Marcos dares Caticlan contractors to complete terminal in 18 months

PRESIDENT Ferdinand R. Marcos, Jr., proposed an 18-month accelerated timeline for completing the new passenger terminal at Caticlan airport in Aklan province, instead of the contracted 24 months.

At the groundbreaking ceremony for the new terminal at Caticlan Airport, the gateway for most visitors to the resort island of Boracay, Mr. Marcos described the new terminal as part of a plan to put the Philippines on the world tourism map.

"Tourism right now contributes close to 8% to our gross domestic product (GDP), and that is something we want to increase," he was quoted as saying in a transcript of his speech provided by his staff.

The new terminal, valued at P2.5 billion, is a partnership between San Miguel Corp. and Megawide Construction Corp.

"It is already in my schedule — (in) 24 months, I am coming to cut the ribbon," he said. "*Kung puwede mong gawing* 18 (If you can make it 18), I won't complain."

He added: "*Masarap kausap 'tong* Megawide... *hindi sila umaatras sa* challenge (It's good to be dealing with Megawide; it doesn't back down from a challenge).

PRESIDENTIAL COMMUNICATIONS OFFICE

PRESIDENT Ferdinand R. Marcos, Jr., (center) at the groundbreaking ceremony of the Caticlan Passenger Terminal Building.

Mr. Marcos said improvements are planned for airports like Iloilo, Bohol and Siargao, giving them the capacity to receive direct international flights, which he said will do away with the need for visitors to stop at Metro Manila's crowded gateway.

"The idea is to open up the Philippines, not necessarily only through Manila, but on international flights coming from Europe and Southeast Asia, (going) directly to the tourist destinations," he added.

The local government tourism office estimated the number of visitors to Boracay at nearly 2.1 million tourists in 2024.

Designed to accommodate up to seven million passengers annually, the new terminal will replace the current facility and enhance the travel experience for visitors to Boracay and the rest of the Western Visayas.

The contractors propose to build a main terminal and support buildings measuring 36,470 square-meters, state-of-the-art check-in counters, upgraded baggage systems, streamlined security screening areas, and eight passenger boarding gates.

"We are slowly putting together the building blocks of our policy of opening up our tourist areas... to international travelers without having to go through the Manila Airport," Mr. Marcos said. — **Chloe Mari A. Hufana**

Palay average farmgate price falls 31.8% in June

THE average farmgate price of palay (unmilled rice) fell 31.8% year on year in June to an average of P16.99 per kilo, the Philippine Statistics Authority (PSA) said.

Month on month, the average palay farmgate price fell 4.3% compared to May, the PSA said in a report.

The June decline was steeper than the 28.9% year-on-year retreat recorded in May.

In June 2024, the farmgate price averaged P24.93 per kilo.

None of the 15 rice-producing regions posted year-on-year growth in average farmgate prices in June.

The highest palay prices were posted in the Bangsamoro region at P19.96, which was lower than the month-earlier P20.32 and the year-earlier P26.66.

The lowest palay prices were logged in Calabarzon at P12.52, with the farmgate price in the region falling 44.5% year on year and 10.7% month on month.

In Central Luzon, the average farmgate price was P14.51, down from P25.17 a year earlier and P17.90 a month earlier.

The Department of Agriculture said in May that it is considering a floor price for palay, after identifying 32 areas in Luzon where traders buy palay at P13-P15 per kilo. — **Kyle Aristophere T. Atienza**

SRA may tap fungus to keep sugarcane pest under control

THE Sugar Regulatory Administration (SRA) said it is considering turning to a fungus that is a natural enemy of the red striped soft-scale insect (RSSI) to curb the sugarcane pest.

SRA Administrator and CEO Pablo Luis S. Azcona told reporters that farmers could be taught to deploy Metarhizium anisopliae, which grows naturally on Panay.

RSSI has the potential to reduce the sugar content of cane by 50%. The fungus could be part of an integrated pest management approach to the infestation in sugar farms in the Visayas.

The SRA said another RSSI-eating fungus is present in Bago, Negros Occidental, identified as Beauveria bassiana.

The propagation of biological control agents will reduce the reproductive capacity of the targeted organism.

RSSI has been detected in 2,932.13 hectares (has.) of sugar land, including 1,574 has. in Negros Occidental, as of July 9, Mr. Azcona said.

The integrated pest management approach's goal is minimizing disruption to agro-ecosystems while keeping the use of pesticides and other chemical interventions to economically justifiable levels.

Mr. Azcona said the SRA is looking into "long-term interventions that may be way cheaper and less harmful than pesticides use, which may be harmful to other beneficial pests of sugarcane."

The SRA said none of the affected local government units has declared a state of calamity, which would enable the SRA to expedite the procurement of pesticides. — **Kyle Aristophere T. Atienza**

FREEPIK

Real estate prospects clouded by new US tax on remittances

By Beatriz Marie D. Cruz
Reporter

THE US decision to impose a 1% remittance tax could serve to dampen property investing activity by overseas Filipino workers (OFWs), industry analysts said.

The remittance tax, a component of the Trump administration's "One Big Beautiful Bill," will crowd out any OFW funds earmarked for investing and shift priorities towards essentials, they said.

"While the percentage of remittances being allocated for real estate requirements is increasing, that additional tax will likely affect the inflow of remittances from Filipinos working abroad," Colliers Philippines Director and Head of Research Joey Roi H. Bondoc said in an interview.

"This might affect the money being set aside for real estate purchases. The lower the remittances, the less will be spent for these discretionary purchases, especially in the luxury segment."

Remittances could dip between $19.1 million and $148.4 million as a result of the tax, the Department of Finance estimated, describing these movements as having a "minimal" effect on the economy.

OFWs are a key segment of the property market, with many turning to real estate for investment income or to upgrade the living conditions of their families back home.

The decline in money sent home by OFWs would affect demand for the industry's residential and retail offerings, Santos Knight Frank Associate Director Toby Miranda said in an e-mail.

"OFWs are major demand drivers of residential products, and if they were to send less money, there may be a higher risk of canceled purchases," he said.

"Remittances from OFWs also impact the purchasing power of their families so retail demand may be impacted," Mr. Miranda added.

Mr. Bondoc noted that Europe-based OFWs are a strong market for upscale and upper middle-income residential units, while luxury residential units are attractive to Filipinos working in Abu Dhabi.

US President Donald J. Trump on July 4 signed into law the One Big Beautiful Bill, essentially a tax bill that overhauls tax rates and spending. The 1% excise tax on all remittances represents a softening of the bill's initial proposal to charge remittances by foreign workers 3.5%.

"Given the uncertainties in the global and domestic market, they (OFWs) might have to put these big-ticket purchases on hold, and perhaps wait a little longer before they finally acquire these residential units that they've been aspiring for," Mr. Bondoc said.

OPINION

The two-year prescriptive period for refund claims

LET'S TALK TAX
JOHN PATRICK L. PAUMIG

REFUND OF TAXES IN G.R. NO. 271261

Adding to the wealth of jurisprudence in interpreting the two-year prescriptive period, the Supreme Court revisited the interpretation of the two-year prescriptive period for tax refund claims under Section 229 of the National Internal Revenue Code, as amended in its decision in G.R. No. 271261. The central issue in this case was the proper reckoning point for the two-year prescriptive period and what constitutes "payment of taxes."

In this case, the petitioner is a corporation engaged in developing and operating tourist facilities such as casino entertainment complexes with hotels, retail, and amusement areas. It has a valid and existing gaming license issued by the Philippine Amusement and Gaming Corp. (PAGCOR). The petitioner paid taxes to the BIR, claiming that they had "erroneously or illegally collected and passed on input VAT on purchases attributable to gaming revenue." Thereafter, the petitioner filed an application for a refund with the BIR, which was then denied.

In summary of the proceedings, the claim of refund under Sec. 112 of the Tax Code of the Petitioner failed in the Court of Tax Appeals (CTA) as well as with the Supreme Court. The Supreme Court agrees that while the petitioner is a VAT-exempt entity under special laws, its transactions with suppliers are not considered zero-rated or effectively zero-rated sales under the Tax Code. In the case, the CTA sitting en banc concluded that since the petitioner was seeking the refund of its "erroneous payment of passed-on input VAT on purchases" attributable to gaming revenue for the first quarter of 2016, the applicable provision is Section 229 of the Tax Code for recovery of taxes erroneously paid.

As such, one of the primordial issues raised in the case before the Supreme Court is the interpretation of the phrase "payment of taxes" under Section 229. The petitioner argued that this should be interpreted "as the time the passed-on taxes" are determined to be erroneous, which is the date of the filing of the quarterly VAT return declaring the input VAT subject to the claim for refund. In contrast, the CTA en banc held that the two-year period should be counted from the actual date of payment to the BIR of the VAT passed on to the Petitioner by its suppliers and that the operative act under Section 229 of the Tax Code is the "actual remittance by the supplier."

In resolving the dispute, the Supreme Court reaffirmed its established jurisprudence on the matter. It emphasized that the phrase "payment of taxes" under Section 229 is to be interpreted in two ways: (1) the actual payment of tax or penalty sought to be refunded, regardless of the existence of any supervening cause after payment, as well as (2) the date of filing of the adjusted final tax return. The court did not require "actual remittance by the suppliers" as the reckoning point. By applying the principle of "substantial justice, equity, and fair play" the court ruled that the actual date of filing of the quarterly VAT return of petitioner should be the reckoning point.

The court clarified that for income tax refunds, the two-year period begins from the filing of the Final Adjustment Return and not when the quarterly income tax was paid. The court established that only on the Final Adjustment Return is when the taxpayer's actual tax liability or overpayment can be determined. Likewise, the court ruled that the prescriptive period starts from the filing of the adjusted final tax return, which reflects the audited and finalized figures of the taxpayer's operations. Lastly, the court maintained that it has not required "actual remittance by the suppliers" as the reckoning point; rather, it has consistently reckoned the two-year prescriptive period from the actual payment of tax or penalty sought to be refunded as well as on the date of filing of the adjusted final tax return.

DIFFERENCES BETWEEN SECTIONS 112 AND 229

It must be noted that the petitioner applied for relief with the Court for the application of both Section 112 and Section 229 of the Tax Code. Section 112 pertains to the refund of *unutilized creditable* input VAT attributable to zero-rated or effectively zero-rated sales. Section 229 pertains to refund of taxes alleged to have been *erroneously or illegally assessed or collected, or claimed to have been collected without authority.* After all, the amount being refunded herein pertains to "collected and passed-on input VAT on purchases attributable to gaming revenue." Eventually, the Court *ultimately* decided that it is Section 229 (for erroneously, illegally, excessively paid and collected taxes) that is the applicable legal basis in this case and disagreed that Section 112 (for refund of unutilized input VAT) is applicable.

To summarize the difference, as presented in the case above, here are the distinctions between Sections 112 and 229 (*see table*).

Point of Distinction	Sec. 112	Sec. 229
Nature of Refund	Unutilized creditable input VAT attributable to zero-rated or effectively zero-rated sales	Erroneously, illegally, excessively collected tax
Prescriptive Period and Reckoning date	Only the administrative claim must be filed within two years from the close of the taxable quarter when the relevant sales were made. The 30-day period within which to appeal to the CTA need not necessarily fall within the two-year prescriptive period	Both the administrative and judicial claims must be filed within two years from the actual payment of tax or penalty sought to be refunded, regardless of the existence of any supervening cause after payment.
Period for the CIR to decide the administrative claim	90 days from the date of submission of complete documents in support of the application. The 90-day period may extend beyond the two-year period from the filing of the administrative claim if the claim is filed in the later part of the two-year period. (as amended by CREATE MORE Law and implemented by RR No. 10-2025)	No specific period provided
Judicial Claim	Taxpayer must file an appeal to the CTA within 30 days from the following: (a) After the expiration of the ninety (90) day period to decide on the application for refund, in cases where no action is made by the CIR on the application for refund; or (b) From the receipt of the decision denying the request for reconsideration; or (c) After the lapse of the 15-day period to decide on the request for reconsideration in cases where no action is made by the CIR on the request for reconsideration. (as amended by CREATE MORE Law and implemented by RR No. 10-2025)	Taxpayer must file an appeal to the CTA within 30 days but a "decision" or "inaction deemed denial" is not required to seek judicial recourse.

IN SUMMARY

The court's ruling in G.R. No. 271261 adds clarity to the interpretation of the two-year prescriptive period for tax refund claims under Section 229. By reaffirming that the reckoning point may be either the actual payment of the tax or the filing of the adjusted final tax return, the court underscores its commitment to substantial justice and equitable treatment of taxpayers. This decision not only harmonizes previous jurisprudence but also delineates the boundaries between claims under Sections 229 and 112, providing clearer guidance for taxpayers navigating the complexities of applications for claims for refund of taxes. As tax laws continue to evolve, the decision serves as a timely reminder of the importance of precision in statutory interpretation and the enduring role of jurisprudence in shaping tax administration.

Let's Talk Tax is a weekly newspaper column of P&A Grant Thornton that aims to keep the public informed of various developments in taxation. This article is not intended to be a substitute for competent professional advice.

JOHN PATRICK L. PAUMIG is a manager of the Tax Advisory & Compliance division of P&A Grant Thornton, the Philippine member firm of Grant Thornton International Ltd.
business.development@ph.gt.com