House panel approves bill granting OFWs discount on remittance fees

A HOUSE of Representatives committee last month approved a consolidated bill seeking to grant overseas Filipino workers (OFWs) a 50% discount on remittance fees imposed by banks.

The bill also prohibits the raising of remittance fees without prior notice to the Bangko Sentral ng Pilipinas, the Department of Finance, and the Department of Migrant Workers.

"Recognizing the significant contribution of OFWs to the national economy through their foreign exchange remittances, the State shall adopt measures to protect the hard-earned money they remit home against usurious interest rates and exorbitant fees," according to the unnumbered substitute bill.

Remittances from OFWs rose 2.6% to $3.05 billion in March from $2.97 billion a year earlier.

Banks can then claim the discounted remittance fee as a tax deduction.

"Bank and non-bank financial intermediaries providing discounts on remittance fees may claim the discounts granted as tax deductions based on the cost of service rendered to OFWs to be treated as ordinary and necessary expense deductible from the gross income of the intermediary," according to Section 5 of the unnumbered substitute bill.

The House Committee on Overseas Workers Affairs also approved a proposed measure requiring OFWs to attend financial literacy seminars.

The literacy seminar would discuss consumer protection and responsible borrowing, among others.

The bill requires OFWs to undergo a pre-departure orientation seminar on financial literacy. They will also need to sit through a financial education seminar "within a reasonable time upon their arrival in their respective countries of destination."

Families of OFWs will also be provided with free online financial literacy seminars. — **Kenneth Christiane L. Basilio**

SSS confident in REIT outlook, considering raising investment

THE Social Security System (SSS) said it is confident about the outlook for its investments in real estate investment trusts (REITs), citing the instruments' high yields.

SSS President and Chief Executive Officer Rolando L. Macasaet said in a statement on Monday that the SSS is bullish about the P6 billion it invested in nearly all the REITs currently available in the Philippines.

He added that more than 75% of the REIT portfolio was purchased this year with yields at around 8%.

The pension fund's view on REITs is based on expectations the Bangko Sentral ng Pilipinas will cut rates in the second half of the year and what it perceives to be "increasingly favorable market conditions."

"This positive outlook sets the stage for potentially higher returns on SSS investments," SSS added.

SSS currently invests 5% of its equity funds in REITs and may further increase the allocation depending on opportunities, SSS Investments Sector Concurrent Acting Head Ernesto D. Francisco, Jr., said.

"REITs are a fantastic investment structure for pension funds like SSS because 90% of the lease income is mandatorily distributed. The REIT sector also greatly contributes to economic development since REIT players must reinvest within one year," he added.

He expects REITs to be among the top contributors to the fund's investment income this year because their yields exceed prevailing benchmark rates.

SSS will continue investing in REITs in the coming years as it looks to leverage the industry's steady rental income and growth.

"The more robust and diversified the cash flow of the REIT assets, the more we will invest in them," Mr. Francisco said, adding that REIT companies are injecting more quality assets into their portfolios.

"Consider Singapore, where 20%, or six out of 30, of the Straits Times Index component are REITs. The absence of REITs in the Philippine Stock Exchange Composite Index presents a significant growth opportunity. Singapore's vibrant individual investor base, a key growth driver of their REITs, serves as an inspiring model for us," he said.

SSS reported net income growth of 58% to a record P83.13 billion in 2023 due to mandatory contribution hikes and an increase in members. — **Aaron Michael C. Sy**

PHL must make case for emission reductions to mobilize climate finance, UNESCAP says

By Beatriz Marie D. Cruz
Reporter

THE Philippine government must tap climate financing to fast-track its transition towards greener modes of transport, but before it can do so, it needs to commit to a certain level of emissions reduction over the medium term, the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) said.

"Green financing and climate financing are tied to emission reductions," Madan B. Regmi, who heads UNESCAP's sustainable mobility, transport and climate change and low carbon transport portfolio, said in a video interview.

"So the (government) needs to develop projects to demonstrate that it is planning to reduce emissions within five years or 10 years after implementation (by quantifying) how much emissions can be saved so they can qualify (for the financing)," he said.

Adopting electric vehicles (EVs) would be cost efficient in the long run after an initial period of high costs, Mr. Regmi said.

The Department of Finance has said it is planning to tap the Green Climate Fund to support four priority projects in the pipeline worth $124 million.

The government has been promoting "greener" forms of transport as it committed to reduce greenhouse gas emissions by 75% by 2030 under the Paris Agreement.

To achieve this, the government should also fast-track the inclusion of renewables in its energy mix to ensure sufficient power supply for EVs, Mr. Regmi added.

The Philippines hopes to bring the share of renewables in the power generation mix to 35% by 2030 and to 50% by 2040.

It is also a key producer of critical minerals like nickel, chromite, cobalt, and copper for EVs.

The National Economic and Development Authority Board has expanded tariff cuts to electric motorcycles (e-motorcycles), electric bicycles (e-bicycles) and hybrid EVs.

However, the adoption of safe and environment-friendly public transport is hampered by the lack of coordination between local officials, especially in the capital region.

"Many things are done in isolation," he said, noting that local governments as well as the Department of Transportation should come up with a development master plan that would be applicable across changes in leadership.

He also cited the need to develop critical infrastructure that would encourage a shift from a "car-centric" behavior to public modes of transport.

PHL metal production may be dampened by weak global prices

WEAK ORE prices are expected to weigh on the value of the Philippines' metals production, analysts said.

"We can expect this to continue... in the near to medium term," Regina Capital Development Corp. Head of Sales Luis A. Limlingan said in a Viber message.

In a report, the Mines and Geosciences Bureau (MGB) said that the value of metallic mineral production dropped 12.8% during the first quarter.

The decline was mainly attributed to metal price declines and the slowdown in mine production.

The MGB said the value of metals fell to P51.8 billion from P59.4 billion a year earlier.

"The (first-quarter) production suggests that a challenging trend that may persist. The persistent low nickel prices, coupled with adverse weather conditions impacting production, are significant factors," Mr. Limlingan added.

The value of nickel production declined 36% to P7.63 billion from a year earlier. Ore production fell 16.6% to 3.81 million dry metric tons.

Average nickel prices during the quarter dropped to $7.53 per pound from $11.78 per pound a year earlier.

"Given the current global economic uncertainty and potential oversupply in the market, it is probable that metal prices, particularly for nickel, will remain under pressure throughout the year," he added.

Nickel and other nickel byproducts made up 33.78% of the total value of production at P17.5 billion.

Michael T. Toledo, chairman of the Chamber of Mines in the Philippines (CoMP) said that a steady limonite market and increasing interest from Indonesian smelters could act as a tailwind for nickel.

"The Philippines also has the opportunity to fill in the gap caused by tensions in New Caledonia. Offer prices have improved and we have reason to be optimistic that these developments will translate into better transaction prices as well," he said in a Viber message.

Global Ferronickel Holdings, Inc. President Dante R. Bravo said nickel ore prices may rise slightly during the second half of the year.

"We're hopeful the nickel ore price will go up a little bit in the second half this year as we see the Chinese economy recovering very well and since the cooling off in (electric vehicle) sales seems to be temporary," he said in a Viber message.

The Chamber of Automotive Manufacturers of the Philippines, Inc. said that it is expecting higher EV sales this year due to the 0% tariff treatment of imported hybrid EVs and plug-in hybrid EVs.

Gold production fell 14% to 7,178 kilograms. Its value dropped 3.55% to P26.95 billion. Gold accounted for 52.01% of the value of metals produced.

"Gold prices, which have risen owing to increasing demand from central banks worldwide, will still be largely affected by global geopolitics and the US response to inflationary pressures. Nonetheless, the long-term prospects of gold as an investment and store of value are very positive," CoMP's Mr. Toledo said.

The average price of gold increased to $2,070.05 per troy ounce from $1,889.05 a year earlier.

The MGB said that gold prices are expected to remain "upbeat" over the rest of the year amid the ongoing conflicts in the Middle East.

Additionally, Mr. Toledo said that copper demand may strengthen this year due to the global shift to green energy and limited supply.

"No new mining projects will come on-stream in the next few years. This would likely result in higher copper prices," he added.

The estimated value of Philippine copper output decreased 3% year on year to P6.3 billion. Copper prices averaged $3.83 per pound during the period.

Production volume rose 4% to 67,582 dry metric tons. — **Adrian H. Halili**

OPINION

EoPT is here: Updates on CAR application

LET'S TALK TAX
IRA JENNENA J. BERO

There is a Latin praise, *semper vigilatus*, which means to be constantly awake or vigilant.

In the Philippines, transferring ownership, such as real property and shares of stock not traded in the stock exchange, involves several steps to ensure a lawful transfer of title from one party to another and avoid any disputes or complications in the future. There is no harm in being diligent. At best, it saves time and resources. One of the requirements for the transfer of such properties is the application for Certificate Authorizing Registration (CAR). The issuance of electronic CAR (eCAR) certifies that the tax dues related to such property have been paid, and such property may now be transferred.

With the passage of Republic Act No. 11976, otherwise known as the Ease of Paying Taxes (EoPT) Act, the filing of any tax return may now be done electronically on any of the available platforms (e.g., Electronic Filing and Payment System, eBIR Forms Facility) while the payment of tax due thereon can either be made electronically or manually through any Authorized Agent Banks (AABs) or Revenue Collection Officers (RCOs), regardless of where the taxpayer is registered.

Under current policy, the processing and issuance of eCAR pertaining to One-Time Transaction (ONETT) and the payment of taxes related to ONETT must be made with AABs/RCOs under the jurisdiction of the RDO responsible for the processing and issuance of eCAR to facilitate the validation of tax payments prior to the approval of eCAR. In view of the enactment of EoPT, the BIR issued RMC 56-2024, clarifying the concerns about the issuance of eCAR. Regardless of where the tax returns were filed and paid, the venue for the processing and issuance of eCAR will still be at the RDO which has jurisdiction over the ONETT, as follows:

a. Sales of real property – RDO which has jurisdiction over the location of the property subject to sale;

b. Sale of personal property – RDO which has jurisdiction over the residence of the seller;

c. Donation – RDO which has jurisdiction over the residence of the donor (individual) or RDO where the donor is registered (non-individual); and

d. Estate – RDO which has jurisdiction over the issued Taxpayer Number (TIN) of the Estate of the Decedent.

If the decedent has registered business, however, the processing of eCAR must be processed by the RDO where the business is registered since it is where the TIN for the decedent shall likewise be secured pursuant to existing policy. In cases where the decedent has no registered business, the TIN may be secured from the RDO where the administrator or heirs intend to apply for the issuance of eCAR. It can be gleaned from the new RMC that taxpayers should process their application for the issuance of eCAR at the RDO, which has jurisdiction over the ONETT, depending on the type of property to be transferred or conveyed.

Another update under Section 30 of the EoPT Act is the time for filing and payment of Documentary Stamp Tax (DST). DST is imposed on documents, conveyances, deeds, instruments, loan agreements, and papers evidencing the acceptance, assignment, sale or transfer of an obligation, right, or property incident thereto. For clarity, the Court has pointed out that the subject of DST is not limited to the document embodying the enumerated transactions. The DST is an excise tax on the exercise of a right or privilege to transfer obligations, rights, or properties incident thereto. The transfer of properties is subject to DST before an eCAR can be issued. The tax return prescribed under Section 30 of the EoPT must be filed, either electronically or manually, within 10 days, which used to be within five days prior to the enactment of the EoPT, after the close of the month when the taxable document was made, signed, issued, accepted, or transferred, and the tax thereon shall be paid, either electronically or manually, at the same time the return is filed. It is imperative for the taxpayer to file and pay their tax liabilities on time. Accordingly, late payment of DST imposes penalties and interest.

Aside from DST, Capital Gains Tax (CGT) must also be considered by the parties involved in the transfer. CGT is a tax imposed on the gains presumed to have been realized by the seller from the sale, exchange, or other disposition of capital assets located in the Philippines, including pacto de retro sales and other forms of conditional sale. CGT must be filed and paid within 30 days following the sale, exchange, or disposition of the property.

It is observed that some parties agree to antedate their contracts, and they need to keep in mind the purpose and the effect of antedating. RMC No. 64-2024 is issued to clarify the antedating of deeds of sale involving real property. In cases where it is found that the deeds of sale or other transfer documents are antedated, the laws and regulations effective at the time of presentation of the deed of sale apply. Unless the taxpayer proves otherwise, a deed of sale may be considered antedated when the documents are dated before the effectivity of either the capital gains tax law or the regulations imposing the creditable withholding tax on sales or transfers of real property. The document can also be considered antedated when it is dated before the effectivity of the current zonal values as reflected in the latest Revised Schedule of Zonal Values of Real Properties within the jurisdiction of the concerned RDO. In such cases, the taxpayer has the burden of proof to prove otherwise by presenting supporting documents such as cancelled checks, invoices, contracts to sell, or certifications from the Clerk of Court, Executive Judge, or National Archives of the Philippines.

Transferring property can be quite a challenge but the BIR has been proactive in aiding the taxpayers to make the process less of a burden with the implementation of the EoPT and these issuances. Taxpayers may be reminded that a symbiotic relationship with the government will only work when there is cooperation and understanding of their obligations in paying taxes. Certainly, diligence and vigilance breed progress.

Let's Talk Tax is a weekly newspaper column of P&A Grant Thornton that aims to keep the public informed of various developments in taxation. This article is not intended to be a substitute for competent professional advice.

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