

Philippine Stock Exchange index (PSEi)					6,107.66	▼45.81 PTS.	▼0.74%	THURSDAY, JANUARY 30, 2025 BusinessWorld		
PSEi MEMBER STOCKS										
AC Ayala Corp. P549.00 -P3.50 -0.63%	ACEN ACEN Corp. P3.40 -P0.08 -2.30%	AEV Aboitiz Equity Ventures, Inc. P33.90 +P0.15 +0.44%	AGI Alliance GlobalGroup, Inc. P7.50 -P0.40 -5.06%	ALI Ayala Land, Inc. P24.50 -P0.15 -0.61%	BDO BDO Unibank, Inc. P141.50 -P0.50 -0.35%	BLOOM Bloomerry Resorts Corp. P3.97 -P0.03 -0.75%	BPI Bank of the Philippine Islands P124.50 -P1.00 -0.80%	CNPF Century Pacific Food, Inc. P40.85 +P1.00 +2.51%	CNVRG Converge ICT Solutions, Inc. P17.10 +P0.20 +1.18%	
DMC DMCI Holdings, Inc. P11.16 -P0.14 -1.24%	EMI Emperador, Inc. P18.06 +P0.20 +1.12%	GLO Globe Telecom, Inc. P2,288.00 +P8.00 +0.35%	GTCAP GT Capital Holdings, Inc. P526.00 -P23.00 -4.19%	ICT International ContainerTerminal P351.00 +P1.80 +0.52%	JFC Jollibee Foods Corp. P236.60 -P5.40 -2.23%	JGS JG Summit Holdings, Inc. P17.28 -P0.02 -0.12%	LTG LT Group, Inc. P11.18 -P0.10 -0.89%	MBT Metropolitan Bank& Trust Co. P68.85 -P1.35 -1.92%	MER Manila Electric Co. P468.60 -P5.40 -1.14%	
MONDE Monde Nissin Corp. P6.90 -P0.09 -1.29%	NIKL Nickel Asia Corp. P2.64 -P0.38 -12.58%	PGOLD Puregold Price Club, Inc. P27.50 -P0.25 -0.90%	SCC Semirara Mining and Power Corp. P36.00 -P0.20 -0.55%	SM SM Investments Corp. P795.00 -P27.00 -3.28%	SMC San Miguel Corp. P81.50 -P0.50 -0.61%	SMPH SM Prime Holdings, Inc. P24.05 +P0.55 +2.34%	TEL PLDT Inc. P1,323.00 +P12.00 +0.92%	URC Universal Robina Corp. P64.35 -P0.45 -0.69%	WLCON Wilcon Depot, Inc. P8.54 +P0.14 +1.67%	

Stock tax cut seen to boost market appeal

By John Victor D. Ordoñez
Reporter

A RECENTLY passed bill that will cut the tax on stock transactions to 0.1% from 0.6% is expected to make the Philippine stock market more appealing to investors, according to economists, who also cited the need for the government to educate Filipinos on how to invest.

“The lower tax is a welcome development, but more reforms are needed to broaden and deepen the stock market in the Philippines,” Enrico P. Villanueva, a senior lecturer at the University of the Philippines Los Baños Economics Department, said in an X message.

“Education and proper orientation about the market and its potential returns are needed. There have to be investments in education and time as well.”

He added that a lower tax on stock purchases would likely boost profit margins for Philippine stock market participants.

The Senate on Monday approved on final reading Senate Bill No. 2865, or the Capital Markets Efficiency Promotion Act,

which aims to make the country’s capital market more competitive with its regional peers.

In the 2024 Capital Market Review of the Philippines published by the Organization for Economic Cooperation and Development (OECD), the number of newly listed firms and capital raised through initial public offerings (IPO) in the Philippines have been the lowest in the Association of Southeast Asian Nations (ASEAN) since 2000.

The cost of listing on local stock exchanges varies significantly across different countries, and the Philippines is no exception. When comparing the initial listing fees on the main equity markets, the Philippines stands out with a fee of 0.10% of the market capitalization for companies with a market cap of \$150 million, according to the OECD report. This is relatively higher compared to its regional peers: Indonesia and Malaysia both charge 0.01%, Thailand charges 0.05%, and Singapore is slightly higher at 0.06%.

For equity markets dedicated to growth companies, such as those with a market capitalization of \$10 million, the Philippines charges 0.10% of the market cap.

This is comparable to Indonesia at 0.11% and Malaysia at 0.12%, while Singapore charges 0.24% and Thailand is lower at 0.03%.

Under the bill, a final tax rate of 10% will be imposed on cash and property dividends received from a local corporation, joint stock company, mutual fund, or on the share of an individual in the net income of the entity.

The House of Representatives passed a counterpart bill in March, which also seeks to lower the tax on dividends for non-resident investors to 10% from the current 25%.

“The Philippines is currently one of the more expensive markets in terms of transaction costs,” Eleanor L. Roque, tax principal of P&A Grant Thornton, said in a Viber message.

“So, lowering the stock transaction tax is a step in the right direction to making our stock market more attractive and competitive to its peers in the region.”

Based on a forecast by the Philippine Stock Exchange, the lowered 0.1% stock transaction tax would boost stock trading to P4.9 trillion by 2029.

On Tuesday, the value of shares traded on the local bourse rose to



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P5.64 billion with 1.53 billion issues changing hands from P5.44 billion with 1.14 billion shares traded on Monday.

Senator Sherwin T. Gatchalian, who sponsored the Senate bill, said the bill’s passage would make it easier for Filipinos to invest in the stock market and spur growth in the Philippine capital market.

But Leonardo A. Lanzona, who teaches economics at the Ateneo de Manila University, said the move would likely only favor rich Filipinos who can afford to participate in the capital market.

It will also set a 15% tax rate on net capital gains during a taxable year on shares of stock in domestic and foreign corporations.

Resident foreign corporations and their regional operating headquarters will be required to pay a minimum corporate income tax of 10% on their taxable income.

But foreign corporations not engaged in trade or business in the Philippines shall pay a tax of 25% of their gross income during each taxable year.

The bill also imposes a final tax of 20% on interest or monetary benefits earned from any currency bank deposit, trust fund, or similar arrangement.

“Cutting transaction taxes will also just boost financial profits without really leading to greater investments in the real economy,” Ibon Foundation Executive Director Jose Enrique “Sonny” A. Africa said in a Viber message.

“A better direction for tax reform would be a billionaire wealth tax and more progressive taxation on high incomes to generate public revenues for investment in social services and micro, small, medium enterprises.”

BW ONE-ON-ONE

How AI is helping Maynilad reduce water loss

By Sheldeen Joy Talavera
Reporter

WEST ZONE concessionaire Maynilad Water Services, Inc. is leveraging artificial intelligence (AI) to enhance its water supply services by addressing pipe leaks, its chief operating officer (COO) said.

“One of our top priorities this year is to further reduce non-revenue water (NRW). To achieve this, we are integrating new technologies to enhance our leak detection capabilities,” Maynilad COO Randolph T. Estrellado said in an interview with *BusinessWorld*.

To augment water supply, Mr. Estrellado said that the company is “actively reducing NRW” through pipe-laying, pipe replacement, and AI-powered leak detection.

NRW refers to water that is not billed and is lost through leaks or illegal connections.

For 2025, the company has allocated P10 million for the use of AI technology in leak detection.

“Integrating AI into our operations strengthens our efforts to reduce NRW by enhancing and complementing our existing leak detection tools,” Mr. Estrellado said.

With the use of AI, the company was able to detect pipe leaks and monitor pipe conditions, allowing it to replace pipelines more efficiently.

“Basically, all we do is input the pipe sizes, the quality types of pipes, when they were installed, and the repair history. The AI processes that information and tells us where it thinks the next leak is going to be or



RANDOLPH T. ESTRELLADO

where the pipes may be more vulnerable, just using that information,” Mr. Estrellado said.

“And that’s also been very productive,” he added.

Maynilad has tapped Portugal-based AGS, a subsidiary of Marubeni Corp., for its AI technology called Infracore. During its pilot run in 2023, the AI software was able to identify 1,525 leaks covering 750 kilometers of pipelines.

Maynilad Water Holdings Company, Inc. — a joint venture between Metro Pacific Investments Corp. (MPIC), DMCI Holdings, Inc., and Marubeni — took control of Maynilad in 2007.

When the consortium took over the company, NRW was at 68%, which it managed to bring down to 39%, said Mr. Estrellado.

“Of course, that’s still high, and we have even more aggressive targets in the coming years. We’re committed to bringing it down to 24% by the end of this rebasing period,” Mr. Estrellado said, referring to the 2023-2027 rate rebasing period.

He said that Maynilad is acquiring Pipa Hydrocam LS, a tethered camera for internal pipe inspections, and undergoing pilot testing of Gaill and Sim-On Water, which use hydraulic simulations through a “digital twin” of its system to enable more efficient outage management.

Moreover, the company is also exploring ways to fully leverage big data analytics.

“By analyzing historical and real-time data, we aim to gain actionable insights that will strengthen water quality monitoring, improve operational efficiency, elevate customer service, and support our sustainability objectives,” Mr. Estrellado said.

Maynilad is the largest private water concessionaire in the Philippines in terms of customer base, according to its website.

Republic Act No. 11600, signed into law on Dec. 10, 2021, granted Maynilad a 25-year legislative franchise until 2047 to establish, operate, and maintain a waterworks system and sewerage and sanitation services in the west zone service area of Metro Manila and Cavite province.

The law states that Maynilad should offer at least 30% of its outstanding capital stock within five years from the grant of the franchise.

Maynilad Chairman Manuel V. Pangilinan has said that the company is in talks with banks in preparation for its planned initial public offering.

This year, the company is expecting several projects to come online, including the Julian Modular Treatment Plant in Imus, the Pasay NEW WATER Facility, and the newly constructed deep wells. These projects combined are projected to yield an additional 33 million liters per day (MLD).

On the wastewater side, Mr. Estrellado said that two sewage treatment facilities in Muntinlupa are currently undergoing testing and commissioning: the Tunasan and Cupang Water Reclamation Facilities. These are targeted for full operational capacity this year.

Once fully operational, Cupang can treat up to 46 MLD of wastewater, while Tunasan has a designed capacity of 20 MLD.

“Our outlook for demand and water infrastructure projects is outlined in our approved business plan, which aims to secure the growing water needs of our customers in the service area, driven by population growth and industrialization,” Mr. Estrellado said.

Under the plan, Maynilad aims to achieve 95% 24-hour, 7 per square inch water availability by 2027, progressing to 100% by 2032.

MPIC, which has a majority stake in Maynilad, is one of three Philippine units of Hong Kong-based First Pacific Co. Ltd., the others being Philex Mining Corp. and PLDT Inc. Hastings Holdings, Inc., a unit of PLDT Beneficial Trust Fund subsidiary MediaQuest Holdings, Inc., has an interest in *BusinessWorld* through the Philippine Star Group, which it controls.

House panel may discuss ABS-CBN franchise next week

By Kenneth Christiane L. Basilio
Reporter

A HOUSE of Representatives committee may start discussing proposals seeking to provide media company ABS-CBN Corp. with a fresh 25-year franchise by next week, a congressman said on Thursday.

Parañaque Rep. Gus S. Tambunting, who heads the House legislative franchises panel, said they will “scrutinize” the measures seeking to give ABS-CBN a new franchise to operate, four years after lawmakers denied its initial franchise renewal application.

“I’m trying to set a meeting next week,” Mr. Tambunting told *BusinessWorld*. “I’m still waiting for the documents, but I already asked the committee secretary for them.”

The prospects of providing ABS-CBN a new franchise gained attention in early January after Albay Rep. Jose Ma. Clemente S. Salceda filed the latest measure to allow the media giant to operate radio and television broadcasting stations.

Five bills seeking to provide ABS-CBN with a new franchise have been filed since 2022.

The House legislative franchises panel would likely discuss the measures next week, said Mr. Tambunting. “There’s no approval, we’ll only discuss it.”

He said lawmakers would look at the “feasibility” of providing ABS-CBN a new franchise. He did not elaborate.

“We have to look at the feasibility of the whole thing, that’s what we need to do.”

ABS-CBN was forced to halt its broadcast operations in May 2022 after ex-president Rodrigo R. Duterte’s allies in Congress denied its franchise renewal application owing to alleged tax issues and violations of its original franchise terms.

“The stock price may experience volatility, with sharp increases and potential pullbacks, as traders react to news updates from the hearings,” Globalinks Securities and Stocks, Inc. Head of Sales Trading Toby Allan C. Arce said in a Viber message.

He said trading activity will likely surge as short-term traders aim to make a profit on the potential outcomes of the hearing.

“Any indications of opposition or delays in the legislative process could temper investor enthusiasm and lead to short-term selloffs,” he said. “Speculative trading might dominate next week, with spikes in both buying and selling activity.”

April Lynn Lee-Tan, chief equity strategist at COL Financial Group, Inc., said via Viber: “It might have a positive impact like before.”

ABS-CBN shares retreated by 2.22% or P0.11 to P4.84 apiece on Thursday.