NGCP declares yellow alert over Luzon grid

PEXELS

THE National Grid Corp. of the Philippines (NGCP) declared a yellow alert over the Luzon grid, the first such declaration in over a month, citing the tripping of a natural gas-fired power plant.

In a statement on Wednesday, the grid operator said the yellow alert was in force between 3 p.m. and 9 p.m. on Wednesday after the tripping of the San Gabriel gas-fired power plant in Batangas, which has a capacity of 417.4 megawatts (MW).

Available capacity was 13,198 MW while peak demand was estimated at 12,028 MW.

The alert was lifted at 4 p.m. after demand proved lower than expected.

A yellow alert is issued when the supply available to the grid falls below a designated safety threshold. If the supply-demand balance deteriorates further, a red alert is declared.

A total of 1,652.7 MW was unavailable to the grid, including the output of 15 power plants on forced outage and six running below their rated capacity.

The Luzon grid was last placed on yellow alert on June 5 while red alert on June 2. To date, the grid was under red and yellow alerts for 11 and 32 days, respectively.

Manila Electric Co. (Meralco) said it has advised the participants of its Interruptible Load Program to be on standby "in case the situation escalates to red alert."

"We urge the public to implement energy conservation and efficiency practices to help manage overall demand. We will give updates as soon as needed," Meralco Spokesperson and Head of Corporate Communications Joe R. Zaldarriaga said in a statement.

In a statement, the Department of Energy (DoE) said it is closely coordinating with the NGCP and the generation companies to manage demand.

The DoE "is also urging electricity consumers to exercise judicious use of their electricity during this period to help manage the overall demand."

Energy Undersecretary Rowena Cristina L. Guevara has said that the department expects the power situation to improve with the addition of new capacity. — **Sheldeen Joy Talavera**

Business groups back POGO ban, call economic impact minimal

By Justine Irish D. Tabile *Reporter*

BUSINESS GROUPS expressed support on Wednesday for the position laid down by the Department of Finance (DoF), which had proposed to ban Philippine Offshore Gaming Operators (POGOs).

In a statement, the business groups, led by the Makati Business Club (MBC) said the contribution of POGO investments was equivalent to 0.2% of gross domestic product in 2023, calling it minimal compared with the social costs attributed to the industry.

"The crimes related to POGO investments can hinder growth, affect investor perception, and potentially affect our bilateral and multilateral relations," they said.

"Recent Senate hearings and statements by NEDA have illustrated that POGOs have been linked to negative externalities, particularly involvement in crimes such as human trafficking, kidnapping, and money laundering, among others," they added.

PEXELS-PAVEL DANILYUK

Citing a report from the Philippine National Police, the groups said that 55% of the 31 cases of kidnapping recorded in 2022 were POGO-related.

Finance Secretary Ralph G. Recto has sent a letter recommending a POGO ban to President Ferdinand R. Marcos, Jr.

National Economic and Development Authority (NEDA) Secretary Arsenio M. Balisacan said the Cabinet has yet to discuss the ban.

On Tuesday, the DoF said it is willing to forego taxes from POGOs, which it expects to be offset by investments encouraged by the improvement in business climate if crimes associated with the industry recede.

The DoF estimated that the reputational risk from POGOs costs the government P55.36 billion in forgone investments.

The Philippine Amusement and Gaming Corp. has said its estimate of foregone revenue if POGOs are shut down is P20 billion a year.

The Senate is investigating crimes linked to POGOs, which are mostly Chinese gambling firms that operate online casinos. The chamber is currently weighing a bill banning the industry.

Senate Bill No. 1281 would repeal all laws, executive orders, and other rules that allow online gambling.

The signatories to the statement are the MBC, the Management Association of the Philippines, Alyansa Agrikultura, the Financial Executives Institute of the Philippines, the Foundation for Economic Freedom, the Institute of Corporate Directors, the Justice Reform Initiative, and the UP School of Economics Alumni Association.

Chicken prices expected to fall in August

POULTRY raisers said that chicken prices may drop by late August after they hit a "record" P250 per kilogram in Metro Manila markets.

"The increased chicken prices are only temporary because raising chickens is fast… (it is possible) there will be a continuous drop in late August," United Broiler Raisers Association President Jose Feliciano told reporters this week.

According to Department of Agriculture price monitors, whole chicken in National Capital Region markets sold for between P190 and P250 per kilogram as of July 15.

"P250 per kilo is a record… Other sellers are trying to take advantage of the supply situation," Mr. Feliciano added.

Last month, whole chicken prices in Metro Manila markets sold for between P160 and P220 per kilogram.

Separately, Agriculture Undersecretary Deogracias Victor B. Savellano said that the increase may be attributed to a rise in production costs.

He cited "The cost of production (mainly) imports of feed additives," as well as diseases hitting the poultry flock.

As of July 12, two municipalities in Pampanga had ongoing cases of highly pathogenic H5N1 avian influenza or bird flu, according to the Bureau of Animal Industry.

"Our concern is that the people should be able to buy affordable food," Mr. Savellano said.

Mr. Savellano also described the high price of chicken as temporary. — **Adrian H. Halili**

PEXELS-ALEXASFOTOS

Cruise visa waiver seen as means of unlocking China visitor market

THE Cruise Visa Waiver program is viewed as pathway to tapping Chinese visitors, who are turning to other destinations in the region that are visa-free for them, an industry official said.

Ben Line Agencies Director and Vice-President for Marine Agency Services Terence L. Uytingban, said that China was a big market even before the pandemic.

"The Chinese are a visa-required nationality (in the Philippines) … they cannot join the cruises without a visa waiver or without holding a visa (for the ports of call)," Mr. Uytingban said.

"So, it really is a problem because visa-required nationalities such as Chinese and Indians have to apply in advance," he added.

He said that China is one of the biggest markets for the Philippines, especially for short cruises, due to China's proximity.

He added that world cruises often do not permit certain nationalities to embark due to visa restrictions, which has caused the Philippines to lose out on potential visitors.

On Tuesday, the Department of Tourism (DoT) announced the launch of the Cruise Visa Waiver program, which is expected to increase the number of cruise ship arrivals, contributing to the DoT's goal of boosting foreign tourist arrivals and enhancing the overall tourism experience aligned with the National Cruise Tourism Development Strategy and Action Plan, the DoT said.

Immigration Commissioner Norman G. Tansingco said the program is meant to facilitate the entry of visa-required nationals on cruises.

The waiver is single-entry and valid for up to 14 days. It is not convertible to other types of visa.

Mr. Uytingban said that the new policy removes the uncertainty for affected nationals considering cruises.

"It gives assurance to the cruise lines and to the cruise passengers that there really is an accommodation policy in the Philippines that allows cruise passengers to embark on the vessels and enjoy the Philippines," he said.

"I think it will be a big step forward because other countries already have it, so we are slightly lagging. This puts us makes us on par with other countries that already have similar arrangements," he added.

This year, the Philippines is projected to receive 117 port calls carrying over 118,000 cruise passengers, up from the 123 port calls and over 101,000 passengers in 2023. — **Justine Irish D. Tabile**

OPINION

Modernizing property valuation

TAXWISE OR OTHERWISE
LOIS ANN CAROLINE SARAJAN

Whether you are an individual looking to purchase a house, an entrepreneur about to lease a place for your next business venture, or a corporation considering acquiring equipment, it is important to ensure that you are getting a fair deal on your target property.

At present, there are three bases for the valuation of real property for tax purposes: (1) the Bureau of Internal Revenue's (BIR) Schedule of Zonal Values (SZVs), (2) Local Government Units' (LGU) Schedule of Market Values (SMVs), and (3) the market values from the highest selling price from recent sales of property in the vicinity, whichever is higher. This rule is usually the root of disagreement between taxpayers and the government.

Based on studies conducted by the Department of Finance (DoF), SMVs are significantly lower than the values from private valuation. In 2021, data shows that 60% of SMVs and 38% of SZVs are outdated, or were not revised in the last three years. Because of this, legislators found an opportunity for a potential incremental revenue of P30.5 billion from the Real Estate sector by updating the SMVs and reflecting current market conditions.

With such considerations, Republic Act (RA) No. 12001, or the Real Property Valuation and Assessment Reform Act (RPVARA) was signed on June 13 and took effect on July 3.

This new law aims to set strict rules on updating the SMVs every three years and depoliticizing valuation through the establishment of the Real Property Valuation Service (RPVS) and Real Property Valuation Unit (RPVU) under the Bureau of Local Government Finance (BLGF); to create a single valuation base for real property taxation and benchmark for other purposes (e.g., right-of-way acquisition, expropriation and lease); and to promote transparency through a Real Property Information System (RPIS) that will ensure that everyone has access to accurate property valuations, reducing discrepancies and confusion.

STRICT REGULAR UPDATING OF SMVS

The LGUs will be required to update their SMVs, in accordance with the latest Philippine Valuation Standards (PVS), within two years from the effectivity of the RPVARA, and conduct general revisions of property assessments and classifications every three years thereafter.

The BLGF, through the RPVS, is to review the PVS every three years to ensure they align with globally accepted principles and definitions in real property valuation, with due consideration for the prevailing economic conditions. As a result, this refreshed system will create a more reliable basis of valuation for taxpayers that minimizes overpricing on the side of the buyer or lessee in terms of sale and leasing of real property, among other real estate transactions.

SINGLE VALUATION BASE FOR REAL PROPERTY TAXATION

The approved SMVs will be the basis for determining real property-related taxes of national and local governments, and used by all appraisers and assessors in the LGUs and other stakeholders in the appraisal/valuation of land, buildings, machinery and other real property, whether taxable or exempt.

In every BLGF regional office, there is to be a counterpart for the RPVS; every LGU, on the other hand, will create an RPVU under the Office of the Local Assessor. As such, the SMVs approved by the BLGF will be the basis for the LGU's real property assessments, enabling taxpayers to easily determine their Real Property Tax (RPT) due, as well as transfer taxes (e.g., Capital Gains Tax, Value-Added Tax, Documentary Stamp Tax). This repeals previous rules on property valuation referring to the BIR's SZV, the LGU's SMV, and the recent selling price of property sold within an area, whichever is higher.

AUTOMATION OF RPT ADMINISTRATION

To maintain efficient RPT administration, the BLGF is to develop and maintain an up-to-date electronic database (the RPIS) on the sale, exchange, lease, mortgage, donation, transfer of property, and all other real property transactions and declarations, as well as the cost of construction or renovation of buildings and other structures, and the price of machinery and equipment.

The RPIS is to have mechanisms for the electronic submission of necessary documents and information by concerned National Government offices or instrumentalities and LGUs, subject to the provisions of the Data Privacy Act. The RPIS may also be accessed by the private sector to seek data on the latest real property valuation. Through this automated and transparent system, the government and the private sector would have easy access to updated SMVs any time, resulting in more efficient real estate transactions.

In order to transition to this new regime, taxpayers are given a chance to avail of a real property tax amnesty (one-time or installment payment). The SZVs and existing SMVs will continue to be in force until repealed by BLGF-approved SMVs within two years from the effectivity of the RPVARA. Further, any increase in Real Property Tax in the first year of approved SMVs is limited to 6% of properties assessed prior to the effective date of the RPVARA.

Pending the implementing guidelines of this law, I hope there will be a systematic approach to ensuring that values will consistently be up to date. Similar to AMLA's registration procedure, the BLGF could require registration to the RPIS of all LGUs, real estate professionals, engineers, architects, and other stakeholders who are sources of information on real estate transactions.

Meanwhile, on the compliance side, while not required under the law, along with the automation of the RPT administration, the implementing rules could also require LGUs to offer online payment options for easy settlement of RPT dues by taxpayers.

Going by the model of the Inland Revenue Authority of Singapore (IRAS), the RPIS could also be developed to provide comprehensive information on real property taxation and a user-friendly feature that allows taxpayers to inquire about their specific property's valuation.

With the establishment of the RPVU, newly fledged Real Estate Appraisers have the opportunity to be part of the administration's historic initiative and contribute their expertise to improve the valuation system.

Indeed, the RPVARA has opened doors for the LGUs to increase their revenue, which, hopefully, could be effectively used for the benefit of our fellow citizens through their current and prospective social projects.

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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