

Pakistan seeks PHL guarantee to buy specific volumes of rice

PAKISTAN is seeking to increase its exports of rice to the Philippines if the latter commits to take up a guaranteed volume, its ambassador to Manila said.

“We are the third-largest exporter of rice to Philippines next to Vietnam and Thailand...Our own share is less than 6%. We want to increase that share,” Ambassador Imtiaz Ahmad Kazi told reporters on the sidelines of a rice conference.

According to the Bureau of Plant Industry, Pakistan supplied 178,179 metric tons (MT) of rice to the Philippines as of Nov. 7. This is around 5.2% of the 3.9 million MT (MMT) in imports to date.

“That depends on a number of conditions... the Philippines should guarantee us that they want (a specific volume) of rice every year,” he said.

Mr. Kazi said the government of Pakistan has proposed a memorandum of understanding stipulating the volume of rice the Philippines proposes to buy.

“Our exporters are ready to convert their fields into rice fields... Based on your demand... We are ready to do it,” he added.

He said that the Philippines needs to impose a stable tariff regime on imported rice, noting that duties “have been fluctuating.”

“We don’t know what is going to come next because globally, prices are going to be competitive again, so our rice exporters want to have stability and certainty about the quantity,” he added.

In June, President Ferdinand R. Marcos, Jr. signed Executive Order (EO) No. 62 which lowered the tariff on imported rice to 15% from 35%, until 2028. EO 62 was meant to tame rice prices and plug gaps in domestic rice production.

Mr. Kazi said Pakistan exports about two-thirds of its 11 MMT rice surplus.

“We are increasing our productivity, and we are exporting most of it, two-thirds of it... We have other markets also, but Philippines is one of the important ones,” he added.

The Philippines is projected to remain the top rice importer in the world, according to the US Department of Agriculture. It is expected to import about 5.1 MMT of rice next year. — **Adrian H. Halili**

Maharlika tapped to study financing options for nuclear tech introduction

By **Sheldeen Joy Talavera**
Reporter

THE Department of Energy (DoE) said it tapped Maharlika Investment Corp. (MIC) to assist in studying how to finance the introduction of nuclear energy technology to the Philippines.

“We have asked the Maharlika to study the costing and what financing mechanisms might be available,” Energy Secretary Raphael P.M. Lotilla said

on the sidelines of the Philippine International Nuclear Supply Chain Forum on Wednesday.

The DoE wants to explore how to raise financing “in such a way that the upfront cost in building nuclear power plants will not be shouldered alone by the current generation of Filipinos.”

Mr. Lotilla noted, however, that there are still no decisions on investments involving Maharlika. “We are taking advantage of the people that they have to study the financing options.”

MIC President and Chief Executive Officer Rafael D. Consing, Jr. has said that energy is one of the priority investment areas of the sovereign wealth fund, and is expected to take up the bulk of its initial investments.

MIC is looking to raise \$1 billion to fund energy projects.

Mr. Lotilla said that the investment in nuclear technology will be determined once the government decides on related issues, such as the sites of the power plants.

Maharlika’s participation in nuclear-power investments remains uncertain,

according to Patrick Aquino, Energy Utilization Management Bureau director. He added, though, that he would not be surprised if the fund did invest eventually.

“For a country like us and our aspirations, electric power is a big component. We leave it up to the sound judgment of Maharlika whether it comes in at whatever stake,” he told reporters separately.

Under the Philippine Energy Plan, the government aims to have commercially operational nuclear power plants by 2032 with at least 1,200 megawatts (MW), and 2,400 MW by 2035.



PHILIPPINE STAR/ EDD GUMBAN

BIR asserts authority to shut down online sellers for non-compliance

THE Bureau of Internal Revenue (BIR) said it is authorized to shut down online sellers not complying with registration and tax remittance rules, alongside its authority to padlock non-compliant physical stores.

In a warning to e-marketplaces ahead of the holiday shopping season, the BIR said in a statement: “Online businesses can be blocked by the BIR, much like its Oplan Kandado program against physical stores,” the Bureau said in a statement on Wednesday.

Section 115 of the National Internal Revenue Code, as amended by Republic Act No. 12023, gives the Commissioner of Internal

Revenue the authority to suspend business operations.

“If retail/physical stores are registered and paying their taxes, online stores should do the same,” Commissioner Romeo D. Lumagui, Jr. said.

He also said the BIR is expecting online businesses to post increased revenue over the holiday.

“To all consumers, ask online sellers/businesses for an official receipt. If you are spending your hard-earned income after paying taxes on their products, then online sellers/businesses should also pay their taxes,” Mr. Lumagui added. — **Aubrey Rose A. Inosante**

OPINION

APA too, APA too

As I was enjoying a rosé-flavored drink while listening to a catchy new song, I couldn’t help but think about the absence of Advance Pricing Agreements (APAs) in the Philippines. This reflection seemed quite apt, especially as I recalled insights from a regional Transfer Pricing (TP) training session I attended recently. This made me curious how our country could benefit from implementing a robust APA framework, so this void no longer mars the pursuit of tax certainty.

OVERVIEW OF APAS

Navigating the intricate world of international tax can be challenging for many of us, especially when it comes to TP—the pricing of transactions between related parties. APAs present a valuable solution by establishing pre-agreed methodologies for determining transfer prices, thereby providing predictability in tax liabilities, minimizing disputes, and ensuring compliance. They come in three forms: unilateral (involving one tax authority), bilateral (involving two tax authorities), and multilateral (involving multiple tax authorities) agreements. These agreements promote a collaborative relationship between businesses and tax authorities, creating a stable and transparent tax environment that is crucial for ensuring fair tax practices and attracting foreign investment.

While APA programs are being adopted worldwide, the Philippines currently lacks specific regulations in this area, leading to uncertainties for multinational enterprises. By examining neighboring Southeast Asian countries like Indonesia, Malaysia, Singapore, Thailand, and Vietnam, we can gain perspective ahead of the potential adoption of APAs in the Philippines.

INDONESIA: OFFERING CLARITY AND INCENTIVES

Introduced in 2010, Indonesia’s APA program has recently been updated to offer clearer directives. Last year, Indonesia consolidated previous regulations on TP documentation, Mutual Agreement Procedures (MAP), and APAs, providing comprehensive administrative guidance in one document. The framework also now allows for multilateral APAs, offering greater flexibility for companies operating in multiple jurisdictions. Another significant change is the elimination of administrative sanctions related to APA execution, such as penalties for revising corporate tax returns. These updates make the APA process more attractive for businesses.

MALAYSIA: ENHANCING EFFICIENCY

Malaysia ensures efficient use of resources by considering only APA applications that meet specific requirements or thresholds. Companies can enter into a bilateral or multilateral APAs only if the overseas party is in a jurisdiction with a double taxation agreement (DTA) with Malaysia. If no DTA exists, the Malaysia-based company can only enter into a unilateral agreement. Additionally, the term for APAs can now be extended beyond the traditional five-year maximum, making the program more cost-efficient.

SINGAPORE: LEADING THE REGION

Singapore has long been a regional leader in implementing APAs, with its first guidelines dating back to 2006. The Inland Revenue Authority of Singapore is often commended for its expertise and professionalism, which foster a business-friendly environment. Additionally, clear guidelines and accessible information online further enhance the program’s effectiveness, ensuring transparency and keeping stakeholders well-informed.

THAILAND: PIONEERING BILATERAL AGREEMENTS

Thailand stands out for being one of the first in Asia to implement Bilateral APAs (BAPAs) with key partners like Japan. Thai-

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land’s exclusive focus on BAPAs provides certainty and predictability while reducing the risk of double taxation, as tax authorities from both countries involved in a transaction mutually agree on the TP methodology. Recently, Thailand’s APA guidelines were updated to require additional documents in applications. Complete documentation can build trust and enables more informed and effective decision-making.

VIETNAM: ADVANCING COMPLIANCE

Vietnam’s APA program is on a path of evolution. Recent updates have removed the requirement for a pre-filing consultation to ease the administrative burden. However, the application process includes mandatory phases — official submission, assessment, discussion and negotiation, and conclusion — without specified timelines for each stage.

From the above insights, the Philippines may consider the following to harness the benefits of APAs. First, we should establish clear guidelines and procedures for APA applications, ensuring transparency and accessibility to all stakeholders. Second, entering into bilateral and multilateral APAs with key trading partners can reduce double taxation risks and strengthen economic ties. Third, equipping tax authorities and businesses with the necessary knowledge and tools to navigate the APA process can ensure smooth implementation and compliance. Fourth, offering incentives such as reduced penalties and streamlined administrative processes will encourage businesses to participate in the APA program. Finally, it is important to continuously monitor the APA framework’s effectiveness and update regulations as needed to address emerging challenges and opportunities.

Implementing a robust APA framework can have several positive impacts on the economy. First, it can attract foreign investment by creating a transparent tax environment, making the Philippines a more appealing investment destination for foreign enterprises. Moreover, APAs help reduce tax disputes by pre-agreeing on transfer pricing methodologies, saving time and resources for both businesses and tax authorities. Furthermore, a well-implemented APA framework can improve overall tax compliance, ensuring that businesses adhere to fair tax practices, which in turn, can lead to increased tax revenue for the government. Ultimately, a stable and transparent tax environment can contribute to economic stability. This would allow businesses to plan their operations with greater confidence, leading to sustained economic growth and development.

We can learn from the experiences of our Southeast Asian neighbors to help us develop a robust APA framework that benefits businesses and the economy. Policymakers should prioritize creating clear guidelines and building tax authority capacity. Reportedly, our tax authorities are on the right track creating a team and training them on TP matters, including APA. Yes, APA too.

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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National University and adidas partner to elevate collegiate sports.

National University (NU) and adidas’ three-year partnership, which names adidas as the official outfitter of the university, will further elevate the NU Bulldogs’ pursuit of excellence throughout the University Athletic Association of the Philippines (UAAP) collegiate sports calendar. The collaboration will provide the team with adidas apparel and footwear, available in select SM Store, Sports Central, and adidas branches starting November 9, 2024.

(L-R): SM Supermalls President Steven T. Tan, adidas Philippines General Manager Anthony Frangos, National University (NU) President and CEO Dr. Renato Carlos H. Ermita Jr., and NU Vice President for Administrative Services Mr. Jose Nilo J. Ocampo

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If anyone has a valid and/or enforceable claim against the Representative Office, He/She is hereby requested to call the +63 (2) 7918-8000 and arrange an appointment to present his/her claim on or before 31 December 2024.

Rubie Joy N. Pregoner
Authorized Representative
for The Resident Agent, TMF Philippines