

Data center boom expected to help accelerate RE growth

THE rapid expansion of data center capacity in the Philippines is expected to spur renewable energy (RE) development, provided that hubs are strategically located to connect with renewable sources, according to the Institute for Climate and Sustainable Cities (ICSC). “By co-locating data centers with renewable energy zones, the Philippines can anchor demand where clean power is generated, creating a bankable market for renewable projects, and advancing the national energy transition,” the ICSC said in a report on Monday. Philippine data center capacity could hit 1.5 gigawatts by 2028 as more operators set up facilities in the Philippines starting this year, the Department of Information and Communications Technology (DICT) has said. According to the Manila-based think tank, rising data

center demand in the Philippines highlights the need for strategic planning between the energy and digital infrastructure sector. The scale and energy needs of data centers can overload substations, stress transmission lines, and intensify grid congestion if clustered without adequate planning, it said. “Strategic integration transforms this growth from a potential source of grid stress into a catalyst for clean power deployment and economic opportunities,” the ICSC said, noting that data centers are likely to expand the digital economy. “The path forward is clear. The Philippines must move from siloed to synergistic planning, treating data centers as a strategic asset for its grid, not just a load on it. By anchoring this new digital demand to renewable energy

zones, the country can secure investment, accelerate its energy transition, and build a resilient, high-value economy fit for the decades ahead.” It said that data centers can also disrupt existing manufacturing, semiconductor, and industrial operations concentrated in Greater Metro Manila if data center siting is not properly planned. “For the country’s industrial strategy to succeed, data center growth must not come at the expense of existing sectors. Therefore, proactive site selection and adherence to stringent grid standards are crucial,” it said. The Philippines has sufficient renewable energy to meet the power requirements of data centers, the ICSC said, adding that rooftop solar and offshore wind energy sources can be tapped to supply their energy needs.

However, the ICSC said that some transmission expansion plans may not be able to accommodate offshore wind development and could lead to stranded capacity if grid upgrades are not fully aligned with expansion. “Bringing large data center demand to high-RE potential areas could be an opportunity to reduce RE curtailment rates and the need for extensive transmission projects. ICSC recommends co-zoning data centers with renewable energy hubs, mandating green power procurement, and integrating data centers into transmission planning,” it said. The top data center operators, particularly ST Telemedia Global Data Centres (STT GDC) Philippines and VITRO, Inc. utilize renewable energy to power their data centers. — **Ashley Erika O. Jose**

Aerospace firm to manufacture drones in Cavite economic zone

GLOBAL AEROSPACE Technology Philippines, Inc. is set to manufacture unmanned aerial vehicles (UAVs) and aircraft systems in Naic, Cavite, the Philippine Economic Zone Authority (PEZA) said. In a social media post on Monday, PEZA said it signed a registration agreement with the company as a new export enterprise at the Cavite Technopark-Special Economic Zone. “The company is set to manufacture, fabricate, machine, and assemble UAVs, unmanned aircraft systems, special-purpose machinery, and aerospace components,” it said. PEZA Director General Tereso O. Panga said the investment will help deepen Philippine participation in the global value chain. “The project forms part of the broader aerospace ecosystem, positioning the Philippines to integrate with Japan — one of the world’s largest aircraft manufacturing nations — as it progresses toward high-value systems engineering, defense platforms, next-generation aircraft technologies, and sustainable aviation solutions,” he said.

The project is also expected opportunities for micro, small and medium enterprises (MSMEs) within and outside PEZA economic zones (ecozones) to join the UAV supply chain. “Through supplier linkages, subcontracting, precision parts manufacturing, logistics support, and technical services, MSMEs can integrate into the aerospace value chain, fostering inclusive industrial growth and domestic capability building,” it added. PEZA said it hopes to create several aerotropolis ecozones in partnership with the Civil Aviation Authority of the Philippines (CAAP). “This strategic direction aims to cluster aviation and aerospace enterprises near key airport hubs, strengthening infrastructure integration, supply chain efficiency, and global connectivity,” it said. “To advance this vision, PEZA is working with CAAP and others to develop the guidelines and see aerotropolises and ecozones become a reality and operational in the near future,” it added. — **Justine Irish D. Tabile**

Bidding for Maharlika Highway rehabilitation targeted for May; construction by June or July

THE Department of Public Works and Highways (DPWH) said it hopes to start the bidding process for the rehabilitation of the Maharlika Highway in May, with construction due to start by June. Public Works Secretary Vivenzio B. Dizon said in a briefing on Monday that the timetable was set with an eye towards minimizing disruption for the Easter travel period. The DPWH’s rehabilitation plan includes an initial phase of removing obstructions, undertaking clearing works and completing temporary patches of uneven road surfaces before Easter. “Our target is to be as free from obstruction as soon as possible... By April or May, I think we can start the bidding,” he said.

Mr. Dizon said the procurement process and plan are being finalized. “Only big contractors can join the bidding.... rehabilitation will begin, I think a month and a half after that, maybe around June or July. The plan for the most problematic areas of Maharlika is being ironed out right now,” he said. The DPWH has also engaged foreign consultants to help design the rehabilitation plan, to ensure that suitable new technologies can be incorporated in the build to ensure the new road complies with international highway standards. “I do not mean to demean small contractors. But for major highways like Maharlika, we have to use modern technology. The problem is, only the big contractors have the financial capacity and technological capacity to use

modern technology because they are expensive. We will require that whoever bids for Maharlika Highway needs to have (modern) equipment,” Mr. Dizon said. Mr. Dizon said earlier this month that small, well-connected contractors who built many sub-standard flood control projects are “part of the problem” and expressed a preference for major construction companies like EEI Corp. and D.M. Consunji, Inc. (DMCI) in awarding major government projects. The Maharlika Highway, also known as the Pan-Philippine Highway, connects northern Luzon to the Zamboanga Peninsula, with ferry crossings linking Bicol and Samar as well as Leyte and Surigao. Aside from the Maharlika Highway, the DPWH is also

conducting the rehabilitation of Epifanio de los Santos Avenue (EDSA). The first phase of the EDSA rehabilitation project is on track for completion by May, Mr. Dizon said. — **Ashley Erika O. Jose**

CORRECTION

A TWO-PART EDITION of the Suits the C-Suite in this newspaper’s Economy page on Feb. 9 and Feb. 16 went out in the incorrect order, with part two going out earlier than part one. The order has since been reversed in the online edition of this newspaper. *BusinessWorld* regrets the error.

Agri, Tourism dep’ts sign farm tourism agreement

THE departments of Agriculture (DA) and Tourism signed a memorandum of agreement on Monday to expand farm tourism and strengthen the links between the food production industry and travel. In a statement, the DA said the two departments committed to aligning their programs, infrastructure development, and promotional efforts to position the Philippines as a leading food and gastronomy destination. According to the DA, the agreement builds upon programs authorized by the Tourism Act of 2009 and the Farm Tourism Development Act of 2016.

The two departments agreed to coordinate their efforts to expand farm tourism destinations, promote Filipino cuisine, and integrate agricultural priorities into tourism planning. The DA’s farm-to-market road projects will also be aligned with tourism circuits overseen by the Tourism Road Infrastructure Program to improve farm logistics and access to emerging destinations. Agriculture Secretary Francisco P. Tiù Laurel, Jr. said the partnership aims to create more stable institutional demand for local produce and integrate agriculture into the broader services economy. — **Vonn Andrei E. Villamiel**

OPINION

From anti-hero to protagonist? The BIR’s lyrical shift toward audit reform

For years, the relationship between the Bureau of Internal Revenue (BIR) and the taxpayer has been fraught with stress, uncertainty, and administrative friction. Many business owners start their day not with coffee, but with the familiar unease brought by BIR notices of overlapping Letters of Authority (LoA), simultaneous audits, and multiple Revenue Officers (ROs) looking into the books the exact same taxable year. To taxpayers, it feels like being pierced through the heart, but never (quite) killed. We survive the audit only to dread the next one. Anyone who has dealt with an LoA knows that the BIR’s previous audit system often felt stuck in a loop of “I have this thing where I get older, but just never wiser.” The fragmented examinations, parallel case handling, and redundant investigations became part of the status quo. Under earlier rules, a single company could be pursued by different divisions all at once, e.g., all Internal Revenue Taxes except Value-Added Tax (VAT) cases are handled by the Revenue District Office (RDO) while VAT-specific cases are overseen by the VAT Audit Section (VATAS). This created a multiverse of cases that strained corporate resources, heightened uncertainty and perhaps more concerningly, opened a space for inconsistencies and unintended administrative overreach. With the recent issuance of Revenue Memorandum Order (RMO) No. 1-2026, however, the BIR appears ready for a new era, almost echoing a familiar line: “It’s me, hi, I’m the problem, it’s me.” Yet this isn’t just a self-deprecating lyric, but more like an earnest step toward a more systematized, transparent, and taxpayer-friendly deficiency assessment procedure.

SINGLE-INSTANCE AUDIT FRAMEWORK
The new directive from the Commissioner, which lifted a two-month suspension on the issuance of LoAs, among

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others, signals a significant shift. The Bureau’s intention is clear: to streamline the audit process and put an end to the overlapping cases and duplication of audits that have burdened businesses. A key strength of the framework lies in the finality and certainty it seeks to introduce. Once an audit for a particular taxable year is completed, taxpayers can reasonably expect that all tax issues for that year have been examined and resolved, subject only to the narrowly defined fraud exception. This reduces the risk of successive or piecemeal examinations for the same year under different tax categories and reinforces the principle that audits should be comprehensive, conclusive, and time-bound. On the surface, this is a welcome development that promotes clarity and supports the government’s Ease of Doing Business (EoDB) initiative. However, the issuance does not directly address situations where a taxpayer may be audited for different taxable years at the same time — an experience familiar to taxpayers who are subject to consecutive or multiyear audits. In practice, a company may still find itself undergoing audits for open years such as 2023 to 2025, since the single-instance rule is applied on a per-year basis. As a result, taxpayers may still need to manage separate audit teams, checklists, and timelines for each year, requiring careful coordination and sustained internal resources. Tax audits are generally intended to be corrective, serving as a means to identify gaps and guide taxpayers toward improved compliance rather than to impose punitive measures. When deficiencies or non-compliances are identified during an assessment, it may be helpful for taxpayers to be given reason-

able window to implement corrective and systemic improvements. Allowing such adjustments to take effect before the issuance of a new LoA immediately for the same recurring issues can better support the spirit of voluntary compliance and help avoid an inefficient cycle of repetitive assessments. **CONSOLIDATION, A HELP OR HIDDEN RISK**
The implementation of the single-instance audit framework comes with automatic consolidation without any action required from the taxpayer. However, it also comes with incredibly tight deadline to opt out which is Feb. 16, 2026, feels like a tale as old as time, where the taxpayer is left scrambling while the Bureau sets the clock. This raises practical concerns: Can the Bureau realistically implement and operationalize this framework within the timeframe? Will extensions be considered? While the consolidation of multiple audits is presented as a measure intended to ease the burden on taxpayers, it may also carry certain implementation risks if not carefully managed. If a taxpayer’s All Internal Revenue Taxes except VAT audit was at the Final Assessment Notice (FAN) stage, meaning they were inches away from resolution and settlement, consolidating it with a newly opened VAT audit may effectively be hitting the reset button. Alternatively, this can also be interpreted as fast forwarding the audit procedure to match the advanced stage of the All-Internal Revenue taxes except VAT audit, it risks violating the taxpayer’s constitutional right to due process. Taxpayers will be unable to adequately defend themselves against VAT findings that haven’t even been properly ventilated at the initial stages of the audit procedure. This tension between speed and fairness suggests that the Bureau might still be staring directly at the sun but never

in the mirror regarding the logistical challenges these tight timeline and consolidations create. **SYSTEM VS HUMAN JUDGMENT**
The RMO also introduced a system-assisted, risk-based selection model for audits. The criteria for mandatory and priority cases are outlined in Annex A of the RMO, aim to eliminate the weaponization of audits by removing human discretion and influence. The anonymization of examiners and supervisors also aligns with the Bureau’s digital transformation efforts. Still, essential questions remain: Who oversees the algorithm? Who defines the risk parameters? To what extent can backend adjustments still be made? Even with increased automation, human intervention and judgment will continue to play a meaningful role, raising the need for strong controls and oversight. **BALANCING UNIFORMITY AND PRACTICALITY**
Furthermore, Annex B of the RMO provides for the standardized Checklist of Requirements for Presentation/Submission of Documents/Record remains a significant burden. While it aims for uniformity, it still requires exhaustive documentation. For instance, Item 2 - Securities and Exchange Commission (SEC) registration documents are public records held by the SEC. In the spirit of a truly integrated EoDB, there is a golden opportunity here to relieve the taxpayer of the role as the middleman. Similarly, Item 4 - Proof of tax credits is a quarterly and annual submission of taxpayers via the electronic Audited Financial Statements (eAFS) system and should be readily available to the BIR. To truly embrace streamlined audit procedures and assist taxpayers, the BIR may consider removing the monster on

the hill by developing industry-specific sub-checklists to reduce unnecessary document demands and improve audit efficiency. **FINAL THOUGHTS: ROOTING FOR THE ANTI-HERO**
RMO No. 1-2026 marks a meaningful lyrical shift, a recognition that the BIR audit system needed calibration. The Bureau may have played the anti-hero in the taxpayer’s story for too long. The story of the one we “agree with” in principle that is, taxes must be collected, but the one we “disagree with” in practice that is, the procedure is always painful. But as we navigate the opt-out and mandatory consolidation deadlines of Feb. 16 and March 4, respectively, the business community remains cautiously hopeful. For the BIR to fully remove its anti-hero persona, consolidation must not become a tool for delay, and the promise of single-instance auditing must eventually extend to multi-year audit management. We are beginning to believe the Bureau is changing. We are slowly letting go of the feeling that the Bureau is the antagonist. But until these reforms function smoothly and consistently, without infringing on due process, taxpayers will continue to root for the Bureau’s reform, even if it is exhausting to always root for the anti-hero. *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.*

CHARISSE A. DATILES is a manager from the Tax Advisory & Compliance practice area of P&A Grant Thornton, the Philippine member firm of Grant Thornton International Ltd. pagranthornton@ph.gt.com

