# Next sugar crop reserved entirely for domestic market due to weak harvest

THE SUGAR Regulatory Administration (SRA) said it is planning to allocate the entire incoming sugar crop for domestic use due to an expected drop in production.

In a draft sugar order, the regulator said all sugar in the incoming crop year will be classified "B" or reserved for domestic use.

"It's based on the effect of El Niño on the crop that was just planted in October last year until May. We feel that there will be a decline, and then it will recover towards the end," SRA Administrator Pablo Luis S. Azcona told reporters on Wednesday.

Based on the SRA's initial estimates, raw sugar production could drop to 1.78 million metric tons (MMT) for the 2024-2025 crop year, against the 1.92 MMT actual output for the 2023-2024 crop year.

During the second quarter, cane production dropped 42.3% year on year to 1.63 MMT, according to the Philippine Statistics Authority, making sugar the most affected single crop during the period.

"So far, based on our estimates of the crop and the actual stock on hand and our imports that are arriving, our supply is probably enough until the end of milling… by May or June 2025," Mr. Azcona added.

Earlier, the regulator approved imports of up to 240,000 MT of refined sugar. About 176,000 MT will fill any supply gaps that may emerge during the milling off season.

"The public is assured that our sugar supply is stable. We can import what we lack; all that is balanced and calibrated," he said.

He added that imported sugar may start arriving next week.

Asked to comment, Manuel R. Lamata, president of the United Sugar Producers Federation of the Philippines, said the approved volume of sugar imports could be sufficient to cover any shortfalls in production.

"Because of the bad El Niño we had, production will not be good. Nothing to worry about in terms of supply; the SRA has anticipated such a situation by approving imports of 200,000 plus of refined sugar — more than enough to cover the shortfall," Mr. Lamata said via Viber.

The national inventory of raw sugar was 227,779 MT, while refined sugar stocks totaled 487,268 MT, according to SRA estimates as of Aug. 4. — **Adrian H. Halili**

# Miners' H2 results expected to reflect strong metal prices

**By Adrian H. Halili**
*Reporter*

LISTED mining companies are expected to post improved results during the second half of the year due to an improved outlook for metals prices, analysts said.

"The general outlook for the performance of Philippine mining firms for the second half of the year appears positive," Globalinks Securities and Stocks, Inc. Head of Sales Trading Toby Allan C. Arce said via Viber.

He added that prices are being buoyed by increased demand for metals used in technology and infrastructure projects.

Regina Capital Development Corp. Head of Sales Luis A. Limlingan said that the outlook for Philippine mining firms during the second half "remains cautiously optimistic."

"Higher metal prices are expected to contribute positively to earnings, driven by global uncertainties and strong demand from the electric vehicle (EV) sector," Mr. Limlingan said via Viber.

Chamber of Mines of the Philippines (CoMP) Chairman Michael T. Toledo said that copper prices continue to improve due to the global push towards green energy.

"Generally, copper prices will be good over the long haul due mainly to green electrification and the renewable energy transition," Mr. Toledo added, with the faltering Chinese economy possibly weighing on the market.

Mr. Limlingan said that miners producing materials critical for renewable energy and EVs have an opportunity to benefit from the global shift towards green technology.

The CoMP is expecting the value of nickel to improve as the increased nickel demand from Indonesia could contribute to better prices.

"Any improvement in the nickel pig iron and stainless-steel markets will also support nickel ore prices," Mr. Toledo added.

He said nickel production by the second half may increase due to the longer operating times for Surigao mines. The Surigao provinces account for more than half of Philippine nickel production.

Nickel miners in Surigao operate for five months during the second half, against three months during the first half.

Mr. Toledo said CoMP's outlook for gold remains bullish due to the precious metal's role as a safe haven during times of economic turbulence.

"Some experts expect to see new record highs in the second half despite the global easing of inflation, especially if the Federal Reserve opts for more than one rate cut this year as a result of a sharper-than-expected drop in inflation," he added.

He said that if the forecasts are borne out, miners could end up offsetting the recent rise in operating costs.

Regina Capital's Mr. Limlingan added that, costs aside, potential regulatory risks may still pressure margins.

Newly listed OceanaGold Philippines saw its net income decline 30.7% year on year to $14.2 million for the second quarter due to lower ore production.

Philex Mining Corp. recorded an attributable net income of P214.72 million, down from P314.56 million a year ago. Revenues were at P2.24 billion from P2.05 billion a year ago.

Meanwhile, Atlas Consolidated Mining and Development Corp. more than doubled its net income to P1.51 billion during the second quarter.

Nickel ore producer Global Ferronickel Holdings, Inc. reported an attributable net income gain of 0.41% to P196.45 million.

Nickel Asia Corp. posted a 17.7% rise in attributable net income to P914.06 million.

During the second quarter, Apex Mining Co., Inc. posted an attributable net income of P1.03 billion, up 21.5% from a year earlier.

# 55% biofuel eyed for diesel power generators

THE Department of Energy (DoE) is looking to tap the National Power Corp. (Napocor) to test biofuels in its diesel power generators.

Energy Assistant Secretary Mario C. Marasigan said a biodiesel blend of up to 55% for power generation is being considered to reduce reliance on fuel imports and reduce carbon emissions.

"We are looking at all diesel facilities. We can possibly use Napocor's facilities for tests, if necessary," Mr. Marasigan said in a message to reporters late Tuesday.

Napocor is tasked with providing electricity to all areas not connected to the main grid through the Small Power Utilities Group (SPUG). To date, it operates 272 SPUG power plants in 222 areas.

"Using 55% biofuel blend will (involve) converting a diesel engine into a biodiesel engine, similar to a biomass power plant," Mr. Marasigan said.

He noted that the possible fuel test is still under study, including whether to involve diesel-fired plants owned by the private sector.

"With the current trend of increasing imported fuel prices, higher blend (of biofuel) will reduce the impact of imports," the Energy official said.

In May, the DoE directed oil companies to increase the coco biodiesel blend starting in October to provide price relief and to support the coconut industry.

In a circular, the DoE said all diesel fuel sold in the country should have biodiesel content of 3% starting Oct. 1, from 2% currently.

The blend rises to 4% by Oct. 1, 2025, and to 5% by Oct. 1, 2026.

Since February 2009, oil companies have been required to sell diesel consisting of 2% biofuel.

In its circular, the DoE said oil companies can also offer gasoline containing 20% bioethanol on a voluntary basis. At present, the DoE requires a 10% bioethanol blend by volume in all gasoline sold on the market. — **Sheldeen Joy Talavera**

# Wendy's, Conti's owner expects bulk of new openings during fourth quarter

**By Justine Irish D. Tabile**
*Reporter*

EIGHT8ATE Holdings, Inc., which controls the Wendy's and Conti's restaurant brands, said the bulk of its new locations are scheduled to open in the fourth quarter, traditionally the strongest period for the food and beverage industry.

"For Wendy's and Conti's, about 70% of our expansion will open towards the last quarter of the year… between the two brands, we have about 20 plus stores opening in the next three to four months" President and Chief Executive Officer Joey R. Garcia told reporters on the sidelines of the Franchise Asia Philippines 2024 International Conference.

The quarter "is when we can generate more revenue towards the Christmas season," Mr. Garcia said.

After the fourth-quarter openings, Wendy's will have a store network of over 80. Conti's will have eight to 10 additional stores, he said.

According to Mr. Garcia, 80% of the new stores will open outside the National Capital Region.

"Majority of the expansion is actually in the second-tier cities and the provinces," he added.

Eight8Ate is also readying a coffee concept to carry the Conti's brand.

"It is actually … the next generation of Conti's and the first branch will open in Clark," he said. "This is our first venture now into that next level of Conti's… We hope this will happen by December."

Chris Lim, chairman of the Philippine Franchise Association (PFA), said that expansions outside Metro Manila are also the trend for other franchise brands.

"Even for the PFA, our activities have actually been outside. So, we had the big expo here where we all met each other in April. But since then, we've done one in North Luzon in Clark, and then one in Cebu. We're going to do another one in Bacolod," Mr. Lim said.

"There is really a shift in looking at expanding outside Metro Manila, and that's where the growth areas are. So, we have a big push there — outside Metro Manila," he added.

He added that many franchise brands have reached pre-pandemic levels in terms of number of stores and revenue.

"There's no count, in terms of the number of stores, but at the very least, in terms of sales, I'd say a lot would have recovered," he said.

He said that many franchise brands took the opportunity to axe stores during the pandemic.

"Some would have permanently decided not to reopen the stores … So whether the number of stores has recovered or not, I don't have an exact figure," he said.

"I'd be surprised if they haven't, but I think (a more important) metric is that most of the brands recovered their system-wide sales," he added.

OPINION

# Has the income tax refund process become easier?

## TAXWISE OR OTHERWISE

**JOHN EDGAR MAGHINAY**

The Ease of Paying Taxes (EoPT) Law is expected to somehow do away with certain burdensome practices in taxation, including the process of claiming a tax refund. As many of you may be familiar, a taxpayer may claim a tax refund from the Bureau of Internal Revenue (BIR), be it VAT, income tax, or any other national tax that may have been paid in excess or erroneously paid. For my article today, I will focus on the income tax refund or excess income tax credits and the documentary requirements laid down in Revenue Memorandum Circular (RMC) 75-2024.

I often encounter tax clients in a "tax overpayment" position in their annual income tax return, due to excess income tax credits. Their common sentiment is that they are discouraged from filing a refund claim because of the time it takes and the tedious documentation needed to successfully claim the tax refund.

Under the EoPT Law and its implementing regulations, the processing of refunds takes 180 days from the date of submission of complete documents. Deliberate failure on the part of any official, agent, or employee of the BIR to process and decide on the refund application within the prescribed period is punishable by fine, imprisonment and/or disqualification to hold public office, among others.

For taxpayers who want to file a refund claim, always bear in mind the following milestones:

- Two years – The period within which the refund claim should be filed with the BIR, reckoned from the date of filing of the income tax return.
- 180 days – The number of days given to the BIR to process the refund.
- 30 days – The number of days within which the taxpayer may file an appeal to the Court of Tax Appeals, in case of inaction, partial or full denial by the BIR of the refund claim, reckoned from the lapse of 180 days (in case of inaction) or receipt of the decision (in case of denial).

In addition, the success or failure of the refund largely depends on the availability, completeness and propriety of information supporting the claim. A crucial first step in the process is awareness of the "irrevocability rule." Under this rule, a taxpayer qualified to claim a refund of the excess income taxes paid during the year may opt to carry forward or claim a refund for such excess income tax (as shown in its final annual income tax return). Once the taxpayer opts to carry over its excess income tax payments to the succeeding taxable year or years, the option becomes irrevocable. The taxpayer may no longer change the option and may no longer file a claim for a refund, even if the taxpayer amends the tax return.

Once the option to claim a refund is selected, the need to support such a claim through valid documents becomes the priority. A detailed description of the uniform policies and guidelines in the processing and grant of such claims is provided under RMC 25-2024 and RMC 75-2024, for further reference.

Of more significance is the prescribed documentary requirements to be submitted by the taxpayer as set out in RMC 75-2024.

Remember that only applications with complete documentary requirements can be received and processed by the BIR's authorized processing office. A checklist of such documentary requirements for taxpayer-claimants has been provided as Annexes in the RMC. The checklist serves as the taxpayer's guide to ensure the completeness of the documents that will be submitted to the BIR processing office.

Taxpayers need to accomplish and supply certain information in the checklist such as the name, address and TIN of the claimant, its representative, contact details, amount and period of refund claim, among others. The following documents are listed in the checklist as mandatory for "Going Concern Taxpayers":

- Three original copies of duly accomplished Application for Tax Credit/Refund (BIR Form No. 1914);
- Audited Financial Statements (AFS) complete with Notes to AFS, if AFS was not submitted via the BIR eAFS Facility;
- Original copies of duly accomplished Certificate of Creditable Tax Withheld at Source (BIR Form No. 2307) or Withholding Tax Remittance Return for Onerous Transfer of Real Property Other Than Capital Asset (BIR Form No. 1606), whichever is applicable, issued by the payor (withholding agent) to the payee;
- Hard and soft copies (in MS Excel format) of Summary of Revenue/Income declared per Income Tax Return (ITR) and the corresponding taxes withheld per BIR Form No. 2307/1606 in accordance with the format prescribed under Annex A.3 of the RMC;
- Original copy of the duly notarized Taxpayer's Attestations in accordance with the prescribed format under Annex A.4 of the RMC;
- Original copy of Notarized Secretary's Certificate (for corporate claimant or Special Power of Attorney (for ROHQ claimant) stating the authorized representative/s to file, sign document on behalf of the claimant and/or follow-up tax credit/refund claims together with the photocopy of at least one valid government-issued ID with three specimen signatures of the authorized representative; and
- Original copy of Delinquency Verification Certificate (valid for six months) issued by the Collection Division under the respective Revenue Region that has jurisdiction of the taxpayer-claimant or the LT-Collection Enforcement Division under the Large Taxpayers Service, whichever is applicable.

A Comparative Matrix of Tax Withheld shall also be submitted by the taxpayer-claimant, the template of which is provided in RMC 75-2024. The RMC also provides that the books of account and accounting records of the taxpayer-claimant may need to be presented, as may be requested by the assigned BIR Revenue Officer in the course of the review. Failure to present such books of account and accounting records may be grounds for denial of the refund application.

While the checklist of mandatory documents coupled with the prescribed procedures provide a uniform system for the BIR personnel to process income tax refund claims, which was absent before, it seems that the documentary requirements imposed on the taxpayer-claimant were not reduced. Instead, more documentation is needed to support the refund application, including the potential submission of books of account and accounting records, which is quite broad, and is dependent on the judgment of the BIR reviewer.

While many were hoping that EoPT would simplify things and boost the taxpayers' confidence sufficiently to file a claim, perhaps the lingering question is… does it?

*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.*

JOHN EDGAR MAGHINAY is a director at the Tax Services department of Isla Lipana & Co., a Philippine member firm of the PwC network.
**john.edgar.s.maghinay@pwc.com**