

Maharlika sees 1st half closing for some agri investment deals

THE Maharlika Investment Corp. (MIC) is hoping to close investment deals with agricultural companies within the first half, saying the prospective recipients of its funding have strong export and job-creation potential.

"Our goal is to back companies ready to scale — providing the resources to improve efficiency and increase export volume, which in turn secures and generates vital employment," MIC President and Chief Executive Officer Rafael D. Consing, Jr. said in a statement on Monday.

He added that the sovereign wealth fund, launched in 2023, is advancing into agriculture with a focus on "special situations" and deals with the potential to result in "strategic mergers and acquisitions."

"The fund is targeting enterprises with strong export promise and a significant labor component, aiming to close deals within the first half of 2026," it added.

The MIC also said it considers "promising agri-businesses" a key



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priority and seeks to unlock their full potential.

In the Philippines, agricultural exports accounted for 11.7% of total exports in November, according to the Philippine Statistics Authority.

For the first 11 months, the agricultural trade deficit totaled \$10.3 billion, narrowing about 4.6% from a year earlier. Agricultural exports at the end

of November amounted to \$8.33 billion.

Last year, the MIC announced a memorandum of understanding with Thai conglomerate Charoen Pokphand Group Co., Ltd.

The fund also agreed to establish a private equity fund to raise up to \$1 billion for investments in agriculture and food production, digital innovation, and sustainable energy.

Agriculture is among the MIC's four strategic pillars alongside energy, logistics, and mining.

"Beyond its contribution to national output — including the 5% GDP growth target — the (mining) sector serves as a long-term strategic hedge for MIC, helping preserve capital value against long-term currency volatility and global inflationary pressures," it said.

In addition, the MIC said it will deploy a "sectoral and tactical" approach that will prioritize assets that address structural chokepoints and unlock export capacity.

"By marrying 'intelligent capital' with national imperatives, MIC will contribute to a more diversified and resilient Philippine economy," Mr. Consing said.

The MIC posted income of P2.68 billion in 2024, up from P154.3 million a year earlier. It remitted P1.45 billion to the Treasury. — **Aubrey Rose A. Inosante**

not flagging duplicate and ghost projects in the NEP 2026 after an investigation into corruption in flood control projects.

The RDC endorsement will address long-standing concerns on misaligned projects, Mr. Toledo said.

"We avoid situations where LGUs are suddenly surprised projects are handed down to them that they don't know about, didn't endorse, and don't really need," he said.

At the same time, the DBM said the only programs and projects with "clear implementation readiness and strong track records" will be considered for inclusion in the proposed budget.

"This is how we ensure that the national budget truly serves the people," Mr. Toledo said, adding that spending items must be "disciplined, inclusive, and anchored on the realities of communities on the ground." — **Aubrey Rose A. Inosante**

Flawed registry causing farmers to miss out on government aid, Senate finds

REFORMS are needed to ensure that intended beneficiaries do not miss out on government aid due to gaps in the Registry System for Basic Sectors in Agriculture (RS-BSA), senators said.

At a hearing of the Committee on Agriculture, Food and Agrarian Reform, Senator Rafael T. Tulfo said many government interventions have failed to reach beneficiaries.

Mr. Tulfo said the problems include unregistered farmers, denial of registration, and so-called "ghost registrants" who are skimming off government aid.

"Assistance fails to reach beneficiaries because not all farmers and fisherfolk are registered or allowed to register. In some cases, it takes a long time before they are registered. Some individuals are not farmers but received aid, while others are unaware of what the RSBSA is," he said.

The RSBSA serves as the government's official database of farmers, fisherfolk, farmworkers, and young farmers and is a key

requirement for availing of government services for the agriculture industry, including financial assistance, credit, subsidies, and insurance.

Agricultural Training Institute (ATI) Director Remelyn R. Recoter told the hearing that 10.7 million agricultural workers are currently registered with the RSBSA. Of this total, 6.8 million are farmers, 2.7 million fisherfolk, around 2 million farm workers, and 328,000 farm youth.

Committee Chairman Sen. Francis Pancratius N. Pangilinan said the Department of Agriculture (DA) relies heavily on municipal agriculturists and local government units (LGUs) for farmer registration, but pointed out that the system is strained by manpower shortages at the local level.

Lea M. Beltran, a member of the League of Municipal and City Agriculturists of the Philippines, also said registration rates remain low primarily because of documentary requirements and the slow process of registration.

"There is a requirement for proof of ownership. But what about those who cannot read, write, or fill out forms? Especially in municipalities with many indigenous peoples, they do not have proof of ownership. Sometimes there are also delays in encoding even after documents have been submitted," she told the hearing.

Aside from farmers, the Bureau of Fisheries and Aquatic Resources (BFAR) said fisherfolk also experience difficulty in accessing government support due to registration requirements.

Amor G. Diaz, who heads the BFAR's Fisheries Industry Development and Support Services Division, said access to credit remains a "perennial problem" for fisherfolk, as most financing programs require RSBSA registration.

"There is a fisheries registration system (FishR) under BFAR. However, there are fisherfolk who are registered with that system yet are not included in the RSBSA because of stringent requirements," she said.

To help address gaps in the registry, Mr. Pangilinan called for the registry to be made more inclusive. He proposed the acceptance of proof of tillage for cases when proof of land ownership is not available or applicable.

"Proof of actual tillage should already be sufficient. Authorization from the landowner, certified by the local government, should be sufficient. Proof of ownership should not be the only option," he said.

The committee also called on the DA to work with the Philippine Statistics Authority to address issues involving duplicate records and entries of inactive or deceased individuals.

Mr. Pangilinan said the government should also look into harmonizing various registries, including the RSBSA, FishR, and the Farmers and Fisherfolk Enterprise Development Information System under the Sagip Saka program.

Meanwhile, separate bills were filed seeking to institutionalize support for agricultural cooperatives and overhaul extension services.

Senate Bills Nos. 389 and 1183, written by Sen. Risa N. Hontiveros-Baraquel and Mr. Pangilinan, respectively, proposed the creation of a Bureau of Agricultural Cooperatives to serve as the lead DA agency for the development, promotion, and regulation of agricultural cooperatives.

The measures seek to provide funding, capacity-building, and access to credit, and promotes clustering, consolidation, and mergers to help cooperatives achieve economies of scale.

They also call for the establishment of a National Federation of Agricultural Cooperatives to strengthen collective marketing, value-chain participation, and policy coordination.

The bills seek to grant registered agricultural cooperatives tax incentives, preferential loan terms from government financial institutions, and negotiated procurement arrangements with government agencies.

Meanwhile, Senate Bill No. 1182, written by Mr. Pangilinan, seeks to strengthen the National Agriculture and Fisheries Extension System through the creation of the Philippine Agriculture and Fisheries Extension Agency, which will absorb and expand the functions of the ATI.

"Effective agricultural extension services are critical for sharing best practices, introducing new technologies, and providing crucial education to farmers and fisherfolk," Mr. Pangilinan said in the bill's explanatory note.

The proposed agency will set national standards, provide technical and financial assistance to LGUs, and ensure the uniform delivery of extension services.

The measures also calls for increased funding for extension programs, the professionalization of extension workers, and the designation of agriculture and fisheries officers at the provincial, city, and municipal levels.

— **Vonn Andrei E. Villamie**

OPINION

Updates on BIR audit reforms

LET'S TALK TAX

AARON PAUL A. SANTOS

• Mission Order (MO) — authorizes site visits, business validations, and inventory checks but does not authorize the examination of books.

The recent issuance of RMC No. 52026 (Jan. 23) complements these reforms by enabling taxpayers to verify an LoA through the BIR chatbot REVIE. An "LoA Not Found" result triggers manual verification by the BIR upon e-mail request of the taxpayer, with a three-day response time required of the Assessment Service.

Stricter safeguards regarding the use of these instruments will help prevent unauthorized audits and curb abuse such as the use of fake eLAs in extortion attempts.

MINIMIZING MULTIPLE AND OVERLAPPING AUDITS

The BIR is also examining how to limit the frequency and volume of eLAs issued per taxable year. Initial discussions indicate that the BIR may restrict the issuance of eLAs to one per taxpayer per taxable year, covering all tax types, subject to mandatory audit exceptions.

Additionally, the BIR is exploring the automatic consolidation of multiple pending eLAs covering the same taxable year; for instance, separate eLAs for VAT and income taxes, unless the taxpayer files a request for non-consolidation. This reform aims to reduce the administrative burden caused by overlapping audits.

The suspension of audit and field operations following the issuance of Revenue Memorandum Circular (RMC) No. 1072025 on Nov. 24 marked a deliberate pause in the Bureau of Internal Revenue's (BIR) audit operations. This suspension was intended not merely as a reprieve for taxpayers but as a strategic opportunity for the BIR to recalibrate its audit framework, enhancing efficiency, strengthening safeguards, and restoring confidence in the integrity of the tax audit system.

This administrative shift is part of a broader effort to rebuild trust among investors and businesses. In recent years, taxpayers have expressed growing concerns over inconsistent audit practices, inadequate oversight, and the operational burden that audits impose, often disrupting business activities and affecting financial performance. In response, BIR has initiated a comprehensive review of its audit protocols. The reforms summarized below reflect areas the BIR is actively refining as it prepares to relaunch its audit operations.

USE OF VALID AUDIT AND VERIFICATION INSTRUMENTS

A core component of the reform is ensuring that tax audits proceed only on the basis of validly issued and properly verifiable audit instruments. The BIR intends to limit audit authorization to the following:

- Electronic Letter of Authority (eLA) — permits a full tax audit, including a review of books, working papers, and third-party checks.

- Tax Verification Notice (TVN) — authorizes limited verification activities, such as validating claims or conducting limited reviews of books or records.

The BIR is likewise evaluating the dissolution of special audit task forces whose functions will be absorbed by regular BIR offices to prevent redundant or conflicting audit activities.

These measures will give taxpayers a clearer picture of the scope and timing of their audits, to allow more effective planning and resource allocation to address them.

DATA-DRIVEN AND RISK-BASED AUDIT SELECTION

While the BIR retains statutory authority to audit any taxpayer, it is moving towards a system-assisted, risk-based selection framework designed to focus on taxpayers with higher compliance risks. Selection indicators being studied include:

- Quantitative ratio indicators — unusual fluctuations in income, expenses, or margins.

- Cross-return and third-party mismatches — inconsistencies between taxpayer filings and third-party data.

- Behavioral and trend signals — sudden changes in reporting patterns.

- Mandatory triggers — audits required by law, refund claims, or BIR directives.

- Structural and industry risk flags — inherent risks associated with certain industries or business structures.

With greater transparency around audit triggers, taxpayers can evaluate their own compliance posture, identify internal risk points, and implement proactive corrections.

STRONGER DOCUMENTATION AND AUDIT GOVERNANCE

The BIR is also considering the adoption of a strictly documented audit pro-

cess to ensure fairness and accountability. This will include:

- Standardized audit checklists
- Mandatory documentation of audit events
- Clear due process and audit safeguards
- Tighter oversight of assessment stages

A more uniform audit methodology will help taxpayers monitor audit progress, respond more effectively to findings, and avoid prolonged, open-ended audits.

HIGHER STANDARDS FOR AUDIT ASSESSMENTS

Enhanced assessment rules will require that only findings supported by verified facts and clear legal bases be included in deficiency notices. Assessments must:

- Clearly state factual findings
- Provide detailed computations
- Cite the applicable legal provisions
- Exclude any unvalidated issues

All deficiency assessments will undergo supervisory review to ensure accuracy and defensibility. Importantly, exaggerated or baseless findings may expose BIR personnel to administrative, civil, or even criminal sanctions.

EXPECTED TIMING OF AUDIT RESUMPTION AND FULL IMPLEMENTATION

When the suspension of tax audits under RMC 1072025 is lifted, the BIR is expected to gradually integrate the reforms described above into its procedures. The fully reformed BIR Audit Program for 2026 is targeted to take effect on May 1. The BIR is expected to release the corresponding revenue issuances over the coming weeks.

PREPARING FOR THE REFORMED AUDIT ENVIRONMENT

With the reforms approaching, businesses are encouraged to ensure internal records reconcile with third-party data, review ratios, margins, and reporting patterns for compliance risks, maintain organized and complete documentation, and strengthen internal controls and tax readiness.

TAKEAWAY

While tax audits are an essential aspect of the BIR's enforcement mandate, they must be conducted in a manner that is efficient, transparent, and minimally disruptive to business operations. The BIR's shift toward a more standardized, rules-based, and documented audit system signals a future in which tax audits are more predictable and fair. Ultimately, a well-implemented audit reform program promotes not only taxpayer compliance but also a healthier business environment, one that encourages investment, supports economic growth, and sustains government revenue.

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