

Diversified trade ties urged in face of Trump tariff letdown

By Chloe Mari A. Hufana

Reporter

THE PHILIPPINES should expand its trade relations with ASEAN, China, and the European Union (EU) in response to the 20% tariff imposed by the US, regardless of the outcome of President Ferdinand R. Marcos, Jr.'s visit to Washington next week, an academic said.

Josue Raphael J. Cortez, who lectures on diplomacy at the College of St. Benilde, said the Philippines needs to prepare to trade with alternative partners if negotiations with the US falter.

The new tariff is higher than the 17% rate initially assigned to the Philippines in early April.

"Should ASEAN members fail to achieve their aim to lower the tariffs, bolstering trade ties with their neighbors would be the way to go," he said via Messenger chat. "It is high time that the bloc members strengthen their trading with one another because trade has been stagnant for the longest time at roughly 20-30%."

Philippine exporters are not expected to be competitive at the 20% tariff, while the narrower differential relative to export competitors also weakens the case for relocating factories here.

Ahead of the Washington meeting, Mr. Cortez said Manila must prepare fallback options if talks fail to result in a tariff rollback.

China remains the Philippines' largest trading partner, with the US coming in third, but the territorial dispute with Beijing complicates the prospect of deeper cooperation.

"Further deepening our economic ties with it can be a boon or a bane for us," Mr. Cortez said.

The South China Sea remains a source of friction with China, with ties between Beijing and Manila at their worst in years in the face of frequent ship-to-ship confrontations in the Philippine exclusive economic zone.

The tariff uncertainty highlights the urgency of bringing ASEAN economies deeper into their integration project.

"It is high time that ASEAN members once again strengthen trading with one another, espe-

cially if they fail to achieve their aim of lowering tariffs with external partners," Mr. Cortez said.

President Donald J. Trump imposed fresh tariffs on key members of the 10-nation bloc, with Vietnam managing to lower its rate to 20% from 46% in April.

Mr. Cortez also pointed to the EU as a potential alternative economic partner should negotiations with the US turn sour. The EU is the Philippines' fourth-largest trading partner and a major source of foreign direct investment.

"Given that we are aligned with it both politically and economically, it will also be a good opportunity for us to further solidify our relationship," he added.

Successful negotiations with Washington this month would bolster Mr. Marcos' diplomatic standing ahead of his State of the Nation Address later this month, according to Mr. Cortez.

"It will not simply show how influential he is as the chief architect of Philippine foreign policy. It may also reflect his regime's commitment to international norms and standards," he said.

A successful negotiation with Washington may signal that Manila is a viable partner for open markets, willing to adjust and adapt to changing times, he noted.

"Despite nuanced views, with some arguing that we are heavily reliant on Washington, we still ascertain as a country that should we find something debilitating to our interests, we will not hesitate to utilize all the possible means for us to renegotiate something for ourselves," he added.

According to a Reuters report last week, Foreign Affairs Secretary Ma. Theresa P. Lazaro confirmed the first meeting between the two presidents.

Ms. Lazaro told Reuters the fresh tariffs will be discussed, among others, with a Philippine delegation bound for Washington this week to negotiate.

A White House official earlier told Reuters the meeting was set for July 22. Philippine officials have announced the dates for the Marcos visit as July 20-22.

The US goods trade deficit with the Philippines widened to \$4.9 billion in 2024, a 21.8% increase from 2023.

SEC affirms 'deemed approved' status of applications if processing timelines missed

THE Securities and Exchange Commission (SEC) said it affirmed the "deemed approved" status of applications if the commission misses the processing timelines set for such transactions.

In Memorandum Circular (MC) No. 7, issued on July 10, the SEC said in the absence of written notice of delay or deficiency, pending applications or requests for a license, permit, certification, accreditation, or authorization will be considered approved if the commission fails to act within the prescribed period.

"This is provided that all required documents were submitted based on the appropriate provided checklist for the transaction," according to the MC.

The SEC's citizen's charter sets a timeline of three working days for simple transactions or routine applications involving minimal discretion. Complex transactions or those that need evaluation or coordination have a processing deadline of seven working days.

Transactions deemed "highly technical" or those that involve financial or legal review or multiple clearances should be processed within 20 working days.

Applications governed by a special law should be processed within the timeline specified in the law.

The citizen's charter conforms to the timelines set in the Ease of Doing Business Act or Republic Act No. 11032.

"The processing time shall be reckoned from the submission of complete documentary requirements," according to the MC.

"All departments and offices of the commission shall ensure that processes and requirements are necessary, consistent, and simplified," the SEC said.

"Piecemeal document requests and comments shall not be tolerated, and every action shall be in line with the commitment to both compliance and convenience for stakeholders," it added.

Earlier this month, President Ferdinand R. Marcos, Jr. directed the SEC to streamline its procedures, remove bureaucratic bottlenecks, and reduce transaction costs within its control to support the implementation of the Capital Markets Efficiency Promotion Act.

One of the law's provisions is the reduction of the stock transaction tax to 0.1% from the previous 0.6% to boost stock market activity. — **Revin Mikhael D. Ochave**

GOCC subsidies down nearly 19% in May

SUBSIDIES provided to government-owned and -controlled corporations (GOCCs) fell 18.73% year on year in May to P7.92 billion, the Bureau of the Treasury (BTr) said.

The Treasury reported that month on month, May subsidies dropped 45.57% from April.

The National Government (NG) extends subsidies to GOCCs to help fund operational expenses not covered by their revenue.

In May, the National Irrigation Administration (NIA) topped the subsidy list with P3.54 billion or 44.72% of the total.

The National Electrification Administration received P1.25 billion and National Food Authority (NFA) P750 million.

The Philippine Fisheries Development Authority was granted P724 million in subsidies in May. It did not receive subsidies in the previous month.

State-run firms on the subsidy list included the Philippine Heart Center (P385 million), the Sugar Regulatory Administration (P208 million), the Philippine Coconut Authority (P170 million), the Philippine Rice Research Institute (P133 million), the National Kidney and Transplant Institute (P124 million), and the Philippine Children's Medical Center (P120 million).

Other GOCCs obtaining subsidies exceeding P50 million include the Development Academy of the Philippines (P77 million), the Light Rail Transit Authority (P74 million), the Cultural Center of the Philippines (P60 million), the Lung Center of the Philippines (P59 million), the National Dairy Authority (P58 million), the Philippine Institute for Development Studies (P44 million), the Center for International Trade Expositions and Missions (P27 million) and the Philippine Insti-

tute of Traditional and Alternative Health Care (P20 million).

Those receiving less than P20 million were the People's Television Network, Inc. (P18 million), the Metropolitan Waterworks and Sewerage System (P14 million), the Aurora Pacific Economic Zone and Freeport Authority (P10 million), the Philippine Tax Academy (P10 million), the Philippine Center for Economic Development (P9 million), and the Subic Bay Metropolitan Authority (P8 million).

The Southern Philippines Development Authority, The Tourism Infrastructure & Enterprise Zone Authority, and the Zamboanga City Special Economic Zone Authority all received P7 million in May.

Receiving no subsidies were the Land Bank of the Philippines, the Small Business Corp., the National Housing Authority, the National Power Corp., the Phil-

ippine National Railways, the Bases Conversion Development Authority, the Intercontinental Broadcasting Corp.-13, the Philippine Crop Insurance Corp., the Power Sector Assets and Liabilities Management Corp. (PSALM), and the Tourism Promotions Board.

"This could be part of the fiscal reform measures to (limit) subsidies to GOCCs (to) priority and mission-critical items for economic growth and development," Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said over the weekend.

In order to plug the budget deficit, profitable state-run firms with surpluses have been requested to remit more dividends, he said.

As of May 15, the Department of Finance had collected P76 billion in GOCC dividends. — **Aubrey Rose A. Inosante**

BIR, LANDBANK offer easier foreign DSP VAT

THE Bureau of Internal Revenue (BIR) and the Land Bank of the Philippines (LANDBANK) said they signed an agreement to streamline the payment of value-added tax (VAT) by foreign digital service providers (DSPs).

"This Memorandum of Agreement (MoA) outlines the agreement between two government agencies to collaborate in the collection of Value-Added Tax on Digital Services (VDS) through a dedicated portal," the BIR said in a statement over the weekend.

The MoA was signed on July 8.

The BIR previously extended the registration of all non-resident digital service providers to July 1 due to the unavailability of the VDS portal and the online registration and update system.

President Ferdinand R. Marcos, Jr. signed the law imposing VAT on DSPs in October.

"LANDBANK will serve as the solution provider for the VDS portal to establish a platform where foreign DSPs can file and pay their VAT," the BIR said.

As of the end of May, BIR collections rose 13.8% to P1.35 trillion.

The Department of Finance has said that the government will generate P102.12 billion in revenue from the VAT on DSPs between 2025 and 2028. — **Aubrey Rose A. Inosante**

OPINION

Transforming the role of accountants

IN BRIEF:

- Accountants are transitioning from traditional roles to strategic partners within organizations, offering insights into business strategy and risk management.
- The demand for specialized skills is on the rise, particularly in areas such as environmental, social, and governance (ESG) reporting and data analytics, requiring strong communication and relationship-building abilities.
- Artificial intelligence (AI) and digital technologies are automating routine tasks, enabling accountants to focus on higher-value activities and enhancing their long-term career prospects.

SUITS THE C-SUITE CYRIL JASMIN B. VALENCIA

As the profession continues to evolve, lifelong learning becomes imperative for accountants.

position allows them to gain a comprehensive understanding of the company's financial health and overall performance.

Accountants and finance leaders are increasingly recognized as trusted stewards of financial integrity and strategic advisors to management and the board. They provide essential insights into business strategy, risk management, and performance enhancement, a trend that is expected to continue growing.

THE NECESSITY FOR SPECIALIZED SKILLS
As the role of accountants expands, so does the demand for specialized skills. The complexity of regulations and compliance requirements has surged, requiring accountants to stay informed about evolving international accounting standards, tax regulations, and financial and sustainability reporting obligations. The growing emphasis on transparent and credible environmental, social, and governance (ESG) disclosures further highlights this need. Accountants must be skilled at translating intricate financial and non-financial data into clear, accessible language for a diverse range of stakeholders.

Moreover, there is an increasing expectation for integrated services, prompting accountants to extend their expertise beyond traditional accounting

and tax functions. They must cultivate strong relationships with stakeholders to understand their unique challenges and deliver tailored solutions.

For example, accountants will need a solid understanding of cybersecurity principles to safeguard sensitive financial information and ensure compliance with data protection regulations. Familiarity with cloud computing and automation tools further enhances their ability to work efficiently and accurately in a digital landscape. Accountants are also increasingly required to possess knowledge in ESG reporting, enabling them to prepare and analyze reports that comply with global standards. They must also understand sustainable finance principles, assessing the financial implications of various sustainability initiatives.

A strong grasp of economic analysis is likewise crucial, as it helps them interpret regulatory compliance, economic indicators and trends that inform financial decision-making and strategic planning. In risk management, accountants must be adept at identifying, analyzing, and mitigating financial and operational risks within their organizations. They need to implement effective compliance risk management frameworks to control regulatory risks.

To meet these expectations, accountants are leveraging big data and analytics tools to provide insights and predictive analyses. Techniques in data visualization are already enhancing the communication of complex financial information. To navigate these evolving demands, soft skills such as effective communication, digital literacy, and emotional intelligence are becoming increasingly valuable.

EMBRACING AI FOR ENHANCED PRODUCTIVITY

For years, accountants have been encouraged to adopt digital technologies to alleviate the burden of repetitive tasks. The rise of artificial intelligence (AI), particularly generative AI (GenAI) and agentic AI, is revolutionizing the profession. Routine activities like data entry, reconciliation, and reporting are being automated, allowing accountants to focus on higher-value tasks and strategic advisory roles that facilitate informed decision-making.

However, investing in technology is only part of the solution. A human-centric approach is essential for successful transformation. Technology investments must be complemented by a focus on people development. Beyond merely boosting productivity, AI investments are crucial for enriching the experience for accounting professionals, supporting long-term career growth.

CREATING NEW CAREER TRACKS

Today's younger generation seeks diverse experiences before committing to long-term career paths. Consequently, the structure of accountancy careers must be reimaged to retain their appeal.

In response, SGV has the SGV Academy program, which is designed to close the gap between academic learning and industry practice and needs. The SGV Academy offers a suite of initiatives that include educator development, part-time teaching by SGV professionals, guest lectures, collaborative teaching, interactive workshops, and student internships. The firm collaborates with various universities to enhance curricula with industry insights and provides students with relevant industry

try exposure. This collaboration often includes guest lectures, workshops, and joint research initiatives, enriching the educational experience for accountancy students.

As the profession continues to evolve, lifelong learning becomes imperative for accountants. Every stakeholder in the ecosystem (individuals, employers, professional bodies, and government) has a role to play. Businesses, often regarded as the "schools of tomorrow," should invest in professional development programs that enhance both the technical and soft skills of their accountants.

EMBRACING TRANSFORMATION

The evolution of the accountancy profession is not just a response to external pressures; it is an opportunity for accountants to redefine their roles and enhance their value within organizations. By embracing specialized skills, leveraging AI, and fostering new career tracks, accountants can position themselves as indispensable strategic partners in the business landscape. This proactive approach will ensure the profession's relevance and attract the next generation of talent, paving the way for a dynamic and resilient future in accountancy.

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