

Philippine salary growth projected at 5.5% in 2025

AVERAGE SALARIES in the Philippines are projected to grow 5.5% in 2025, against the actual rise of 5.2% in 2024, according to a study by a global consultancy firm.

“The average salary increase of 5.5% in 2025 underscores the competitive landscape for talent and highlights the ongoing commitment by organizations in (the) Philippines to invest in their workforces,” Floriza I. Molon, Mercer Philippines Business Leader, said in a statement on Wednesday.

Philippine companies allocate 1% of their payroll budgets to promotions and 3% to account for market adjustments, according to Mercer’s 2024 Total Remuneration Survey, released on Dec. 2.

The consultancy said the factors that could influence salary adjustments next

year include inflation and an organization’s competitiveness in the labor market.

Some 97% of companies plan to revise their remuneration strategies next year, the study found.

Nine out of 10 respondents are now implementing short-term incentive plans like bonuses, it said.

Some 22% of companies have started offering long-term incentives like stock options, against 19% in 2023.

“It is crucial for (human resources) leaders to adopt a holistic approach to total compensation. This includes

salary adjustments, short- and long-term incentives, as well as addressing the evolving well-being needs of employees,” Ms. Molon added. — **Chloe Mari A. Hufana**

FULL STORY



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Semiconductor industry hoping EU pursues its own CHIPS Act

THE Semiconductor and Electronics Industries in the Philippines Foundation, Inc. (SEIPI) said it is hoping the European Union (EU) legislates its own version of the US CHIPS and Science Act.

At a panel discussion at the EU-Philippines Business Conference on Wednesday, SEIPI President Danilo C. Lachica said he hopes the EU makes similar moves to further diversify its semiconductor supply chain.

“The US CHIPS Act carves out about \$52.9 billion to onshore semiconductor wafer fab manufacturing back to the US,” Mr. Lachica said.

“The EU (may) want to bring in the capacity... so it will be less

dependent on Taiwan and China for semiconductors,” he added.

In connection with such a shift, he said: “I’m hoping to see more investment poured into the Philippines for semiconductors and electronics,” he said.

“We have a growing integrated circuit (IC) design industry. We have about six companies. Unfortunately, none of them are from the EU, and I hope to see investment from there,” he added.

He said the biggest EU semiconductor company operating in the Philippines is STMicroelectronics, adding that he hopes the EU will consider IC design, wafer fab, and assembly, test, and packaging operations in the Philippines.

In 2023, the semiconductor industry exported \$45.6 billion, or 62% of all Philippine commodity exports, according to Mr. Lachica.

“Of the top five export destinations of the Philippines, four are in Asia, and one in the US. Hong Kong is the top export destination, close to 30%. The US is number two, and there’s been a turnaround, with China now number three,” he said.

“But for the EU, the top two destinations are essentially Germany at about 4.9%, and the Netherlands at about 2.5%. So, between the two of them, close to about \$4 billion, which is, like I said, we’d like to see grow,” he added.

He said that the Philippine semiconductor and electronics industry lost ground during the previous administrations as capital fled in response to incentive rationalization.

“But the good news is that our new administration is fixing those with the Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE) Act and other incentives,” he said.

“So, we are very optimistic about announcing that the Philippines is back. It’s a strong, open industry, both for investors as well as exporting to the EU,” he added. — **Justine Irish D. Tabile**

Compliant power cooperatives to be granted exemption from local taxes

ELECTRIC COOPERATIVES (ECs) found compliant with the financial and operational standards set by the National Electrification Administration (NEA) will be exempt from tax, fees, and charges imposed by local government units (LGUs), according to the Department of Energy (DoE).

The Energy and Finance departments signed a joint memorandum circular on Wednesday which set the guidelines for ECs availing of the preferential tax treatment.

The arrangement is governed by the Republic Act (RA) No. 7160 or the Local Government Code of 1991 and RA No. 10531 or the National Electrification Administration (NEA) Reform Act of 2013.

“This local tax exemption is a significant milestone for our qualified ECs, as it directly translates to reduced financial burdens that can be reinvested into improving services and achieving 100% total electrification,”

Energy Secretary Raphael P.M. Lotilla said in a statement.

“By reducing these costs, we empower them to focus on expanding access to electricity, especially in unserved and underserved areas, ensuring no Filipino household is left behind,” he added.

Local taxes are collected by provinces, cities, municipalities, and barangays. They include real property tax, business tax, franchise tax, and tax on transfer of real property ownership.

The circular requires ECs to obtain an annual certificate of compliance from the NEA, demonstrating their adherence to the regulator’s prescribed financial and operational standards.

To qualify for the certification, the cooperatives must achieve at least a 75% rating based on NEA’s compliance parameters.

These parameters include maintaining high collection efficiency, achieving positive net worth, meeting system reliabil-

ity and system loss standards, conducting annual general membership assemblies and district elections as scheduled, implementing electrification projects to attain 100% customer connection, and submitting complete and timely reporting requirements to the NEA.

However, all ECs remain subject to regulated and reasonable administrative costs imposed by LGUs, in accordance with the Joint Memorandum Circular No. 2019-01 signed by the Department of the Interior and Local Government (DILG) and the Department of Finance (DoF).

“This circular established the guidelines for reasonable rates of regulatory fees and services charges levied by LGUs. These costs include fees for business permits, mayor’s permits, barangay clearances, community tax certificates, and other charges such as those for water consumption, electricity, and toll fees,” the DoE said.

The NEA will issue the guidelines governing the issuance of certificates of compliance within 15 days from the effectivity of the joint circular, according to the DoE.

In a separate statement, the NEA said that the circular “addresses crucial gaps in the finances of ECs, enabling them to access certain tax privileges and incentives, which would redound eventually to the benefit of their respective organizations and member-consumer-owners.”

NEA Administrator Antonio Mariano Almeda said that the measure “proves the government’s commitment to fostering equitable financial support to all ECs, without distinction, while ensuring their compliance with operational standards.”

The Philippine Rural Electric Cooperatives Association, Inc. (PHILRECA) welcomed the signing of the circular between the DoE and DoF.

“We at PHILRECA welcome today’s signing of the joint memo-

randum circular, which aims to provide guidance to local government units on the availment of preferential rights of electric cooperatives,” PHILRECA Executive Director and General Manager Janeene Depay-Colingan said in a statement.

According to the circular, the Bureau of Local Government Finance (BLGF) will be responsible for the dissemination of the circular to all LGUs through the local treasures for implementation and monitoring the compliance of LGUs, the association said.

The BLGF will also provide technical assistance to LGUs.

Asked to comment, Jonathan L. Ravelas, senior adviser at professional service firm Reyes Tacandong & Co., said that the tax exemption could have implications for local government revenue.

“Local governments may experience a reduction in revenue due to the loss of taxes and fees

previously collected from these cooperatives,” Mr. Ravelas said via Viber.

“The significance of this foregone revenue will depend on the number of cooperatives in each locality and their respective contributions to the tax base,” he added.

The NEA supervises 121 ECs.

The policy could encourage more ECs to comply with financial and operational standards, potentially leading to more efficient and reliable electricity services, Mr. Ravelas said.

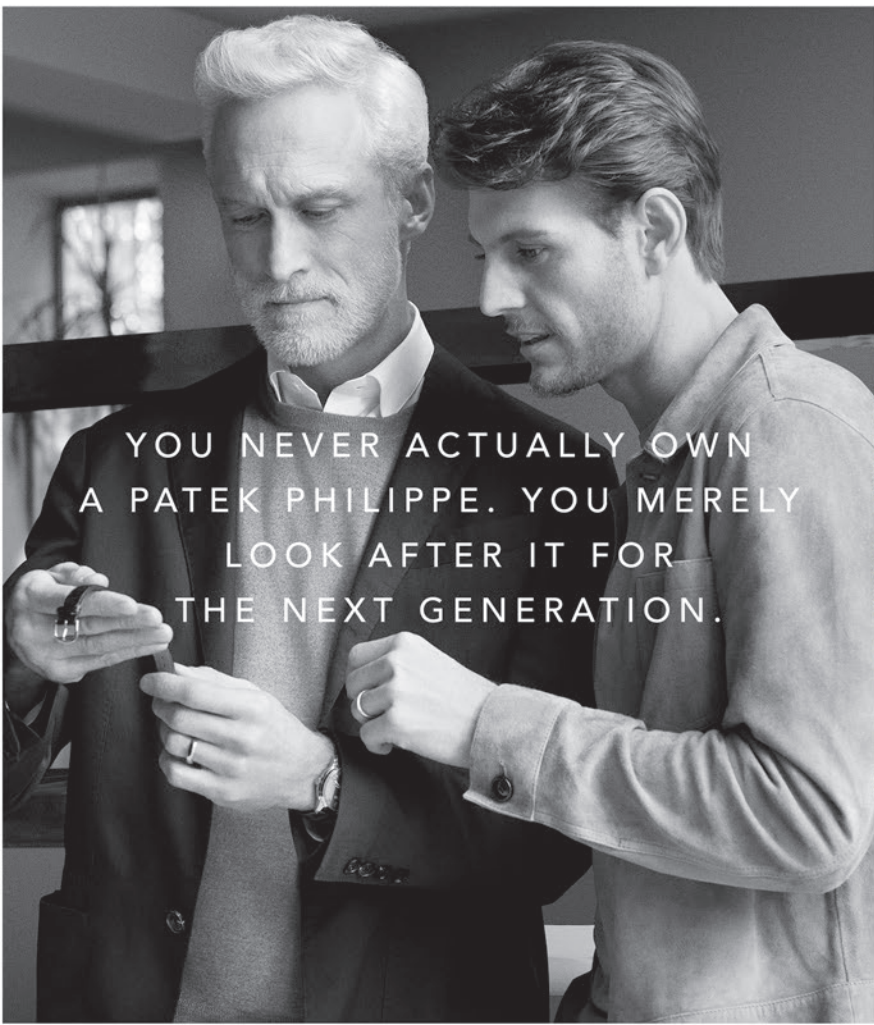
“Improved energy infrastructure can stimulate local economic activity, which might offset some of the lost revenue through increased business operations and employment,” he said.

“In the long run, the overall economic growth spurred by better electricity services could enhance the local tax base, potentially leading to higher revenues from other sources,” he added. — **Shelden Joy Talavera**



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