end of April, with 23 undergoing dry spells.

Mr. David added that the Metropolitan Waterworks and Sewerage System (MWSS) will be allocated 50 cms for the May 1 to 15 period, unchanged from January. The MWSS typically draws 48 cms from Angat Dam.

“The allocation is enough from May 1 to 15. However, I should mention that even if we have full allocation... our secretary is recommending to us and the (other) agencies to do pursue conservation measures,” he said. — **Adrian H. Halili**

OPINION

The IRR of Ease of Paying Taxes Act

LET’S TALK TAX KYLE MIKKO C. AGUSTIN

MONITORING THE OUTPUT VAT CREDIT

Given the standard practices of businesses in monitoring their receivables and their respective due dates, the implementation of the EoPT Act emphasizes the necessity for taxpayers to maintain a meticulous approach to this aspect of their operations. As businesses are accustomed to tracking their receivables, the focus now shifts to a more stringent and systematic approach due to the requirements outlined in the Act. One of the primary concerns for taxpayers is effectively monitoring the claim for output VAT credit. Taxpayers must prioritize the monitoring of due dates and recovery dates, ensuring accuracy and timeliness in their records. This heightened level of attention is crucial for complying with the provisions of the Act and optimizing the claim for output VAT credits.

Additionally, taxpayers should thoroughly evaluate whether to automate the monitoring process, considering factors such as the volume of their accounts receivable (ARs), diverse payment terms, and industries such as manufacturing, construction, and wholesale distribution, which are known for dealing with high volumes of transactions and consequently have substantial ARs to manage. Given the complexities involved, including varying payment terms across many clients and projects, automation offers the potential to streamline the monitoring process. However, the decision to automate should be made with careful consideration of the specific needs and intricacies of the taxpayer’s business operations.

Furthermore, there is a provision stipulating that the output VAT related to the recovery of uncollected receivables must be included in the taxpayer’s output VAT during the recovery period. This requirement adds another layer of complexity to the monitoring process. Both manual and automated monitoring systems must adapt to incorporate these provisions effectively, ensuring compliance with regulatory requirements and accurate financial reporting.

Last, effectively monitoring to ensure claimed output VAT credits are separate from those claimed as bad debt expenses on ITRs is paramount for taxpayers. Establishing mechanisms to accurately report such transactions entails diligent monitoring and reconciliation of figures to uphold compliance with tax regulations.

SUPPORTING DOCUMENTS

Taxpayers are now encouraged to specify the terms in the sales invoice to provide conclusive evidence supporting their claims for output VAT credit.

This includes indicating the credit term directly in the invoice or any accompanying document detailing the agreed-upon period for receivable payment. Maintaining an AR schedule is crucial, but additional documentation practices are necessary to substantiate claims and mitigate potential audit risks. Demonstrating proof of collected receivables may indeed be straightforward, but verifying the authenticity of uncollected ones presents a distinct challenge.

EFFECT OF OUTPUT VAT CREDIT ON BIR AUDITS

During VAT audits, the use of Third-Party Information (TPI) to cross-check input and output VAT declared by taxpayers is common practice for the BIR. However, with the introduction of output VAT credit, the matching principle becomes inconsistent. While sellers can claim output VAT credit on uncollected receivables against output VAT, buyers cannot declare an input VAT credit on unpaid payables against input VAT, leading to potential discrepancies in VAT declarations. This concern warrants careful consideration and necessitates that the BIR devise strategies to ensure that their audits remain thorough and effective.

INTRODUCTION OF THE NEW BIR FORM

The provision regarding output VAT credit underscores the need for the BIR to introduce a new BIR form capable of accommodating the inclusion of new items in filing VAT returns. Anticipating the introduction of such forms adds an additional layer of complexity for taxpayers. Timely updates and guidance from tax authorities are crucial to facilitate a seamless transition and ensure compliance with reporting requirements.

TRANSITORY PROVISIONS

With the introduction of an amendatory provision by the EoPT Act regarding source documents, the BIR issued RR 7-2024 to clarify implementation. Upon the effectivity of the regulations, invoices become the primary support document for VAT purposes, while official receipts are now supplementary documents and cannot be used to support input tax claims.

UNUSED OFFICIAL RECEIPTS

Taxpayers are permitted to use unused Official Receipts (ORs) as supplementary documents until fully consumed. However, these ORs must be stamped with “THIS DOCUMENT IS NOT VALID FOR CLAIM OF INPUT TAX” upon the regulations’ effectivity date.

MANUAL & LOOSE-LEAF OR

Taxpayers using manual or loose-leaf ORs can convert them to invoices by striking

through the term “Official Receipt” and replacing it with terms like “Invoice”, “Cash Invoice”, etc. This conversion does not require BIR approval but necessitates the submission of unused OR inventory on or before May 27, 2024. Input VAT can only be claimed for renamed receipts issued between Jan. 22, 2024, and Dec. 31, 2024. Taxpayers are hereby required to obtain newly printed invoices with an Authority to Print (ATP) before fully using or consuming the converted ORs or before the end of 2024 to avoid violation due to non-compliance.

E-RECEIPTING MACHINES AND SOFTWARE

The reconfiguration of Cash Register Machines (CRM), Point-of-Sale (PoS) Machines, and/or Electronic Invoicing Software will be classified as a minor system enhancement. This reconfiguration does not require the reaccreditation of the software or system, or the reissuance of the Permit to Use (PTU). However, it is required that the last serial number of the renamed invoice continue the last series of the previously approved OR. Additionally, taxpayers must submit a notice to the BIR in duplicate original copies, indicating the starting serial number of the converted invoice.

Taxpayers utilizing duly registered a Computerized Accounting System (CAS) or Computerized Books of Account (CBA) with accounting records must revisit their systems to ensure compliance with the provisions of the EoPT Act. The reconfiguration will directly impact the financial aspect and will be deemed a major enhancement, compelling taxpayers to update their system registration. This involves surrendering the previously issued Acknowledgement Certificate (AC) or PTU and applying for a new AC.

To allow taxpayers ample time for the system enhancement, the BIR has set a deadline of June 30, 2024. However, an extension until Oct. 27, 2024, is available upon securing approval from the concerned Regional Director or Assistant Commissioner of the Large Taxpayers Service.

FLEXIBILITY IN TAX FILING AND PAYMENT

In line with the spirit of the EoPT Act, the BIR has taken a significant step towards simplifying tax compliance. With the issuance of RR No. 4-2024, taxpayers now have greater versatility in filing tax returns and making payments. The regulations embody the essence of the EoPT Act by offering taxpayers enhanced flexibility in tax filing and payment processes.

ELECTRONIC OR MANUAL FILING AND PAYMENT

With the implementation of the EoPT Act, taxpayers are now required to file their tax returns electronically through avail-

able platforms like eFPS and eBIRForms. However, in cases where these electronic platforms are unavailable, manual filing may be allowed. For instance, if the eFPS is unavailable, they can switch to eBIRForms. If both electronic platforms are inaccessible, manual filing is permitted, provided there is advisory or convincing proof of the platforms’ unavailability.

Tax payments may be made electronically on any of the available electronic platforms, like LinkBiz, PesoNet, UPay, MyEG, etc., or manually to any Authorized Agent Bank and Revenue Collection Officer.

MONITORING OF FILING AND PAYMENT

Even with the benefits of this provision, there are still concerns that the BIR needs to address. One such concern is the consolidation and monitoring of taxpayers’ filed tax returns using various platforms. This has been a common issue where taxpayers receive notice of open cases, despite having filed their returns. This discrepancy frequently arises due to using a platform for filing that differs from the intended one. Effective monitoring and consolidation of taxpayers’ filed returns by the BIR are crucial to avoid unnecessary inclusion in the list of open cases. Implementing a dynamic monitoring system and providing clear guidelines for handling returns filed through various platforms would address this concern and promote accurate record-keeping.

KEY TAKEAWAYS

The implementation of the EoPT Act offers opportunities for taxpayers to enhance their tax planning strategies. Through proactive measures and collaboration between taxpayers and tax authorities, businesses can effectively capitalize on these opportunities. By fostering transparency and adherence to regulations, we can strategically plan and navigate the complexities of tax compliance with confidence and integrity, ensuring optimal outcomes for all parties involved.

Make sure to stay up to date on these recent developments in tax and watch out for webinars/seminars that will discuss this recent act in detail.

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