

Cerberus puts in unsolicited bid to serve as Subic airport operator

CERBERUS CAPITAL Management LP submitted an unsolicited proposal to operate the Subic Bay International Airport, the Subic Bay Metropolitan Authority (SBMA) said on Monday.

The US investment firm proposed to “take over” operations at the facility, which was formerly Naval Air Station Cubi Point and at one time served as a hub for Federal Express.

SBMA Deputy Administrator Vicente A. Evidente, Jr. told a House of Representatives hearing that “Cerberus has... submitted an unsolicited proposal to take over the Subic Bay International Airport.”

Cerberus already operates part of the 310-hectare site formerly operated by a bankrupt South Korean-owned shipyard.

The US Marine Corps leased a 57,000-square-foot warehouse

at Subic to serve as depot for forward-deployed vehicles and engineering equipment, while the US Navy is also considering a lease on a nearby 25,000-square-meter climate-controlled facility, USNI News reported.

“There is a permanent forward deployed presence of US forces in the port of Subic Bay,” Mr. Evidente said. “There is a constant rotation of US Navy

warships every time due to the fact that Scarborough Shoal is only located 200 kilometers from the port.”

The Philippines and China have been disputing control over several features in the South China Sea, resulting in clashes at sea between their vessels within the Philippine exclusive economic zone. — **Kenneth Christiane L. Basilio**

GOCC pay scheme under GCG review

THE Governance Commission for Government-Owned or -Controlled Corporations (GCG) said the new compensation framework guidelines for workers in state-run firms is currently undergoing final review.

In a statement dated Oct. 9, the regulator said the guidelines for the new Compensation and Position Classification System II (CPCS II) — which raises salaries and adds tiered medical allowances — are now being looked at by the GCG, sitting en banc.

“Once approved, the Implementing Guidelines will immediately be readied for the signature of the members of the GCG en banc and for publication in a newspaper of general circulation,” the GCG said, adding that the pay scale will also be posted on GCG’s website.

The regulator said state-run firms that have submitted complete documentation will have their Authority to Implement requests processed and released on a “first-in, first-out” basis once the guidelines take effect.

“The GCG reaffirms its continued partnership with the GOCC sector and its commitment to the timely and transparent implementation of the CPCS II,” it said. — **Aubrey Rose A. Inosante**

PHL close to concluding trade deals with EU, UAE

THE Department of Trade and Industry said on Monday that it is looking to finalize negotiations for free trade deals with the European Union (EU) and the United Arab Emirates (UAE), next year and next month, respectively.

At a Senate budget hearing on Monday, Trade Secretary Cristina A. Roque said the Philippines is not yet at the stage of discussing market access issues with the EU.

“We are still in the text-based negotiations. These are the rules and disciplines,” Trade Undersecretary Allan B. Gepty also told the Senators.

The Philippines-EU FTA is expected to be the country’s most comprehensive trade agreement, being the first such deal to tackle government procurement, digital trade, energy and raw materials, and trade and sustainable development.

Trade between the Philippines and the EU was \$15.5 billion in 2024, making the bloc the Philippines’ fifth-largest trading partner, accounting for 7.7% of total trade.

Philippine exports to the EU hit \$8.1 billion, while imports from the EU

amounted to \$7.5 billion.

Ms. Roque said that the DTI is looking to sign a free trade deal with the UAE by late November.

“The Comprehensive Economic Partnership Agreement (CEPA) will be signed by end of November, around Nov. 24,” Ms. Roque told the panel.

Among the top Philippine exports to the UAE are electrical equipment, food products, iron and steel, mineral fuels and machinery.

Mr. Gepty said products covered under the free trade deal include agricultural products, industrial products, machinery, and electronics.

The Philippines and the UAE began negotiating their CEPA in February 2022. Once signed it would be Manila’s first free trade agreement (FTA) with a Middle Eastern country.

The CEPA is expected to provide opportunities for Dubai companies to invest in the Philippines.

The UAE is the Philippines’ 18th biggest trading partner and top export market in the Gulf Cooperation Council. — **Adrian H. Halili**

Project awards hit 20GW since RE opened to full foreign ownership

RENEWABLE ENERGY (RE) investors have committed to build 20 gigawatts (GW) worth of capacity since the Philippines opened up the industry to full foreign ownership nearly three years ago, the Department of Energy (DoE) said.

“In 2022, the liberalized foreign ownership rule sent a clear signal to the world that the Philippines is open for clean energy business. To date, (the Philippines) has attracted proposals for 75 projects, totaling 20 GW in capacity, awarded to fully foreign entities,” Energy Undersecretary Rowena Cristina L. Guevara said in a speech last week.

The DoE has awarded 53 RE contracts to build 13,183.95 megawatts (MW) of onshore wind capacity to 100% foreign entities; nine offshore wind contracts equivalent to 5,510 MW of capacity; and 13 contracts to build 1,297.52 MW in solar capacity.

“We recognize that private sector investment is central in achieving our targets,” Ms. Guevara said. “Hence, we are creating an enabling business environment to make RE more appealing to investors.”

The DoE believes the opening up of the industry will help bring the RE share of the power generation mix to 35% by 2030 and 50% by 2040 from the current 22%.

The DoE has launched four rounds of green energy auctions, with one more for offshore wind set this year and one for waste-to-energy and biomass scheduled in 2026.

Citing a simulation presented by the Independent Electricity Market Operator of the Philippines, Ms. Guevara said that the integration of new capacities from the auctions into the energy mix could result in lower average prices on the Wholesale Electricity Spot Market. — **Sheldeen Joy Talavera**

PEZA in smart community tieup with FiberHome

THE Philippine Economic Zone Authority (PEZA) said it signed a partnership with FiberHome Phils., Inc. to develop smart and sustainable economic zones (ecozones).

“This partnership aims to explore opportunities for collaboration in transforming PEZA ecozones into smart industrial communities through the adoption of innovative technology and digital solutions,” PEZA said in a statement on Monday.

“This includes leveraging advancements in Internet of Things (IoT), artificial intelligence, and data analytics to build efficient, secure, and connected environments that foster competitiveness and sustainability,” it added.

Under the agreement, FiberHome will provide access to its “Smarter Cities, Stronger Communities” platform.

“This platform will also feature a digital marketplace showcasing products and services of PEZA-registered business enterprises, opening more opportunities for local and international trade and collaboration,” it said.

“This collaboration reinforces PEZA’s commitment to digital transformation, public-private partnership, and sustainable economic growth,” PEZA said.

“By integrating modern technology into the ecozone ecosystem, PEZA and FiberHome aim to strengthen the country’s position as a hub for innovation, investment, and smart development,” it added.

In a separate statement, PEZA said the De La Salle University (DLSU) Innovation Hub was inaugurated as a Knowledge, Innovation, Science, and Technology (KIST) Park on the DLSU Laguna Campus.

“Spanning five hectares, the DLSU Innovation Hub will focus on Advanced Biotech Systems and Engineering, featuring cutting-edge laboratories, incubators, and open innovation spaces that promote sustainability and industry-academe synergy,” PEZA said.

It is the first KIST ecozone established within a private university in the Philippines, designed “to cultivate ideas, research, and technologies fueling sustainable and inclusive national growth.” — **Justine Irish D. Tabile**

OPINION

Reshaping the tax landscape of the mining industry

THE Philippine mining industry has undergone a tax overhaul, and it is far more than a surface-level polish. With Republic Act (RA) No. 12253, otherwise known as the Enhanced Fiscal Regime for Large-Scale Metallic Mining Act, signed by President Ferdinand R. Marcos, Jr. on Sept. 4, 2025, the government is set to reshape how the wealth buried beneath our mineral-rich soil is distributed.

Prior to RA 12253, the mining industry operated under a patchwork of tax rules and regulations which often raised concerns about potential gaps in enforcement and revenue collection. Key issues included the seemingly selective imposition of royalties on operations within mineral reservations, leaving highly profitable ventures outside these zones largely unregulated. Companies also had the flexibility to offset losses across different projects, potentially masking the true profitability of individual operations. Further, the absence of restrictions on related-party borrowing allowed entities to claim excessive interest deductions, significantly reducing taxable income.

These persistent gaps underscored the need for a more equitable regime leading to the passage of RA 12253, as applicable to all large-scale metallic mining operations. This landmark legislation introduced several key reforms intended to address longstanding issues in the mining industry and reshape how mining operations are regulated in view of the government’s principles of accountability, transparency and good governance in the management of mineral resources.

Among the key highlights of RA 12253 is the introduction of a five-tier royalty system imposed on mining operations outside mineral reservations. The tier system is margin-based and follows a progressive taxation scheme ranging from a 1% to 5% tax rate, depending on the profitability of the operation. For operations with margins less than or equal to 0%, a minimum royalty rate of one-tenth of 1% or 0.01% of the gross output of the minerals or mineral products extracted or produced applies. Meanwhile, the royalty rate for operations within mineral reservations remains at 5% of the gross output of minerals or mineral products.

This shift toward a margin-based system, along with the imposition of a minimum royalty for operations outside mineral reservations, addresses the concern over selective royalty imposition and hereby creates a more balanced and fair system for all miners, regardless of the location of the operation.

Complementing the shift to a margin-based royalty system, another salient feature introduced by RA 12253 is the imposition of windfall profits tax ranging from 1% to 10% based on margin. This tax is levied on top of existing corporate income and excise taxes and is aimed at capturing a fair share of mining revenue during periods of high profitability, particularly when commodity prices surge.

RA 12253 also enforces a ring-fencing rule which treats each mineral agreement or financial or technical assistance agreement as a separate taxable entity. This provision prohibits the consolidation of income and expenses across various operations, thereby preventing companies from offsetting losses from one operation against profits from another.

As emphasized by President Marcos, “Gone are the days when a mining contractor can bury its profits beneath the weight of losses. No longer can we use one project’s failure to conceal another project’s success.” By requiring project-level tax reporting, the ring-fencing rule enhances transparency and ensures that the actual or true profitability of each mining operation is properly reported for tax administration.

To further reshape the tax landscape of the industry, RA 12253 places a limit on the deductibility of interest expenses arising from related-party debts of mining contractors and operations. Specifically, the interest on such debt is deductible only up to a two to one debt-to-equity ratio at any point during the taxable year. This aims to fill the gap in the previous framework where entities were able to significantly reduce their taxable income by claiming excessive interest deductions on intercompany loans.

These measures are among the most transformative elements of RA 12253, marking a significant shift in how mining operations are taxed in the Philippines. With the law now in effect, mining contractors and operators are expected to reassess their financial structures and tax planning strategies to ensure compliance with the new fiscal regime. To facilitate this transition, the law provides a 150-day period from its effectivity, giving taxpayers sufficient time to align their systems and practices with the updated requirements.

Despite the promise of a simpler and more equitable system of the new fiscal regime, the transition may pose challenges for the mining industry. From an investment perspective, the introduction of new taxes such as the windfall profits tax and margin-based royalties, along with stricter reporting obligations, may prompt investors to reassess the financial viability and risk profile of mining ventures in the Philippines. Although the law provides legal stability for existing agreements, the potential impact on returns and operational flexibility could influence future investment decisions, especially during the transition period.

Nevertheless, RA 12253 offers a transformative opportunity beyond the surface. By ensuring that mining revenue is fairly shared and transparently managed, the Philippines is taking a bold step toward inclusive growth and sustainable development. For mining companies, the message is clear: if you want to dig, you must also give back. For communities, it is a promise of progress, with an estimated revenue impact of P25.08 billion from 2026 to 2029, as projected by the Department of Finance, and with 40% of collections from royalties and excise taxes going directly to local government units. For the government, it is a blueprint for fiscal resilience, environmental stewardship, and economic justice.

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