

# Export council to downgrade 2025 targets

THE Export Development Council (EDC) said it will downgrade the export targets for 2025 and beyond contained in the Philippine Export Development Plan (PEDP).

"We are definitely revising it downward because of the many uncertainties in the global environment," EDC Executive Director Bianca Pearl R. Sykimte told reporters on the sidelines of National Exporters Week.

"But we are quite optimistic with the Trump administration that hopefully it will provide us a window of opportunity to pursue a bilateral free trade agreement with the US," according to Ms. Sykimte, who is also the Trade department's Export Marketing Bureau director.

She said 2024 exports will miss the PEDP target for this year,

which is \$143.4 billion, but will exceed the \$107 billion target set in the Philippine Development Plan (PDP).

"The PDP is the bottomline commitment of the exporting community to contribute to the overall plan," she said.

The revised targets could be issued next year, she said.

She said electronic products could weigh on the overall

performance of exports even when other products perform well.

"Coconut exports picked up, and actually a few other sectors grew significantly. But it is just that a big chunk of what we export are electronics. So whatever movement there is in that sector really defines the movement of the overall merchandise exports," she said.

"But in services, we are still looking at double-digit growth," she added.

Asked if the recently ratified Philippines-South Korea Free Trade Agreement (FTA) will have any bearing on export growth next year, she said, "The question is, would it be enough to pull up everything?"

"But based on the historical performance of our bilateral

FTAs, right after the entry into force of the agreement, there is a trade surplus with that country," she said.

The Philippine Statistics Authority reported exports of \$55.67 billion in the nine months to September, up 1.1%.

Meanwhile, exports of services totaled \$24.9 billion in the first half, up 11.4%. — **Justine Irish D. Tabile**

## Government urged to fund crops other than rice



PHILIPPINE STAR/ MIGUEL DE GUZMAN

THE Philippine Chamber of Agriculture and Food, Inc. (PCAFI) said that the government needs to fund more crops beyond rice, citing food sufficiency concerns.

In a briefing on Monday, PCAFI President Danilo V. Fausto said the Department of Agriculture's (DA) budget has had too much of a focus on rice production.

"High-value crops have contributed 33% of the agricultural output in crops and rice is only 23%. Yet (we are) still pouring everything into rice," he added.

For the DA budget of P200.19 billion, about P31.4 billion was allocated to the National Rice Program.

Funding to support rice farmers mainly comes from the Rice Competitiveness Enhancement Fund (RCEF), which is financed by tariffs collected on imported rice, as authorized by the Rice Tariffication Law of 2019 or Republic Act No. 11203.

"Pouring in money is welcome. But as we go and plant rice, and we always say we are rice-centric, we need to plant new food. We have to have new ways of planting our food and modernize," he said.

He added that the tariffication law includes a provision that allows excess rice tariff collections to help rice farmers diversify into other crops.

"There's so much (demand) for rice, and we cannot produce (all of it); therefore we will always be importing. We can produce high-value crops, but we have not given the budget to develop high-value crops," Mr. Fausto said.

On Monday, President Ferdinand R. Marcos, Jr. signed Republic Act 12078 or the measure amending the Agricultural Tariffication Act, which tripled the annual allocation of RCEF to P30 billion and extended it until 2031.

Mr. Fausto said despite billions being earmarked to support rice production through RCEF,

disbursement for mechanization remains slow.

"Anything additional to the budget of the DA is always welcome... The problem is in the implementation, and we need to look into that," he added.

Meanwhile, Mr. Fausto said that irrigating rice planting areas remains a challenge due to the country's geography.

"We are an archipelago. We cannot produce rice like India or Vietnam or Thailand. We are composed of islands and it's difficult to irrigate," he added.

He said that the average yield per hectare for rice remains below the yield targeted under RCEF.

Palay or unmilled rice production is expected to fall to 19.3 million MT this year due to the combined effects of the dry conditions brought by El Niño and the increased rainfall due to La Niña, according to the DA. — **Adrian H. Halili**

## NFA Oct. palay procurement hits 123,561 MT

THE National Food Authority (NFA) said on Monday that it procured 123,561 metric tons (MT) of palay, or unmilled rice, in October, equivalent to 2.47 million sacks of 50 kilograms each.

In a report, the NFA said the October procurement was 79.98% of its target of 154,497 MT.

"Increase in the procurement as compared to the preceding months can be attributed to the good harvest of the main cropping season and the implementation of the Council-approved Price Range Scheme (PRICERS) for palay procurement activity," the NFA said.

The PRICERS program sets a buying range of palay per province at prices designed to be competitive against prices offered by traders.

The NFA had approved a price range of P23 to P25 pesos per kilogram of dry palay.

The NFA is targeting a palay inventory of 435,000 MT before the end of the year. It is required to maintain a rice reserve equivalent to about nine days' demand.

As of Oct. 31, the NFA's inventory of milled rice was 244,724.78 MT or 4.89 million sacks.

"It should be noted that NFA's inventory is 9.10% of the national rice inventory," it added.

The national rice inventory rose to 2.46 million MT in November, according to the Philippine Statistics Authority. — **Adrian H. Halili**

## Asialink gets \$115-M working capital boost backed by ADB to support SMEs

THE Asian Development Bank (ADB) said it signed an agreement with Asialink Finance Corp. to help provide \$115 million in working capital to support lending to small- and medium-sized enterprises (SMEs), with a focus on female-owned companies.

"The financing package consists of a \$50-million loan from ADB, \$50 million from HSBC through the HSBC ASEAN Growth Fund, and \$15 million from Security Bank Corp.," ADB said in a statement.

The ADB said this expected to increase Asialink's total loans to SMEs from P8.8 billion (around \$150 million) to around P13 billion, with more than half of the financing dedicated to SMEs that are women-owned.

It is expected to almost double Asialink's female entrepreneur borrower network to at least 20,000 and introduce tailored offerings to female business owners.

"Nonbank financial institutions play a key role in providing services to unbanked SMEs. This partnership between ADB and Asialink will enhance SMEs' access to finance, especially for women

entrepreneurs who face greater challenges in obtaining capital," ADB Vice-President for Market Solutions Bhargav Dasgupta said.

The financing gap for Philippine SMEs was estimated at around P67 billion to P180 billion, the ADB said, adding that half of the SMEs owned by men transact using bank accounts, compared to 24% of female-owned ones.

Additionally, 14% of SMEs led by men have received approval for bank loans, against 4% for female-led ones.

"This partnership with ADB marks a transformative milestone in Asialink's mission to empower SMEs across the Philippines, especially women-owned businesses that remain underrepresented in the financial sector," Asialink Finance Corp. Chief Executive Officer Robert B. Jordan, Jr. said.

Established in 1997, Asialink is a leading nonbank financial institution with 247 branches nationwide.

It offers secured lending to SMEs, accepting motor vehicles as collateral. SMEs account for more than half of its portfolio. — **Aubrey Rose A. Inosante**

### OPINION

## Business permit renewal: A yearly reminder

### LET'S TALK TAX JOHN ALEXIS S.B. SUMULONG

clearance as a reference, pay the corresponding clearance fee, and secure the document swiftly. Once the barangay clearance is secured, the applicant may then proceed with processing the business permit, most commonly known as the Mayor's permit.

The common documents required for the renewal of the business permit are as follows. The actual documents required by the LGUs may vary:

- Barangay clearance;
- A copy of the prior year's business permit and official receipt as proof of payment of previous year's LBT.
- Filled-up renewal application form;
- Valid local insurance policy or Comprehensive General Liability (CGL) official receipt;
- SEC registration, articles of incorporation, or latest general information sheet;
- Cedula, sanitary permit, and fire safety insurance certificate (FSIC)
- BoI/PEZA/CDA Certificate of Registration and Certificate of Tax Exemption for registered entities enjoying exemption from local business tax, such as those enrolled under 5% GIT.
- Proof of ownership of the building, or contract of lease for the building used in the business;
- Audited financial statements
- Payment of the local business tax

When applying for a business permit renewal, ensure that all required documents are ready. The application can be submitted as early as Jan. 1 and must be completed by Jan. 20. The deadline may be extended by the respective LGUs.

Given the significant paperwork, limited timeframe, and simultaneous

applications from all businesses, the process often leads to delays and long queues, making the process challenging. It is advisable to prepare and secure the necessary documents as early as possible. As stated above, some LGUs may grant extensions for valid reasons, but keep in mind that these extensions often apply only to the payment of local business taxes and not to the processing of the renewal itself. Always check the specific terms of the extensions provided by your LGU.

### PAYMENT OF THE LBT AND COMMON CHALLENGES

The LBT that taxpayers must pay is calculated based on the gross sales or gross receipts for the previous year (e.g., gross sales/receipts for 2024 will be used for the January 2025 renewal). The applicable tax rate varies depending on the LGU, in line with the provisions and limitations set by the Local Government Code. These rates also differ according to the type of business activity, meaning entities with multiple business lines may be subject to varying rates for each activity.

Typically, gross sales or receipts are evidenced by financial statements or income tax/VAT returns. However, since few taxpayers have these documents ready by Jan. 20, a sworn declaration of gross sales/receipts is required as an alternative to substantiate the prior year's figures. In some instances, LGUs may request VAT returns from Q1 to Q3 to validate the sworn declaration's reported amounts. Additionally, local treasurers may conduct post-renewal checks by examining the taxpayer's books and accounting records once audited financial statements are finalized. Take note that any discrepancies between the initial declared amount and the finalized figures may result in a deficiency LBT assessment.

One common issue faced by taxpayers is the arbitrary increase of the tax base without legal justification. This practice assumes that all companies consistently and gradually grow their gross sales/receipts due to their profit-driven nature. However, such assumptions have been discouraged by BLSG Memorandum Circular No. 01-001-2017. Despite this, there are still instances where the LBT is calculated using a tax base higher than what was declared in the supporting documents provided. Unfortunately, paying the LBT is mandatory for the release of the business permit, leaving taxpayers with limited immediate recourse. If a taxpayer finds the assessed tax amount unreasonable, they may opt to pay the amount determined by the LGU and dispute it afterward.

Taxpayers may choose to pay their annual LBT in full by Jan. 20 or opt for installment payments due within the first 20 days of each subsequent quarter. It is important to note that failing to meet the prescribed deadline can result in penalties, including a surcharge of up to 25% of the due taxes, fees, and charges, along with an interest rate of up to 2% per month on the unpaid amount. This interest can accrue for a maximum period of 36 months.

Additionally, failure to pay the LBT constitutes non-renewal of the business registration, which can lead to the closure of the business. These significant penalties serve as a strong incentive for taxpayers to ensure the renewal process is completed successfully and on time.

### SOMETHING NEW FOR RBES

Recent updates to tax laws aim to foster the growth of businesses in specific industries. The CREATE and CREATE MORE Laws provide tax incentives for registered business enterprises, covering both local and national taxes.

Under the CREATE MORE Act (Republic Act No. 12066), LGUs, through ordinances issued by their respective Sanggunian, may levy an RBE local tax of up to 2% of an RBE's gross income. This applies to businesses enjoying an Income Tax Holiday (ITH) or operating under the Enhanced Deduction Regime (EDR). The RBE local tax replaces all local taxes, fees, and charges imposed by the LGU under the Local Government Code, simplifying tax payments for registered enterprises.

Meanwhile, businesses under the Special Corporate Income Tax (SCIT) rate are exempt from local business taxes since the 5% tax on gross income, of which 2% is allocated to the LGU, already substitutes for national and local taxes.

As the law does not specify the timeline or procedures for paying the RBE local tax under the new law, businesses should monitor the implementing rules and regulations, announcements, and ordinances issued by their LGUs for detailed guidelines.

Renewing a business permit is an annual task that taxpayers plan for. I hope that getting ready for this process won't clash with the joy and festivities as the year comes to a close. All endings are also beginnings, and as we step into the new year, I'd like to share another quote, this time from Abraham Lincoln: "Give me six hours to chop down a tree, and I will spend the first four sharpening the axe." Wishing you all a wonderful holiday season!

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### GETTING STARTED

While specific requirements may vary among LGUs, the steps for renewal are generally similar across most cities. The first step typically begins at the barangay level, where businesses need to obtain a barangay clearance. This step is usually straightforward and can often be completed within a day or even less. Businesses can use their previous year's