

Green energy auction attracts bids for 7,500 MW in RE capacity

THE third green energy auction (GEA-3) attracted 7,500 megawatts (MW) worth of bids to construct renewable energy (RE) plants, exceeding the auction goal of 4,650 MW, the Department of Energy (DoE) said on Wednesday.

"The aggregate capacity of accepted bids underscores the growing confidence of investors and developers in the Philippine RE sector," the DoE said in a statement on Wednesday.

At the auction on Feb. 11, the DoE received offers totaling 6,700 MW for pumped-storage hydropower projects in Luzon, against the target of 4,000 MW. The auction also hits 250-MW target for pumped-storage hydro in the Visayas.

Pumped storage hydropower can perform as an energy storage facility that can complement generation from variable renewable energy sources such as solar and wind, but can also inject power into the grid.

At present, the only pumped storage hydro facility in the country is the government-owned Kalayaan 1 and 2 plants in Laguna with capacity of over 300 MW.

Impounding hydro projects attracted 550 MW worth of bids, against the target of 300 MW. This technology is a type of hydroelectric power plant that uses a dam to store water in a reservoir.

Meanwhile, geothermal attracted bids for 30.887 MW, well below the 100 MW target.

Overall, the auction round received offers for 14 projects, with delivery periods of between 2025 and 2035.

In an advisory last month, the department identified 12 qualified bidders, including the units of Lopez-led First Gen Corp. and San Miguel Corp., for the 21 power projects on offer.

The DoE said that three qualified bidders withdrew prior to the auction, one did not submit a bid, and three were disqualified due to failure to submit the required documents.

The GEA program promotes renewable energy as a primary source of energy, with bidders undergoing competitive selection. The government is hoping

to increase the share of renewable energy in the power mix to 35% by 2030 and to 50% by 2040.

The DoE is hoping to award contracts to the winning bidders starting June 6.

"The GEA underscores the Department's commitment to creating a fair and competitive environment for RE development, ensuring transparency, innovation, and deployment of cost-effective RE technologies across the country," the DoE said.

This year, the government is set to conduct two more auctions focusing on integrated renewable energy and energy storage systems and offshore wind power. — **Sheldeen Joy Talavera**



Procurement Service, SEC to sign agreement on data-sharing next month

THE Department of Budget and Management (DBM) and the Securities and Exchange Commission (SEC) are expected to sign an agreement to share data on companies that participate in government procurement.

Budget Undersecretary Goddes Hope O. Libiran said the Data Sharing Agreement will be signed on March 14.

The SEC and the DBM's Procurement Service will "share relevant information about corporations and other registered/licensed entities that participate in government procurement," PS Executive Director Genmaries S. Entredicho-Caong, the executive director of PS-DBM told *BusinessWorld* via Viber.

The data that will be shared with the PS will include beneficial ownership information.

"These data may contain personal information and sensitive personal information such as but not limited to the complete name, specific residential address, date

of birth, nationality, tax identification number," she said.

Also covered by the deal are information on stakes held by incorporators, stockholders, directors, trustees, members, officers, and beneficial owners of registered corporations, or stakes held by partners in the case of partnerships.

The PhilGEPS is administered and managed by PS-DBM.

Ms. Caong said users of the Philippine Government Electronic Procurement System (PhilGEPS), which are procuring entities, suppliers, auditors, and civil society organizations, can access information about bidders and contract awardees, including their beneficial owners.

"We will sign an agreement together with the SEC to share their documents and information," Budget Secretary Amenah F. Pangandaman said in a television appearance on *Money Talks with Cathy Yang*. — **Aubrey Rose A. Inosante**

MAP calls for tax hike freeze, efficient spending

THE Management Association of the Philippines (MAP) urged Congress and President Ferdinand R. Marcos, Jr. to halt tax increases meant to sustain government expenditure, citing the need to fix what it described as wasteful spending.

MAP rejected the need to raise estate, donor's, and capital gains taxes on the transfer of property classified as capital assets, which it said is being contemplated by the Department of Finance (DoF).

"Instead of implementing much-needed reforms to cut wasteful expenditures, reduce bureaucratic inefficiencies, and curb corruption, the administration continues to burden law-abiding citizens with higher taxes," it said in a letter addressed to Mr. Marcos dated Feb. 7.

Finance Secretary Ralph G. Recto in December 2024 pushed for a tweaked fourth package of the Comprehensive Tax Reform Program, which was initiated in 2018.

Mr. Recto also urged legislators to consider the tweaks instead of the now-approved Capital Markets Efficiency Promotions Act (CMEPA), which was ratified by the House of Representatives and Senate last week. The proposal seeks to cut stock transaction tax to 0.1% from 0.6% to boost Philippine capital markets.

The DoF's Government Revenues Optimization through Wealth Tax Harmonization (GROWTH) proposal could yield about P300 billion by 2030, the DoF said in a letter to the Senate last year.

"The proposed increase in estate and donor's taxes, as well as the proposed increase in capital gains tax on transfers of real properties classified as capital assets, from 6% to 10%... is not only unjust but also detrimental to economic growth, wealth transfer and the financial well-being of Filipino families," MAP said in its letter.

"There was a proposal to this effect during the bicameral panel of CMEPA that would have increased estate and donor's taxes. We jointly decided to set it aside for now," Albay Rep. Jose Maria Clemente S. Salceda, who heads the House tax panel and is a member of the bicameral conference committee that harmonized the capital markets reform bill, told *BusinessWorld* via Viber.

The government should instead look at fully implement-

ing the Real Property Valuation and Assessment Reform Act and adjust car users' tax rates before touching transfer tax rates, he added.

"I will study the GROWTH proposal when it's forwarded to the House. But right now, there is no constituency for higher transfer taxes," Mr. Salceda said.

MAP also pushed the government to rein in what it sees as "excessive government spending" before raising taxes.

"Instead of taxing inheritance further, the government should focus on streamlining tax collection, eliminating unnecessary projects, and prioritizing essential services that truly benefit the people," it said, urging the government to practice "responsible" fiscal management. — **Kenneth Christiane L. Basilio**



Trade department budgets P800 million for shared-service facilities

THE Department of Trade and Industry (DTI) said that up to P800 million has been budgeted for shared service facilities (SSF) projects this year.

Trade Secretary Ma. Cristina A. Roque made the remarks on the sidelines of the opening ceremony of Propak Philippines 2025, adding: "Some of the funds have already been used to buy machinery. So now, there is P600 million worth of machinery that needs to be purchased," she added.

The SSF program is the DTI's flagship project to improve the productivity of micro, small and medium enterprises (MSMEs) by giving them access to

mechanization and related technology.

"Usually these include packaging, printing, bottling, and so many other machinery," she added.

Ms. Roque said that Propak Philippines exhibits packaging equipment that its organizers hope will advance industrialization.

She cited concerns about after-sales services and training that need to accompany machinery new to the market. "For us to be able to buy machinery for shared service facilities, they must have repair and after-sales services."

"We also need to constantly train the people that will use these machines," she added.

Asian Packaging Federation President Joseph Ross A. Jocson said: "Sustainability is no longer a trend in packaging; it is a necessity. Consumers are increasingly demanding eco-friendly choices, and businesses are (under) growing pressure to reduce their environmental footprint."

"This means embracing sustainable packaging solutions that minimize waste, use recycled materials, and are designed for circularity," he added.

According to Ms. Roque, the Philippine packaging industry is lagging its ASEAN peers.

"If you put (Philippine products and their products) side by side, their packaging is better, but ours taste better," she said.

"But since the packaging of our counterparts is nicer, their products are the ones being bought," she added.

This year's Propak event is called "Investing in the Future of Sustainable Packaging and Processing through Technology, Innovation, and Thought Leadership."

Due to rain between Feb. 12 and 14, the event is expected to attract 12,000 trade buyers. — **Justine Irish D. Tabile**

OPINION

CREATE MORE: A better version of the CREATE law

In November, Republic Act 12066 (otherwise known as CREATE MORE), which amended CREATE, was finally signed into law. The new law seeks to enhance the competitiveness of the Philippines' incentive regime.

As we anticipate the issuance of the implementing rules in the coming weeks, enterprises registered with Investment Promotion Agencies (IPAs) are curious as to how this new law will potentially affect their registrations and incentives availments going forward.

Today, I'd like to discuss the salient features and significant changes under CREATE MORE that will directly impact registered business enterprises (RBE) insofar as their existing registered and future/new projects are concerned.

One of the notable changes is the coverage of the VAT zero-rating incentive enjoyed by RBEs. A lot of us may recall that before CREATE, all purchases of goods and services of RBEs were entitled to 0% VAT without distinction. However, CREATE limited this by providing that only expenses which are "directly and exclusively used" in the registered activity are entitled to VAT zero-rating. While the limitation was made with the intention of restricting the incentives to those expenses that actually formed part of the registered activities, several issues were raised during its implementation, particularly in determining

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which expenses or purchases qualified for these incentives. Eventually, this resulted in additional administrative requirements on both the RBEs and their suppliers, as they needed to prove that their expenses qualified for VAT zero-rating.

CREATE MORE now expands the coverage by using the term "directly attributable," which refers to goods and services that are incidental to and reasonably necessary for the registered project or activity of the RBE. This includes janitorial security, financial, consultancy services, marketing and promotion, and administrative functions such as human resources, legal and accounting. Interestingly, these were the expenses that were previously specifically disallowed for VAT zero-rating in the implementing rules of CREATE. Thus, the amendment brings much relief to both RBEs and their suppliers. The IPA is vested with the authority to determine what is "directly attributable" depending on the registered project or activity of the RBE.

Another significant amendment under CREATE MORE is the reduction of the corporate income tax (CIT) rate ap-

plied to RBEs availing of the Enhanced Deductions (ED) incentive. Under CREATE, those under ED were generally subject to the 25% regular CIT. Under CREATE MORE, those availing of ED are now entitled to the lower CIT rate of 20% on income arising from the registered activity/project.

Contrary to some misconceptions, it is worth noting that the reduced CIT rate only applies to the RBEs availing of the ED incentive. Regular corporations not registered with IPAs are not entitled to the lowered CIT rate. The lower CIT rate for ED may have been introduced to make the ED regime a more viable option, along with the 5% Special Corporate Income Tax (SCIT) regime.

A crucial gap that CREATE MORE seeks to address is the imposition of Local Business Tax (LBT) on RBEs that are availing of the Income Tax Holiday (ITH) and ED incentives. While it is settled that those under the SCIT regime are paying the 5% in lieu of national and local taxes, the same is not clearly provided for those under ITH and ED. Even in practice, we have observed that Local Government Units (LGU) have differing views and rules on this issue.

CREATE MORE now includes an item specifically dedicated to RBE Local Tax (RBELT) among the list of incentives under Section 194 (F). Under this newly added provision, LGUs may pass an ordinance imposing an RBELT for those under ITH and ED, at a rate of

not more than 2% of the RBE's gross income. The 2% RBELT shall be in lieu of local fees and charges that the LGU imposes. No RBELT may be collected from RBEs under the SCIT.

As to the order of availment, under CREATE, the ITH should be availed of first, followed by SCIT or ED, with the choice between SCIT and ED required to be made at the start, when the RBE is applying for IPA registration. Under CREATE MORE, SCIT or ED may be availed of outright, without having to go through ITH first. This means that in the first year of commercial operations, the RBE may already enjoy either the SCIT or ED regime. This is expected to give RBEs flexibility especially if directly availing of SCIT or ED will be more beneficial to the company.

With respect to imports, the duty exemption incentive now covers capital equipment, raw materials, spare parts, or accessories "directly attributable" to the registered activity (instead of "directly and exclusively" under CREATE), and goods used for administrative purposes. Also, CREATE MORE now allows imports prior to issuance of the Certificate of Registration (CoR). In the past, registration with the IPA must be completed first, as evidenced by the CoR, before tax and duty-free imports are allowed.

Under CREATE MORE, imports prior to the issuance of the CoR are allowed on the condition that the RBE

posts a performance bond or bank guarantee equivalent to the duties and taxes waived. While a performance bond will result in additional cost to RBEs, this is still expected to benefit them as it will reduce the time involved in setting up their facilities in preparation for the start of commercial operations.

In the spirit of Valentine's Day, let me end this with a quote about hope that is often shared to those who have loved and failed — *when love visits you again, may it be safe, secure, genuine and reassuring*. May CREATE MORE (as an improved version of CREATE) give RBEs and investors such a level of assurance of the Philippines' earnest efforts towards improving the investment landscape through the notable positive changes it offers.

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