

Q4 ‘challenging’ unless gov’t acts firmly against corruption

By Justine Irish D. Tabile Reporter

THE fourth quarter will be challenging for businesses unless the government delivers a concrete resolution to the infrastructure corruption scandal, participants at the Management Association of the Philippines (MAP) Annual General Membership Meeting said on Monday.

Former Federation of Filipino-Chinese Chambers of Commerce and Industry, Inc. President Cecilio K. Pedro said corruption makes it challenging for businesses to thrive even during the peak Christmas season.

“This year is going to be very challenging (in the) last quarter,” he said on the sidelines of the MAP meeting.

“We have to see some concrete resolutions, whether it’s putting people behind bars, or it’s the system being changed, or the budget going to the right places,” he added.

He said that unless the government sets things in motion, business sentiment will remain weak until next year.

“*Kapag hindi naayos ito* (if this is not fixed), next year will be more challenging. So, that is for us very crucial, especially for businessmen. We want to see things being changed. This is a good opportunity to change. *Lumabas na e, dati nakatago e, ngayon lantad na* (Things are out in the open and cannot be hidden),” he said.

“*Anong gagawin natin? Anong gagawin nila?* (What will we do? What will they do?) That will determine the future. It is up to them to do the right thing, and then we can move forward,” he added.

Mr. Pedro, who is also the founder of personal care and hygiene products manufacturer Lamoian Corp., said that the company is holding off on investment until it sees these issues addressed.

“*Wala kaming* major capex (We have no major capex plans) for next year. Everybody is wait and see,” he said.



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“*Kasi mag-ïinvest ka tapos bukas magkagulo; ang negosyante* (It’s hard to invest when things are this messy; businessmen) are very careful (and) playing safe to make sure that what we invested will be recovered,” he added.

The government is investigating alleged corruption in flood control projects after President Ferdinand R. Marcos, Jr. called out the failure of flood control systems following the heavy rains in July. The fallout from the scandal has left legislators possibly exposed to prosecution.

Meanwhile, SM Investments Corp. Vice Chairperson Teresita T. Sy-Coson said that she remains optimistic despite an expected soft performance in the fourth quarter.

“Christmas will still be okay, because we are Filipinos and we celebrate Christmas ... There is always some softening, but we will be okay,” she said.

“After Christmas, maybe the people will not buy so much, but that’s okay, we just have to continue,” she added.

She said the group will be continuing with its broader strategic plan. “Whatever the political noise is, we will just have to continue.”

MAP President Alfredo S. Panlilio said the Philippines should use of its Association of Southeast Asian Nations (ASEAN) chairmanship next year as an opportunity to restore the confidence in the Philippines.

“It is time to showcase the Philippines, to show them what we are trying to do to address the issues that we have in front of us,” he said.

“At the end of the day, I think we have to get back the credibility. A lot of it is reputational, so I think we need to recover, and I think ASEAN can be the platform for that,” he added.

However, he said that ASEAN chairmanship should not be the sole motivation of the government to resolve corruption.

“They have their own pressures as officials. They want to run the country the right way; there is transparency and accountability. And we have been hearing that,” he said.

“I think the intent is there. So I think what we are looking at now are the results and outcomes of these investigations,” he added.

Meanwhile, the Independent Commission for Infrastructure (ICI) said that it hopes to see the passage of a bill that will give the commission more authority.

“Unfortunately, we don’t have enough powers that we want. *Kaya nga ‘yong bagong batas ‘yon ang hinihintay na sana matapos na* (we are waiting for the new measure to be passed),” ICI Commissioner Rogelio L. Singson said.

“*Kapag nag-subpoena kami at hindi sumipot wala na kaming magagawa* (If no one honors our subpoena, we can do nothing),” he added.

Several bills have been filed in Congress seeking to create the Independent People’s Commission, which will be reviewing all government infrastructure projects.

Such a law will firm up the legal bona fides of the ICI, which was created through an executive order.

“*Ang pangako sa amin*, before the end of December *matapos lang itong* budget (We were promised a law before December ends. Congress just need to get the budget out of the way),” he added.

According to Mr. Singson, at least seven of the 17 cases filed were already in the hands of the Philippine National Police or the National Bureau of Investigation as of Monday.

Beneficiary registry for P20 rice launched

THE Department of Agriculture (DA) said it launched a digital registry to track beneficiaries of the government’s P20-per-kilo rice program.

The P20 Benteng Bigas Masterlist Registry System is designed to provide a centralized and updated database of eligible beneficiaries, allowing the DA and partner agencies to streamline support and manage rice allocations for vulnerable consumers.

“*Layunin nito na mas mapabilis at mapadali ang pagkakailanlan ng mga* qualified beneficiaries *ng* P20 rice program *upang maabot ang target natin na* 15 million households *na maserbisuhan ng murang bigas sa* 2026 (Its goal is to make it easier and faster to identify qualified beneficiaries of the P20 rice program, helping us reach our target of serving 15 million households with affordable rice in 2026),” Agriculture Secretary Francisco P. Tiu Laurel, Jr. said in a briefing.

The registry is part of the “Benteng Bigas Meron Na” program, which aims to provide affordable rice to vulnerable members of society, including senior citizens, solo parents, persons with disabilities, Pantawid Pamilyang Pilipino Program (4Ps) beneficiaries, farmers, fisherfolk, minimum-wage earners, and transport workers.

Eligible beneficiaries can register at Kadiwa stores and other designated outlets, where they will be issued a

unique QR code for scanning during purchases.

Mr. Laurel said the use of QR codes will be gradually implemented, with full enforcement planned by March.

The registry’s “P20 Benefinder” lets store staff instantly verify a buyer’s eligibility and monitor their remaining rice allocation for the month. Indigent beneficiaries may purchase up to 30 kilograms of rice a month, while farmers and fisherfolk have a cap of 10 kilos.

Since its launch early this year, the P20 rice program has expanded to 81 of 82 provinces, with Tawi-Tawi expected to be included by the end of the week.

The DA aims to establish a Kadiwa or designated P20 outlet in all of the more than 1,600 cities and municipalities nationwide. Mr. Laurel said this will require the DA to open roughly five new sites per day in 2026.

Beyond providing cheaper rice to vulnerable households, the program also guarantees a market for domestically grown rice, which the National Food Authority (NFA) purchases from farmers at prices higher than those offered by traders.

The project will be funded through the NFA’s P9-billion budget for 2026 and a proposed P10 billion for the “Rice-for-All” program. The DA said it also maintains a P5-billion contingency fund this year, of which about P4 billion remains. — **Vonn Andrei E. Villamiel**

Risks to emerging Asia due to disruptions to trading system described as ‘unprecedented’

CENTRAL BANKS in emerging Asian markets are becoming more susceptible to supply-side shocks, with the region’s economies facing “unprecedented” risks due to trade uncertainties, the former governor of the Bank of Thailand (BoT) said.

Speaking at a central bank symposium Monday in Panglao, Bohol, former governor Sethaput Suthiwartnarueput said emerging markets have weathered financial shocks but trade disruptions may challenge their resilience.

“(T)he challenge and the problem is that the kind of shocks that we’re facing going forward are pretty unprecedented, and they’re the kind of shocks that are going to be much more difficult for us to navigate,” Mr. Suthiwartnarueput said.

“If you look ahead, the kind of shocks that we’re likely to face are much more... they’re more real than financial. They’re trade type shocks, and trade type shocks are much more difficult for us to handle as emerging markets,” he added.

He noted that supply-side shocks will come from structural changes in the supply chain, demographic shifts and climate change.

This, Mr. Suthiwartnarueput said, could diminish the guiding capacity of monetary policy as central banks are not well-equipped to address supply issues.

“If the shocks are coming from the supply side, then we don’t have, necessarily, the right kind of tools in the monetary front to address those kinds of shocks,” he said. “They’re much better tuned to addressing demand-side issues than the supply side.”

The former BoT governor said having robust buffers would allow central banks to gain more flexibility in managing interest rates.

“When our banking sector is solid and there’s enough capital and liquidity buffers, we’re able to handle greater... interest rate flexibility,” he said. “When we have adequate buffers on foreign exchange reserves, it allows us to use these complementary tools like FXI (foreign exchange intervention) as part of our policy plan.”

During the same forum, an economist said a foreign exchange playbook must be integrated in the central bank’s monetary policy framework to help stabilize financial markets and allow the foreign exchange market to better absorb shocks. — **Katherine K. Chan**

OPINION

The invoice: How tiny errors sink big VAT claims

LET’S TALK TAX RUNELL ALVYN V. SARMIENTO

applicable, the date of transaction, quantity, unit cost, and description of goods or properties or the nature of the services. The Court’s review of the claimant’s supporting ORs revealed a critical deficiency: the ORs did not indicate the nature of the services rendered. Instead, the receipts merely referenced “INWARD,” which pertained to the remittance payment from the foreign client but did not specify the actual services performed.

Although the claimant presented its Amended Articles of Incorporation, BIR Certificate of Registration, and billing statements to demonstrate that it was engaged in the sale of services, the CTA decision made clear that these documents, while relevant for establishing the general business activity and client relationship, are not the primary evidence required for VAT purposes. For substantiating a sale of service in relation to a VAT refund claim, the law and regulations require that the transaction be supported by a VAT OR containing all mandatory information, including the nature of the service rendered. The CTA emphasized that, regardless of the existence of other supporting documents, it is the OR that serves as the principal proof of the sale of service for VAT purposes. In this case, the absence of the nature of the transaction on the ORs proved fatal to the petitioner’s claim, as the CTA held that strict compliance with invoicing requirements is indispensable and cannot be substituted by other forms of documentation.

The CTA underscored that the requirement to state the nature of the transaction is not a mere formality. It serves several vital purposes: allowing the BIR and the courts to verify that the transaction qualifies for zero-rating, providing a clear audit trail linking the payment to the specific service rendered, and preventing taxpayers from claiming input VAT on transactions that do not qualify for zero-rating. Failure to indicate the nature of the service on the OR is fatal to the claim, regardless of the taxpayer’s good faith or the actual occurrence of the transaction.

The CTA’s decision is a masterclass in the doctrine of strictissimi juris, the principle that tax exemptions and refunds must be strictly construed against the taxpayer. The CTA explained that the VAT system is designed to ensure that taxes are collected at every stage of the distribution chain, with the seller’s output tax becoming the buyer’s input tax. This system relies on accurate and complete documentation to function

properly. In the case of the claimant, the Court found that while the company had issued VAT zero-rated ORs for its sales to its foreign affiliate, the receipts did not indicate the nature of the services rendered. This omission was fatal. The Court explained that while the accounted zero-rated sales were supported by VAT zero-rated ORs, these were not fully compliant with the prescribed invoicing requirements under the VAT law and regulations, since the ORs lacked the indication of the nature of services rendered by the petitioner. As such, the accounted sales were denied VAT zero-rating.

Tax refund claims, being in the nature of tax exemptions, must be strictly construed against the taxpayer, the burden is on the taxpayer to prove strict compliance with all conditions for the grant of a refund. The instant case is cautionary for all VAT-registered businesses, especially those engaged in zero-rated sales. It highlights the need to review invoices to ensure that all required information, including the nature of the transaction, is clearly indicated on all invoices. It also underscores the importance of training billing and finance teams on the legal requirements and the significance of compliance, conducting regular compliance audits, and maintaining complete and accurate records.

For taxpayers, the case is a reminder that the devil is in the details. Even the most sophisticated tax planning and compliance efforts can be undone by a single missing line on an invoice or official receipt. The case also illustrates the importance of keeping abreast of the latest jurisprudence and regulatory developments, as the requirements for VAT compliance are constantly evolving.

In the world of VAT, there are no shortcuts; only strict adherence to the rules will suffice. As the economy continues to grow and more businesses engage in cross-border transactions, the importance of VAT compliance will only increase. The Ibex case is a timely reminder that the key to successful tax compliance is attention to detail and a commitment to best practices. In the end, the cost of compliance is always less than the cost of non-compliance.

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.

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Career Opportunity in Dental Assist Philippines Inc.
1 Vacancy

Company Name: Dental Assist Philippines Inc.
Address: 2nd Floor, Unit 2-B and 2-C FI Center II Building 67 Primo Street, Old Zangia, Mandaluyong City
Nature of Business: Manufacturing
Contact details of the Company: Mila Tahum | dentalassist-ph@smiledesign.net

Job Position: Chief Executive Officer

Job Description:

- Coordinating with key participants for the compilation of the overall budget
- Spearheading the planning of the strategies and directing the business in a positive direction
- Supervise the company's operations based on the organizational standard quality, customer feedback and long-term goals
- Plan the company's projected costs and profits and incorporate tactical initiatives addressing company concerns and issues
- Monitor invoices, financial management procedures and bank processing
- Prepare timely and accurate financial company performance reports
- Oversee marketing initiatives and implement business practices for company improvement
- Delegate responsibilities ensuring employees are provided an opportunity for professional growth
- Implement various initiatives to coach employees to maximize their capabilities
- Assess employees' performance by completing performance reviews
- Evaluate the current company operations and implement improvements in the processes and new technologies and coordinate the changes with the management

Basic Qualifications for the Position:

- At least 15 years of leadership experience
- Required to have a Bachelor's Degree in Business Management
- Excellent leadership, organizational, and time management skills
- Must be adapt and knowledgeable on Data Analysis and Key Performance Indicators (KPIs)
- Have a problem-solving mindset

Monthly Salary Range: PHP 200,000 – 210,000
Workplace Location: Mandaluyong City

Name of Foreign National: Mitsuharu Ishimoto
Nationality: Japanese
City of Residence: Taguig City
Duration of Employment: 1 year

Dental Assist Philippines Inc. hereby declares that the above-named foreign national is able, willing, an qualified to perform the services and job description for this position. The company has the intention to employ the said foreign national and apply for an Alien Employment Permit with the Department of Labor and Employment - National Capital Region located at 967 Wasma Building, Maligaya Street, Malate, Manila.