

Agri dep't considering P10 per kilo subsidy for users of gov't fishports

THE Department of Agriculture (DA) said it is studying a proposal to grant P10 subsidy per kilo of catch landed at government fishports, citing the need to assist municipal fisherfolk and commercial operators deal with rising fuel costs.

In a Senate hearing on Monday, Agriculture Secretary Francisco P. Tiu Laurel, Jr. said the proposal is still awaiting funding.

"If it can be funded, commercial fishers, and even municipal fishers with larger boats, will receive P10 for every kilo they unload at government fish ports. But that needs to be funded," he said.

Mr. Laurel said the proposal will require consultation with economic managers to determine how to fund the scheme.

"A decision may come as early as next week," he added.

The energy crisis has reduced the frequency of voyages, threatening to squeeze the supply of fish, a leading source of protein for poorer households.

"Our fishing sector will definitely grind to a halt as fuel now accounts for 70% to 80% of production costs, from 40% to 50% (previously)," Mr. Laurel said.

He added that most fishing operations, big or small, need to sell their catch

at around P150 per kilo at landing or face losses.

Meanwhile, Mr. Laurel told reporters separately that the DA is "considering all options," including increasing imports of key agricultural commodities, including fish, to help consumers deal with rising food prices.

"If fuel prices are still like this (going forward), fishing operations will be

disrupted. We might open up imports of *galunggong* (round scad) and other fish just to maintain supply," he said.

He added that the possible increase in fish imports should not affect aquaculture.

The DA earlier approved imports of 250,000 metric tons of fish, which will begin in August, to plug potential supply gaps and stabilize prices. — **Vonn Andrei E. Villamiel**

DEPDev wary of deficit impact if supplemental budget passes

By Kaela Patricia B. Gabriel

THE Department of Economy, Planning, and Development (DEPDev) said it is weighing a possible request to Congress for a supplemental budget to support the programs addressing the oil crisis, though it cautioned about the possible impact of such a budget on the deficit.

At a Senate hearing on Monday, Economy Secretary Arsenio M. Balisacan said the government has sufficient funds to support oil-crisis measures until June, but added that a crisis that runs for six months could require budget realignment.

"The disadvantage is the deficit will surely increase. I am emphasizing that because un-

fortunately unlike when COVID hit us, we had a very good fiscal picture. Deficit was low, debt was low, but this time we don't have that luxury," Mr. Balisacan said.

Mr. Balisacan noted that the continued rise of fuel prices would cause inflation to exceed the 2%-4% target band for 2026.

He added that credit agencies have been watching how the Philippines handles the crisis, noting that one of the agencies has downgraded the Philippines due to elevated fiscal risks brought about by the Persian Gulf war.

According to Mr. Balisacan, P238 billion in funds to support emergency measures have been identified by the Department of Budget and Management, with

P125.2 billion already released as of April 1.

Out of the released funds, P20 billion supported the Department of Energy's (DoE) emergency oil purchase.

"My preference is that we work around the 2026 GAA (General Appropriations Act). We need to cut back on capital outlays if necessary just to fund what's most needed for the crisis," Mr. Balisacan said.

Aside from the supplemental budget, Mr. Balisacan also recommended revisiting the oil deregulation law, easing the biofuels import ban, building strategic fuel reserves, using lower-grade fuel, diversifying energy resources by tapping nuclear energy, and lifting the coal moratorium.

In 2020, the Philippines imposed a moratorium which restricted the processing of applications for coal-fired power plants to promote the transition towards renewable energy.

"We are in a transition but I think that even Japan, Germany, and Italy (are) revisiting their renewable energy transition, delaying it a bit, so that they can respond to the challenges of the global situation" Mr. Balisacan said.

In the same hearing, Energy Secretary Sharon S. Garin reported the gasoline reserve as equivalent to 54.38 days of consumption. The diesel reserve is projected to last 48.90 days, kerosene 104.73 days, jet fuel 67.65 days, fuel oil 45.96 days, and liquefied petroleum gas 36.27 days.

PEZA expects Batangas project to help chip industry climb value chain

THE Philippine Economic Zone Authority (PEZA) said it approved a P30-million investment by Optispac Philippines, Inc. in a facility in Batangas.

In a social media post on Monday, PEZA registered Optispac as an economic zone export enterprise. It intends to locate within the Lima Technology Center-Special Economic Zone in Lipa City.

The company's investment will cover machinery, equipment, and working capital.

Optispac projects export operations to scale from 100,000

units in its first year of operation to over 375,000 units annually by the fourth year.

PEZA Director General Tereso O. Panga said the project aligns with the Philippine push to advance to high-tech manufacturing.

"Enterprises like Optispac play a crucial role in moving the Philippines up the global technology ladder," he noted.

The company's advanced hermetic packaging and liquid-cooled technologies will significantly bolster the semiconduc-

tor and electronics (S&E) value chain, Mr. Panga added.

"By producing sophisticated electronic packaging solutions right here in our ecozones, they provide essential components that allow our existing locators to innovate and compete more effectively at a global level," he said.

The government is seeking to elevate the S&E industry from the assembly, test, and packaging to advanced packaging, integrated circuit design, and front-end manufacturing.

The Philippine Semiconductor and Electronics Industry Roadmap sets a target for electronic exports of \$110 billion by 2030.

The export goal will be met through a five-year plan to train 128,000 semiconductor professionals, according to the roadmap, which was announced last year.

The Philippine Statistics Authority reported that electronic exports grew 17% to \$46 billion in 2025, while semiconductor exports rose 18.7% to \$34.62 billion. — **Beatriz Marie D. Cruz**

AmCham says WFH scheme reassuring for ecozone locators

THE American Chamber of Commerce of the Philippines (AmCham) said that allowing economic zone locators to make work-from-home (WFH) arrangements will help sustain confidence among foreign investors about continuity of operations during the energy emergency.

AmCham Executive Director Ebb Hinchliffe said expanded WFH arrangements for registered business enterprises (RBEs) in ecozones "provides much-needed operational flexibility and helps sustain confidence among US and other foreign investors across a wide range of industries."

The Fiscal Incentives Review Board approved last week a resolution that allows RBEs to implement WFH arrangements without affecting their fiscal and non-fiscal incentives amid the national energy emergency.

The measure will be in effect for one year from March 24 unless the state of national energy emergency is extended or lifted by President Ferdinand R. Marcos, Jr.

Although it allows up to 90% WFH arrangements, the resolution allowed investment promotion agencies to set a lower threshold, based on operational needs and specific circumstances, provided it

does not fall below 50% of the total workforce.

"Business needs and operating models vary significantly across sectors — including manufacturing, logistics, services, and knowledge-based industries. In this context, policies that enable flexibility, rather than impose one-size-fits-all mandates, are critical," Mr. Hinchliffe said.

"Empowering firms to determine the most appropriate work arrangements based on their operational realities supports continuity, productivity, and long-term competitiveness," he added.

He said information technology-business process management, shared services, and other digitally-enabled industries are well-positioned to maximize remote work arrangements, which is why the broader framework should remain inclusive and adaptable to all RBEs.

"Moving forward, AmCham looks to continued policy clarity and consistency, including early guidance on the duration of these measures and any transition arrangements," he said.

"Ongoing dialogue between government and the private sector will be essential to ensure effective, transparent, and predictable implementation," he added. — **Justine Irish D. Tabile**

OPINION

Beyond buildings: Inside the SEC's REIT rule reforms

LET'S TALK TAX JOHANNE D. ABDULRAHMAN

storage facilities, immovable fixtures, machinery, facilities, and structures, as well as real rights over properties (e.g., usufruct, easements and registered leases). It excluded, however, real properties held primarily for sale or disposition and assets whose income is derived mainly from their sale rather than their continuing use or operation.

This progressive approach deviates from the traditional rental properties and aligns Philippine REITs more closely with neighboring regions and opens the door for infrastructure-backed and hybrid REIT structures.

EXPANDED OWNERSHIP STRUCTURES

Previously, the allowable investments in real estate assumed direct ownership of REIT assets through leasehold or freehold, offering limited guidance on the use of special purpose vehicles (SPVs) or joint ventures. As a result, potential market players became reluctant to set REITs, considering that the public will, in effect, own at least one-third of the income-generating real estate of the REIT.

The amended rules allowed REITs to own income-generating assets directly or indirectly, through unlisted SPVs or incorporated joint ventures, provided the REIT owns at least two-thirds of the outstanding and voting capital stock of the asset-holding entity. Compared with the old regime, this expanded the options for internal asset ownership structure while ensuring that REIT investors retain meaningful control.

However, it appears that the transfer of property to the unlisted SPV or incorporated joint venture does not enjoy the same tax incentives as transfers of property to a REIT, particularly on the 50% reduction in DST and all applicable registration and annotation fees. Nonethe-

less, dividends declared by the unlisted SPV or incorporated joint venture which are received by the REIT are considered allowable deductions to the taxable net income of the SPV or incorporated joint venture. Note that the requirement of distribution of at least 90% of distributable income also extends to such SPVs or incorporated joint ventures that are wholly or partially owned by a REIT. Failure to do so shall be a violation of the REIT's dividend distribution obligation.

LONGER REINVESTMENT PERIOD FOR SPONSORS

One of the most practical changes involves the reinvestment requirement for REIT sponsors. Under the 2020 rules, sponsors were required to reinvest listing proceeds within one year.

The amendment extends the reinvestment period to two years and, at the same time, allows reinvestment through equity investments, loans, debt instruments, or debt repayment related to Philippine real estate or infrastructure projects. This change gives sponsors greater capital planning flexibility while preserving the policy objective of channelling REIT proceeds back into the Philippine capital market.

PUBLIC OWNERSHIP AND GOVERNANCE STANDARDS

The amended rules further defined a public shareholder as one who owns less than 10% of the REIT's outstanding shares and does not exercise substantial influence over management or operations. Ownership of 10% or more — directly or indirectly — creates a presumption of substantial influence. This clarification strengthens investor protection and prevents the dilution of public ownership through affiliated or indirect holdings.

MINIMUM PUBLIC OWNERSHIP COMPLIANCE

In practice, asset infusions by sponsors could inadvertently trigger MPO

breaches, especially in the execution of property-for-shares exchanges. During public consultation, the draft circular sought to allow temporary MPO breaches when sponsors inject income-generating assets in exchange for REIT shares, subject to regulatory approval, full disclosure, and a clear plan to restore compliance.

However, this proposed measure did not materialize in the issued circular, resulting in a status quo. Thus, the public float requirement for REITs of one-third of the outstanding common stock must, at all times, be complied with.

In which case, sponsors or their affiliates seeking to infuse property in exchange for shares of the REIT may resort to preparatory steps to ensure compliance with the MPO, considering the value of the property to be infused. This may include the declaration of REIT shares as property dividends by the sponsor to public shareholders, resulting in an increase of public shareholding. The transaction will be subject to DST and final taxes if the recipient is an individual. It may also sell a portion of its REIT shares to increase public float through open trading or pre-arranged sales (block sales) prior to infusion. However, the proceeds of the sale will be subject to reinvestment rules as discussed above, and the transaction will be subject to stock transaction tax, PSE fees, SRC fees, SSCP fees, and commissions to brokers.

The investors and the REIT will ultimately have to conduct a cost-benefit analysis to determine the most cost-efficient approach to the intended structure.

DIVIDEND SAFEGUARDS

The statutory requirement for REITs to distribute at least 90% of distributable income annually remains unchanged and further extended to asset-holding SPVs and incorporated joint ventures. In both cases, the dividends distributed shall be allowed as an additional deduction to the

taxable net income of the REIT, SPV, and incorporated joint venture.

TAX AND STRUCTURING IMPLICATIONS

While the circular does not specifically discuss the tax implications of the reforms, the regulatory changes have meaningful tax and structuring implications. The expanded asset definition and formal recognition of SPVs support more tax-efficient structuring in terms of infrastructure and mixed-use assets as well as managing fund flow within the group.

At the same time, the dividend requirement limits the ability to retain earnings at the subsidiary level, requiring careful planning to balance cash flow management, tax timing, and dividend compliance. The extended reinvestment period also allows sponsors to better align taxable events with project timelines and funding needs.

OUTLOOK OF REITS IN THE PHILIPPINES

The expanded eligibility of assets and structuring options make this an opportune moment for developers, infrastructure operators, and sponsors to explore launching a REIT or streamline existing REIT structures. A detailed feasibility and structuring analysis at this stage can position potential and existing market players to take advantage of the new REIT regulatory landscape.

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