

# ‘Emerging’ target for excise tax set at P359.06 billion

THE Bureau of Internal Revenue (BIR) said the emerging goal for excise tax collections this year is P359.06 billion, lower than the target set under the Budget of Expenditures and Sources of Financing (BESF) for 2026.

In Revenue Memorandum Order No. 9-2026 released last week, the BIR said that the emerging goal is 0.16% lower than the P359.65 billion set in the BESF.

The order was issued to spell out the specific collection goals of the Large Taxpayers Service (LTS) and the Revenue Regions after the BIR's overall collection

target was revised to P3.43 trillion in the 192<sup>nd</sup> Development Budget Coordination Committee (DBCC) meeting in December.

This emerging goal is 4.15% lower than the P3.58-trillion collection goal set out in the BESF.

The BIR clarified that the BESF-based collection goal will remain the official revenue target of the BIR for the purposes of complying with the Attrition Act of 2005.

“The emerging collection goal will serve as the operational benchmark for agency performance measurement, cash man-

agement, budget execution, and mandated reporting to stakeholders, unless instructed otherwise by the DBCC or the Department of Budget and Management,” it said.

Of the total excise tax goal, P357 billion was directly assigned to the LTS, of which P172.49 billion was to come from tobacco products.

Excise taxes from alcohol products are expected to amount to P128.62 billion, while excise taxes from sweetened beverages and mining are expected to total P38.47 billion and P11.27 billion, respectively.

Excise taxes collected from automobiles are expected to amount to P5.75 billion, with taxes from miscellaneous products totaling P354 million.

Meanwhile, collections of excise taxes from cosmetic procedures and tobacco inspection fees are projected to hit P25 million and P8 million, respectively.

The remaining P2.06 billion of the total emerging goal for excise taxes was distributed among the revenue regions and is largely based on their respective actual collections from mining. — **Justine Irish D. Tabile**

## Competitive retail electricity market participants save P4.23B in 2025

POWER CONSUMERS in the competitive retail electricity market (CREM) saved about P4.23 billion last year compared to those still captive to their distribution utilities (DUs), according to the Philippine Electricity Market Corp. (PEMC).

In its annual retail market assessment report, PEMC said the savings were primarily driven by industrial consumption and the

spike in generation rates charged by DUs in April last year.

Industrial customers accounted for 61.8% or P2.62 billion of the total while commercial customers contributed the remaining P1.62 billion.

“As baseload-oriented users, industrial customers can capture more substantial savings

when competitive retail rates are available,” according to the PEMC, the governance arm of the Wholesale Electricity Spot Market.

Through CREM, contestable customers can choose where to source their supply of electricity while captive customers are required to stay within their respective DUs for their power requirements. — **Sheldeen Joy Talavera**

## Food, beverage industry seen growing 5% in 2026

THE Philippine food and beverage manufacturing sector is projected to grow by about 5% this year, driven by the strong performance of leading manufacturers, the US Department of Agriculture (USDA) said.

In a report, the USDA's Foreign Agricultural Service (FAS) in Manila said the industry's growth will be supported by ongoing expansion in food manufacturing and government measures aimed at easing logistics and fuel costs.

“Local governments are easing logistics costs by suspending port and toll fees, subsidizing public transport drivers, monitoring fuel and consumer prices, and enforcing excise taxes on gasoline companies,” it said.

The FAS said food and beverage manufacturing sales are expected to rise despite higher electricity, logistics, and raw material costs, with leading manufacturers continuing to post solid performance.

However, the report said headwinds include rising production costs, food price inflation, and weaker remittances from overseas Filipino

workers, which may constrain household budgets and dampen consumer spending.

The report noted that evolving consumer preferences are also shaping product development across the sector.

“Demand is growing for natural, wholesome ingredients, such as whole grains, nuts and seeds, legumes, and less processed, healthier snacks and beverages,” FAS said.

Products with high-protein claims, including milk and energy drinks, as well as those containing functional ingredients that deliver health benefits, are gaining traction among consumers, it added.

The FAS also said there is increasing interest in ingredients catering to specific dietary preferences, including low-sugar, vegan, plant-based, and non-dairy options.

Meanwhile, it said retailers are expanding private-label or house-brand offerings, including more products in larger, industrial-size formats suited for households and food service operators such as restaurants, hotels, and catering businesses. — **Vonn Andrei E. Villamil**

## 70 more local government units expected to automate permit systems

THE Anti-Red Tape Authority (ARTA) said it hopes to enroll 70 more LGUs (local government units) in its electronic business one-stop shop (eBOSS) system this year.

“Our conservative target is about 70 additional LGUs... it can be more depending on how fast we can be in revising the joint memorandum circular (JMC),” ARTA Director General Ernesto V. Perez told reporters last week.

To date, 127 LGUs have fully automated their registration processes, while about 700 are “partially automated.”

The agency is targeting all 1,642 LGUs to be fully eBoss compliant by 2028.

In the National Capital Region, all LGUs except Pateros City are fully compliant, Mr. Perez said.

ARTA is also looking to resolve issues on integrating the Bureau

of Fire Protection's (BFP) system in eBOSS, Mr. Perez noted.

ARTA signed a JMC with the departments of Interior and Local Government (DILG), Information and Communications Technology (DICT), and Trade and Industry (DTI), which sets guidelines on streamlining LGU systems for business and non-business-related services.

“Hopefully, we can revise the JMC among DILG, DICT, ARTA, and DTI to address, particularly, the issue of the BFP,” he said.

“We have (BFP's) commitment; it's just a matter of implementing it,” Mr. Perez said, noting that the agency aims to resolve the issues by June 30.

Republic Act No. 11032 or the Ease of Doing Business and Efficient Government Service De-

livery Act requires all LGUs to set up an eBOSS.

An eBOSS is an online portal that enables the end-to-end processing of government services, such as the application and issuance of local business licenses, clearances, and online payments.

JMC No. 1, Series of 2021 considers LGUs “fully compliant” if they adopt the core eBOSS features.

These include the electronic submission of applications; online uploading of documents, digital payment systems; and issuance of electronic tax bill or tax order of payment.

“Once this issue is properly addressed, we'll have a sharp increase in the number of LGUs that are compliant with eBOSS,” Mr. Perez said. — **Beatriz Marie D. Cruz**

### OPINION

## Navigating the new global norm in financial regulation

#### IN BRIEF:

- Regulatory divergence is accelerating globally, with the US easing supervisory transitions to support competitiveness and innovation while the EU and UK maintain a stability-focused approach, creating operational complexities for multinational financial institutions.

- Asia-Pacific regulators are pursuing market-specific, stability-oriented strategies and domestic market development rather than mirroring Western regulatory shifts.

- Technology, operational resilience, consumer protection, and emerging systemic risks are reshaping oversight, as regulators strengthen frameworks around AI governance, digital assets, fraud prevention, financial crime compliance, and the growing interconnectedness of nonbank financial institutions.

The global financial system is entering a period of intense structural change, driven by competing political priorities, technological disruption, and diverging regulatory philosophies. If past cycles of reform were characterized by coordination and standards-setting, the current environment reflects a more fragmented, multipolar world. This is evidenced by diverging perspectives on competitiveness and innovation between the US, UK and the European Union, underpinned by recent geopolitical and trade policies. In the Asia-Pacific region, regulators gravitate towards a more cautious stance to develop their respective markets.

While this is the case, there has been a common theme emerging from the current shakeup caused by the conflict in the Middle East that has had direct impact on energy security. Regulators are imploring financial institutions to tighten their respective scenario stress testing exercises to make sure their capital buffers are resilient enough, and calling for increased vigilance on energy shock-induced inflation, supply chain disruptions and their impact on their respective portfolios.

In this situation, institutions pursuing cross-border transactions and those that have operations in various jurisdictions must now navigate a landscape where rules are increasingly diverging. The EY 2026 Global Financial Services Regulatory Outlook highlights this shift, along with the implications for supervi-

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**At this global crossroads, regulation is no longer merely a compliance exercise. It is now a strategic determinant of an institution's competitiveness.**

sion, risk management, and long-term competitiveness of financial institutions.

This is the first article of the Financial Regulatory Outlook series, which will discuss insights from the SGV Knowledge Institute event titled “Global Shifts, Local Impact: Navigating the Next Wave of Banking Regulation.”

#### REGULATORY FRAGMENTATION WIDENS

Global financial regulation is becoming increasingly fragmented as major economies adopt contrasting approaches to competitiveness, innovation, and systemic oversight. The US is moving towards easing supervisory oversight focusing on capital rules, supervisory methodology, decreasing barriers to innovation, and an increased openness towards mergers and consolidation among major US banks.

This supervisory shift signals that the US is prioritizing economic expansion and domestic competitiveness over multilateral alignments that were emphasized after the Global Financial Crisis.

Meanwhile, the EU and the UK are pursuing growth agendas of their own, but one anchored in maintaining stability within the existing regulatory architecture. The bloc's decision to delay the Fundamental Review of the Trading Book (FRTB) to 2027 reflects its cautious stance, prioritizing prudential safeguards despite market and geopolitical pressures.

This divergence in regulatory direction creates operational challenges for multinational banks, wherein institutions operating across the US and EU face significant asymmetries in capital requirements, reporting timelines, and supervisory expectations. As global standard setters avoid intervening in these geopolitical drivers, firms must adapt to a regulatory landscape where policy alignment is no longer guaranteed. This regulatory fragmentation appears to be the new norm rather than a

transitory cycle while institutions wait for the current geopolitical uncertainties to subside.

#### ASIA-PACIFIC MARKET FOCUS, STABILITY ORIENTATION

In the Asia-Pacific, regulators are pushing for a more independent trajectory, guided by the US push for less stringent regulatory supervision and more by domestic priorities in innovation, regional competitiveness, and financial stability. Hong Kong and Singapore continue to lead in digital assets and sustainability standards, reflecting their continuous push for regional financial regulatory leadership. Their regulatory stance pairs innovation with strong safeguards that heavily focuses on risk assessment, operational resilience, and capturing cross-border flows.

Meanwhile, India is pursuing rapid financial sector development, implementing measures to boost domestic capacity and build a modern regulatory foundation suited to its expanding economy. On the other hand, Japan is emphasizing trust and system security while strengthening regional financial functions, signaling a preference for stability and predictability. Australia stands as a cautious outlier, closely tracking artificial intelligence (AI) governance and digital asset developments abroad as it evaluates potential reforms domestically.

Despite their varied approaches, APAC regulators share a common orientation: to maintain resilience amid geopolitical uncertainty. Many jurisdictions are tightening cyber and operational standards, as seen in the EU-aligned Digital Operational Resilience Act (DORA) efforts and new oversight regimes for critical third-party service providers. This regional focus on digital resilience and local market strengthening underscores a broader shift where the Asia-Pacific is not reacting to Western recalibrations, but designing frameworks tailored to its own structural needs and competitive aspirations.

#### EMERGING RISKS

Across global markets, regulators are increasingly concerned about risks arising from fast-moving technological adoption, the expansion of digital assets, and growing dependence on third-party service providers. AI remains a focal point of regulatory inconsistency, with more than 40 jurisdictions issuing guidance or conducting supervisory exercises

while applying different expectations around transparency and model governance. Firms now must manage dual risks in this area as well as risks arising from AI used in operations and from AI deployed in compliance functions.

Digital assets, particularly stablecoins, are prompting varied responses worldwide. The US Guiding and Establishing National Innovation for US Stablecoins (GENIUS) Act introduces a federal framework emphasizing reserve backing and redemption rights, while Hong Kong, Japan, the EU and UK advance licensing and supervisory regimes customized for their markets. These diverging views are expected to accelerate jurisdictional regulatory arbitrage and reshape business models for digital-native firms.

Operational resilience has also become a supervisory priority. The EU's DORA regime, the UK's Critical Third Parties (CTP) framework, and Canada's operational resilience deadlines all reflect rising concerns about the systemic risks tied to digital infrastructure. Regulators are increasing scrutiny of critical third-party technology providers and intensifying scenario testing. As geopolitical uncertainty heightens vulnerability exposures, firms must build robust, technology-driven controls to withstand disruptions and safeguard business continuity.

#### CONSUMER PROTECTION, RISK GOVERNANCE, AND NBFIS

Regulators worldwide are strengthening oversight aimed at protecting consumers, enhancing governance, and monitoring emerging threats from nonbank financial institutions (NBFIs). The increasing occurrence of fraud, particularly through digital channels, has led to tougher monitoring, expanded liability expectations, and new obligations for platforms and payment service providers. The UK Financial Conduct Authority's Consumer Duty continues to influence global standards, with Singapore, Japan, and New Zealand introducing parallel regimes emphasizing fair treatment, transparency, and enhanced complaint handling.

At the same time, supervisors are devoting attention to NBFIs, whose increasing interconnectedness with the regulated banking system raises systemic concerns. The UK's System-Wide Exploratory Scenario and France's stress testing exercises reflect efforts to map vulnerabilities in

markets where leverage or liquidity mismatches could spill over into traditional finance infrastructure.

The current geopolitical situation has seen a rise of sanctions and asset freezes, and financial crime regulations are expected to continuously evolve. This gives rise to inconsistent reporting requirements in different jurisdictions. While the EU's Anti-Money Laundering Authority (AMLA) is expanding direct supervision and the Monetary Authority of Singapore (MAS) requires stricter reporting standards, the US Financial Crimes Enforcement Network (FinCEN) has amended its rule on beneficial ownership: foreign entities registered to do business in the US are required to report but are exempt from reporting US citizens as beneficial owners. These are just some of the differing levels of AML compliance that multinational financial institutions operating in different jurisdictions must contend with, and they should have institutional agility to comply.

#### THE ROAD AHEAD

The regulatory landscape entering 2026 is unlike any in recent memory. It is no longer defined by synchronized reforms, and it is increasingly shaped by national priorities, global geopolitical tensions, and rapid technological change. For financial institutions, success will depend on how agile these institutions are in building robust compliance frameworks, strengthening risk governance, and anticipating divergent rules before they materialize.

At this global crossroads, regulation is no longer merely a compliance exercise. It is now a strategic determinant of an institution's competitiveness. Firms that understand this shift and adapt accordingly will be best placed to navigate this new global norm in financial regulation.

In the next part of this Financial Regulatory Outlook series, we will be discussing local insights and how Philippine financial institutions will be affected.

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