



Infrastructure budget to decline as gov’t counts on more PPPs

THE infrastructure budget could fall slightly next year with the government counting on public-private partnerships (PPPs) to play a bigger role in funding, the Department of Budget and Management (DBM) said.

For 2025, the proposed budget for infrastructure is P1.507 trillion, down 0.3% from funding levels in 2024.

The final infrastructure budget is still subject to approval from Congress. Senators are currently preparing their ver-

sion of the General Appropriations Bill.

“While (next year’s budget) is 0.3% lower than this year’s infrastructure budget of P1.510 trillion, the National Government (NG) anticipates that this will be bolstered by the increase in private sector investment through the recent enactment of the PPP Code and the issuance of its Implementing Rules and Regulations (IRR),” the DBM said.

Republic Act No. 11966 or the PPP Code streamlined the frame-

work for all PPPs at the national and local levels. Its IRR became effective on April 6.

The DBM also noted that the bulk of the 170 PPP projects in the pipeline are infrastructure-related.

Budget Secretary Amenah F. Pangandaman noted that infrastructure development will remain a key priority of the administration, which is consistent with the government’s medium-term fiscal framework.

The government’s P1.51 trillion allocation for infrastructure

this year is equivalent to 5.7% of gross domestic product (GDP).

This budget also covers subsidy or equity components for state-owned corporations and transfers to local government units, the DBM said.

In the first six months of the year, the NG’s infrastructure spending jumped 12.5% year on year to P124.9 billion.

The government aims to spend 5-6% of GDP annually for infrastructure through 2028. — **Beatriz Marie D. Cruz**

IP use by political campaigns could reveal candidates’ integrity, IPOPHL says

THE Intellectual Property Office of the Philippines (IPOPHL) said the use or misuse of intellectual property (IP) by political campaigns should reveal to voters whether candidates can act with integrity.

“Candidates’ respect for IP rights is a litmus test of their integrity and trustworthiness as future public servants,” IPOPHL Director General Rowel S. Barba said.

“I don’t think any voter would like to see any copyright owner and artist, especially their favorite artists, deprived of their right to have a say on the use of their work for a political campaign,” he added.

IPOPHL said that candidates have enough time to seek permission from artists “before transforming their works into catchy campaign jingles, slogans, and

merchandise to build their political brand.”

The campaign period officially starts next week.

Mr. Barba said that non-compliance may result copyright infringement lawsuits.

IPOPHL Bureau of Copyright and Related Rights Director Emerson G. Cuyo said that the candidates may contact accredited collective management organizations (CMOs) to secure the licenses for the transformation and public performance of works.

“(CMOs) could help facilitate negotiations and licensing arrangements for the transformation, use, or public performance of songs and music, which are the most common types of copyrighted work transformed for local political campaigns,” he added.

— **Justine Irish D. Tabile**

NEA likely to miss 2024 electrification target

THE National Electrification Administration (NEA) said it will fall short of its 2024 target to electrify 91% of all households, citing inadequate funding.

“Based on the available budget for fiscal year 2024, we will not be able to achieve 91% electrification, but we will only attain 89.36% household electrification rate,” NEA Administrator Antonio Mariano C. Almada told a Senate budget hearing on Wednesday.

“Assuming funding is not increased, the NEA will be hard-pressed to achieve 100% electrification by 2028,” he added.

The NEA is primarily responsible for rural electrification, bringing electricity to missionary or economically unviable parts of the countryside.

The government hopes to achieve total electrification by 2028.

In the proposed 2025 budget, the NEA is seeking funding of P23.77 billion, including P19.66 billion for electrification projects.

The requested funding is intended to support energization of more than 3,000 sitios, reliability improvement projects, line enhancement of some barangays, installation of nearly 250,000 solar home systems, and rehabilitation and reconstruction of calamity-stricken distribution facilities of electric cooperatives.

Citing the evaluation of the Department of Budget and Management, Mr. Almada said that

the level of subsidy was reduced to P1.86 billion or only 9% of those proposed, which covers the energization of only 594 sitios and four barangays, while procuring 3,700 solar home systems.

“The biggest challenge in the attainment of 100% rural electrification is the inadequate government subsidy to finance the energization of the remaining unenergized areas,” Mr. Almada said.

Meanwhile, Energy Undersecretary Rowena L. Guevara said that the department will soon be issuing the terms of reference for the upcoming green energy auctions (GEA).

GEA-3 involves geothermal, pumped storage hydro, run-of-river hydro, and impounding hydro projects with a total capacity of 4,399 megawatts (MW).

The GEA program aims to promote renewable energy as a major source of energy through competitive selection. Renewable energy developers compete for incentivized fixed power rates by offering their lowest price for a certain capacity.

“We’re going to be issuing the terms of reference soon... the performance or non-performance of projects will be included,” Ms. Guevara said.

GEA was first conducted in 2022 and attracted 1,966.93 MW worth of bids for renewables, while GEA-2 was held in 2023 and resulted in the award of 3,440.76 MW. — **Shelden Joy Talavera**

Merchants urged to stay innovative as retail competition intensifies online

By Justine Irish D. Tabile
Reporter

SINGAPORE — Retailers in Southeast Asia need to innovate to remain competitive in online shopping as consumer preferences evolve, electronic commerce (e-commerce) platforms said.

At Tech Week held at Marina Bay Sands, Shopify Country Head for Southeast Asia and India Bharati Balakrishnan said that 52% of shoppers from the region prefer to shop online.

“I know it’s not like way over 50%, but this shift, I promise you, is happening much faster in these (Southeast Asian) markets than elsewhere,” she said.

The Shopify Southeast Asia Retail Report 2024 revealed that online shopping continues to be the preferred channel for shoppers in the region. The finding was reached in a survey of 2,056 consumers from Indonesia, Malaysia, Singapore, and the Philippines.

The report also found that one in four of those surveyed equally enjoy shopping online and in-store, while only 19% said they prefer to shop offline.

Ms. Balakrishnan said the critical point of e-commerce is not about how much shoppers buy online, but where they start their journey.

“The question is, what (are retailers) doing to create consumer behavior that offers the best experience when it comes to touching their brand for the first time,” she said.

The report, which also surveyed 269 leaders of retail businesses, found that 66% of retailers are planning to increase technology investment in unified commerce in the next 12 months.

“I think there is a deep understanding of not wanting to compete with a platform, but to really get your existing customer to buy more from you on your platform,” she added.

Shopify said it is important for retailers to realize the importance of physical storefronts and creating seamless shopping experiences.

“To succeed, a unified commerce infrastructure is key, providing a holistic view of customer engagement, inventory, and fulfillment across channels,” it added.

However, Shopify noted that while businesses understand the importance of prioritizing omnichannel tools, they tend to invest less in actual in-store experiences, which is viewed as detrimental because consumer expectations have been raised.

In the report, 67% of the businesses said that they plan to invest in e-commerce systems to drive growth this year,

while fewer leaders said they will prioritize investment in new physical stores (51%) and enhancing the in-store experience (56%).

In the Philippines, 80% of the shoppers named free shipping as their top consideration when shopping online, while 66% cited knowledgeable staff as a must when shopping in brick-and-mortar stores.

Separately, TikTok Philippines Fashion Category Lead Jonah Michael Ople said that small businesses should leverage livestreaming to drive growth as the platform is becoming a major source of sales for big brands across the region.

He said that the top sellers among the 2 million registered sellers on the platform are seeing 80% of their sales generated by live selling.

“The small enterprises can take advantage of this because they are the ones who will benefit most from this kind of platform,” Mr. Ople told reporters.

During his presentation, Mr. Ople said sellers from Indonesia, Malaysia, Singapore, Thailand, the Philippines, and Vietnam saw a 37% quarter-on-quarter increase in sales from live selling in the three months to September.

Meanwhile, TikTok Shop also posted an 18% year-on-year increase in daily average

livestream sessions in the first six months.

Nevertheless, he said many sellers, especially micro, small and medium enterprises, still do not know how to make use of livestream shows.

“Even big brands, sometimes, are having trouble mounting such an event, much less mounting it every day,” he said.

“What we are saying is that we just need to guide them through how to do it the first time, and then everything will grow,” he added.

However, he said that sellers must know the right mix to get the best out of their resources.

“You really need to know what your target market wants to see, and it differs from brand to brand, from region to region,” he added.

In the Philippines, he said the top categories for live selling are fashion, beauty, lifestyle, and electronics, reflecting the broader retail landscape.

“The Philippines is a big market (for live selling) mostly because people find ways to connect online. But what makes us special is that I think we have a penchant for entertainment,” he said.

“The Philippines is very well known for singing and dancing, and that is part of what TikTok is about. I think Filipinos have very easily adopted the trends on TikTok,” he added.

OPINION

Finding ways to reimburse your taxes

One of the greatest fears a commuter occasionally faces is riding a bus on a Monday morning, only to find out that all the cash he has consists of a thousand peso bill. Since there is no option but to pay the fare, he’ll need to pay hoping that he gets change for the P20 cost of the rider. With the destination drawing closer, he starts to feel uneasy about his P980 in change.

Such a situation is not unusual in taxation. At times, taxpayers find themselves paying taxes in excess of what is required. Just like the commuter who hopes to get proper change, the taxpayer also has remedies available to him. The Tax Code provides for two kinds of tax refund: (1) refund of unutilized creditable input VAT under Section 112; and (2) the recovery of any erroneously paid or illegally collected taxes under Section 229. It’s important to know the difference between these, as the applicable rules and requirements will depend on it.

In the Supreme Court (SC) case of Manila Peninsula Hotel, Inc. vs. Commissioner of Internal Revenue (Manila Peninsula case), an opportunity to clarify the differences between the two remedies arose when the taxpayer filed for a tax refund under Section 229 over

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what it argued to be erroneously paid or illegally collected VAT from its sales to Delta Air.

In its decision, the SC differentiated the provisions according to their nature. Section 112 pertains to unutilized creditable input VAT arising from expenses that are attributable to zero-rated sale transactions. In other words, this is a tax cost incurred by, and legally paid by, a VAT-registered seller of goods, property, or services which are considered zero-rated transactions. In this type of refund case, the input VAT collected is deemed correct and proper. Any input VAT passed over cannot be regarded the same as taxes erroneously paid or collected. This tax refund is a legislative grace in the form of a tax exemption, which is construed against the taxpayer.

On the other hand, Section 229 is limited to recovering taxes that are “erroneously, illegally, excessively, or in any manner wrongfully collected.” A wrongful payment must be present,

whether partly or wholly, and should not be legally due. Relating this case to other SC cases, it can be observed that Section 229 is anchored on the principle of unjust enrichment. There is no obligation to pay taxes but, nevertheless, it was paid to and collected by the government. In other words, unlike the other type of refund, Section 229 applies only in instances where there is wrongful payment.

To illustrate how unjust enrichment occurs in the latter type of refund, let’s assume a scenario where a parent company performs management services for its subsidiary. By mistake, the subsidiary withheld taxes on compensation from the management services performed by the parent company’s employees. Since there is no employer-employee relationship between the subsidiary and the parent company’s employees, the subsidiary erroneously withheld tax on compensation and the government has unjustly received taxes. The government received taxes on compensation income when there was no legal duty to collect or right to receive such taxes in the first place, effectively resulting in its unjust enrichment. In this case, Section 229 is a remedy to refund the taxes erroneously paid by the subsidiary.

Another difference between the two remedies is the period to file for a refund before the Commissioner of Internal Revenue (CIR) and the Court. In line with the amendments introduced in the Tax Code by the Ease of Paying Taxes Act, it’s important to distinguish how the refund should be filed. At the administrative level, the refund of unutilized creditable input VAT must be filed within two years after the close of the taxable quarter when the zero-rated sales were made. The CIR is given 90 days to decide on the application, and within 30 days from the denial of the CIR or the lapse of the 90-day period due to inaction from the CIR, the taxpayer may resort to a judicial claim for refund before the Court of Tax Appeals (CTA).

In contrast, for tax refund cases involving taxes erroneously, illegally, excessively, or in any manner wrongfully collected, the application for refund must be filed before the CIR within two years from the payment of the erroneously or excessively collected taxes. Unlike unutilized input VAT, the reckoning point here is the date of actual payment of tax. Moreover, the CIR is given 180 days (not 90) to decide on the tax refund case. Nonetheless, the same rule applies for the judicial elevation, i.e., it should

be filed within 30 days from receipt of denial or lapse of the period to decide. For both kinds of refund, the judicial claim assumes the existence of prior administrative application.

As a final note, it is important to understand the differences between the two modes of tax refund as this will dictate the proper procedure to follow. Is it a state privilege to grant or a state burden to reimburse? Either way, it is good to know that our laws give us the chance to get our rightful change back, whether it be from bus fares or taxes. Nonetheless, to do so, taxpayers should be well aware of the rules so that they do not miss out on their right to recover what is due to them.

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