DoF sees collections on track for the year despite foregone excise

REVENUE collections from the government's tax administration agencies remain on track to meet full-year targets, the Department of Finance (DoF) said.

"So far we are still on track because the January-to-April collection of the Bureau of Customs (BoC) and Bureau of Internal Revenue (BIR) was good," Finance Undersecretary Rolando T. Ligon, Jr. said on the sidelines of the International Tobacco Summit.

"Even if the BoC missed its target for May, it is still on track with its overall target. So, we expect the same for the rest of the year, especially as we are ending the (fuel excise) suspension. Once the suspension is lifted, BoC collections will normalize," he added.

The government suspended excise taxes on liquefied petroleum gas and kerosene for three months starting April 17, making May the first full month the suspension was in place.

The BoC missed its May collection target by 2.1%, collecting P80.664 billion. However, its January-to-May collections amounted to P406.365 billion, exceeding the target for the period by 2.3%.

Meanwhile, the BIR collected P279.14 billion in gross revenue in May, exceeding its monthly target by P78.22 million. Its collections for the first five months hit P1.434 trillion, surpassing its goal for the period by P9.709 billion.

Asked whether the government plans to revise its collection targets following the excise tax suspension, Mr. Ligon said no changes have been approved so far.

Under the 2026 Budget of Expenditures and Sources of Financing, BIR is expected to generate P3.58 trillion by year's end, while the BoC is tasked with raising P1.003 trillion.

At the end of May, the BoC had hit 40.5% of its annual target, while the BIR was at 40.1%.

However, Mr. Ligon said that the BoC may miss its target again in June as the excise suspension remains effective this month.

"Our problem overall is the falling volume of fuel imports because people are tightening their belts, so our fuel excise tax collection went down," he added.

"When it is low, it really has a big effect on overall collections. That is why they are trying their best to collect from (commodity, car and electronics) imports."

Despite the possibility of another BoC shortfall in June, Mr. Ligon said collections are expected to recover beginning September as import volumes pick up ahead of the holidays.

"Recovery will start in September... When the 'ber months arrive, that is when the volume of imports goes up," he said. — **Justine Irish D. Tabile**

Aggressive RE shift seen straining budget, power bills

By Pexcel John Bacon

A SUDDEN and aggressive shift to renewable energy (RE) could put pressure on the national budget, hinder industrialization, and increase the electricity bill for consumers, the House of Representatives Congressional Policy and Budget Research Department (CPBRD) said.

According to a discussion paper released this month by John Paul S. Quieta and David Joseph Emmanuel Barua Yap, Jr., although the Philippines is among the countries most vulnerable to disasters, its contribution to global greenhouse gas emissions is 0.5%.

"Diverting immense financial resources toward renewable energy transitions may heavily strain the national budget, potentially hindering other crucial development goals such as education, healthcare, and poverty alleviation," they said.

Under the Paris Agreement, the Philippines pledged to reduce its emissions by 75% by 2030, but according to CPBRD study, this plan requires $72 billion in investments.

The report also revealed a significant inequity in the allocation of funds. The transportation industry is asking for $32.8 billion to modernize public utility vehicles, but this will only result in only a 6.8% reduction in emissions.

The think tank also highlighted the physical limitations of solar and wind energy, which are intermittent and cannot provide constant baseload electricity.

To avert widespread brownouts, the report said governments will be forced to maintain and build backup plants using fossil fuels such as natural gas, which will increase consumer bills.

It added that building large solar farms requires large tracts of land that will directly compete with farmland, posing a threat to food security.

The CPBRD proposed concrete steps for a "just transition" to RE that protects the welfare of the people.

The report strongly recommended that the government prioritize "energy abundance" to ensure affordable and sufficient electricity for all.

Legislators should continue to guide the use of carbon-based energy sources such as coal and natural gas to support industrialization and avoid penalties such as a "carbon tax" that would increase the cost of electricity and burden poor families, the report said.

OPINION

Emerging technologies: The Philippine workforce in the human-machine hybrid economy

IN BRIEF:

- The Philippines must strategically adopt AI, robotics, and emerging technologies to close labor gaps and boost productivity in sectors such as healthcare, BPO, and agriculture.
- Human-machine collaboration will transform workforce dynamics, lengthening careers and demanding continuous reskilling.
- Strong governance, ethical safeguards, and ongoing investment in digital infrastructure are vital for inclusive growth and regional competitiveness.

SUITS THE *C*-SUITE

WARREN R. BITUIN

The success of the human-machine hybrid economy will depend on coordinated action across government, industries, and labor markets.

Emerging technologies are rapidly transforming the global economy, from artificial intelligence (AI) to brain-computer interfaces (BCIs) to longevity research. These advances are redefining the very nature of work beyond simply enhancing human capabilities.

C-suite leaders are increasingly operating in what can be described as a NAVI risk environment — non-linear, accelerated, volatile, and interconnected — where multiple disruptive forces are shaping the global operating environment, including climate change, technological innovation, demographic shifts, and the rising influence of non-state actors. These intersections between primary forces create megatrends, identified as global, cross-sector scenarios that shape how organizations operate, compete and create value.

The EY Megatrends 2026 report explores eight megatrends at the global macro level and highlights how each one can evolve in different sectors.

The superfluid enterprise infrastructure explored in the previous article discusses how autonomous systems create the foundation for human-machine collaboration at scale. While superfluid enterprises eliminate organizational friction, the human-machine hybrid discussed in this article explores how new technologies will enable humans to expand their capabilities.

AUGMENTING HUMAN POTENTIAL

Recent policy directions from the Department of Information and Communications Technology (DICT) and the Department of Economy, Planning, and Development (DEPDev) between 2025 and 2026 highlight a growing recognition that digital transformation is no longer optional but foundational. AI is already streamlining data analysis, predictive modeling, and complex decision-making across industries. In the banking sector, major banks have expanded AI-driven fraud detection systems, significantly reducing transaction risks while improving customer trust.

Early-stage BCIs, though still largely experimental, are being explored in academic settings like the University of the Philippines for neurorehabilitation research. These initiatives suggest a future where Filipino workers may interact with machines through neural interfaces, particularly in healthcare and assistive technologies.

Simultaneously, AI-driven longevity research is reshaping expectations about working life. According to a 2026 study by the Philippine Institute for Development Studies (PIDS), life expectancy improvements combined with better health technologies could extend productive working years by up to a decade. This creates both opportunities and tensions in labor market planning.

THE PHILIPPINE LABOR PARADOX

The Philippines faces a demographic paradox: a young workforce grappling with underemployment alongside an ageing population needing extended productivity. As of 2025, youth underemployment remained above 14%, while demand for high-skill roles surged, as reported by the Philippine Statistics Authority.

This mismatch is particularly evident in the IT-BPM industry, where companies report shortages in AI specialists and data engineers despite a surplus of graduates. Human augmentation technologies can help bridge this divide. For instance, AI-assisted coding platforms are enabling entry-level programmers to perform advanced tasks, effectively compressing the skills gap.

OPPORTUNITIES HERE AND THERE

Healthcare stands to benefit enormously from hybrid technologies. AI-powered diagnostic tools are being piloted in rural clinics where access to specialists is limited. These systems assist doctors in identifying conditions such as tuberculosis and diabetic retinopathy with higher accuracy, according to Department of Health pilot programs (2025). Robotic-assisted surgery, though still concentrated in urban centers like Metro Manila, is improving surgical precision and reducing recovery times.

In the business process outsourcing (BPO) industry, AI is both a disruptor and an enabler. BPO companies are integrating generative AI into customer service workflows, allowing agents to handle more complex queries while automating routine interactions.

According to the IT & Business Process Association of the Philippines (IBPAP) 2026 outlook, hybrid human-AI teams could increase productivity by up to 30%.

Agriculture, traditionally slower to adopt to technology, is also evolving. Precision farming tools using technology such as drones and satellite data are being deployed in rice-producing regions such as Nueva Ecija and Ilocos Norte. These tools help farmers optimize irrigation, predict yields, and reduce input costs.

WORKFORCE TRANSFORMATION AND LONGEVITY

Longer working lives demand a fundamental shift in career development models. Filipinos may increasingly engage in multi-stage careers, transitioning across industries as technology evolves. Government programs like the DICT's "Digital Workforce 2025" initiative are expanding reskilling efforts, focused on AI literacy, cybersecurity, and data analytics.

Longevity also impacts social protection systems. In September, the Social Security System (SSS) implemented a landmark Pension Reform Program (PRP) designed to support retirees amidst increasing life expectancy and rising living costs. Aiming to maintain the purchasing power of elderly citizens, the PRP provides guaranteed, multi-year pension hikes across three tranches.

SUSTAINABILITY AND TECHNOLOGY

Human augmentation technologies can also support sustainability goals. AI-driven energy management systems are being implemented in manufacturing hubs to reduce electricity consumption, aligning with the Philippines' commitments under international climate agreements. In healthcare, optimized resource allocation through AI reduces waste and improves service delivery.

Regionally, competition is intensifying. Countries like Singapore and Vietnam are investing heavily in AI and robotics. Singapore's National AI Strategy 2.0 (updated 2025) and Vietnam's aggressive digital workforce programs highlight the urgency for the Philippines to accelerate its own investments or risk losing competitiveness in key sectors like BPO and manufacturing.

REGULATORY AND ETHICAL CHALLENGES

The adaptation of human-machine hybrid systems introduces complex regulatory and ethical issues. Data privacy remains a central concern, particularly with sensitive data such as neural signals in BCI application. The National Privacy Commission has begun drafting updated guidelines for AI governance (2026), emphasizing transparency, accountability, and user consent.

Another challenge is equitable access. Without targeted policies, advanced technologies could widen inequality between urban and rural areas. Infrastructure gaps, particularly in broadband connectivity, must be addressed to ensure inclusive adoption. On the other hand, liability in hybrid systems also requires clarity. If an AI-assisted medical diagnosis leads to an error, determining responsibility between human practitioners and machine systems is legally complex. Policymakers must establish clear frameworks to address such scenarios.

Partnerships will be crucial when drafting policy frameworks and other regulations. Collaboration among academia, government, and private sector stakeholders can accelerate innovation. Equally important are workforce policies. Voluntary enhancement frameworks, that is, ensuring that workers are not coerced into adopting augmentation technologies, will build trust as a starting point. Continuous training programs must be institutionalized, not treated as one-off interventions.

A DEFINING OPPORTUNITY

The success of the human-machine hybrid economy will depend on coordinated action across government, industries, and labor markets. If managed effectively, the hybrid economy can deliver higher productivity, safer workspaces, and more resilient growth, ensuring that technological progress benefits all Filipinos rather than a select few.

The next article in this Megatrends series will discuss the concept of the productivity reset, which redefines value when traditional metrics no longer apply.

This article is for general information only and is not a substitute for professional advice where the facts and circumstances warrant. The views and opinions expressed above are those of the author and do not necessarily represent the views of SGV & Co.

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