BARMM road project set for expedited completion

THE Department of Public Works and Highways (DPWH) said it is expediting the completion of a road network development project to strengthen connectivity in the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM).

The road network development project in conflict-affected areas in Mindanao is funded by the Japan International Cooperation Agency.

The goal is in part to improve and enhance low road density in BARMM to stimulate economic activity.

"The project supports the government's broader peace and development agenda, recognizing infrastructure as vital to stability and regional growth," the DPWH said.

The Roads Management Cluster of the DPWH's Unified Project Management Office is overseeing the project, which consists of three major roads totaling 80.97 kilometers.

Further, sub-project 9 which covers 17.42 kilometers linking Davao-Cotabato road with two major bridges. — **Ashley Erika O. Jose**

Airlines back removal of travel tax

AIRLINE OPERATORS expressed support for the removal of the travel tax, noting how discontinuing the tax would boost passenger demand and lower the cost of travel.

In a statement on Wednesday, the Air Carriers Association of the Philippines (ACAP) said proposals to remove the travel tax will make international air travel more affordable.

President Ferdinand R. Marcos, Jr. had urged Congress to abolish the travel tax by the time the legislators adjourn in June.

According to ACAP, abolishing travel tax will also enhance the Philippines' connectivity and global competitiveness.

"ACAP member airlines are gearing up to expand their Philippine-based hub networks in a way that generates economic benefits across the tourism value chain," it said.

ACAP is composed of flag carrier Philippine Airlines and its regional brand PAL Express, budget carrier Cebu Pacific and its regional brand Cebgo, and AirAsia Philippines.

The Department of Finance said last year that scrapping the travel tax could result in up to P5.1 billion in foregone revenue.

The travel tax was first imposed via Republic Act No. 1478 in 1956 and later amended through Presidential Decree No. 1183 in 1977.

Under the law, 50% of travel tax proceeds go to the Tourism Infrastructure and Enterprise Zone Authority, with 40% supporting the Commission on Higher Education's tourism-related education programs. The remaining 10% funds the National Commission for Culture and the Arts.

The government collects a travel tax of P1,620 from economy air passengers and P2,700 from first-class ticket holders. Exempt from travel tax are overseas Filipino workers, Filipino permanent residents overseas who stayed less than a year in the Philippines, and children aged two years and below.

Earlier this month, a bill was filed in the House of Representatives to remove the travel tax. A counterpart bill was filed at the Senate last year. — **Ashley Erika O. Jose**

Tariff hike for sweeteners seen forcing shift to domestic sugar, blunting revenue impact

A GOVERNMENT proposal to raise tariffs on artificial sweeteners is expected to have only a short-term impact on Customs collections, with users eventually shifting to domestic sugar, officials and analysts said.

Customs Commissioner Ariel F. Nepomuceno said the plan to impose a tariff hike on sugar substitutes does not guarantee a boost in the agency's collections because of the availability of domestically produced alternatives.

"Imposing higher tariffs on artificial sweeteners may not automatically boost customs collections if it becomes cheaper to source and use domestic sugar," he told *BusinessWorld* via Viber.

Agriculture Secretary Francisco P. Tiu Laurel, Jr. last week said the government is considering raising the current 5% duty on sugar substitutes to curb surging imports and protect domestic producers.

Mr. Laurel said that he has begun discussions with Finance Secretary Frederick D. Go on the appropriate tariff level, adding that the Department of Finance will come up with a determination on the eventual rate.

The Bureau of Customs (BoC) aims to collect P1.003 trillion this year.

Mr. Go has expressed confidence that the BoC will hit the P1-trillion mark in 2026, citing reforms and new leadership.

The BoC generated P934.4 billion in revenue last year, missing its P958.7-billion target, after the midyear freeze on rice imports dented its collections.

On the other hand, University of Asia and the Pacific Associate Professor George N. Manzano said beverage and food manufacturers may not be able to switch overnight to domestic sugar and opt instead to keep importing and absorb the higher costs.

"In the short term, government revenue likely goes up. Over the longer term, the effects on sugar and related industries will depend on how big the tariff is and how businesses respond," he said via Viber.

If artificial sweeteners become costlier, some firms may revert to domestic sugar, bolstering the agriculture, Mr. Manzano said, or spur investors to consider manufacturing sweeteners domestically if tariffs remain high.

"On the other hand, if the tariff is too high, manufacturers might simply import finished products (like drinks or processed food) instead of producing them locally. That could hurt domestic food manufacturers instead of helping them," he said.

Leonardo A. Lanzona, an economics professor at the Ateneo de Manila University, said consumers will ultimately bear the cost of import duties.

"The DA has often resorted to tariffs as the solution to many of their supply side problems. What they fail to consider apart from the raising government revenue is its impact on the consumer," he said via Messenger chat.

He said the DA should instead invest in facilities and industrial support to help sugar producers compete globally.

The government has imposed a suspension of sugar imports until the end of the year, except for volumes shipped in exchange for exported sugar.

"More importantly, the domestic industry should work on their own to be more productive and not rely on government subsidies and other forms of trade protection," he said.

Foundation for Economic Freedom President Calixto V. Chikiamco said the measure is unlikely to ease the sugar industry's structural problems.

"Banning artificial sweeteners, which the market may demand, may reduce the demand for finished products or shift the demand toward imported finished products using artificial sweeteners," he said via Viber.

The industry is also contending with a global shift away from sugar, increasingly viewed as unhealthy, Mr. Chikiamco said.

"Local sugar prices are already double the world market price, putting our downstream industries using sugar such as beverages, confectionaries, baked goods at competitive disadvantage," he added. — **Aubrey Rose A. Inosante**

Probe ordered into procurement of agri machinery, inputs

THE Department of Agriculture (DA) said it ordered an investigation into the procurement of farm equipment and inputs meant for distribution to farmers, following allegations of irregularities by farmers' groups.

"We invite these farmers' groups and other organizations to help us ferret out the corrupt within our midst. We cannot allow these taxpayers' funds to be squandered," Agriculture Secretary Francisco P. Tiu Laurel, Jr. was quoted as saying in a statement.

He also directed the DA's legal team to look into reported delays in fertilizer deliveries, warning that suppliers who fail to meet contractual obligations could face penalties or blacklisting.

The DA added that the Philippine Center for Postharvest Development and Mechanization (PhilMech) rejected claims that it conducted only token consultations with farmer beneficiaries, saying all procurement exercises undergo competitive public bidding in accordance with government procurement and auditing rules.

PhilMech, which managed about P5 billion annually for machinery and postharvest facilities over the past six years from the Rice Competitiveness Enhancement Fund, said it sources equipment from multiple qualified suppliers to ensure quality and suitability for diverse farming conditions.

Farmer organizations made the allegations on Wednesday, citing issues with procurement and distribution of farm inputs and equipment meant to be released to farmers at subsidized rates.

In a joint statement, the Federation of Free Farmers (FFF) and MAGSASAKA Party-List (MPL) urged Mr. Laurel to act on "persistent, disturbing reports" involving the procurement of seed, fertilizer, machinery, and other items.

According to the statement, FFF Chairman Leonardo Q. Montemayor and MPL President Argel Joseph T. Cabatbat told Mr. Laurel that the procurement process had become politicized despite the safeguard of formal bidding procedures.

"While (on paper) bidding and awards are done at the regional or agency level, it is said that the outcomes are being effectively determined by a few high-ranking DA officials and their political backers who control the funding decisions," they said in a statement.

They claimed technical specifications in bid documents were allegedly tailored to favor selected suppliers, discouraging competition.

The FFF and MPL said they received reports from beneficiaries about substandard inputs and equipment, including low-germination seed, incorrect fertilizer types, and poorly-performing machinery with limited after-sales support.

They also alleged that some rice mills and processing facilities funded by government programs have become underutilized due to a lack of operating capital or management capacity among the recipients.

Meanwhile, the DA said it will pilot a new procurement system for inorganic fertilizer this year, allowing farmers to purchase eligible products directly using their Intervention Monitoring Card or an IMC-linked e-wallet, to streamline subsidy delivery and reduce leakages. — **Vonn Andrei E. Villamiel**

OPINION

A brief overview of extrajudicial settlement

TAXWISE OR OTHERWISE

JULREY FLORENCE GARCIA

When a person passes on, those left behind are often faced not only with emotional loss but also with the task of settling the person's affairs. The process of estate settlement affects families from all walks of life, regardless of the size or value of the estate involved. It is therefore not surprising that estate settlement continues to receive public attention, including through proposals in Congress relating to estate tax, such as bills seeking to extend estate tax amnesty programs or to revisit the existing estate tax system itself. While these proposals remain under discussion, they reflect a shared recognition that estate settlement is a common and often challenging experience for many Filipinos and foreigners who have properties in the Philippines.

Estate settlement is the process by which a decedent's properties, rights, and obligations are identified, settled, and transferred to his or her heirs. There are different ways to complete this in the Philippines, depending on the circumstances. One of the most commonly used methods is extrajudicial settlement (EJS) which allows heirs to settle the estate among themselves without going to court. This is allowed if the decedent did not leave any will, if there are no unpaid debts (or the heirs agree to take responsibility for them), and all heirs sign and publish the agreement to divide the estate.

For many families, EJS offers a way to move forward without the added cost, time, and formality associated with judicial processes. However, while EJS simplifies the procedure, it does not remove the legal and tax requirements that accompany the transfer of property from one party to another.

The EJS process actually starts with the determination of who are the heirs and what are the properties left by the deceased. The heirs will then have to decide how the properties will be divided among themselves. This agreement must be formalized in a notarized deed of extrajudicial settlement, which must be published once a week for three consecutive weeks in a newspaper of general circulation. These procedural steps, while straightforward in principle, also form the basis for subsequent steps involving taxes and property transfers.

Tax law imposes a 6% estate tax on the transfer of a decedent's net estate upon death to the heirs, regardless of whether the estate is settled through court proceedings or through EJS. The law allows certain deductions to arrive at the net estate subject to tax, such as the value of the family home or certain properties received prior to death, subject to limitations.

Beyond estate tax, the way the heirs apportion the estate can also have separate tax consequences. A 6% donor's tax may apply if an heir gives up part of his or her rightful share so that another heir receives more than his or her legal share. Donor's tax can likewise be imposed when there is a specific renunciation in favor of a particular co-heir, as opposed to a general renunciation. In a recent Court of Tax Appeals (CTA) case, the court held that although certain paragraphs of the EJS appeared to indicate a general renunciation (i.e., without designating a specific recipient), these were effectively negated by later provisions that clearly directed the repudiated shares in favor of a specific heir. Consequently, the CTA considered renunciation in the EJS as a gratuitous transfer or donation. Careful drafting and aligning allocations with legal shares help avoid unintended donor's tax exposure.

Where land or other real property forms part of the estate, local taxes likewise come into play. Under the Local Government Code, local government units are authorized to impose a tax on the transfer of ownership of real property, including transfers by donation and inheritance. The specific rates and procedures may vary depending on the city or municipality, adding another step to the settlement process.

Notably, settling an estate also involves the submission of required documents (e.g., death certificate of the decedent, the deed of extrajudicial settlement, proof of publication of EJS, tax declarations, certificates of title), filing the estate tax return, and paying the tax due to the Bureau of Internal Revenue (BIR). Heirs or their representative must also secure a Certificate Authorizing Registration (CAR) from the BIR for each property before any transfer can be recorded by other institutions such as the Register of Deeds (RD) and the Land Transportation Office (LTO).

Ultimately, beyond these required documents and processes, it's important to recognize the human context in which estate settlement takes place. Families often begin the settlement process while still grieving the loss of a loved one. During this period, attention is understandably focused on personal and family matters, and the completion of legal and tax requirements may not be an immediate priority. In reality, this may contribute to delays in filing estate tax returns or settling tax obligations within the periods prescribed by law, resulting in the imposition of penalties and interest. This experience is not uncommon and reflects the practical challenges faced by families navigating estate settlement during a difficult time.

From the perspective of families, these layered requirements combined with emotional and personal circumstances can make EJS feel more tedious than initially expected. While the absence of court proceedings remains a clear advantage, the overall timeline of the settlement may still be affected by the need to gather the required documents, complete tax filings, and secure clearances. The delays at any stage may affect the next steps, making timing and coordination an important part of the process.

The government passed several estate tax amnesty measures, with the most recent ending on June 14, 2025. These helped to ease the burden of long-standing unpaid estate taxes for families of decedents, especially those from earlier years. Today, legislators are once again discussing potential amnesty and other reforms, reflecting their continued recognition of the practical realities faced by families in settling estates. While these are still under deliberation, families must manage estate settlement based on existing rules and procedures.

In sum, extrajudicial settlement remains a valuable and legally recognized option for settling estates in the Philippines. At the same time, its effectiveness in practice largely depends on how well heirs or their representatives understand and manage the surrounding tax and legal requirements while coping with personal loss. A clearer appreciation of these realities may help set more realistic expectations and encourage informed decision-making during what is frequently a sensitive and challenging period.

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.

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