

‘Record’ nontax revenue seen in 2024 on GOCC dividend hike

NONTAX REVENUE is on track to surpass this year's target, and is projected to come in at a record P606.6 billion, after government companies were made to remit more of their earnings as dividends, with the government also accessing their reserve funds, the Department of Finance (DoF) said.

“Finance Secretary Ralph G. Recto has maximized nontax revenue in 2024, collecting a record-high amount to support more projects and programs,” the DoF said in a statement over the weekend.

The projected 2024 total was 45.6% higher than the P407.5 billion target laid out in the 2025 Budget of Expenditures and Sources of Financing.

The Bureau of the Treasury (BTr) said nontax revenue grew 45.6% to P555.3 billion in the first 11 months.

The DoF also said it “maximized” non-tax revenue after increasing the dividend contribution of government-owned and -controlled corporations

(GOCCs) to 75% of their earnings from 50%.

Additional funds were generated from “more privatization of government assets; and a sweep of unused and excess funds of GOCCs as mandated by Congress.”

As of Dec. 9, P136.29 billion in dividends have been remitted by 52 GOCCs, the BTr said. It exceeded the P100 billion target for the year and is 35% higher year on year.

The DoF said it put the excess and unused GOCC funds “to efficient use this year,” in compliance with Republic Act No. 11975 or the General Appropriation Act of 2024.

Fund balances amounting to P167.23 billion from the Philippine Health Insurance Corp. (PhilHealth) and the Philippine Deposit Insurance Corp. had been remitted to the Treasury as of Dec. 19.

The Supreme Court issued a temporary restraining order (TRO) on the further transfer of the remaining P29.9 billion in PhilHealth reserve funds.



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The TRO was issued after P60 billion from the health insurer had been transferred to the Treasury.

The high court scheduled oral arguments on the TRO for Jan. 14.

Despite the backlash against the transfers, the DoF said these excess and unused funds supported the Public Health Emergency Benefits and Allowances for Health Care and Non-Healthcare Workers.

It added that they also bankrolled the Medical Assistance to Indigent and Financially Incapacitated Patients program and the procurement of various items of medical equipment for Department of Health (DOH) hospitals, local government unit hospitals, and primary care facilities.

The DoF added that the funds were used for the construction of three DoH facilities; and salary hikes for government workers.

The transfers also went into counterpart financing for foreign-assisted projects such as the Panay-Guimaras-Negros Island Bridges, the Metro Manila Subway Project, and the Philippine Multi-Sectoral Nutrition Project.

The Mindanao Inclusive Agriculture Development Project, the Cebu — Mactan Bridge and Coastal Road Construction Project, and the Road Network Development Project in Conflict-Affected Areas in Mindanao were also among the projects supported. — **Aubrey Rose A. Inosante**

ERC amends resolution to keep Meralco regulatory reset on track

THE Energy Regulatory Commission (ERC) has adopted amendments to its resolution aimed at minimizing delays in the regulatory reset process for privately owned distribution utilities (DUs), focusing on Manila Electric Co.'s (Meralco) fifth regulatory period.

“This reset is essential to align distribution rates with operational realities and regulatory efficiency,” ERC Chairperson and Chief Executive Officer Monalisa C. Dimalanta said in a statement.

Ms. Dimalanta said addressing delays in the reset process is crucial to protect consumers and ensure that distribution utilities allocate their direct investments towards improving services.

The resolution will helping bridge regulatory gaps in rate-resetting timelines, the ERC said, noting that a number of years in Meralco's original fifth regulatory rate process have lapsed pending resolution of legal challenges.

The ERC said the amendments center on Meralco's fifth regulatory process but

also set up guidelines to address similar delays encountered by other private DUs.

The rate reset process influences electricity charges and allows the power regulator to evaluate the performance of distribution utilities and ensure that consumers pay the right costs for power.

“By addressing these delays, we reaffirm our commitment to protecting consumers and ensuring that our distribution utilities direct their investments towards improved services in the changing energy landscape,” she said.

Under the Electric Power Industry Reform Act of 2001, or EPIRA, the ERC is tasked with establishing and enforcing a method for setting transmission and distribution wheeling rates for distribution utilities.

The Commission said it plans to issue additional amendments in the future to spell out timelines and processes to ensure streamlined implementation across the sector. — **Ashley Erika O. Jose**

Council meeting in first quarter likely to downgrade export goals

THE Export Development Council (EDC) is expected to meet in the first quarter to likely downgrade the targets set in the Philippine Export Development Plan (PEDP) for the 2025-2028 period.

In an online briefing last week, EDC Executive Director Bianca Pearl R. Sykimte said that proposed revisions have yet to be presented to the EDC.

She told reporters that the adjusted goals will “definitely (be) lower than what was originally reflected in the PEDP.”

As of October, the Philippines exported \$61.8 billion worth of merchandise, slightly higher than the \$61.6 billion it exported a year earlier.

“That is only a 0.4% growth, basically because of the lackluster performance of our semiconductors. As you know, 40% of what we export are semiconductors,” she said.

She said that the semiconductor industry saw a \$2.8 billion

drop in exports in the first 10 months, which overshadowed the export gains in electronic data processing, consumer electronics, telecommunications, other manufactured goods, coconut oil, machinery and transport equipment, chemical and petrochemicals, copper concentrates, tuna, and processed food and beverages.

Meanwhile, she said that the Philippines booked \$37.4 billion worth of services exports in the first nine months, up 6.25% from a year earlier.

“Basically, there are two drivers of growth: travel services and information technology and business process management (IT-BPM),” she said.

“I think we had roughly \$500 million of additional gains for travel services. And I think the IT-BPM sector grew by nearly \$2 billion,” she added. — **Justine Irish D. Tabile**

Exporters urged to focus on products unique to PHL

EXPORTERS are being urged to develop products unique to the Philippines that will open up new Western markets, the Philippine Exporters Confederation, Inc. (Philexport) said.

In a statement over the weekend, Philexport said that Western countries are also looking at the Philippines as a possible gateway to the Association of Southeast Asian Nations.

Philexport Vice-President and Trustee Ferdinand A. Ferrer, Philexport said that Western businesses particularly in North America, Europe, and South America are looking for partners in the Philippines.

“In 2025, what we will do with our exporters is really to align and to match business opportunities with these foreign initiatives and partners that we have,” according to Mr. Ferrer, who is also an executive vice-president of the Philippine Chamber of Commerce and Industry.

“Likewise, they are looking for unique Philippine products to be able to open up



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new markets within their countries,” he added.

He cited as an example the traditional Batangas folding knife, known as the *balisong*.

Philexport and other associations are also working on servicing the demand for

products and services in each province in Canada, he said.

“Canada (is) willing to train us suppliers for sustainability and compliance. Canada has very strict compliance and sustainability rules. They cannot be made by minors, and should be green type products,” he said.

“Of course we are not yet at that level but there is a program in Canada that will help suppliers reach the level of sustainability compliant with Canada's rules,” he added.

He said the European Union is also looking for suppliers in Asia and is particularly interested in the Philippines.

“A lot of Europeans want to have manufacturing facilities in the Philippines amid President-elect Donald Trump's proposed tariffs on all products imported from Canada and Mexico,” he said.

“So (Europeans) can still send products to the US,” he added. — **Justine Irish D. Tabile**

OPINION

Enhancing payroll management with AI

IN BRIEF:

- AI-driven payroll solutions streamline complex international payroll operations, reducing errors and enhancing efficiency.
- Automating payroll processes with AI improves accuracy, compliance, and employee satisfaction.
- AI-powered chatbots provide quick, accurate responses to payroll inquiries, simplifying workloads and enhancing the employee experience.

Managing payroll for a global workforce presents a myriad of challenges due to constantly evolving political, legal, social, and economic factors. These changes impact regulatory requirements and reporting, making it difficult to navigate diverse labor laws, tax regulations, data privacy standards, and payment procedures.

Consequently, the dynamic conditions increase employee inquiries, complicating payroll management. Companies need efficient, accurate, and cost-effective methods to address these inquiries, enhancing employee satisfaction and trust.

CHALLENGES OF GLOBAL PAYROLL MANAGEMENT

Payroll errors and delayed responses can lead to fines, damage organizational reputation, and frustrate employees, affecting costs and related functions like recruitment and retention. While preventing errors is crucial, traditional methods for handling these challenges are often costly and ineffective.

Businesses are ready for an innovation — a solution that offers something greater than the sum of its parts. Finding a time-efficient, cost-effective, innovative, and globally adaptable solution

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AI is revolutionizing payroll management by providing real-time insights, reducing errors, and enhancing employee satisfaction.

that can grow with the organization demands taking stock of the entire system and adding something more: an ecosystem approach.

HOW AI CAN HELP

Artificial intelligence (AI) presents a significant opportunity to transform payroll functions and enhance efficiency. By automating data collection and analysis, AI can identify trends and anomalies, providing real-time insights into payroll performance.

This technology can help monitor payroll metrics, track progress against targets, and identify areas where additional investment or action is needed. By leveraging AI, companies can improve the accuracy and reliability of their payroll processes while freeing up time and resources for more strategic activities.

CASE STUDY: AI-DRIVEN PAYROLL SOLUTIONS

Many organizations face the challenge of managing complex international payroll operations. One company needed a quick and accurate communication platform with their employees that would answer country- and employee-specific payroll questions within a broader global payroll operations environment.

Weighing the desired outcomes and challenges, the company implemented

an AI-driven payroll chatbot. This chatbot addressed employee payroll questions efficiently and accurately, providing accessible answers to employee questions easily and quickly. The cloud-enabled development of a large language model helped create a payroll chatbot capable of answering complex employee questions.

The chatbot solved the company's payroll needs in a way that was efficient for them as the employer, but it was also incredibly effective and beneficial for their employees. After the initial launch of a pilot version, the company scaled it to an enterprise-ready payroll chatbot that answered complex payroll questions by using an underlying large language model and vast compliance data. This solution helped reduce the burden on the employer while personalizing the employee experience.

In very real terms, there were improvements across the board in providing accurate answers to queries, employee satisfaction, and first call resolution. There was also an overwhelming decrease in cost to serve. This is just one example of how AI can help accelerate and improve payroll management while simplifying the workload.

AN INTEGRATED GLOBAL PAYROLL SOLUTION

Taking control and driving efficiency with an integrated global payroll solution involves transforming global payrolls through a unified managed services approach, integrating domestic, mobile, and global payroll services. A centralized, modular platform handles the complexities of an international workforce, connecting legal, advisory, and compliance knowledge for an integrated payroll experience.

In today's fast-paced world, where talent is the key resource, managing the payroll of an increasingly international workforce has become complex and time-consuming. The rapid pace of regulatory compliance, labor and privacy law changes, managing the life experience of employees, and the scarcity of payroll talent are just a few of the hurdles that organizations face. Traditional payroll models struggle to keep up with modern business demands and new ways of working. The risks of noncompliance, data privacy issues, and the high costs and inefficiency of managing multiple vendors are significant challenges.

Taking initiative involves governance, oversight, and control. It means having single-process ownership across employee entitlement, compliance requirements, and pay distribution. This approach provides a unified view of data, reduces duplication, ensures consistent decisions and reporting, and offers a holistic view of talent and compliance, enabling organizations to plan.

Driving efficiency requires providing direct access to all subject-matter experts and enabling effective risk management across the entire employee population. It helps reduce cost and labor leakage that occurs with disparate vendors, duplication of effort, gaps in essential knowledge and process, and inadequate business controls.

Additionally, it improves in-house technology and data assets. Planning enhances the employee experience through advanced technology, streamlined processes, and easy access to on-the-ground knowledge. It also reduces the cost of developing and modifying technology.


THE FUTURE OF PAYROLL

A next-generation payroll managed service approach combines global reach and deep capabilities, consistent multi-service integration, and direct access to teams across the globe. Across payroll, labor and employment law, and mobility, teams can work together collaboratively to meet workforce compliance needs wherever they are. Global processes, technology, and data models are smoothly integrated, providing a single, cohesive, high-quality service.

Access to core service delivery without subcontracting to third parties helps ensure effective communication and improved performance. Being part of an ecosystem facilitates the provision of comprehensive solutions beyond payroll, leveraging deep knowledge to address unique challenges.

Organizations can address global payroll operational and service challenges by leveraging AI technology to create innovative solutions, such as a payroll chatbot. The proper use of AI can help simplify employer workload, answer complex payroll employee queries, provide regulatory compliance information, and enhance employee experience, leading to increased operational efficiency.

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