EDSA Busway seen carrying over 70 million riders this year

THE Department of Transportation (DoTr) expects the Epifanio de los Santos Avenue (EDSA) Busway to carry more than 70 million passengers this year, reflecting greater efficiencies due to modernization.

"We anticipate to increase the ridership by 5% to 10% in view of the new policies, programs and infrastructure that are set in place," Transportation Acting Secretary Giovanni Z. Lopez said via Viber on Monday.

The DoTr reported rider volume of 66.67 million in 2025, up 5.79%.

"From 66 million passengers per annum, we are optimistic of breaching the 70 million mark this year," he said.

The DoTr said that the EDSA Busway recorded a single-day peak of 321,186 in April, with December being the highest-volume month at 6.53 million.

The DoTr will continue modernizing and rehabilitating the EDSA Busway amid rising passenger demand, Mr. Lopez said.

Since its launch in June 2020, the EDSA Busway has served 341.31 million passengers.

The DoTr is also working on the expansion of the EDSA Busway, it said, with three more stations set to start construction within the first quarter.

The additional stations are in Cubao, Magallanes and Parañaque Integrated Terminal Exchange (PITX), the DoTr said, adding that the new stations are expected to be completed by the fourth quarter.

In a notice of award dated Dec. 29, 2025, the DoTr awarded the P251.06-million contract for the design and construction of the new busway stations and footbridges to Unimasters Conglomeration, Inc.

The EDSA Busway, a dedicated bus lane along Metro Manila's main ring road, currently has 21 stations operating round-the-clock.

In a separate statement on Monday, the DoTr said it is also ramping up upgrades at PITX after the terminal recorded foot traffic of 60.28 million in 2025, up 16.91%.

In December, PITX served 5.69 million passengers, of which 3.43 million were logged during the Christmas and New Year Holiday period.

"The DoTr and PITX are fully prepared for the increase in the number of passengers using the terminal. We will ensure that there is an adequate supply of buses and smooth operations at PITX, along with strengthened security for a better travel experience for our passengers," Mr. Lopez said. — **Ashley Erika O. Jose**

PHL sugar exports to US of 100,000 MT approved

THE Department of Agriculture (DA) said it approved the Sugar Regulatory Administration's (SRA) plan to export 100,000 metric tons (MT) of raw sugar to the US, citing the need to reduce excess domestic supply and support farmgate prices.

Domestic sugar production rose by about 130,000 MT in the last crop year, which has resulted in a buildup in inventory.

Agriculture Secretary Francisco P. Tiu Laurel, Jr. said allocating part of the harvest for export will happen "as soon as possible to provide the industry immediate relief."

Exports will be carried out under the US tariff-rate quota system, which typically offers higher prices than the world market. The Philippine allocation for the current season is 100,000 MT, which is a reduction from the original quota of 143,000 MT after delays in the Philippines' participation.

SRA Administrator Pablo Luis S. Azcona said the approval to export reflects improved production levels and is needed to rebalance supply and demand.

"The volume exported is growing as well, from 33,000 tons to 66,000, and now 100,000 tons. The last two years, exports of raw sugar have helped increase our farmer prices. This year, this is a much-needed step that our farmers need," he was quoted as saying in a statement.

Mr. Azcona also flagged a sharp rise in imports of artificial sweeteners and sugar substitutes, which he said have reached volumes equivalent to more than 500,000 MT of raw sugar.

He said these substitutes have diluted demand for domestically produced sugar and helped weaken prices.

Mr. Laurel said the DA is monitoring imports of artificial sweeteners and may consider regulating their entry if market disruptions persist.

He added that the Department of Health may be asked to review the public health implications of widespread use of intense sweetening agents, citing guidance from the World Health Organization.

The DA said the decision to export to the US is intended as a short-term measure to address supply imbalances, while longer-term policy adjustments may be needed to stabilize prices.

The DA and the SRA have extended the moratorium on sugar imports until December this year to protect domestic producers. — **Vonn Andrei E. Villamiel**

LPG refilling-plant standards set for updating

THE Department of Energy (DoE) is seeking comment on the proposal to update the Philippine National Standard (PNS) for liquefied petroleum gas (LPG) refilling plants, citing the need to stay compliant with national regulations, international codes, and industry practices.

"This standard has therefore been prepared to align with recognized national regulations, international codes, and best engineering practices, considering lessons learned from past industry experiences and the evolving technologies in LPG handling and storage," the DoE said in a draft.

PNS DoE 02:2025 will amend and replace PNS FS 2:2018, which was issued through the Bureau of Philippine Standards.

The new version expands the scope of the earlier standard by covering the design, construction, operation, maintenance, and safety practices of LPG refilling plants, applying to both existing and newly constructed facilities.

It also adopts globally recognized engineering and safety protocols by complying with high-level international codes for critical aspects of LPG refilling plant operations.

Rino E. Abad, chairman of the technical committee on petroleum processes and facilities, said via Viber that the revised PNS for LPG refilling plant incorporates safety practices. The earlier version only focused on facility standards.

The prospective upgrades include installation of warning signs and safety signage, rules for wearing personal protective equipment to minimize exposure to hazards, and illnesses, and training on proper cylinder handling and refilling.

The new standard also provides clearer guidance for plant layout, operations, and safety practices. — **Sheldeen Joy Talavera**

E-vehicle industry seeks restoration of funding for CARS, RACE programs

THE Electric Vehicle Association of the Philippines (EVAP) urged the government to restore the vetoed funding for automotive industry incentive programs, citing the role of the broader automotive manufacturing industry in the success of electric vehicles (EV).

In a statement on Monday, the group stressed the importance of the Comprehensive Automotive Resurgence Strategy (CARS) and the Revitalizing the Automotive Industry for Competitiveness Enhancement (RACE) programs, for which fiscal support was subjected to a Palace veto when the President signed the 2026 General Appropriations Act.

"CARS and RACE were designed to rebuild vehicle assembly volumes, strengthen parts manufacturing, and ensure policy continuity for the automotive sector," the group said.

"Industry groups have warned that without these programs, the Philippines risks falling further behind Association of Southeast Asian Nations (ASEAN) neighbors that continue to invest heavily in automotive and EV manufacturing as strategic industries," it added.

It said that even with recent policy initiatives that promote EV adoption, charging infrastructure, and clean energy integration, "the transition to electric mobility cannot succeed in isolation and must be anchored on a competitive and resilient domestic automotive manufacturing base."

"The EV industry does not exist in a vacuum ...Electric vehicles are still vehicles," EVAP President Edmund A. Araga said.

"They rely on the same manufacturing ecosystem, supply chains, skilled workers, and industrial infrastructure that support conventional automotive production. If the automotive industry weakens, the EV sector will struggle to scale," he added.

According to EVAP, Thailand, Indonesia, and Vietnam leverage their strong internal combustion engine manufacturing base in accelerating EV production.

"These countries did not leap directly into EVs without first building scale and capability in traditional automotive manufacturing," it added.

EVAP said vehicle assembly and parts manufacturers are critical enablers of EV growth, as they also support the production of automotive components like wiring harnesses, electronics, body parts, thermal systems, and eventually batteries and electronics.

"Without sufficient production volume and government support, these investments become difficult to justify," it added.

The group said that the government should implement a balanced and integrated industrial policy that will support both conventional and electric vehicles.

"We commend the President for his clear support for renewable energy and electric vehicles," Mr. Araga said. "

"At the same time, we respectfully urge the government to view CARS and RACE as complementary to the EV roadmap. Supporting local automotive manufacturing today strengthens our ability to build EVs locally tomorrow," he added. — **Justine Irish D. Tabile**

OPINION

Seeking VAT zero-rating certainty after CREATE MORE

LET'S TALK TAX
MARIELLE C. BALDEMOR

Have you ever heard of a rule so often in school that it simply stayed with you? During my college days, one phrase came up repeatedly in accounting classes: "Do not assume, unless otherwise stated." It was a foundational principle our professors emphasized from day one, frequently resurfacing during problem-solving discussions. Outside the classroom, the same phrase even became a running joke shared among friends facing love-life dilemmas. Regardless of context, the message was clear: conclusions must be anchored on facts, not assumptions.

Years later, as a tax professional, this principle remains highly relevant. When tax provisions are ambiguous or inconsistently applied, businesses are left to fill the gaps with assumptions — often resulting in errors, disputes, and costs that could have been avoided. This is particularly true for VAT zero-rating rules, which have undergone significant changes under the CREATE Act and CREATE MORE Act.

Prior to the CREATE Act, the cross-border doctrine effectively treated sales to ecozones and freeport zones as constructive exports subject to 0% VAT, reflecting the long-standing view that such zones functioned like foreign territories for VAT purposes.

With the signing of the CREATE Act in 2021 and the issuance of Revenue Memorandum Circular (RMC) No. 24-2022 by the Bureau of Internal Revenue (BIR), the cross-border doctrine essentially became inoperative. Instead, the VAT zero-rating incentive became limited to purchases of goods and services that are "directly and exclusively used" in a registered activity of registered business enterprises (RBEs).

"Directly and exclusively used" refers to raw materials, supplies, equipment, goods, packaging materials, services, utilities, and maintenance, repairs, and other expenditures directly attributable to the registered activity without which the registered activity cannot be carried out. The BIR expressly excluded expenses used for administrative purposes such as utilities allocated to administrative operations, legal, accounting, janitorial, and other similar services.

The BIR further narrowed the incentive by limiting VAT zero-rating only to registered export enterprises (REEs), effectively denying the same to domestic market enterprises (DMEs). In 2025, however, the Supreme Court ruled that DMEs are likewise entitled to VAT zero-rating under the CREATE Act, declaring BIR issuances that limited the incentive to REEs unconstitutional.

On Nov. 28, 2024, the CREATE MORE Act became effective, and the stringent "directly and exclusively used" requirement was replaced by "directly attributable" for the VAT-zero rating incentive. Under the law, "directly attributable" refers to the purchase of goods and services that are incidental to and reasonably necessary for the registered project or activity of the RBE. This expanded coverage now includes janitorial, security, financial, consultancy, marketing and promotion services, and services rendered for administrative operations such as human resources, legal, and accounting, which were previously specifically disallowed. The CREATE MORE Act retains the limitation of VAT zero-rating incentives to REEs, but specifically now includes high-value DMEs (HVDMEs).

To avail of VAT-zero rating incentives under CREATE MORE, the BIR clarified that the incentive shall be availed of solely based on the VAT zero-rating certification issued by the Investment Promotion Agency (IPA) concerned. This change means RBEs no longer have to give their suppliers a sworn affidavit, as previously required under Revenue Regulations (RR) No. 3-2023. The issuance of a sworn affidavit replaced the old process under RMC No. 24-2022, where suppliers needed to get BIR approval before they could treat their sales to RBEs as zero-rated.

Now, in determining whether the purchases are "directly attributable," CREATE MORE provides that it be made by the IPA overseeing the RBE. In this regard, to provide clarity on which expenses qualify as "directly attributable," the Philippine Economic Zone Authority (PEZA), one of the IPAs, released Memorandum Circular (MC) 2025-052, which provides a list of goods and services considered "directly attributable" for the registered activity therefore eligible for VAT zero-rating.

The list contains three categories of purchases. First are the purchases that are "Directly and exclusively used for the registered activity," similar to the definition under the CREATE Act. Second is the "Positive List under RA 12066" or CREATE MORE, which lists down items such as janitorial, security, consultancy, marketing, etc. The last is "Others," which are incidental to and reasonably necessary for the registered activity such as delivery trucks and logistics and other essential items for the production of a registered project or activity. The "Others" category also includes brokerage and forwarding services, telephone and internet connectivity, office supplies, and occupational safety and health supplies and equipment.

PEZA clarified that the list isn't meant to be exclusive — which is a good thing, because it helps avoid confusion and keeps suppliers from thinking that only items on the list can qualify. Where an RBE determines that a particular purchase, though not listed, is directly attributable to or reasonably necessary for its registered activity, the RBE may seek confirmation from PEZA. This requires a written request on the company's official letterhead signed by the highest responsible official, explaining how the purchase is directly attributable, together with relevant supporting documentation, if any. A notarized sworn affidavit attesting to the same is likewise required.

Nonetheless, even with PEZA's circular and confirmation, RBEs and suppliers must remain cautious. VAT zero-rating remains subject to post-audit verification by the BIR. Suppliers therefore must keep the VAT zero-rating certificate along with sufficient documentation — such as contracts, invoices, and allocation methods used for purchases used across both registered and unregistered activities.

On the RBE side, the key risk lies in input VAT. Under RR 10-2025, if a supplier erroneously charges VAT, the RBE is not allowed to claim or refund that input VAT. This can create unnecessary friction with suppliers and may even result in additional cost to the RBE if it ends up absorbing the erroneously charged VAT. To avoid these issues, both sides should ensure accuracy from the outset — aligning early, validating the correct VAT treatment before invoicing, and maintaining clear documentation. Preventing an erroneous charge is far easier than trying to correct or reverse it later, especially once VAT has already been declared or reported.

Moreover, even though RBEs are generally entitled to VAT zero-rating, local suppliers cannot be faulted if they pass on VAT due to the RBE's delay or non-submission of the required Certificate of VAT zero-rating to the local seller. This is because the local seller is the one statutorily liable for VAT and, in the event of a tax audit, must be able to prove that its sales legitimately qualify for VAT zero-rating.

While PEZA has taken a positive step toward clarifying how VAT zero-rating applies under the CREATE MORE Act, other IPAs, such as Board of Investments (BoI), and Subic Bay Metropolitan Authority (SBMA) have yet to issue similar guidance. Having parallel circulars, especially those that outline clearly the process for confirming whether purchases are directly attributable to registered activities, would go a long way in promoting consistency and reducing uncertainty. This would be particularly helpful for taxpayers operating across multiple IPAs, as well as for suppliers whose goods or services are not included in the positive list.

As the rules on VAT zero-rating continue to evolve, clarity in the implementation becomes just as important as the law itself. When uncertainties arise, taxpayers must avoid assumptions and instead seek formal confirmation with the relevant IPA. After all, one of the first lessons in accounting is that assumptions have no place where accuracy is required. In today's tax environment, certainty comes not in what is presumed, but in what is clearly stated, properly confirmed, and carefully documented.

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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