

Local gov'ts with fully automated business permit processes hit 36

THE Anti-Red Tape Authority (ARTA) said that it has validated the full automation of the business permit processes at 36 local government units (LGUs), making them compliant with electronic business one-stop shop (eBOSS) scheme.

In a Viber message, ARTA said that the latest LGU to have been validated for compliance was Baguio City, which received its certificate of commendation on June 7.

"We are still verifying the total number of LGUs that have declared that they are eBOSS-compliant from the data of the Department of Information and

Communications Technology (DICT) and the Department of the Interior and Local Government (DILG)," it said.

"It is possible that there may be LGUs that have implemented fully automated eBOSS besides the 36 LGUs that we just need to validate," it added.

eBOSS is a single portal used for the renewal and application of business permits implemented by the DILG, DICT, the Department of Trade and Industry, and ARTA.

Between May 13 and 30, ARTA handed out certificates of commendation to Davao City, General Santos City, Ma-

laybalay City in Bukidnon, Tagoloan and El Salvador City in Misamis Oriental, and Dapitan City in Zamboanga del Norte.

According to ARTA Secretary Ernesto V. Perez, the eBOSS commendations in Mindanao "were a response to President Ferdinand R. Marcos, Jr.'s call to improve bureaucratic efficiency."

"By offering this incentive to compliant LGUs, ARTA is inspiring the rest to adopt eBOSS and to continue to push for a transition to digitalization, providing the Filipino people with expedited service delivery," he added.

This year, ARTA is hoping to bring 200 LGUs into compliance with the eBOSS program.

Separately, Mr. Perez said that the implementing rules and regulations (IRR) of Executive Order (EO) 59, which simplifies the approval process for flagship programs, are being finalized.

"The target date for signing is June 18," Mr. Perez told *BusinessWorld*.

Last month, ARTA said that it was hoping to finalize the rules by June 10, as it is still waiting on the approval of the heads of the other agencies and the submission of the IRR to Mr. Marcos.

The President ordered the National Economic and Development Authority's (NEDA) Board Committee on Infrastructure, ARTA, and the DILG to oversee the implementation of EO 59.

EO 59 aims to fast-track the permitting process through streamlining and digitalization. It also aims to remove redundant procedures and requirements.

According to NEDA's website, the Marcos administration has 185 flagship infrastructure projects with an estimated project cost of P9.535 trillion. — **Justine Irish D. Tabile**

FDI growth in first quarter shows rising investor confidence — DTI

THE Department of Trade and Industry (DTI) said the expansion of foreign direct investment (FDI) in the first quarter indicates growing global confidence in the Philippines.

"The 42.1% surge in first quarter FDI net inflows year-on-year highlights global confidence in the Philippines as a preferred investment destination," Trade Secretary Alfredo E. Pascual said in a statement on Monday.

"The investment increase is across diverse sectors, underscoring our dynamic economic landscape and strategic potential," he added.

The Bangko Sentral ng Pilipinas reported on Monday that FDI net inflows amounted to \$3 billion in the first quarter.

In March, FDI net inflows grew 23.1% to \$686 million, with Japanese investments accounting for 64% of the total.

The other top sources of FDI in March were Singapore (16%) and the US (10%).

For the quarter, the top FDI sources were the Netherlands (68%) and Japan (21%).

"The significant increase in equity capital from key partners like Japan, Singapore, and the US reflects strengthened bilateral re-

lations and continued economic opportunities," Mr. Pascual said.

"The positive trends follow our investment promotion efforts in these countries, among others. These engagements have been pivotal in bolstering investor confidence and forging stronger economic partnerships," he added.

Investments in March were mostly in manufacturing, which accounted for 66% of the total. It was followed by financial and insurance (14%), real estate (11%), and others (9%).

In the three months to March, the top industry was financial services and insurance, which account-

ed for 71% of all net inflows. It was followed by manufacturing (16%), real estate (5%), and others (8%).

"As the country prioritizes infrastructure development, economic stability, and investor-friendly reforms, the DTI under the Marcos Jr. administration remains committed to fostering an environment conducive to long-term investments and sustainable growth," Mr. Pascual said.

"Our goal is to ensure that investment inflows translate into meaningful economic opportunities and improved quality of life for all Filipinos," he added. — **Justine Irish D. Tabile**

DA surveying provinces with surplus ginger to supply NCR

THE Department of Agriculture (DA) said that it is looking at provinces capable of helping Metro Manila with its ginger shortage which has caused prices to surge.

In a statement, Agriculture Undersecretary for High Value Crops Cheryl Marie Natividad-Caballero said: "If the challenge is logistics, then how do we help (producers) bring the crop to Metro Manila systematically," she added.

Ms. Natividad-Caballero said last week that demand for ginger from the processing sector was behind the tight supply.

The retail price of ginger in Metro Manila markets was between P220 and P280 per kilogram as of June 6, according to DA price monitors.

She added that the DA is looking closely at usage, consumption, and sourcing for shallots as well.

Additionally, Ms. Natividad-Caballero said that the agency is seeking to expand the production of garlic in the Ilocos Region.

"The DA is supporting efforts to preserve the garlic heritage through genomics. So, we are looking at a strategic investment in resilient agriculture...to again position our *banwang* as the white gold of Ilocos," she added.

Garlic production accounted for only 2.6% of annual demand of 146,879 metric tons, according to the Philippine Statistics Authority. Ilocos Norte, Batanes and Nueva Ecija are the top three producers of garlic. — **Adrian H. Halili**



MICHELL LUDJUNSPASH



PHILIPPINE STAR/ RUSSELL A. PALMA

El Niño farm damage reckoned at P9.89B

AGRICULTURAL damage due to El Niño was estimated at P9.89 billion as of June 6, according to the Department of Agriculture (DA).

In Bulletin No. 12, the DA said damage in volume terms amounted to 441,801 metric tons (MT), affecting 183,455 farmers and fisherfolk. The total area affected was 170,469 hectares, with about 71.2% of farmland deemed to be capable of recovery.

Damage to the rice crop was P4.75 billion or 48% of the total. The volume of rice lost was 191,233 MT across 86,587 hectares, below the DA's projection of 150,000 hectares.

The lost crop is equivalent to 2.07% of the 9.2 million MT production target for the dry cropping season. The DA is projecting palay (unmilled rice) production of 20.44 million MT this year.

The department said 70.8% of the affected farmland was classified as damaged, with the remainder completely written off.

Damage to the corn crop was 188,861 MT, valued initially at P3.37 billion. This accounted for 34.04% of the total damage inflicted by El Niño.

The DA added that high-value crop losses amounted to 50,227 MT across 13,046 hectares of farmland. The losses were valued at P1.7 billion, or 17.2% of the total.

Damage to fisheries was estimated at P57.7 million. This was followed by livestock and poultry with P10.5 million, and cassava with P3.42 million.

The department said that it had provided P9.91 billion worth of interventions to affected farmers and fisherfolks.

Last week, the government weather service, known as PAGASA (Philippine Atmospheric, Geophysical and Astronomical Services Administration), announced the end of El Niño, adding that conditions in the tropical Pacific have returned to El Niño Southern Oscillation (ENSO)-neutral levels.

Weather conditions that are classified as neither El Niño nor La Niña are considered to be ENSO-neutral.

In its final advisory, it said chances of La Niña setting in are 69% between July and September. — **Adrian H. Halili**

OPINION

The Philippines' tax-driven journey toward sustainability

LET'S TALK TAX ANGEL JOY R. LETRONDO

Finance and Bureau of Internal Revenue (BIR), has implemented a range of programs and initiatives that fulfill the dual function of taxation.

For its first function, the legislature has passed a series of tax reforms amending the National Internal Revenue Code designed to streamline tax administration and promote efficiency. The first tranche of reforms was the passage of the Tax Reform for Acceleration and Inclusion (TRAIN) in 2018, which resulted in more money in the taxpayer's pocket. The second iteration of the tax reforms was the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act of 2021, which aims to boost economic recovery from the downturn brought by the COVID-19 pandemic. Further into these reforms is the Ease of Paying Taxes (EoPT) Law, which passed this year. Currently, under the chambers of the legislature, there are two more taxation measures: CREATE More and VAT on Digital Services.

To modernize tax administration and collection, the BIR, under the leadership of its current commissioner, is continuously transforming its services and practices into become more paperless with the implementation of the Digital Transformation (DX) Program. This is aimed at modernizing BIR operations through the adoption of digital technology. This enhances tax administration and reduces opportunities for corruption and tax evasion. At the core of the DX program is the

Online Registration and Update System (ORUS), which enables taxpayers to transact, register, and de-register with the BIR online. Other eServices offered by BIR are eBIR Forms, eFPS, eAFS, eSubmission, and ePAY, which are focused on paperless electronic filing and payment; eONETT, which allows taxpayers to transact online their One-Time Transaction (ONETT) pertaining to the taxable sale of real property; eTSPCert, a facility for Tax Software Providers (TSPs) to apply for and process their certification; and, currently in pilot testing, the eTCS for taxpayers to conveniently file and pay online for their tax clearance. Furthermore, the BIR has implemented transfer pricing guidelines to combat tax avoidance, specifically, the practice of base erosion and profit shifting between related parties situated in various tax regimes or jurisdictions.

Beyond providing for funding, these taxation reforms also contribute to the achievement of the 17 SDGs by leveraging taxation's power to create. The TRAIN law, which reduced the personal income tax and resulted in higher take-home pay, helps the country meet the various SDGs, particularly SDG 1. TRAIN is also interrelated with the Philippine Green Jobs Act with its amendment on VAT provisions. Additionally, Revenue Regulations No. 05-2019, which implements the tax incentives provisions of such an act, grants incentives to qualified business enterprises to encourage them to generate and sustain green jobs.

Under the CREATE Act, the government drafted the Strategic Investment Priority Plan (SIPP) for works deemed to be critical to the country's develop-

ment, such as artificial intelligence and high-tech manufacturing. Also listed under the SPP are the green projects, which include the manufacturing, assembly, establishment, and operation of electric vehicle (EV) assembly; the manufacturing of energy-efficient maritime vessels and equipment; electronic devices and circuits for smart grid and renewable energy (including wearable solar devices); bioplastics and biopolymers; renewable energy; energy efficiency and conservation projects; energy storage technologies; and integrated waste management, disposal, and recycling. Hence, as provided under the CREATE laws, enterprises can avail of income tax incentives for projects within the green ecosystem. The Office of the President has also reduced the import duty on EVs, their parts, and their components. This targeted fiscal incentive program aligns with multiple Sustainable Development Goals, specifically SDGs 7,8,9,11,12, and 13.

Other than its power to create and influence fiscal incentives, the power to tax is also the power to destroy, as popularized by Chief Justice John Marshall. Through taxation, the government has the power to levy discriminatory taxation to deter certain goods or activities deemed harmful to public health or social well-being. With its power to destroy, the government enacted sin taxes to promote health by discouraging vice through taxation while simultaneously collecting more revenue. Sin taxes are a form of regulation to discourage demand for "sin goods." Per se, an excise tax is imposed on tobacco products, vapor products, cigarettes, and sweetened beverages

to positively influence people toward health-conscious choices. In addition, the revenue collected has raised funds for the Department of Health and funded the enrollment of indigent Filipinos in PhilHealth. The imposition of these sin taxes primarily contributes to the achievement of SDG 3.

Moreover, the digitization of tax systems as provided in the EoPT Law and championed by the BIR contributes to the fulfillment of SDG 9. The BIR has allowed the use of electronic invoices, and with the implementation of EoPT, allows taxpayers to file and pay anywhere. All these new practices reduce the need for physical visits to BIR.

Overall, taxation plays a pivotal role in achieving the 17 SDGs by simultaneously providing the necessary funding for government programs to achieve the pressing global challenges. Likewise, by leveraging tax policies effectively, with taxation's power to create and destroy, the government can influence the creation of a progressive and environmentally conscious community and foster sustainable growth towards the future.

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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