Rice retail price down, meat up in mid-December

THE retail price of rice declined year on year in mid-December, while meat and *galunggong* (round scad) prices increased, according to the Philippine Statistics Authority (PSA).

During the Dec. 15-17 period, which the PSA calls the second phase of December, the national average retail price of regular milled rice declined 14.05% year on year to P42.10. During the first phase (Dec. 1-5), the average had been P41.38. A month earlier, rice averaged P40.56.

The highest average retail price of regular milled rice in the second phase was recorded in the Davao Region at P46.26 per kilo, down 6.58% from the same period last year.

The lowest retail price of well-milled rice was reported in the Cagayan Valley at P34.16 per kilo, down 20.45% from a year earlier.

Meanwhile, the retail price of bone-in fresh pork averaged P314.72 per kilo in the second phase of December, up 4.13% from a year earlier. The national average compares with the P314.41 recorded in the first phase of December and P316.05 a month earlier.

The retail price of dressed chicken averaged P212.40 per kilo in the second phase of December, up 2.21% from a year earlier. The average retail price for the period also higher than the P210.67 recorded during the first phase of December and P208.42 a month earlier.

Galunggong prices rose 13.45% year on year to P249.11 per kilo in the second phase of December. The average price of the staple fish rose from P244.90 in the first phase of December and increased from P247.86 a month earlier. — **Vonn Andrei E. Villamiel**

Breeder sow distribution program to require 230,000 animals by 2028

THE Department of Agriculture (DA) said it will distribute more than 230,000 breeder sows until 2028 to rebuild the hog herd after the African Swine Fever (ASF) outbreak.

The program will begin in 2026 with the distribution of 32,000 breeder sows, followed by the planned distribution of 100,000 breeders each year in 2027 and 2028, Agriculture Secretary Francisco P. Laurel, Jr. told reporters at a briefing last week.

Mr. Laurel said the DA is in the pre-procurement stage for the initial batch of 32,000 sows. He said the DA is targeting distribution by the second quarter of 2026.

"Our plan is to distribute the 32,000 to medium to large farms because they have the financial capability and the resources to support this big number," he said.

Under the repopulation program, large farms that receive breeder sows will return 30% of the piglets produced for redistribution to smallholder farms.

"The plan is, if it is given to a big farm, if it has 10 piglets, the government will take three. Then those three will be given to smaller farms," Mr. Laurel said.

The DA estimates that since the first ASF outbreak in 2019, the swine herd has fallen from 13 million to around 8 million head. Mr. Laurel said the multi-year breeder sow distribution program is intended to help restore, and potentially exceed, pre-ASF herd levels.

"We need to bring back the five million hogs lost to ASF. We will bring back six million hogs in the next couple of years," he said.

Mr. Laurel added that breeder sows to be distributed under the program will be vaccinated against ASF.

Funding for the repopulation drive will come from the Animal Competitiveness Enhancement Fund, which allocates P20 billion annually from tariff collections on livestock, poultry, and dairy imports. Of the total annual allocation, 26% is earmarked for repopulation and herd build-up, with about 70% of that portion intended for the hog industry.

Meanwhile, the DA said it has so far administered around 260,000 of the 500,000 ASF vaccines it procured, with the remaining 240,000 doses expected to be used by April next year.

However, the DA said it does not plan to further subsidize ASF vaccines for commercial hog raisers, although the government may still consider vaccine support for smallholder farmers if needed.

"For commercial use, producers will be expected to purchase the vaccines themselves. Government support may be considered in the future for smallholder farmers, but there are no plans for that at the moment," Mr. Laurel said. — **Vonn Andrei E. Villamiel**

PHL, UAE economic partnership deal set for signing in January

THE PHILIPPINES and the United Arab Emirates (UAE) are due to sign a Comprehensive Economic Partnership Agreement (CEPA) in January, the Department of Trade and Industry (DTI) said.

Trade Secretary Ma. Cristina A. Roque told reporters that a Philippine delegation, led by President Ferdinand R. Marcos, Jr., will travel to the UAE in mid-January to sign the CEPA, which would be the Philippines' first free-trade agreement (FTA) with a Middle Eastern country.

She added that the delegation will also arrange meetings with UAE companies to attract investments, particularly in manufacturing.

"Usually, when we go there, we always try to do other activities. We really want (to attract) manufacturing," Ms. Roque said.

The UAE is the Philippines' 18th largest trading partner and its top export market within the Gulf Cooperation Council. The Philippines' major exports to the UAE include electrical equipment, food products, iron and steel, mineral fuels, and machinery.

The CEPA, for which negotiations started in 2022, is expected to expand market access and encourage more UAE companies to invest in the Philippines.

Aside from the UAE, the Philippines is also looking to conclude free trade agreements (FTAs) with Chile and the European Union (EU) next year.

"I worked on the EU FTA when I spoke to the EU trade minister in Davos in January. We had a good conversation, so we can really proceed," Ms. Roque said.

Ms. Roque added that the President supports the government's push to pursue more FTAs to lower tariffs on Philippine goods and improve global competitiveness. — **Vonn Andrei E. Villamiel**

Study leave, workload relief proposed as priority policies to assist teachers

THE GOVERNMENT needs to prioritize targeted financial aid and workload relief to support educators pursuing graduate education, the Philippine Institute for Development Studies (PIDS) said.

In a discussion paper released Dec. 23, the state think tank said the government support needs to be focused on teachers with lower salaries or fewer assets.

"Workload relief mechanisms for teachers who are managing heavy teaching or caregiving responsibilities could also ensure support systems that do not inadvertently disadvantage teachers with fewer economic resources," PIDS said.

Carework hours, financial constraints, and heavy workloads were singled out as the main barriers hindering teachers from pursuing further education.

"The findings suggest that enrolling in graduate school often becomes a household-level decision, not merely an individual one, because of the shared implications for time, finances, and responsibilities," it said.

In addition, the authors suggested study leave, which could help reduce workload strain and support learning without harming family responsibilities.

They also called for improving awareness and accessibility of scholarships, noting that while these exist, teachers may lack information about how to apply.

This will encourage more teachers, especially those with financial constraints, to pursue graduate studies, the think tank said.

In addition, some educators surveyed noted that they cannot climb the promotion ladder without obtaining a master's degree, regardless of how skilled they are or how many training sessions they attend.

"Policymakers can reconsider promotion structures that rely heavily on graduate degrees. Although not the focus of this study, the literature on teacher learning highlights that formal education is only one pathway for professional development," PIDS said.

The paper "Does Carework Impair Teachers' Capacity to Pursue Advanced Studies in Education? Exploring Results from a Mixed-Methods Approach" was written by Jesusa L. Paquibot, Edmar E. Lingatong, Erwin Doroteo Justien C. Daga, Johanna Marie Astrid A. Sister, Douglas Kurt Gregor C. Diola, and Michael R.M. Abrigo. — **Aubrey Rose A. Inosante**

OPINION

Don't miss this: Transfer pricing compliance guide

LET'S TALK TAX
TRISHA AMOR M. GATDULA

Saying goodbye to the year that has passed and welcoming a new one often means taking a moment to look back and decide which habits, tasks, and priorities we should leave behind and which ones we must carry forward. For taxpayers, the close of a year and the start of another also signal the beginning of numerous statutory responsibilities, such as the submission of various information returns, the start of external audit season, the filing and payment of income tax returns, the renewal of business permits, and many more compliance activities.

With so many requirements occurring simultaneously, it is easy for some obligations to slip through the cracks. Transfer pricing (TP) compliance is frequently overlooked. To ensure a smooth start to the year, here are the essential TP compliance requirements that taxpayers must not leave behind.

RELATED PARTY TRANSACTIONS FORM (RPT FORM)

The RPT Form is an information return that discloses all domestic and foreign related-party transactions during the taxable year. Under BIR RR 34-2020, taxpayers must file the RPT Form if:

• The taxpayer is required to file an annual income tax return;

• The taxpayer has transactions with domestic and foreign related parties in the covered taxable year; and,

• The taxpayer is either (1) a large taxpayer, (2) enjoying tax incentives, (3) reporting net operating losses for the current and two immediately preceding taxable years, or (4) a related party that has transactions with a taxpayer classified in the aforementioned three sub-criteria.

As there are different transactions occurring in each taxable year, annual verification is necessary to determine whether a taxpayer qualifies to file an RPT form for the taxable year.

The RPT Form must be submitted as an attachment to the annual income tax return within 15 days from the deadline of filing or date of electronic filing of the return, whichever comes later. For the calendar year 2025, it should be submitted on or before April 30, 2026.

A compromise penalty amounting to P1,000 will be imposed for late or non-submission of such an RPT Form.

On the other hand, taxpayers who do not meet any of the above criteria are required to disclose in the Notes to Financial Statements that they are not covered by the requirements and procedures for related party transactions.

TRANSFER PRICING DOCUMENTATION (TPD)

TPD is also required if the taxpayer is required to file the RPT Form, as discussed above, and meets any of the following thresholds:

• Annual gross sales/revenue for the taxable period exceeding P150 million, with total related party transactions exceeding P90 million but excluding key management personnel compensation, dividends, and branch profit remittances; or,

• Sale of goods to related parties exceeds P60 million, or sale of services, interest payments or utilization of intangible goods exceeds P15 million; or,

• TPD was required within the immediately preceding taxable period.

The Bureau of Internal Revenue (BIR) requires that TPD be prepared either prior to or at the time of undertaking related party transactions, or not later than the filing due date of the tax return for the taxable year in which the transactions took place. Hence, if you have related party transactions that meet the following threshold as discussed, whether foreign or domestic, for the taxable year 2025 and are required to submit an RPT Form, a TPD should be prepared not later than April 15, 2026.

While only taxpayers that exceed the prescribed thresholds are required to prepare TPD, many still choose to prepare one proactively to ensure readiness and avoid compliance gaps. This foresight becomes particularly valuable during a BIR audit, where TPD must be submitted within 30 calendar days from the BIR's request, with a non-extendible additional period of 30 days granted only on meritorious grounds.

LOCAL TPD AND BENCHMARKING ANALYSIS

Multinational groups often prepare a global or regional TPD, which Philippine subsidiaries and related parties rely on for support. While allowed, the BIR prefers a local TPD that reflects the Philippine market and economic conditions.

If preparing a fully local benchmarking analysis is not practical, the taxpayer must be able to justify why the foreign or regional comparables are more reliable than local ones and demonstrate appropriate adjustments to align the results with Philippine conditions (e.g., differences in market size, economic environment, and risk levels).

When these explanations and adjustments are properly documented, the BIR may still accept the benchmarking results, even if the comparable companies are not local, as long as the analysis shows that the related party transactions meet the arm's length standard.

UPDATING THE TPD

One common misconception is that a TPD is a static, one-time document. In reality, the Organisation for Economic Cooperation and Development (OECD) recommends that the TPD be reviewed and updated annually to ensure that the organization's functional analysis, economic characterization, and TP methodology remain accurate and aligned with current business operations.

The OECD further advises that the search for comparable companies need not be performed every year. Instead, a full benchmarking analysis should be refreshed every three years, provided that the organization's operating conditions remain substantially unchanged. However, the financial data of the comparables must be updated annually to ensure that the arm's length analysis reflects the most recent available financial performance.

A good practice is to assess annually whether there have been significant changes in any of the following: (a) the business model or value creation structure; (b) the economic or market conditions; (c) the factors and assumptions considered in the previous TPD; (d) the nature, volume, or scope of related-party transactions; and (e) the taxpayer's status against the materiality thresholds that trigger mandatory TPD preparation.

If any of these changes are present, or if the taxpayer's transactions exceed the prescribed thresholds, an update of the TPD becomes necessary. Regular updates not only support accurate reporting but also enhance audit readiness and strengthen the taxpayer's defense in case of BIR scrutiny.

SUPPORTING DOCUMENTS

Though not required, in addition to the TPD, the following supporting documents may also be prepared in case of BIR audit:

• TP policy: A detailed policy outlining the taxpayer's approach to transfer pricing.

• Relevant contracts and proof of transactions: Contracts and other documents that substantiate the transactions between related parties. Contracts must clearly specify the nature of the transactions, TP method, basis of pricing and expected remuneration (markup, fee, or margin).

• Proof of payment of foreign taxes: Documentation or rulings issued by the foreign tax authority where the other party is a resident.

• Withholding tax returns and proof of payment: Records of taxes withheld and remitted to the BIR.

• Advance Pricing Agreement (APA): If any, agreements that provide certainty on TP methods.

• Income tax return and audited financial statements: Including disclosures on whether the entity is required to file an RPT Form and prepare TPD.

• RAMO No. 1-2019 Annexes: Including related party transaction, segmented financial statements, supply chain management analysis, functions, assets, and risks analysis, characteristics of business, and comparability analysis.

YEAR-END TP ADJUSTMENTS

If it is your group's practice to implement year-end TP adjustments to achieve the target arm's-length margin or profit, the Philippine entity must ensure that these adjustments are properly recorded and fully supported. Yearend trueups should be accompanied by clear adjustment memos, including the basis for the adjustment, the computation used, and the relevant policies or agreements authorizing such adjustments.

It is equally important to confirm that the adjustments are consistent with the entity's TP policy, benchmarking analysis, and functional profile. Any discrepancy between the booked adjustments and the documented TP methodology may trigger questions during a BIR audit. Ensuring alignment strengthens the defensibility of the TP position and minimizes potential TP risks.

A new year may feel overwhelming with the long list of tax and regulatory obligations that come with it, but for a well-prepared and responsible taxpayer, these compliance tasks need not be daunting. With proper planning, timely preparation, and a clear understanding of TP requirements, navigating these obligations becomes less of a burden and more of an opportunity to strengthen compliance and enhance operational transparency. As the year begins, staying organized and proactive ensures that nothing essential is left behind, setting the tone for a smooth, compliant, and confident year ahead.

Let's Talk TP is an offshoot of Let's Talk Tax, 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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