



PHILIPPINE STAR/ALTER BOLDOZOS

Boracay power restored following Saturday outage

ELECTRICITY has been restored to Boracay Island and nearby towns after losing access to the grid over the weekend, the Department of Energy (DoE) said on Monday.

In a statement, the DoE said power returned at 2 p.m. on Monday following a brief suspension of restoration work during high tide.

“Power is restored, and our teams remain on site to stabilize

the system and complete permanent repairs,” Energy Secretary Sharon S. Garin said.

The DoE said the outage started on Sept. 13, when the Nabas-Unidos 69-kV line tripped, resulting in a loss of power to the Unidos-Caticlan-Malay and Unidos-Boracay lines, effectively disconnecting Boracay, Malay, and Buruanga from the grid.

National Grid Corp. of the Philippines (NGCP) and Aklan

Electric Cooperative repair teams traced the fault to damaged underground cables near the Caticlan Airport arrival area.

With the approval of the Civil Aviation Authority of the Philippines, crews built an 800-meter temporary overhead line along the Caticlan Airport runway perimeter.

Due to high tide, crews had to pause work overnight and

resumed operations the next day.

Permanent repairs on the underground cables are underway to harden the system and ensure reliability.

NGCP is undertaking the Nabas-Caticlan-Boracay Transmission Line Project to strengthen Boracay’s power infrastructure and support the island’s growing demand as a tourism and economic hub. — **Sheldeen Joy Talavera**

BIR misses collection target for VAT in first seven months

THE Bureau of Internal Revenue (BIR) said value-added tax (VAT) generated P467 billion in the first seven months, just under its collection target of P473.41 billion.

The BIR, according to a document released to reporters, collected P467.04 billion, up 9.17% from a year earlier.

VAT is a 12% levy on the sale, barter, exchange or lease of goods or property and services and on goods imported into the Philippines.

For the full year, the government is set to collect P328.9 billion in excise taxes on selected goods, according to the 2026 Budget of Expenditures and Sources of Financing.

Analysts said proposals to cut the value-added tax could ease pressure on households but cautioned the move may undermine government revenue and complicate fiscal consolidation efforts.

“This can boost household purchasing power and help reduce the regressive burden of consumption taxes, particularly for low-income groups,” John Paolo R. Rivera, a senior research fellow at the Philippine Institute for Development Studies, said via Viber.

However, Mr. Rivera said the tradeoff could result in delays in reducing public debt.

Batangas Rep. Leandro Antonio L. Leviste earlier filed a mea-

sure seeking to return the VAT rate to 10%, arguing the current tax system is “regressive.”

Finance Secretary Ralph G. Recto, while serving as Senator, wrote legislation that raised the VAT rate to 12% in 2006.

“The key is timing. This may be more viable once fiscal conditions improve such as when debt-to-GDP (gross domestic product) approaches 40%, (with the) deficit at 3% (of GDP), as Secretary Recto has noted,” Mr. Rivera said.

At the end of July, sovereign debt hit P17.56 trillion, breaching the government’s full-year projection for 2025, the Bureau of the Treasury reported.

This brought the debt-to-GDP ratio to 63.1% at the end of June, its highest level since 2005, exceeding the 60% debt-to-GDP threshold considered by multilateral lenders to be manageable for developing economies.

The government sees the deficit-to-GDP ratio at 4.3% by 2028 and 3.1% by 2030.

“Expanding VAT exemptions, given that essential goods and services especially benefiting the poor are now VAT-exempt, is imprudent. They result in inefficiency, leakage, lost revenues,” Filomeno S. Sta. Ana III, coordinator of Action for Economic Reforms said via Viber.

— **Aubrey Rose A. Inosante**

PHL shipbuilding hindered by lack of local suppliers — OECD

THE Philippine shipbuilding industry is being held back by the dearth of local suppliers of key marine equipment, driving up costs and downtime for shipyards, the Organisation for Economic Co-operation and Development (OECD) said in a report.

In its “Peer Review of the Philippines’ Shipbuilding Industry” report, the OECD said the absence of local manufacturers of engines, turbines and energy systems is limiting the industry’s ability to become self-sufficient and competitive.

“Reliance on imported components further exposes the industry to supply chain vulnerabilities,” it said.

“Developing local manufacturing capabilities for selected technologies and products or incentivizing international manufacturers to establish operations in the Philippines could strengthen the shipbuilding and repair industries.”

The Philippines was the fourth-largest shipbuilding country in 2022, on the back of major shipyards like Tsuneishi and Seatrium.

The OECD said foreign investment from Japan, South Korea, and Singapore have driven this growth in

the industry, but production has declined since peaking in 2014-2015. Meanwhile, vessel imports surged post-2021.

The production of ships at Philippine shipyards rose sharply in the 2010s and then dropped significantly, particularly after the failure of South Korea’s Hanjin Heavy Industries, which operated a yard in Subic.

Despite this, the OECD said the ship repair industry is “strategically positioned” to corner the growing demand in Southeast Asia, with East Asia and Europe as its largest foreign markets.

Post-pandemic recovery has seen substantial growth, with a peak of 60 repair activities in the third quarter of 2023, it added.

Some 66% of the country’s 186 shipyard facilities require rehabilitation, it said.

Despite this, the OECD also noted that the maritime sector continues to be a major employer, with 1.8 million workers in 2021.

In an effort to revitalize the shipbuilding industry, the government is pushing policy reforms through the Maritime Industry Development Plan 2019-2028. — **Aubrey Rose A. Inosante**

PHL obtains three project pledges from Japan valued at P51 billion

THE Department of Trade and Industry (DTI) said on Monday that three investment commitments have been made by Japanese conglomerates worth a combined P51 billion.

“The investment commitments were finalized through a series of high-level meetings in Tokyo,” Trade Secretary Ma. Cristina A. Roque said in a statement.

Karaoke chain operator Koshidaka Holdings Co., Ltd. pledged to invest P34 billion to open 300 outlets over the next decade.

These outlets are expected to create 1,500 direct jobs and thousands more through construction and supply chain activities, the DTI said.

Meanwhile, Marubeni Corp. committed to make a P15-billion investment in real es-

tate, fintech, healthcare, and afforestation ventures.

Sojitz Corp. confirmed an up to P3-billion investment in artificial intelligence, semiconductor design, software, and healthcare firms.

“Mitsui & Co. also reaffirmed its partnership with Metro Pacific Investments Corp. and Steel Asia on a steel recycling initiative that supports circular economy and decarbonization goals,” the DTI said, without providing details.

Ms. Roque said that the projects were reviewed by economic managers “to align government support and ensure an enabling environment for smooth rollout and expansion.”

“The DTI and the Economic Team will work together to ensure these projects gener-

ate quality jobs, strengthen supply chains, and advance the shift to a green, digital, and broad-based economy,” she added.

The Tokyo meetings were organized by the DTI’s team in Japan under Special Trade Representative Dita Angara-Mathay.

“The presence of the full Philippine delegation sent a powerful signal to investors,” Ms. Angara-Mathay said.

“Their collective participation assured investors of high-level government commitment and seamless coordination — giving confidence that these projects will be fast-tracked from commitment to execution,” she added. — **Justine Irish D. Tabile**

OPINION

Waiving the statute of limitations on tax prescription

Time heals all wounds. In the realm of taxation, however, time does something more powerful: it heals liabilities. The statute of limitations on tax cases is designed to draw the line between the government’s right to assess tax and the taxpayer’s right to finality. While taxes are the lifeblood of the government, its citizens must not be drained by perpetual uncertainty. The state’s remedy expires once that prescriptive period lapses, allowing the taxpayer to finally rest easy. But what happens when time is no longer the shield it is meant to be?

Tax laws provide not only the rules on how taxes are assessed and collected, but also the limits within which the government may enforce its right to collect. One of these limits is the statute of limitations, which sets a definite period for the Bureau of Internal Revenue (BIR) to assess and collect taxes. This principle exists to protect taxpayers from indefinite extensions and to ensure fairness in tax enforcement. However, the law allows exceptions to this protection. Among these is the voluntary waiver of the statute of limitations, executed by the taxpayer in favor of the government. This waiver essentially extends the period within which the BIR may issue an assessment or enforce collection. Because this waiver involves the relinquishment of a legal right, strict compliance with statutory and regulatory requirements is essential for its validity. In *Philippine Journalists, Inc. v. Commissioner of Internal Revenue* (CIR), G.R. No. 162852, the Supreme Court underscored that such waivers must be carefully and strictly construed, as they derogate the taxpayer’s right to protection against prolonged and potentially abusive investigations.

The statutory basis for the concept of a waiver is found in Section 222(b) of the 1997 National Internal Revenue Code (NIRC), which permits the government to extend the period for as-

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essment, provided that both the CIR and the taxpayer have agreed in writing to such an extension. This provision highlights that a waiver primarily serves the interests of the government, as it grants the BIR additional time to issue an assessment beyond the standard three-year prescriptive period. Since this extension is a concession granted to the government rather than a right of the taxpayer, it logically follows that the BIR bears the responsibility of ensuring that waivers fully comply with all formal requirements before they are accepted as valid.

To operationalize this provision, the BIR has issued administrative guidelines. Revenue Memorandum Order (RMO) No. 20-90 and Revenue Delegation of Authority Order (RDAO) No. 05-01 set the guidelines for executing a valid waiver. In *Republic v. First Gas Power Corp.*, G.R. No. 214933, the Court emphasized that the provisions of the RMO No. 20-90 and RDAO No. 05-01 are mandatory and require strict compliance; hence, failure to comply with any of the requisites renders a waiver defective and ineffectual, and as a consequence, the three-year prescriptive period to assess may not be extended.

Despite clear rules, several issues arise in practice. Many waivers are defective, lacking essential elements such as the BIR’s signature or clear dates. The BIR sometimes proceeds with assessments relying on such defective waivers, which courts later strike down. Others sign waivers without full awareness of their legal consequences, effectively giving up statutory protection without informed consent. In *CIR v. The Stanley Works Sales (Phils.), Inc.*, G.R. No. 187589, the Court emphasized that the BIR has the burden of ensuring

compliance with the requirements of RMO No. 20-90, as it bears the responsibility of securing the government’s right to assess and collect tax deficiencies. This right would be prescribed in the absence of a valid extension of the period set by law.

The Supreme Court, in several decisions, invalidated waivers for failure to conform with RMO No. 20-90 and RDAO No. 15-01. In *CIR v. Kudos Metal Corp.*, G.R. No. 178087, the Court invalidated the waivers due to the lack of a date of acceptance by the BIR. In *CIR v. Systems Technology Institute, Inc.*, G.R. No. 220835, the waivers were invalidated because the taxpayer’s signatory had no notarized written authority. Further, in *CIR v. Standard Chartered Bank*, G.R. No. 192173, the Court held that the waiver was a clear violation of RMO No. 20-90, as it did not specify the kind and amount of the tax due.

These rulings collectively affirm that the burden of ensuring strict compliance with the procedural and substantive requirements for a valid waiver lies with the BIR. Any deviation from these standards, whether in form or in substance, renders the waiver invalid and ineffective for purposes of extending the prescriptive period for tax assessment or collection.

In response to these challenges, the BIR issued RMO No. 14-2016, as later reiterated and clarified by Revenue Memorandum Circular (RMC) No. 141-2019, which effectively repealed the previous rules governing the execution of waivers of the statute of limitations. These issuances were prompted by the widespread practice among taxpayers of subsequently challenging the validity of their waivers after benefiting from them.

The BIR significantly relaxed the formal requirements for a waiver’s validity under the revised guidelines. Specifically, the waiver need not strictly follow the format prescribed under

RMO No. 20-90 or RDAO No. 05-01. A taxpayer’s failure to adhere to these formats does not render the waiver invalid, provided the following essential conditions are met:

a) The waiver of the statute of limitations must be executed before the original period to assess or collect taxes expires, and the exact date of execution must be clearly stated in the waiver.

b) The waiver must be signed either by the taxpayer personally or by a duly authorized representative, and in the case of a corporation, it should be signed by any of its responsible officials.

c) The waiver must indicate the specific expiry date of the extended period agreed upon for the assessment or collection of taxes beyond the standard three-year prescriptive period.

Correspondingly, taxpayers are no longer required to indicate the type or amount of taxes involved, nor is the date of acceptance by the BIR essential for the waiver’s validity. Moreover, the authority of the taxpayer’s representative does not need to be notarized and cannot be challenged later to invalidate the waiver. The revised guidelines also underscore that, as the execution of a waiver is a voluntary act by the taxpayer, it will be legally binding upon execution.

It must be emphasized, however, that as provided under Section 222 of the NIRC, a waiver is intended to operate as a bilateral agreement requiring the mutual consent of both the taxpayer and the BIR. Under the revised guidelines, the execution of a waiver has been framed more as a unilateral act of the taxpayer, which becomes legally binding upon execution, departing from the very essence of a consensual undertaking. This revision ought to be carefully revisited in light of the well-settled principle that a waiver of the statute of limitations under the NIRC constitutes a derogation of the taxpayer’s right to security against prolonged and potentially abusive investigations and must therefore

be strictly construed in accordance with established legal principles.

In this regard, taxpayers must be reminded that the execution of the waiver now heavily rests on their shoulders. With the relaxation of formal requirements, the burden of ensuring the waiver is validly and properly executed is no longer equally shared with the BIR but has shifted significantly to the taxpayer. More importantly, taxpayers must also recognize the consequence of their action; by signing the waiver, they are voluntarily giving up the statutory safeguard of prescription, thereby extending the government’s right to assess and collect taxes beyond the period originally set by law. This is not a mere procedural formality but a substantial concession that can expose them to prolonged investigation and assessment. Thus, taxpayers should exercise prudence, seek proper advice, and carefully weigh whether the waiver serves their best interest.

In the end, the statute of limitations exists to strike a balance between the government’s right to collect what is due and the taxpayer’s right to certainty and peace of mind. To waive it is to tip that balance, often at the expense of the taxpayer. Thus, the option to waive must never be taken lightly, for in choosing to extend time, the taxpayer may also be choosing to extend uncertainty.

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