

ADB to finance critical minerals development

THE Asian Development Bank (ADB) said it launched the Critical Minerals-to-Manufacturing Financing Partnership Facility, which is designed to help countries in Asia and the Pacific to develop critical-mineral supply chains.

ADB President Masato Kanda said critical minerals will shape the next industrial era.

“Asia and the Pacific should be more than a source of raw materials. The region should also capture the jobs, technology, and value these minerals provide,” he said in a statement on Sunday.

“This facility is about urgency and fairness: building responsible supply chains now so our developing member countries can compete in advanced manufacturing and create opportunities at home,” he added.

The facility, which is aimed at moving the region beyond mining into higher-value industries, will be in two parts — a grant window and a catalytic finance window.

“The grant window will fund early project work, including feasibility studies, environmental and social assessments, technical assistance and knowledge sharing,” the ADB said.

For the grant window, Japan has committed \$20 million, while the UK has committed \$1.6 million.

Meanwhile, the catalytic finance window “is designed to bring in co-financing and risk-sharing from other financing partners.”

Korea Eximbank and the Korean Trade Insurance Corp. signed a \$500-million memorandum as the

facility’s first partner, the ADB said.

The newly-launched facility is a component of the ADB’s strategy of supporting responsible and sustainable critical minerals-to-manufacturing value chains across the region.

In the Philippines, the bank is currently supporting the critical minerals roadmap and regulatory reform. — **Justine Irish D. Tabile**

Korean developer JnH accelerates Clark timeline

CLARK Development Corp. (CDC) said JnH Philippines Development Corp., a Korean hospitality investor, has accelerated the timeline for its P840-million mixed-use expansion to less than three years to capture growing demand in the Clark area.

In a social media post on Friday, the CDC said it signed an amended lease agreement with JnH to cut the project’s construction timeline to 30 months from five years previously.

“The company targets completion within 30 months, with phased delivery allowing portions of the development to open ahead of full completion,” the CDC noted.

The mixed-use property will rise on a 17,373-square-meter site along C.M. Recto Highway within Clark Freeport Zone in Pampanga.

Under the revised plan, JnH will build 17 pool villas in phase one, then add a 15-storey mixed-use tower and two 12-storey buildings, CDC said.

Once completed, the project will expand Clark’s tourism and hospitality portfolio, which currently has an inventory of 4,100 rooms.

The development will further boost the Clark Freeport Zone’s position as a Meetings,

Incentives, Conferences, and Exhibitions destination, it said.

JnH President Lee Sangte noted that the company will align its construction with market demand and evolving visitor preferences.

The CDC earlier announced several developments within its 4,400-hectare economic zone (ecozone) including hotel, residential, and mixed-use projects, as well as a pickleball facility.

In 2025, the Clark ecozone recorded over 1.5 million overnight guests and 1.8 million same-day visitors. This underscores the need for new accommodations and lifestyle spaces in the area, the CDC said. — **Beatriz Marie D. Cruz**

VAT exemptions eroding tax base, think tank says

THE Congressional Policy and Budget Research Department (CPBRD) of the House of Representatives said excessive value-added tax (VAT) exemptions are significantly reducing government revenue, and urged policymakers to review and rationalize the slate of tax incentives.

In a policy brief, the CPBRD noted that despite the country’s 12% VAT rate, among the highest in ASEAN, actual revenue collection remains below potential due to the wide range of exempt goods and services.

It said the VAT system has structural weaknesses linked to the current exemption regime.

On the issue of revenue, the CPBRD said that VAT exemptions result in large foregone revenue, which limits funding for public programs.

On the equity aspect, it said that while exemptions are intended to help the poor, they are not always effective because the wealthy also benefit. According to the study, “richer households also benefit from several VAT-exempt categories,” especially in private education and insurance.

Items exempt from VAT include basic food, health and education services, some medicines for serious illnesses, and public transportation.

However, the study concluded that food exemptions have the greatest benefits for poor households.

Meanwhile, in terms of efficiency, the CPBRD said the excessive number of exemptions distorts the design of the VAT system. VAT should be focused only on taxing final consumption, but because of the exemptions, there are unintended effects on production, prices, and business decisions, the brief found.

In response, the policy brief recommended the rationalization of VAT exemptions by retaining only the essential exemptions and reviewing the others. It also recommended broadening the VAT base to improve collection.

It added that reforms should be accompanied by more targeted assistance such as direct cash transfers to protect the poor, instead of relying solely on broad tax exemptions.

The study found that broadening the VAT base can help increase tax collection and improve the performance of the system. It also concluded that a more streamlined and comprehensive VAT system could open the possibility for a reduction in the VAT rate in the future if sufficient levels of government revenue are maintained. — **Pexcel John Bacon**

Worca AI center staffing needs for Pampanga site estimated at 2,000

By **Beatriz Marie D. Cruz**
Senior Reporter

WORCA, a US artificial intelligence (AI) talent firm, plans to hire 2,000 AI-skilled workers in the Philippines who can train and test AI systems for US tech research labs, according to its chief executive officer (CEO).

Steven Lin, Worca founder and CEO, said it is banking on the workforce’s English proficiency and tech-savviness to manage AI models from its upcoming center in Pampanga.

“It’s more like an office setting where we manage different kinds of data for the top AI research labs in the US,” he said in a video interview with *BusinessWorld*.

The company aims to employ 500 at its Pampanga site by year’s end, with plans to expand to

2,000 in the next three years, Mr. Lin said.

Its future staff will be called upon to provide context, judgment, and real-world scenario testing that AI machines cannot do, Worca said.

When asked why the Philippines was selected, Mr. Lin cited cultural affinity with the US, particularly in terms of English proficiency.

He also noted that the local talent is a good fit for global demand, particularly with the large pool of information technology-business process management workers exposed to AI as the industry upskills.

“If you want to make AI smarter, you need a lot of smart humans to feed the data,” he said. “We want to find the smartest Philippine talent to make AI smarter.”

Founded in 2021, Worca is a hiring agency that links talent

from the Philippines, Taiwan, Vietnam, Singapore, and Thailand to Silicon Valley startups and corporations.

It hopes to supply its clients with virtual assistants, data processors, supply chain engineers, and account managers.

Unlike traditional back-office providers and BPOs, Worca supports foreign clients by delivering end-to-end workforce management — including payroll and benefits, time and leave tracking, equipment and workspace support, and compliance with local regulations.

In the Philippines, Worca has linked 108 workers across 20 provinces nationwide to US firms to date, according to its website.

The company is also exploring partnerships with Philippine universities for internship programs that would help grow its pool of AI-skilled workers here, Mr. Lin said.

OPINION

VAT zero-rating for non-IPA registered exporters

IN BRIEF:

- VAT zero-rating incentive on local purchases for exporters under CREATE MORE is performance-based. Export-oriented enterprises must consistently meet the 70% export sales threshold to retain the incentive, as failure in one year results in loss of zero-rating in the succeeding year.

- Certification, not registration, is the key trigger. Continued entitlement depends on obtaining and maintaining EMB certification, which suppliers rely on to apply VAT zero-rating on local purchase of export oriented enterprises.

- To sustain the incentive, exporters must actively monitor export performance, clearly link costs to export activities, align suppliers, and remain audit-ready under a streamlined but enforcement-focused regime.

For many years, VAT zero-rating on local purchases was largely associated with enterprises registered with investment promotion agencies (IPAs). IPAs refer to government entities authorized to register businesses and administer fiscal and non-fiscal incentives under Philippine investment laws. Key IPAs include the Philippine Economic Zone Authority (PEZA), the Board of Investments (BoI), and similar bodies. In practice, VAT zero-rating was commonly viewed as an incentive tied to registration status and location within economic zones.

The CREATE MORE Act has fundamentally reshaped this understanding. VAT zero-rating on local purchases is no longer reserved solely for IPA-registered businesses. It is now also expressly available to export-oriented enterprises (EOEs), including those that are not registered with any IPA or whose incentive periods have already lapsed.

VAT ZERO-RATING BEYOND IPAS

CREATE MORE clearly recognizes that exporters contribute to the economy in different ways and through different business models. As such, VAT zero-

SUITS THE C-SUITE MEYNARD SARDALLA

VAT zero-rating on local purchases is no longer limited to PEZA- or BoI-registered enterprises. Export-oriented enterprises — including those without IPA registration — may now enjoy the same incentive, subject to strict compliance with the law and its implementing rules.

rating on local purchases and VAT exemption on importations may now be enjoyed by export-oriented enterprises, even outside traditional economic zones.

This does not mean, however, that VAT zero-rating has become easier to obtain.

While IPA-registered enterprises often operate within structured and time-bound incentive frameworks, export-oriented enterprises availing of VAT zero-rating outside IPAs must rely almost entirely on annual performance validation and documentary compliance. The incentive is no longer anchored on registration alone, but on whether the exporter can consistently satisfy the prescribed requirements.

THE NONNEGOTIABLE EXPORT THRESHOLD

At the core of the CREATE MORE framework for EOEs is a clear and objective rule: at least 70% of an enterprise’s total annual production in the preceding taxable year must consist of export sales.

This threshold is determinative. Failure to meet it does not merely result in technical non-compliance; it leads to the loss of VAT zero-rating in the succeeding taxable year. For many exporters, this forward-looking consequence is often underestimated, despite its direct impact on pricing, cash flow, and supplier arrangements.

VAT zero-rating for EOEs is therefore not a static tax incentive but an outcome that depends on continuous compliance.

A CLEAR COMPLIANCE GATE: EMB CERTIFICATION

CREATE MORE, together with its implementing regulations, makes an important clarification: Export Marketing Bureau (EMB) certification is now the operative basis for VAT zero-rating for export-oriented enterprises, not IPA registration.

A CREATE MORE EOE certificate issued by the EMB confirms that the exporter has met the required export sales threshold and is eligible to enjoy VAT zero-rating on local purchases and VAT exemption on importations.

Revenue Memorandum Circular No. 10-2025 reinforces this framework by providing that local suppliers are no longer required to secure prior BIR approval to apply the zero VAT rate, as long as the buyer presents a valid EMB certification. This streamlines transactions and places greater responsibility on exporters to ensure that their certifications are valid, current, and properly supported.

Without EMB certification, VAT zero-rating on local purchases cannot be availed of — regardless of how export-driven the enterprise may be.

WHAT IT TAKES TO SECURE AND MAINTAIN VAT ZERO-RATING

DTI Department Administrative Order (DAO) No. 25-03 provides the detailed rules on how export-oriented enterprises must demonstrate compliance.

The order outlines the documentary requirements, application procedures, validity period, and grounds for revocation of the EOE certificate. Exporters are required to submit financial statements, export sales data, proof of inward remittances, export documentation, and a sworn declaration that the export threshold was met in the preceding year.

Crucially, the certificate is valid only for the applicable taxable year. Delays in submission, incomplete documentation, or failure to meet the export threshold may result in revocation, immediately cutting off access to VAT zero-rating on local purchases.

DAO 25-03 also makes clear that certification does not eliminate audit exposure. Transactions remain subject to post-audit verification, particularly on whether purchases claimed as VAT zero-rated are reasonably connected to export activities.

BROADER ACCESS, HIGHER STAKES

Taken together, CREATE MORE, RMC No. 10-2025, and DAO 25-03 create a VAT zero-rating regime that is more inclusive but also more exacting.

Export-oriented enterprises now have a path to VAT zero-rating even without IPA registration, but this narrow path must be navigated carefully. Once export performance falls below the threshold or compliance lapses, the incentive is quickly lost — often with immediate financial consequences.

For exporters outside IPAs, the absence of long-term registrations means that annual compliance is the sole basis for entitlement. VAT zero-rating becomes a privilege that must be renewed every year through performance and documentation.

THE REAL CHALLENGE: SUSTAINABILITY

CREATE MORE makes VAT zero rating more inclusive, but also more demanding.

Enterprises that approach compliance reactively — checking export ratios only at year’s end or treating certification as an administrative formality — face real risk. Once zero rating is lost, recovery is not immediate. The resulting cash flow strain can be significant, particularly for exporters with thin margins.

Sustaining VAT zero-rating on local purchases for EOEs now requires the following:

- Continuous monitoring of export performance

- Clear identification of costs supporting export activities
- Timely and complete certification submissions
- Strong coordination between operations, finance, tax, and procurement teams

This makes sustaining a VAT zero-rating a management issue instead of just a tax compliance matter.

A CLEAR MESSAGE FOR BUSINESS LEADERS

The CREATE MORE framework sends a clear signal. VAT zero-rating on local purchases is no longer limited to PEZA- or BoI-registered enterprises. Export-oriented enterprises — including those without IPA registration — may now enjoy the same incentive, subject to strict compliance with the law and its implementing rules.

However, broader access does not mean relaxed standards.

The real challenge lies in sustaining compliance. VAT zero-rating today depends on consistent export performance, timely certification, proper documentation, and internal coordination. Enterprises that fail to meet the requirements risk losing the incentive in the succeeding year, with immediate implications on cost structures, cash flow, and commercial arrangements.

Under CREATE MORE, VAT zero-rating remains a valuable incentive — but one that must be actively managed and continuously earned.

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