



Digital media VAT seen raising over P102 billion

THE value-added tax (VAT) on digital media and advertising is projected to bring the government P102.12 billion in revenue by 2029, a Department of Finance (DoF) official said.

“We hope that... a lot of the DSPs (Digital Service Providers) will comply, so that we really reap the benefits of this measure,” DoF director and Organization for Economic Co-operation and Development Representative Euvimil Nina R. Asuncion told reporters on the sidelines of an event on Wednesday.

Republic Act No. 12023, which imposes a 12% value-added tax on digital services providers, both resident and non-resident, was signed into law in October.

The DoF expects to collect P7.25 billion in 2025 from VAT on DSPs and P21.37 billion in the following year.

In 2027, it projects collections of P22.81 billion, followed by P24.42 billion in 2028, and P26.27 billion in 2029.

The estimates assume that 80% of the tax base represents non-resident DSPs, with 20% consisting of resident DSPs.

Non-resident DSPs are to be subject to the 12% VAT rate as they are assumed to have no input VAT.

Meanwhile, resident DSPs are subject to the 7% net VAT rate as they are assumed to have an input VAT of 5% of the tax base.

Ms. Asuncion said the VAT on DSPs is expected to take effect on May 16, with the revenue regulations to be released on Jan. 16.

The VAT on digital services portals is also scheduled to go live on March 31.

The Development Budget Coordination Committee targets have taken into account the revenue assumptions from DSPs, Ms. Asuncion noted.

She also said DSPs can be expected to increase subscription prices, but added that any hikes would not be substantial.

“For the smallest subscriptions, we see a very minimal increase in the price if they follow the 12% VAT rate,” she said. — **Aaron Michael C. Sy**

Tax exemption on ABS transfers takes effect

THE Bureau of Internal Revenue (BIR) said a tax exemption on secondary trade and transfers of asset-backed securities (ABS) has taken effect.

“The sale or transfer of assets to the SPE (Special Purpose Entity), including sale or transfer of any and all security interest thereto, made in accordance with the Securitization Plan, shall be exempted from value-added tax (VAT) and documentary stamp tax (DST), or any other taxes imposed in lieu thereof,” the BIR said in a circular dated Jan. 8.

“Secondary trades and subsequent transfers of ABS, including all forms of credit enhancement in such instruments, shall be exempt from DST and VAT, or any other taxes imposed in lieu thereof,” it added.

The transfer of assets to settle a debt, also known as dacion en pago, will exempt both the payor and the recipient from capital gains tax.

“The transfer of assets by dacion en pago by the obligor in favor of the obligee shall not be subject to capital gains tax,” the BIR said.

“The original issuance of ABS and other securities related solely to such securitization transaction, such as, but not limited to, seller’s equity, subordinated debt instruments purchased by the originator, and other related forms of credit enhancement shall be exempt from VAT, or any other taxes imposed in lieu thereof, but shall be subject to DST,” the BIR added.

Income gained from the ABS will be subject to a 20% final withholding tax, but yields from any low-cost or socialized-housing related ABS will be exempt from income tax.

However, the income generated to be exempted will have to come from the securitization of the mortgage and housing-related receivables of government housing agencies, or must be certified by the Department of Human Settlements and Urban Development and the Department of Finance. — **Aaron Michael C. Sy**

Tobacco industry backs pause in excise tax hike to deter smuggling

THE Philippine Tobacco Institute (PTI) said on Thursday that a pause in raising excise taxes on tobacco could steer consumers away from smuggled cigarettes and stabilize prices of legitimate products.

“By pausing the annual excise tax increases, the prices of legitimate products such as cigarettes can stabilize and decrease the incentive for consumers to purchase illicit smuggled products,” PTI President Jericho B. Nograles told a Senate hearing looking into the illicit trade of tobacco products.

“The second reason is the moratorium period can also strengthen enforcement measures against illicit trade.”

The Philippines imposes an excise tax of P60 per pack of 20 cigarettes while vape products are levied a P54.60 per milliliter (mL) tax for salt nicotine and P63 per 10 mL tax for classic nicotine products,

according to the excise tax rates prescribed by the Bureau of Customs for 2024.

The Bureau of Internal Revenue said on Tuesday that it collected P130.91 billion in tobacco excise taxes in the first 11 months of 2024, well behind the pace needed to hit the year’s target of P185.34 billion.

Mr. Nograles also cited Singapore’s imposition of a similar moratorium, which he said eventually boosted tax collections.

The PTI is also calling for the government to revisit the tax system and to come up with a single excise tax rate for all vapor products to simplify collection and implementation, he said.

Mr. Nograles also pushed for the Department of Justice to aggressively go after smugglers, illicit importers, and traders of tobacco products.

In September, President Ferdinand R. Marcos, Jr. signed into law

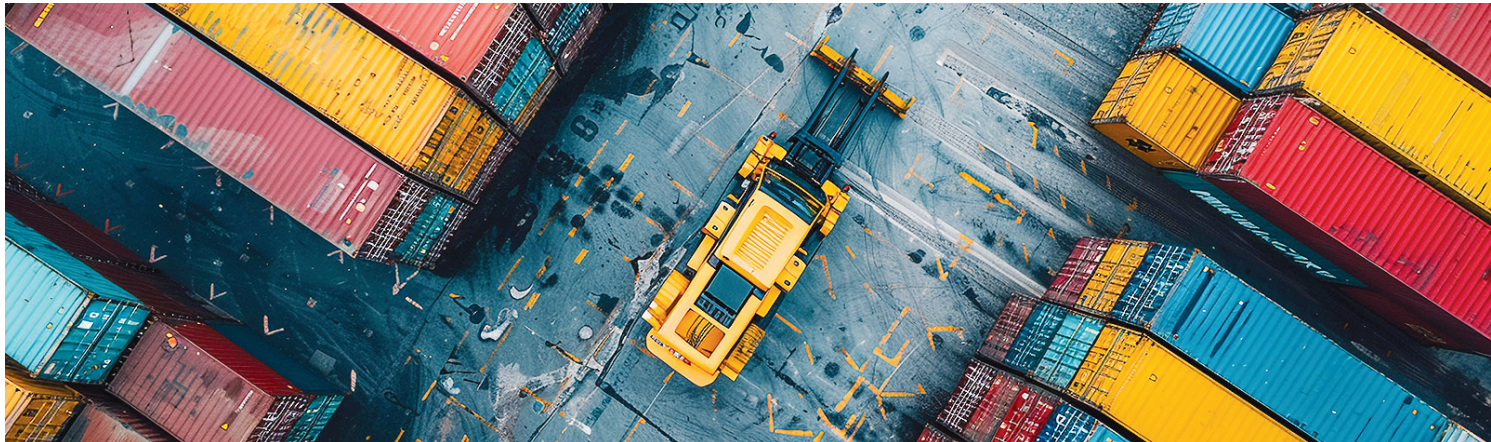
a measure classifying agricultural smuggling, hoarding, profiteering, and financing of these crimes as acts of economic sabotage.

Republic Act No. 12022, or the Anti-Agricultural Economic Sabotage Act, imposed a fine equivalent to five times the value of smuggled or hoarded agricultural products, with violators also under threat of life imprisonment.

The law treats smuggling and hoarding of agricultural products as economic sabotage when the value of goods exceeds P10 million.

“Illicit tobacco trade created imbalanced and inequitable conditions against the legitimate tobacco industry,” Mr. Nograles said.

“The tobacco industry is happy to pay taxes so long as the illicit trade is kept at bay, as it undermines so many other government efforts.” — **John Victor D. Ordoñez**



ICTSI’s P2.35-B Iloilo port project registered with BoI

THE Board of Investments (BoI) said it approved a P2.35-billion project of the International Container Terminal Services, Inc. (ICTSI) to modernize, manage, and operate the Visayan Container Terminal in Iloilo.

In a statement on Thursday, the BoI said that it awarded the certificate of registration to the ICTSI project, which aims to transform the old Iloilo Commercial Port Complex into a state-of-the-art facility.

“The project is part of a 25-year Port Terminal Management Contract between the Philippine Ports Authority and ICTSI,” the BoI said.

“The modernization effort will include investments in advanced cargo handling equipment,

cutting-edge information technology systems, and enhanced civil infrastructure, setting a new benchmark for service quality in the region,” it added.

It is expected to generate over 3,000 jobs and improve the port’s operational efficiency, expand its cargo handling capabilities, and enhance connectivity, which are intended to attract new investment to Panay and neighboring areas.

The Iloilo port’s upgrades will accommodate large foreign vessels and boost cargo capacity, the BoI said.

These include the deployment of mobile harbor cranes with a reach of 46 meters and a lifting capacity of 100 tons, which allow the port to handle containerized, bulk, general, and project cargo.

“This initiative is vital to our national development, facilitating the movement of goods and people across our islands and strengthening our position in international trade,” BoI Managing Head Ceferino S. Rodolfo said.

According to the BoI, ICTSI will oversee the project’s core services, including infrastructure investment, port maintenance, container terminal management, and passenger terminal operations.

With its registration, the Visayan Container Terminal modernization project is entitled to a three-year income tax holiday followed by five years of enhanced deductions and duty-free imports of equipment.

The government views the project as a step towards positioning the country as “Southeast Asia’s premier hub for sustainable manufacturing and services.”

In the first nine months of 2024, the transportation and storage industry contributed P779.54 billion to gross domestic product and accounted for the employment of 3.85 million.

“The Visayan Container Terminal Project will further bolster these figures, enhancing the industry’s impact on the national economy,” the BoI said.

“With its advanced capabilities and robust infrastructure, the project solidifies Iloilo’s role as a major trade and commerce hub in the Western Visayas region,” it added. — **Justine Irish D. Tabile**

Corn production to be disrupted by rains

BAD WEATHER is expected to disrupt corn production this year after rains forced some farmers to alter their planting schedules, according to the Philippine Maize Federation, Inc. (PhilMaize).

“Bad weather, typhoons, and heavy rains caused delays in planting in some areas. There are some that have completed their planting, while for others, planting is still ongoing,” PhilMaize President Romualdo I. Elvira, Jr. said via Viber.

The government weather service, known as PAGASA, noted an increased likelihood of heavy rains and tropical cyclone activity during the coming month due to the persistence of La Niña conditions in the tropical Pacific.

Planting season for corn in the Philippines typically starts in October and ends in February.

According to the Philippine Statistics Authority, corn production may have declined 1.5% to 1.93 million metric tons (MT) due to a decline in the area planted to corn.

Mr. Elvira added that despite the weather, the forecast of better corn prices this year could bolster production.

“We are optimistic that corn prices will be better this year.

Market price appreciation will contribute much to the growth of production,” he said.

He added that better post-harvest facilities could provide a boost in improving corn supply.

“Provision of large capacity dryers and storage facilities nationwide is a tremendous impetus on production, that could create surplus,” Mr. Elvira said.

The Department of Agriculture (DA) said it is seeking to increase the production of corn crops to meet at least 81% of domestic demand.

Yellow corn, feed wheat, soybeans, and sorghum are raw materials for animal feed. These materials are imported when domestic output cannot meet demand.

White corn is used for human consumption.

Mr. Elvira added that further growth in demand for corn may be driven by the increased demand from the poultry, pet food and food industry.

The DA’s National Corn Program is seeking to increase yellow corn yields to 5.17 MT per hectare this year, with the target set at 2.29 MT per hectare for white corn. — **Adrian H. Halili**

Camp John Hay Golf Club members withdraw complaint against BCDA

THE Bases Conversion and Development Authority (BCDA) said members of Camp John Hay Golf Club withdrew their complaint against the state-owned corporation.

“A group of Camp John Hay Golf Club members moved to withdraw their case filed before the Baguio Regional Trial Court, signaling their willingness to build a partnership with the new management of the golf course,” the BCDA said.

The BCDA announced this week that management of the golf club has been taken over by a consortium led by Golfplus Management, Inc. on an interim basis.

BCDA President and Chief Executive Officer Joshua M. Bingcang said that the withdrawal of the complaint

is a positive step towards the smooth transition to new management of the Camp John Hay Golf Course.

“We want to assure the public that new and former players will continue to enjoy premium golf course services, and that the workforce will be taken care of by our new interim partners, Golfplus and DuckWorldPH,” Mr. Bingcang said.

The BCDA recently regained control of Camp John Hay, including the golf course, following an Oct. 22 Supreme Court resolution, which allowed BCDA to recover the 247-hectare property from CJH Development Corp. — **Justine Irish D. Tabile**

PHL undernutrition seen costing economy \$8.5 billion each year

UNDERNUTRITION in the Philippines is estimated to cost the economy up to \$8.5 billion a year, according to Nutrition International’s Cost of Inaction Tool.

“In the Philippines, the cost of inaction is estimated to be \$8.5 billion per year,” Nutrition International Health Economics Project Director Dylan Walters said in a briefing late Wednesday.

“A similar relative economic cost of around 2% of gross national income (GNI) is (attributed to) malnutrition,” he added.

The Cost of Inaction Tool estimates the health, human capital and economic costs

of inaction on stunting, low birthweight and anemia in women and children across over 140 countries.

“As we know, child nutrition has a major effect on human capital loss, as well as educational performance and cognitive loss. That is a significant irreversible human capital deficit that we should be paying more attention to,” Mr. Walters said.

The annual cost of stunting in the Philippines is estimated at \$8.1 billion or 1.9% of GNI, accounting for the bulk of the estimated losses. — **Luisa Maria Jacinta C. Jocsón**