

Green Equity tag seen to boost visibility of ESG-focused companies

By Alexandria Grace C. Magno

THE Securities and Exchange Commission’s (SEC) issuance of Green Equity label guidelines is expected to boost the visibility of environmentally focused companies and attract investors seeking opportunities aligned with environmental, social, and governance (ESG) standards, analysts said.

“The Green Equity label could give more visibility to green companies, especially for ESG investors,” AP Securities, Inc. Research Head Alfred Benjamin R. Garcia said in a Viber message on Friday.

“Typically, companies with accreditations like this can command a premium valuation, so this could benefit a few listed companies, notably Acen Corp. (ACEN) and SP New Energy Corporation (SPNEC) to name a few,” he added.

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said the move aligns with the global trend toward ESG standards and encourages businesses to follow sustainable practices, which may increase their value.

“The initiative is consistent with the greater shift to ESG standards. Global regulators encourage investors to pa-

tronize businesses, entities, and countries that adhere to ESG standards,” he added.

Under Memorandum Circular No. 13, series of 2025, companies listed or preparing to list on the Philippine Stock Exchange may apply for the Philippine Green Equity label.

To qualify, over half of their revenues and capital and operating expenditures must come from or be directed toward green activities, as defined by the Philippine Sustainable Finance Taxonomy Guidelines or the ASEAN Taxonomy for Sustainable Finance. Revenues from fossil fuel-related operations must remain below 5%.

To ensure transparency, the SEC requires applicants to submit an external review assessment report that will be publicly accessible.

The Philippine Stock Exchange will also conduct annual evaluations of label holders to verify ongoing compliance with the standards.

SEC Chairperson Francisco Ed. Lim said the Green Equity guidelines are a game-changing initiative that will help develop the capital market, boost liquidity, and support the country’s climate goals.

“Since compliance with ESG standards signals good business, more companies and governments around the world com-

mit to reducing carbon footprints and implementing sustainability measures,” Mr. Ricafort said.

The Green Equity label guidelines are part of the SEC’s sustainable finance framework, offering an equity-based option alongside the P1.02-trillion sustainable finance fixed-income market for green investments.

Regina Capital Development Corp. Head of Sales Luis A. Limlingan said: “[Having a Green Equity label] may help [attract investors], but I still think more initial public offerings (IPOs), a stable global geopolitical landscape, and better earnings clarity would equally or better attract investors.”

Infin8 Success not authorized to solicit investments — SEC

THE Securities and Exchange Commission (SEC) has issued an advisory against Infin8 Success Global and Infin8success-Global Health and Beauty Products Trading, which it said have been soliciting investments without the required registration or license.

In an Aug. 28 advisory, the regulator said Infin8 Success Global has been inviting people to invest money through what appears to be a binary-style marketing system or recruitment-based model, with promises of high returns.

“Per SEC records, INFIN8 SUCCESS GLOBAL/INFIN8SUCCESS-GLOBAL Health and Beauty Products Trading is not registered as a corporation and has no secondary license or authority to solicit investments from the public,” the commission said.

The SEC said Infin8 Success Global operates a physical office, a website, and other digital platforms.

Upon checking, the company’s website displayed limited information and did not specify the nature of its business.

“We bring several years of experience in different fields of excellence — in both worlds of multi-level marketing and distribution. We offer our expertise in developing excellent and effective products,” Infin8 Success Global said on its “About Us” page.

“We take care of each distributor, identify their needs and help them succeed. Our excellent programs and training directions will help them achieve their goals and help others do the same.”

The regulator said that company registration alone does not grant authority to solicit investments from the public.



Securities and Exchange Commission
PHILIPPINES

Republic Act No. 8799, or the Securities Regulation Code, requires entities engaged in the business of buying or selling securities — including investment contracts — to first secure a secondary license from the SEC.

In its advisory, the SEC reminded the public to exercise caution when dealing with entities that offer or promise earnings that appear “too good to be true.”

It also advised the public not to invest, or to immediately discontinue investing, in such schemes, as unauthorized solicitation may result in administrative, civil, and criminal charges.

Infin8 Success Global has yet to respond to *BusinessWorld’s* request for comment sent through its publicly available contact information.

— Alexandria Grace C. Magno

Aboitiz group says foreign firms drive occupancy at Batangas’ LIMA Tower One

ABOUTIZ INFRACAPITAL, Inc. (AIC), the infrastructure subsidiary of the Aboitiz group, said over 12,000 square meters (sq.m.) of office space at LIMA Tower One in Batangas have been leased, citing strong demand from foreign companies seeking to expand in the country.

“A lot of interest is coming from companies that are based internationally and are looking for a world-class office building in the province that’s outside the CBDs (central business districts),” Monica L. Trajano, vice-president for Business Development of Economic Estates, said on the sidelines of the Arangkada Forum last week.

LIMA Tower One, an 11-storey premium office building with flexible, high-performance spaces, is the first of seven towers at the heart of LIMA Estate’s Biz Hub in Batangas.

It has secured green building certifications such as WELL and BERDE (Building for Ecologically Responsive Design Excellence). The office building is 50% occupied.

Over the weekend, electronic commerce fashion brand REVOLVE opened its office in LIMA Tower One, taking up quarter of a floor.

Aboitiz Power Corp. and JERA Co., Inc. (JERA) have also set up a training facility at LIMA Tower One.

“That pretty much is an exchange of talent between Japan and the Philippines in terms of operating the power plants that Aboitiz Power and JERA own and operate,” Ms. Trajano said. “So, they already have had their first set of students come in.”

Ms. Trajano expressed optimism about demand for LIMA’s office towers, citing the growing return to office, as well as nearby residential and commercial developments.

“For anybody that locates within our estates, there’s that connectivity that we’re providing there, we’re developing our infrastructure to be able to support that, and we’re also integrating residential [developments],” she said.

“We build residential communities that are within or pertinent to our estates.”

LIMA Estate is a 1,000-hectare (ha) mixed-use development owned by the Aboitiz group. It hosts about 4,000 households and is registered under the Philippine Economic Zone Authority. — **Beatriz Marie D. Cruz**

Farm damage due to typhoon Nando initially estimated at P1.38 billion

AGRICULTURE Secretary Francisco Tiu Laurel, Jr. said the initial estimate of damage to agriculture caused by Super Typhoon Nando (international name: Ragasa) and the southwest monsoon (*habagat*) is P1.38 billion.

The Department of Agriculture (DA) is releasing rice stocks and other aid to over 55,000 farmers and fisherfolk in regions affected by the storms.

The damage estimate was compiled from nine regions, with

47,723 hectares of cropland, the DA said.

Agayan province suffered the most farm damage at P700 million, the DA said, citing its own Disaster Risk Reduction and Management (DRRM) Center.

The center estimated that 109,997 metric tons of rice, corn, high-value crops, and livestock have been written off.

Aid for distribution includes 2.4 million sacks of rice, 142,219 bags of rice seed, 90,320 bags of corn seed,

40,518 kilograms of vegetable seed, 1.65 million tilapia, bangus (milkfish), and carp fingerlings, and livestock and poultry drugs and biologics.

Loans from the Survival and Recovery program will amount to as much as P25,000 per benefi-

ciary, payable over three years at zero interest.

Some P236 million has also been allocated to compensate 25,800 farmers, of which P206 million will cover rice-related losses. — **Andre Christopher H. Alampay**

OPINION

Key insights from the BIR’s revised APA draft regulations

IN BRIEF:

- The Bureau of Internal Revenue (BIR) has released a revised draft of the Advance Pricing Agreement (APA) regulations, and understanding the nuances of this process becomes essential for businesses navigating the complexities of transfer pricing.
- While the APA process can be resource-intensive, it offers significant benefits such as preventing transfer pricing disputes and minimizing compliance costs.
- The Philippines is among the few ASEAN countries yet to implement APA regulations, and establishing such a program could enhance its attractiveness as a destination for foreign direct investment.

The Advance Pricing Agreement (APA) process serves as a vital tool for taxpayers and tax authorities alike, providing a framework for establishing fair pricing in related party transactions. The Bureau of Internal Revenue (BIR) has released a revised draft of the APA regulations, and understanding the nuances of this process becomes essential for businesses navigating the complexities of transfer pricing.

APAs are binding, voluntary agreements between a taxpayer and the tax authorities of one or more countries or jurisdictions that are entered into in advance of a related party transaction. This is for the purpose of establishing an appropriate set of criteria of how the price for such a transaction is to be determined based on the arm’s length standard over a fixed period of time. APAs can be unilateral, bilateral or multilateral, depending on the number of tax administrations that are parties to the APA. Bilateral or multilateral APAs are preferred over unilateral APAs.

SUITS THE C-SUITE
REYNANTE M. MARCELO

By releasing a revised draft of the APA regulations and seeking comments from stakeholders, the BIR has taken the right step in setting in place an APA program for the Philippines.

This article delves into the key insights from the BIR’s revised draft regulations, exploring the stages of the APA process, its benefits, and the implications for the Philippines as it seeks to enhance its investment climate within the ASEAN region.

APA STAGES AND PURPOSE

The APA process involves five stages, consisting of 1) the early engagement and pre-filing, 2) formal filing of the application, 3) review & negotiation, 4) formal agreement, and lastly, 5) implementation and compliance monitoring. The process can be time-consuming and resource-intensive, but owing to the multiple benefits that APAs provide, notably transfer pricing (TP) dispute prevention, APAs have become a staple in a company’s overall tax strategy.

APAs are similar to tax rulings or written confirmations from the BIR. However, their similarity ends there. Unlike rulings, though, which usually confirm the tax implications of a particular transaction, APAs are an advance confirmation that the basis used by a taxpayer for determining the price for a related party transaction, such as the method selected, the comparables, the critical assumptions, is acceptable as an arm’s length price for such transaction. Tax rulings are issued for all kinds of trans-

actions, but APAs are issued specifically for related party transactions.

The main purpose of APAs is to have that advance certainty or predictability on the pricing policy for related party transactions. Because taxpayers and tax authorities have agreed in advance on the conditions by which an arm’s length price in a related party transaction is to be determined, the expectation is that there should be no more TP adjustments for the taxable years covered by the APA if the taxpayer complies with its terms and conditions. TP disputes, including protracted litigation, are minimized or totally avoided, and compliance costs are, thus, reduced.

More importantly, double taxation is avoided in the case of bilateral or multilateral APAs where two or more jurisdictions may adopt differing views of an arm’s length price for cross border transactions. An APA in place prevents a situation where a tax jurisdiction performs a TP adjustment on a cross-border transaction, with the other jurisdiction involved disagreeing with the basis on which the adjustment is made, thus, depriving the tax benefit, in the form of reduced income or additional deduction, to the party operating in the other jurisdiction.

ISSUES AND CONSIDERATIONS

As currently worded, the draft BIR regulations are generally comprehensive enough to cover all aspects of the APA process. The draft regulations significantly adopt international best practices as outlined under the Organisation for Economic Co-operation and Development (OECD) Bilateral Advance Pricing Arrangement (BAPA) Manual and picks up from certain provisions of APA regulations of other jurisdictions. Although some issues need to be addressed, the

draft version is well-researched and follows the structure of the other APA regulations in other countries.

Some key issues to consider in the draft regulations involve the need to have a dedicated group of BIR personnel to administer the APA process to ensure they have the time and technical expertise to navigate the long APA process end-to-end with the taxpayer. These people should not be the same examiners who conduct the tax audits or perform other functions in tax administration.

Having a dedicated group of personnel to handle the APA applications will also preserve the confidentiality of the documents and information submitted during the APA process and expedite its processing.

Other issues to consider involve the prohibition against the use of any document or information submitted during the APA process in any tax audit or examination. Such use should be limited to verifying compliance with the terms and conditions of the APA. It will also help if the regulations clearly provide the criteria, in terms of complexity and amount, of the transactions that may be the subject of an APA, the grounds for the termination of an APA process that has started, and the revocation or cancellation of an existing APA. This will contribute to the transparency of the whole APA process while also serving as advance notice to prospective applicants to devote time and resources only to transactions that may qualify for an APA.

THE APA REGULATORY LANDSCAPE

Within ASEAN, the Philippines is one of the few remaining countries that have yet to issue APA regulations. Countries that usually compete with the Philippines for foreign direct investments (FDIs), such

as Malaysia, Indonesia, Thailand, Vietnam and Singapore, have APA programs in place. Singapore’s APA program has been in place for more than 20 years. Based on 2023 statistics published by its government, Singapore also has the most number of APA cases, 23 all in all, that were granted or closed for 2023.

Hence, it is not a coincidence that Singapore also has the largest share of FDI within the ASEAN region for that year because its active and robust APA program definitely contributed to its status as a top investment destination within ASEAN. APAs promote certainty on the tax treatment of related party transactions, and predictability of tax policy is one of the factors that foreign investors look for in a country as a possible investment destination.

By releasing a revised draft of the APA regulations and seeking comments from stakeholders, the BIR has taken the right step in setting in place an APA program for the Philippines. As the Philippines competes for FDI within ASEAN, it is very laudable that the BIR is pursuing the issuance of formal APA regulations that will contribute to the consistency and stability of rules, which will progress towards the Philippines’ being viewed favorably as an investment destination in the region.

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