PHILIPPINE STAR/ EDD GUMBAN

Pork prices seen falling in next few weeks

THE Department of Agriculture (DA) said on Wednesday that pork prices are expected to fall in the next few weeks, citing improving production and an industry commitment to reducing market prices.

In a briefing, Undersecretary Arnel V. de Mesa said pork producers, traders, and retailers have agreed to review their cost structures ahead of the imposition of a maximum suggested retail price (MSRP) for the commodity.

"Within March, there will be decreases in pork prices. There have been agreements among stakeholders in the hog industry that there should be a reduction in prices," Mr. De Mesa said at a briefing.

He said farmgate prices of pork have fallen to as little as P214 per kilo from P250-260 last month.

"Now we're seeing P220-230," he said.

Malacañang has said certain cuts such as *kasim* (shoulder) and *pigue* (leg) could fall to between P350 to P360 per kilo by March 10, citing an update from Agriculture Secretary Francisco P. Tiu Laurel, Jr.

The prices of *liempo* (belly) could fall to P380 per kilo, it said.

Meanwhile, Mr. De Mesa said the pork MSRP will be implemented gradually.

Mr. Laurel has said the scheme will likely be implemented by March 10. — **Kyle Aristophere T. Atienza**

Maharlika considering broadband as focus of next investment move

THE Maharlika Investment Fund said it will look into investing in broadband connectivity projects after it achieves deal closing on its previous two investments.

Asked if the sovereign wealth fund has talked with telecommunications companies about its connectivity plans, Maharlika Investment Corp. (MIC) President and Chief Executive Officer Rafael D. Consing, Jr. said: "Not yet, but once we are done closing our first two investments, we will start looking at this space."

It announced a $75.4-million bridge loan facility for Makilala Mining Co., Inc. on Feb. 24.

It also signed a P19.7-billion deal to buy 20% of Synergy Grid and Development Philippines, Inc., giving it a foothold in the National Grid Corp. of the Philippines.

However, Mr. Consing said "it is too early to discuss" the specifics of the connectivity plan.

In a recent interview with CNN International, Mr. Consing said the main potential investment areas are "energy security, food security, mining, basically, of critical minerals, and also broadband connectivity across the nation."

The MIC and the Thailand's Charoen Pokphand Group Co., Ltd. also announced that it will set up a private equity fund to raise up to $1 billion for investing in agriculture and food production, digital innovation, and sustainable energy.

Mr. Consing told *BusinessWorld* in January that healthcare was also a priority, with preparatory work looking into the industry expected this quarter. — **Aubrey Rose A. Inosante**

BW FILE PHOTO

4 Japan companies pledge to invest P23.5B in PHL

FOUR Japanese firms are looking to invest P23.5 billion in the Philippines, the Department of Trade and Industry (DTI) said, citing the results of a recent roadshow.

Trade Secretary Ma. Cristina A. Roque was in Japan earlier this week as the guest in two separate roundtables with the Keizai Doyukai, an association of corporate executives, and the Keidanren, the federation of Japanese businesses, the DTI said.

"The companies we met span diverse industries, including renewable energy, railways, fashion, information technology, business process outsourcing, artificial intelligence, and even entertainment," Ms. Roque said in a statement on Wednesday.

"Many expressed interest in expanding their existing operations or establishing new ventures in our country. I leave Japan energized by the strong interest shown by these potential investors, which I hope will translate into actual investments that create employment opportunities," she added.

During the Japan trip, Ms. Roque, together with Special Assistant to the President on Investment and Economic Affairs Frederick D. Go, led discussions with Nidec Corp. on exploring the expansion of the company's manufacturing footprint in the Philippines.

"Discussions centered on Nidec's existing gearbox production and its strategic interest in venturing into humanoid robotics manufacturing, leveraging the Philippines' skilled workforce and robust manufacturing ecosystem," DTI said.

Ms. Roque and Mr. Go also convened a strategic meeting with Ibiden Co., Ltd. to explore opportunities in expanding the company's operations in the Philippines.

"The discussions focused on Ibiden's advanced substrate technologies, its current operations within the Philippines, and opportunities for strategic expansion," the DTI said.

"As the nation's sole manufacturer of these critical components, Ibiden plays a vital role in producing high-value semiconductors, supplying industry leaders such as Intel," it added.

Ms. Roque also led discussions with top executives of Sumitomo Corp., focusing on expanding the Japanese trading house's presence in Philippine infrastructure.

"A key focus of the discussion was Sumitomo's potential for increased investment in renewable energy, aligned with the Philippine government's commitment to energy security and reduced carbon emissions," the DTI said.

The Philippines also entered into partnerships with fashion and lifestyle companies Etoile Kaito & Co., Inc. and Adastria Co., Ltd. on March 3.

"These strategic collaborations are set to significantly boost market access for premium Filipino products in Japan, attract substantial retail and supply chain investments, and showcase the nation's rich creative talent on the international stage," the DTI said.

In particular, Etoile will focus on exporting flower vases, gardening pots, wall decor, and fashion accessories like abaca bags and small containers.

"The company highlighted the growing international demand for Philippine-sourced handmade Christmas decor during the winter season and the sustained popularity of abaca, capiz, and shell-finished interiors and accessories during the summer months," the DTI said.

Etoile also shared its plans to introduce Japanese merchandise to the Philippine market through partnerships with local distributors.

Meanwhile, apparel retailer Adastria announced its intent to expand its presence in the Philippines by introducing more brands and exploring local manufacturing opportunities.

The company plans to open new stores in the Philippines and introduce additional brands such as Global Work, Lowry's Farm, and LAKOLE.

"Adastria's expansion into the Philippines with the launch of 'niko and...' is just the beginning of what we hope will be a broader introduction of their diverse brand portfolio into the market," Ms. Roque said. — **Justine Irish D. Tabile**

Tobacco excise tax revenue decline slows

THE Bureau of Internal Revenue (BIR) said the decline in tobacco tax revenue has slowed down compared to the shortfalls of recent years.

On the sidelines of an event in Quezon City, BIR Commissioner Romeo D. Lumagui, Jr. said the collection performance in 2024 was P134.52 billion in 2024, against P134.92 billion a year earlier, which he described as an improvement over the 2023 decline of 15.84%, and the 17.93% 2022 decline.

He said cracking down on the illicit cigarette trade is dangerous and involves sensitive operations, Mr. Lumagui said earlier in the week.

"First of all, what the government is doing is to discourage the consumption of cigarettes. Partly, our Department of Health is working to achieve this," he said.

The BIR destroyed illicit cigarettes with estimated tax liabilities of P6.4 billion in Porac, Pampanga.

"We're focused on raiding and filing cases in connection with the confiscated cigarettes. What we're doing from raids to filing of criminal cases to destruction of the confiscated cigarettes, we're showing that we're serious about this," he said.

The BIR also filed a P8.5-billion tax evasion case against manufacturers and warehouse operators in Bulacan and Valenzuela on Feb. 17.

Overall excise tax collections totaled P303.06 billion last year, up 3.86%. The 2024 reading is well off the 2022 and 2021 totals of P312.20 billion and P317.69 billion respectively.

In 2024, aside from tobacco, all excise tax segments grew their collections with petroleum posting 68.24% growth to P98.27 billion. Cosmetics procedure collections rose 42.43% to P21.23 billion while collections on non-essentials grew 18.92% to P301.89 billion. — **Aubrey Rose A. Inosante**

PHILIPPINE STAR FILE PHOTO/ MIGUEL DE GUZMAN

MEMBERS of the Manila Police District Sta. Ana police station 6 account the boxes of fake cigarettes.

OPINION

Work-from-home rules under CREATE MORE

TAXWISE OR OTHERWISE

AIMEE ROSE DELA CRUZ

How can we forget that time in our lives when we were all forced to stay home? Our homes served as our refuge, and for many of us, they also turned into our workplaces. Undeniably, the work-from-home (WFH) arrangement has allowed businesses to continue as we navigated the pandemic.

Post-pandemic, WFH, or at the very least, hybrid/remote work set-ups, became the preferred option, particularly for the Information Technology-Business Processing Outsourcing (IT-BPO) industry. Section 309 of the Tax Code, as amended by the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE), required business enterprises registered with Incentives Promotion Agencies (IPA) operating within an ecozone overseen by the Philippine Economic Zone Authority (PEZA) must exclusively maintain operations within the "geographical boundaries" of the ecozone (or the IT facility or building in the case of the IT-BPO industry).

In recognition of the IT-BPO industry's contribution in sustaining our economy during the pandemic, a one-time transfer of registration from PEZA to the Board of Investments (BoI) was allowed. The transfer to the BoI enabled PEZA IT-BPO registered business enterprises (RBEs) to continue with their 100% WFH arrangements for existing projects at the time of transfer. The PEZA, however, retained its supervisory functions; thus, enterprises are still governed by its compliance requirements.

While the one-time transfer has helped address the concerns about currently registered projects, it does not extend to new and future projects that the IT-BPOs may have. As such, some investors deferred future investment considering that the available options are limited to either registering the new project with PEZA and adopting full onsite work, or to register with BoI for full WFH benefits — a choice that is not as easy as it may seem.

As noted above, since the "transferred" IT-BPO enterprises remain under PEZA, registering a new project with BoI would entail being registered with two different IPAs. Some RBEs find this administratively burdensome as they would need to deal with two sets of rules and reporting requirements.

The other option is to register with PEZA, which means that the new project has to operate 100% onsite. From a hiring perspective, this did not seem enticing as most talent now seek flexibility, preferring WFH or at the very least, a hybrid arrangement. Full onsite work is not a viable option anymore if RBEs want to remain competitive.

Fortunately, the recently introduced Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE) Act now provides more flexibility with the amendment of Section 309. PEZA RBEs are now allowed to "institute a telecommuting program" under the rules of the Telecommuting Act, which includes WFH arrangements of up to 50% of total workforce, subject to other rules to be formulated by the host IPA.

The Telecommuting Act defines telecommuting as "work from an alternative workplace with the use of telecommunications and/or computer technologies." Since the law took effect in 2018, a few IT/BPO RBEs started implementing it through duly issued Letters of Authority from PEZA, though on a very limited scale. It was, however, only during the pandemic when alternative working arrangements were seriously explored.

Under CREATE MORE, new projects can be registered with PEZA without the need to do full onsite work. Moreover, this option is no longer limited to the IT-BPO industry. RBEs operating in ecozones belonging to other industries may also adopt telecommuting/WFH arrangements. For instance, an export manufacturing enterprise can allow its employees whose functions do not necessarily require full-time onsite work, such as human resource and finance workers, to work remotely.

As clarified in the rules implementing CREATE MORE, the telecommuting/WFH rule only applies to those registered with IPAs administering ecozones, as they are covered by the territorial limitations under Section 309. Those not operating within the ecozone and thus, not geographically bound, are not affected by these provisions. As such, RBEs registered with the BoI are still allowed to operate 100% remotely. Moreover, existing projects whose registrations were previously transferred from PEZA to BoI are allowed to continue adopting full WFH arrangements.

In terms of non-compliance with the 50% threshold for WFH arrangements, CREATE MORE imposes the regular corporate income tax rate only on the excess over the threshold. The excess is computed by averaging all excesses of the RBE in the month of non-compliance. This is a more reasonable penalty as opposed to the old all-or-nothing rule and where the registration with the IPA may be revoked upon failure to comply with the full onsite work requirement.

To implement these rules, the IPAs will be issuing guidelines to govern registration of new projects adopting the telecommuting/WFH arrangements, including the movement of capital equipment and other assets within and outside the economic zones, in consultation with the Bureau of Customs.

The way people work has indeed evolved. From being "stuck" at home during the pandemic and at the office after it, we now see opportunities beyond territorial boundaries. Location is no longer an issue to make things work. I hope this flexibility towards hybrid/remote work will pave the way to greenlighting more new investments entering the Philippines.

The views or opinions expressed in this article are solely those of the author and do not necessarily represent those of Isla Lipana & Co. The content is for general information purposes only, and should not be used as a substitute for specific advice.

AIMEE ROSE DELA CRUZ is a director at the Tax Services department of Isla Lipana & Co., the Philippine member firm of the PwC network.
+63 (2) 8845-2728
aimee.rose.d.dela.cruz@pwc.com