2025 calamity-fund releases top P21 billion

THE Department of Budget and Management (DBM) said it released more than P21 billion in calamity funds in 2025 to support rehabilitation projects after multiple typhoons hit the country.

Citing status update for the National Disaster Risk Reduction and Management Fund, the DBM reported that P21.68 billion in calamity funds had been released by the end of December.

Still to be disbursed are P322 million from the People's Survival Fund.

At the end of November, P20.04 billion had been distributed to government agencies and P500 million to government-owned and -controlled corporations.

The Department of Social Welfare and Development received P11.21 billion, followed by the Department of Public Works and Highways, with P5.76 billion, and the Department of Agriculture P1 billion.

In addition, P731.16 million was released to the Department of Science and Technology, P603.20 million to the Department of National Defense, and P150 million to the Department of the Interior and Local Government.

Aside from the quick response fund top-ups for various agencies, most of the approved projects involved allocations for the repair and rehabilitation of facilities damaged by past typhoons, including Egay, Carina, and the severe tropical storm Kristine.

The Philippines was the world's most disaster-prone nation for a 21st straight year, according to the 2025 WorldRiskIndex. It is visited by about 20 tropical storms each year. — **Aubrey Rose A. Inosante**

Veto yanks 'critical lifeline' from auto industry, parts makers say

By Justine Irish D. Tabile
Reporter

THE removal from the budget of fiscal support for the Comprehensive Automotive Resurgence Strategy (CARS) and the Revitalizing the Automotive Industry for Competitiveness Enhancement (RACE) programs removed a "critical lifeline" to an already-struggling industry, auto parts makers said.

In a statement on Wednesday, Philippine Parts Makers Association (PPMA) President Ferdinand A. Raquelsantos said: "The CARS and RACE programs were designed to rebuild vehicle assembly volumes, strengthen local parts manufacturing, and allow the Philippines to regain competitiveness within the ASEAN automotive landscape... For PPMA, these programs are not merely support mechanisms but critical lifelines," he added.

Items from the budget vetoed by President Ferdinand R. Marcos, Jr. included unprogrammed appropriations worth P92.5 billion, including fiscal support for the CARS program worth P4.32 billion.

This funding was meant to pay off the government's obligations under the CARS program, including a still-being-evaluated application from one of the participants.

The President also vetoed P250,000 in fiscal support for the RACE program.

"The Philippine auto parts industry needs CARS and RACE to survive ... Without sustained and predictable government support, local manufacturers will continue to lose ground, investments will slow, and skilled jobs will disappear," Mr. Raquelsantos said.

The PPMA expects the gap with regional rivals to widen as other countries accelerate investment in new technology and supply chains.

"The reality is we are already lagging behind the Association of Southeast Asian Nations," Mr. Raquelsantos said.

"Automotive manufacturing has always been a cornerstone industry in Southeast Asia. If we allow our ecosystem to weaken further, it will be extremely difficult to recover," he added.

In response to the veto, the PPMA called for constructive dialogue with the members of Congress to better explain how automotive industry programs work and why they matter.

"We want to engage, not confront ... The auto industry is ready to sit down with our legislators to educate them on how CARS and RACE drive jobs, investments, and long-term industrial resilience. This is about building a competitive manufacturing base for the country," he said.

"Time is critical. Without decisive action, the Philippines risks being permanently left behind in one of the region's most strategic and value-generating manufacturing industries," he added.

Foreign chambers, including the European Chamber of Commerce of the Philippines (ECCP), also expressed concerns on how the veto will potentially impact foreign investor confidence.

"We respect the objective of strengthening fiscal discipline and accountability. At the same time, ECCP stresses that honoring existing government commitments is critical to sustaining investor confidence, especially for long-term, capital-intensive manufacturing investments," the ECCP said in an e-mailed response to a *BusinessWorld* query.

"Any uncertainty in the settlement of CARS obligations may raise concerns on policy predictability. We encourage the relevant agencies to clearly communicate how and when these commitments will be paid and through what funding mechanism, as the commitments under CARS were already factored into investor decisions," it added.

Immediately after the President announced the veto, Trade Undersecretary and BoI Managing Head Ceferino S. Rodolfo said that the agency is working with other government agencies to look for a mechanism that will ensure payment of CARS arrears.

Separately, the ECCP said it welcomes investigations into and enhanced oversight over public spending.

"To meaningfully strengthen investor confidence, accountability must be applied consistently and without exception," it said.

"Ensuring that those responsible for significant violations are held to account, not only minor actors, will be essential in demonstrating the seriousness of reform efforts," it added.

The chamber said investors will closely look at whether the 2026 national budget provides clarity, consistency, and reliability in its implementation.

"The timely settlement of valid government obligations, transparent procurement processes, and the efficient execution of priority programs will serve as important signals of policy credibility," it added.


FREEPIK

Global coconut oil, banana prices up in 2025

GLOBAL PRICES of coconut oil and bananas, which constitute a significant fraction of the Philippines' agricultural exports, increased in 2025, according to the World Bank.

In a report dated Jan. 6, the World Bank said the average global price of coconut oil in 2025 rose 63.27% to $2,480 per metric ton (MT). Last year's average price of coconut oil is also more than double the $1,075 per MT recorded in 2023.

Coconut oil is the Philippines' top agricultural export commodity, accounting for 3.38% or $2.61 billion of total exports in the first 11 months of 2025.

The price of bananas in 2025 increased 2.8% in 2025 to $1,100 per MT. Last year's average price is 0.92% higher than the $1,090 per MT reported in 2023.

Bananas are the Philippines' second-biggest agricultural export, accounting for 1.87% or $1.45 billion of total exports in the first 11 months.

Meanwhile, prices of agricultural products commonly imported by the Philippines, such as rice and soybean meal, dipped in 2025.

The global price of Vietnam's 5% broken rice, the grade that accounts for most Philippine imports, fell 31.84% to $380 per MT in 2025. Last year's average price of the staple grain is also 27.44% lower than the $523.7 per MT recorded in 2023.

The global price of soybean meal, a key ingredient in animal feed, fell 17.19% to $366 per MT in 2025. Last year's average price is also 32.35% lower than the $541 per MT recorded in 2023.

On the other hand, coffee and cocoa prices recorded significant increases last year.

Arabica coffee prices rose 50.71% to $8,470 per MT in 2025. Last year's price is also 86.56% higher than the $4,540 per MT reported in 2023.

The price of robusta coffee increased 10.2% to $4,860 per MT in 2025. Last year's price is also 84.79% higher than the $2,630 per MT recorded in 2023.

Cocoa prices rose 6.41% to $7,800 per MT in 2025 from $7,330 in 2024. Last year's price is more than double that of the $3,280 per MT recorded in 2023.

The global prices of the Philippines' main metallic mineral exports were mixed last year.

Nickel prices continued to slide, falling 9.83% to $15,162 per MT in 2025. Last year's price is also 29.55% lower than the $21,521 per MT average in 2023.

On the other hand, the price of gold increased 44.14% to $3,442 per troy ounce in 2025. Last year's price is 77.15% higher than $1,943 per troy ounce in 2023.

The price of copper rose 8.81% to $9,947 per MT in 2025. Last year's price is also 17.16% higher than the $8,490 per MT average in 2023. — **Vonn Andrei E. Villamiel**

Spot power prices rise in Dec. as supply margins thin in Visayas, Mindanao

AVERAGE power rates on the Wholesale Electricity Spot Market (WESM) rose in December due to thinning supply margins in the Visayas and Mindanao, according to the Independent Electricity Market Operator of the Philippines (IEMOP).

IEMOP reported that power prices system-wide rose 10.1% month on month to P4.38 per kilowatt-hour (kWh) in December.

Available supply increased 1.2% to 20,233 megawatts (MW). Demand dipped 0.5% to 13,440 MW.

Spot prices on Luzon declined 15.4% month on month to P2.98 per kWh.

Available supply increased 1.2% from a month earlier to 20,233 MW, outpacing demand, which declined 0.5% to 13,440 MW.

Supply margins for the Visayas and Mindanao narrow by 136 MW and 245 MW, respectively, according to Arjon B. Valencia, manager for corporate planning and communications at IEMOP.

WESM prices in the Visayas rose 36.6% month on month to P7.22 per kWh, with supply increasing 4.4% to 2,524 MW and demand growing 10.1% to 1,978 MW.

Mindanao spot prices rose 36.3% to average P7.82 per kWh.

Available supply dipped 7% to 3,287 MW, while demand rose 1.2% to 2,137 MW.

"These supply and demand conditions resulted in tighter margins and price spikes," Mr. Valencia said.

The secondary price cap was applied to mitigate the sustained high prices in both regions, he said.

IEMOP operates the WESM, where energy companies can purchase power when their long-term contracted power supply is insufficient for customer needs.

Last year, WESM prices fell to multi-year lows, with the effective price averaging P4.32 per kWh in the first 11 months. — **Sheldeen Joy Talavera**

OPINION

A pause, not a full stop

TAXWISE OR OTHERWISE
ANGELIKA VALMONTE

In late 2025, amid growing concerns about corruption allegations against certain government agencies, the attention shifted to the Bureau of Internal Revenue (BIR), as several Senators expressed serious concerns regarding its use of Letters of Authority (LoAs) and Mission Orders (MOs). Complaints from business groups and taxpayers prompted the Senate Blue Ribbon Committee to open a formal investigation into the alleged misuse and "weaponization" of LoAs by BIR personnel as a "money-making scheme."

In response to mounting public outcry, Finance Secretary Frederick D. Go and newly appointed BIR Commissioner Charlito Martin R. Mendoza announced on Nov. 24 the immediate suspension of all filed audits and related activities of the BIR. The halt, which covers the issuance of LoAs and MOs, as well as the examination and verification of taxpayers' books of account and records, was formalized through Revenue Memorandum Circular (RMC) No. 107-2025.

I hope that the suspension provided taxpayers with much-needed temporary relief, allowing them to move through the 2025 holiday season without scrambling to meet deadlines or retrieving boxes of documents to respond to BIR assessments. I also hope it offered them peace of mind, knowing they would not have to brace for a new BIR letter initiating an audit of their books for yet another taxable period.

However, it is noteworthy that the suspension of the audit and other field operations of the BIR is not absolute and not without exceptions. Naturally, this has given rise to a host of questions following the release of RMC 107-2025.

Taxpayers have been asking which specific cases are actually covered by the suspension and how the BIR intends to handle cases where only certain tax periods or particular tax types are set to prescribe within six months from the RMC's effectivity (i.e., from Nov. 24, 2025, or until May 24, 2026). There is also lingering uncertainty on whether waivers of the defense of prescription executed before the issuance of the RMC will still be honored, and whether the BIR will still accept new waivers even after the suspension took effect.

Questions have likewise surfaced on whether the issuance of a *subpoena duces tecum* (SDT) falls within the scope of the suspension. Equally pressing are the concerns of taxpayers whose cases are supposedly covered by the suspension but are already willing to settle at the early stages of the audit. Will the BIR issue any formal notice or documentation to support the closure of these cases, such as a Final Decision on Disputed Assessment, despite the temporary halt in audit operations? And finally, how long will this suspension last?

Fortunately, some of these concerns were addressed by the BIR in RMC No. 109-2025.

Under this RMC, the BIR reiterated that it can assess deficiency taxes within three years from the deadline for filing the return, or from the actual date of filing, whichever is later. Thus, for cases prescribing within six months from Nov. 24, the audit and investigation activities of the BIR will continue. To protect the government's right to assess within the three-year period, LoAs covering different tax types, where at least one tax type is prescribing on or before May 24, may also proceed. This means that for cases involving all internal revenue taxes for the year ended Dec. 31, 2023, considering that the withholding tax on compensation returns from January to April 2023, first quarter VAT returns and expanded and final withholding tax returns will prescribe before May 24, 2026, the BIR examiners are allowed to resume their investigations.

As to the covered BIR activities, the RMC clarified that the suspension includes the issuance of SDTs, except for those falling under the exceptions provided, as well as tax mapping/tax compliance verification drive (TCVD). The suspension covers the service of assessment notices up to the Final Decision on Disputed Assessment.

However, it was emphasized that issuance of Collection Letters, Seizure Notices, and similar correspondences for enforcing collection of delinquent accounts are not suspended as these are already considered final and receivable accounts of the BIR.

However, several key questions remain unanswered. The RMC does not provide guidance on whether previously executed waivers will be honored, and whether new waivers may still be accepted during the suspension period. There are differing interpretations on this among BIR offices.

Additionally, while the RMC mentions that taxpayers who have already agreed to settle the deficiency taxes prior to the suspension may proceed with the payment without requiring approval, taxpayers understandably seek assurance that a formal notice or letter will be issued, aside from the Agreement Form, to properly document the closure of the case. Unfortunately, this concern was not addressed.

For taxpayers wishing to settle and close their ongoing tax audit cases but are affected by the suspension, it would be beneficial for the BIR to permit continued coordination with the assigned examiners toward a possible settlement, and that any such resolution will still be properly documented.

The RMC reiterated that audits will remain suspended until the CIR officially issues an order lifting the suspension. I trust that the BIR will use this time to improve the overall audit framework to ensure a more transparent and standardized process, and not merely to address the concerns on the issuance of multiple LoAs and MOs.

RMCs 107 and 109-2025 mark an important first step by the BIR toward addressing long-standing concerns and operational challenges. This move signals its willingness to listen and adapt, laying out the groundwork for an audit system that values consistency, transparency, and respect for taxpayers' rights across all BIR offices.

As we wait for further guidance from the BIR, the hope is that this suspension is more than a temporary pause, but a true turning point. If the BIR can leverage this period to rebuild the framework so that the audit program is clear, fair, and consistently applied, the benefits will extend beyond the assessment process. It will also strengthen trust in our government, improve voluntary tax compliance, and create a more stable environment for businesses and individuals seeking a fair and reliable system.

To achieve this, the BIR could consider engaging with stakeholders across various industries, seeking input from private tax and legal experts, and taking inspiration from best practices used by international tax authorities. These collaborative efforts will ensure that any reforms are practical, inclusive, and aligned with economic realities of business. In the long run, a clearer and more accountable tax audit framework is not only beneficial but also essential to building a healthier tax environment for the country.

The views or opinions expressed in this article are solely those of the author and do not necessarily represent those of Isla Lipana & Co. The content is for general information purposes only, and should not be used as a substitute for specific advice.

ANGELIKA VALMONTE is a manager in the Tax Services group of Isla Lipana & Co., the Philippine member firm of the PwC global network.
+63 (2) 8845-2728
valmonte.angelika@pwc.com