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SPECIAL POINTS OF INTEREST

UPCOMING EVENT

Diversified trade ties urged in face of Trump tariff letdown

July 13 , 2025 | Chloe Mari A. Hufana | BusinessWorld

THE PHILIPPINES should expand its trade relations with ASEAN, China, and the European Union (EU) in response to the 20% tariff imposed by the US, regardless of the outcome of President Ferdinand R. Marcos, Jr.'s visit to Washington next week, an academic said.

US PRESIDENT Donald Trump delivers remarks on tariffs in the Rose Garden at the White House in Washington, DC, April 2, 2025. — REUTERS

Josue Raphael J. Cortez, who lectures on diplomacy at the College of St. Benilde, said the Philippines needs to prepare to trade with alternative partners if negotiations with the US falter.

The new tariff is higher than the 17% rate initially assigned to the Philippines in early April.

"Should ASEAN members fail to achieve their aim to lower the tariffs, bolstering trade ties with their neighbors would be the way to go," he said via Messenger chat. "It is high time that the bloc members strengthen their trading with one another because trade has been stagnant for the longest time at roughly 20-30%."

Philippine exporters are not expected to be competitive at the 20% tariff, while the narrower differential relative to export competitors also weakens the case for relocating factories here.

Ahead of the Washington meeting, Mr. Cortez said Manila must prepare fallback options if talks fail to result in a tariff rollback.

China remains the Philippines' largest trading partner, with the US coming in third, but the territorial dispute with Beijing complicates the prospect of deeper cooperation.

"Further deepening our economic ties with it can be a boon or a bane for us," Mr. Cortez said.

The South China Sea remains a source of friction with China, with ties between Beijing and Manila at their worst in years in the face of frequent ship-to-ship confrontations in the Philippine exclusive economic zone.

The tariff uncertainty highlights the urgency of bringing ASEAN economies deeper into their integration project.

"It is high time that ASEAN members once again strengthen trading with one another, especially if they fail to achieve their aim of lowering tariffs with external partners," Mr. Cortez said.

President Donald J. Trump imposed fresh tariffs on key members of the 10-nation bloc, with Vietnam managing to lower its rate to 20% from 46% in April.

Mr. Cortez also pointed to the EU as a potential alternative economic partner should negotiations with the US turn sour. The EU is the Philippines' fourth-largest trading partner and a major source of foreign direct investment.

"Given that we are aligned with it both politically and economically, it will also be a good opportunity for us to further solidify our relationship," he added.

[Cont. page 2]

Diversified trade ties urged in face of Trump tariff letdown

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Successful negotiations with Washington this month would bolster Mr. Marcos' diplomatic standing ahead of his State of the Nation Address later this month, according to Mr. Cortez.

"It will not simply show how influential he is as the chief architect of Philippine foreign policy. It may also reflect his regime's commitment to international norms and standards," he said.

A successful negotiation with Washington may signal that Manila is a viable partner for open markets, willing to adjust and adapt to changing times, he noted.

"Despite nuanced views, with some arguing that we are heavily reliant on Washington, we still ascertain as a country that should we find something debilitating to our interests, we will not hesitate to utilize all the possible means for us to renegotiate something for ourselves," he added.

According to a Reuters report last week, Foreign Affairs Secretary Ma. Theresa P. Lazaro confirmed the first meeting between the two presidents.

Ms. Lazaro told Reuters the fresh tariffs will be discussed, among others, with a Philippine delegation bound for Washington this week to negotiate.

A White House official earlier told Reuters the meeting was set for July 22. Philippine officials have announced the dates for the Marcos visit as July 20-22.

The US goods trade deficit with the Philippines widened to $4.9 billion in 2024, a 21.8% increase from 2023.

Source: https://www.bworldonline.com/economy/2025/07/13/684916/diversified-trade-ties-urged-in-face-of-trump-tariff-letdown/

DOJ: President may grant tax breaks, power discounts to boost investments

July 14 , 2025 | Joel R. San Juan | BusinessMirror

President Ferdinand R. Marcos Jr.

THE Department of Justice (DOJ) has declared that the President may grant tax benefits, power rate discounts and other incentives to qualified investors in the interest of national economic development.

In a seven-page legal opinion dated July 8, 2025, DOJ Secretary Jesus Crispin Remulla stressed such support being extended to preferred private entities does not violate the equal protection clause as guaranteed under the Constitution.

"Jurisprudence teaches that while the equal protection clause of the Constitution is against undue favor and individual or class privilege, it does not demand absolute equality, it merely requires that in conferring privileges and enforcing liabilities, all persons under like circumstances and conditions be treated alike," Remulla explained.

"It does not prohibit legislation that grant only privileges or incentives to persons falling within a specified class, if the law applies alike to all persons within such class, and reasonable grounds exist for making a distinction between those who fall within such class and those who do not," he added.

The DOJ issued the legal opinion upon the request of Finance Secretary Ralph Recto, who chairs the Fiscal Incentives Review Board (FIRB), concerning the interpretation and propriety of the President's authority under Section 301 of the National Internal Revenue Code of 1997 or the Tax Code to grant budgetary support in favor of private entities with highly desirable projects.

Section 301 specifically provides that the President may "modify the mix, period or manner of availment of incentives provided under this Code or craft the appropriate fiscal and non-fiscal support package for a highly-desirable project or a specific industrial activity based on defined development strategies," either "in the interest of national economic development, or upon the recommendation of the FIRB."

In his letter-request dated February 24, 2025 and May 7, 2025, Recto disclosed that a private entity has applied for registration with the Philippine Economic Zone Authority (Peza) and tax incentives for an investment project worth more than P50 billion. *[Cont. page 3]*

DOJ: President may grant tax breaks, power discounts to boost investments

[Cont. from page 2]

The firm additionally asked for non-fiscal support such as discounts on power expenses and transmission charges; water diversification; and installation and construction of a substation.

Due to the "novel and unprecedented" nature of the project, Recto told the DOJ that FIRB has endorsed it for the grant of fiscal and non-fiscal incentives by the President, subject to the DOJ's legal opinion.

Recto told the DOJ that his department's position is that the President has authority to grant incentives to valuable projects without the need of a recommendation from the FIRB.

In upholding the position of the finance secretary, Remulla stressed that while prior recommendation of the FIRB is not required, the decision of the President in giving incentives under Section 301 of the Tax Code must be guided by the FIRB's determination as to what projects are considered high-desirable , the maximum incentive levels and the performance targets to be imposed on the grantee.

Likewise, the DOJ agreed with Recto that the President may grant power discounts as non-fiscal incentives covering preferred projects.

The DOJ also suggested that the FIRB be guided by RA 10667 or the Philippine Competition Act, in order that these incentives would not unfairly impact competition and trade by favoring companies.

"The grant of incentives by the government to qualified investment constitutes a pact between the government and the company. On the part of the government, it is generally intended to enhance economic efficiency," Remulla noted.

"Hence, agreements which contribute to promoting economic progress may not necessarily be considered anti-competitive," he added.

Image credits: AP/Aaron Favila

Source: https://businessmirror.com.ph/2025/07/14/prez-may-grant-perks-to-select-investors/

Climate damage tax eyed for premium air travel

July 14 , 2025 | Business Snippets—Marianne Go | The Philippine Star

A recent air industry development that could affect the Philippines if it gains more support and traction from other countries was recently protested by the International Air Transport Association (IATA), as a coalition of eight nations, with support from the European Union and the Global Solidarity Levies Task Force (GSLTF), is proposing a levy on premium air travel — specifically on first class and business class air tickets, and private jet operations.

The IATA represents some 350 airlines comprising over 80 percent of global air traffic.

The proposed tax stems from concern over climate damage caused by aircraft emissions. The eight countries that are spearheading the move for a climate damage tax are France, Kenya, Barbados, Spain, Somalia, Benin, Sierra Leone and Antigua and Barbuda.

The proposed tax on premium air travel aims to increase the aviation sector's contribution in mitigating the impacts of climate change, particularly on developing nations.

GSLTF consists of co-chair countries Barbados, France and Kenya. It was launched at the COP28 in November 2023 and is supported by a Coalition for Solidarity Levies, members of which include Antigua and Barbuda, Colombia, Denmark, Djibouti, Fiji, Marshall Islands, Senegal, Sierra Leone, Somalia, Spain and Zambia.

Key partner organizations include the IMF, World Bank, UN, UNCTAD, OECD, G20, G24, European Commission, African Union and Coalition of Finance Ministers.

The task force's secretariat is hosted by the European Climate Foundation and co-led by ECF chief executive Laurence Tubiana and former acting director-general of South Africa's National Treasury Ismail Momoniat.

According to the IATA's press statement, the GSLTF's proposals reveals severe deficiencies. *[Cont. page 4]*

Climate damage tax eyed for premium air travel

[Cont. from page 3]

It disagrees with the task force's assessment that the airline industry generates excessive profits. It particularly noted the GSLTF announcement quotes a Netherlands-based environmental consultancy firm, CE Delft, estimation that a premium flyer levy could generate EUR 78 billion (over $90 billion) per year, which is approximately three times the airline industry's global estimated profit of $32.4 billion in 2024.

IATA clarified that airlines' structurally thin net profit margin (estimated at an average of 3.4 percent industry-wide for 2024), and approximately half the global average for all industries, must also be considered in any policy deliberation.

The airline group cited that they already have a multi-trillion dollar commitment to sustainability, with airlines committed to achieving net zero carbon emissions by 2050 — an effort that is expected to cost $4.7 trillion over the period 2024 to 2050. This will ensure that aviation can deliver its direct contribution of 3.9 percent of global GDP and 86.5 million jobs globally while addressing its estimated 2.5 percent share of global carbon emissions.

Increasing aviation taxes on airlines as proposed, IATA warned, would limit the industry's ability to invest in solutions that deliver long-term emissions reductions, adding a specialized climate financing mechanism for aviation already exists.

Furthermore, the IATA said, the GSLTF's proposal disregards the role of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), which was agreed through the International Civil Aviation Organization (ICAO) and is the world's first globally agreed mechanism to manage carbon emissions from an industrial sector — in this case international aviation.

The GSLTF states, IATA pointed out, were among those that created CORSIA under the principle that it would be the single harmonized market-based measure to manage international aviation's carbon emissions.

Overlapping measures, such as the solidarity levy, would undermine CORSIA and lead toward a fragmented, inefficient, and inconsistent global policy framework.

It is essential, IATA said, that all states (those in the GSLTF included) focus on making CORSIA successful rather than advancing overlapping measures.

IATA also expressed concern over the GSLTF's failure to assess rising costs as an inescapable consequence. The GSLTF, they noted, has not released any assessment of the impact that such a levy would have on the economies of the very states to which it aims to funnel the funds, or the broader impact it will have on all travelers. The task force has also not detailed how such funds would be used. Although the GSLTF is positioning its proposal as targeting premium travel, it fails to recognize the critical importance of this segment to making route networks viable.

Punishing premium travelers or burdening the sector with excessive taxes would upend route dynamics which enable the connectivity that nearly five billion travelers will rely upon this year. The impact of the GSLTF's proposal would make airlines less efficient and more financially strained. This would mean higher costs for all travelers and for items shipped by air. Such reduced affordability for a sector that is an indispensable economic catalyst ultimately brings the unintended consequence of weaker economic growth.

"The airline industry is an economic catalyst, not a cash cow. Yet governments casually suggest a tax on flyers that is three times the airline industry's annual profit without considering the real-world side effects for an industry that is a lifeline for remote communities, invigorates tourism markets and links local products to global markets. Moreover, while the modalities for the GSLTF proposal are not specified, history shows us that these taxes simply go to the general exchequer, with little, if any, of the revenues generated going to climate change adaptation," said Willie Walsh, IATA's director general.

"The GSLTF says that their solidarity levies won't increase the cost of living for ordinary citizens or impact things like household bills. This is untrue. The bottom line is that, if followed, the GSLTF's recommendations will increase the cost of air travel for all travelers and do more harm than good. Extracting tens of billions from aviation will cripple its ability to invest in achieving net zero by 2050, change route dynamics to the extent that connectivity will suffer and short-change countries on the critical economic support that air transportation provides," said Walsh.

"To be clear, airlines are not evading doing their part to mitigate the impacts of climate change. The industry is doing everything possible to achieve net zero carbon emissions with Sustainable Aviation Fuels (SAF), more efficient operations and better technology. The last thing these efforts need is a $90 billion gut punch of a tax. With respect to air transportation, the aim of the GSLTF could best be realized by supporting investments in SAF production so airlines can deliver prosperity by connecting people and businesses to global opportunities," said Walsh.

Source: https://www.philstar.com/business/2025/07/14/2457692/climate-damage-tax-eyed-premium-air-travel

DOLE urges firms: Address wage distortion

July 14 , 2025 | Gerard Naval | Malaya Business Insight

THE Department of Labor and Employment (DOLE) yesterday urged private establishments to ensure that all cases of wage distortion are adequately addressed, with the latest wage order of the Regional Tripartite Wages and Productivity Board (RTWPB) – National Capital Region (NCR) set to take effect on July 18.

In a phone interview, Labor Secretary Bienvenido Laguesma said companies must ensure that cases of wage distortion are resolved.

"If we take the P50 wage increase of RTWPB-NCR, for example, it's very possible to create wage distortion," said Laguesma.

"Thus, I urge management to ensure wage distortions are immediately and properly addressed," he added.

Doing so, he said, is necessary to preserve harmonious labor-management relations within the establishment.

"It is important (to address wage distortion) to prevent demoralization among the workers, whose salaries might be overtaken as a result of the minimum wage adjustment," stressed Laguesma.

The labor chief said it will even be better if the companies do it on their own initiative.

"It is good management practice to correct possible wage distortion. It will be to the benefit of the company if management voluntarily correct wage distortion," said Laguesma.

Under NWPC Advisory No. 01 – 2023, wage distortion is defined as a situation where an increase in prescribed wage rates results in the elimination or severe contraction of intentional quantitative differences in wage or salary rates between and among employee groups in an establishment.

The NWPC has said all enterprises may seek guidance and technical assistance from regional wage boards in correcting cases of wage distortion.

On July 18, the daily minimum wage increase of P50 granted by the RTWPB-NCR is set to take effect.

This will bring the daily minimum wage rate in the NCR from P645 to P695 for the non-agriculture sector; and from P608 to P658 for the agriculture sector, service and retail establishments employing 15 or fewer workers, and manufacturing establishments regularly employing less than 10 workers.

Source: https://malaya.com.ph/news/national-news/dole-urges-firms-address-wage-distortion/

Projects with tax perks under CREATE hit P1.5 trillion

July 14 , 2025 | Louise Maureen Simeon | The Philippine Star

MANILA, Philippines — The government has approved 1,500 projects worth P1.5 trillion since the enactment of the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Law.

Stock photo of a peso money bill.

Philstar.com / Jovannie Lambayan, file

Based on the annual report of the Cabinet-level Fiscal Incentives Review Board (FIRB), total investment capital from approved priority activities with incentives under the CREATE Law reached P1.49 trillion as of end-2024.

Bulk or nearly 70 percent of the investment capital worth P1.03 trillion was approved by the FIRB.

This is equivalent to some 58 big-ticket tax incentive projects in the sectors of information and communication technology, transportation and storage, manufacturing, energy, economic zone operation, mass housing, tourism, human health activities and IT-business process management.

The remaining 30 percent or P466.68 billion came from investment promotion agencies (IPAs) covering 1,446 projects.

[Cont. page 6]

Projects with tax perks under CREATE hit P1.5 trillion

[Cont. from page 5]

Further, the 1,500 projects are expected to generate some 209,897 jobs within its incentivized period, with the labor-intensive manufacturing sector having the highest number of approved projects among the priority sectors.

Under the law, IPAs approve the incentives of projects below P15 billion, while the FIRB selects the tax perks for business activities above P15 billion.

IPAs include the Board of Investments, Philippine Economic Zone Authority, Subic Bay Metropolitan Authority, Clark Development Corp., Bangsamoro Board of Investments, Tourism Infrastructure and Enterprise Zone Authority, Authority of the Freeport Area of Bataan, Aurora Pacific Economic Zone and Freeport Authority and Zamboanga City Special Economic Zone Authority.

CREATE cut the corporate income tax rates to make them comparable with the ASEAN region.

The law also adopted a simpler and more effective fiscal incentives system, ensuring that incentives are performance-based, time-bound, targeted and transparent.

Incentivized projects and activities under the structural tax reform need to meet performance metrics to ensure that the grant of fiscal support to registered business enterprises leads to higher economic returns.

Source: https://www.philstar.com/business/2025/07/14/2457693/projects-tax-perks-under-create-hit-p15-trillion

SEIPI: Outlook dims for electronics exports

July 15 , 2025 | Louella Desiderio | The Philippine Star

This photo shows a picture of U.S. Dollars.
STAR / Edd Gumban, file

On higher US tariffs

MANILA, Philippines — The outlook for the country's electronics exports this year is at risk amid the United States' move to impose higher tariffs on Philippine goods, according to the Semiconductor and Electronics Industries in the Philippines Foundation Inc. (SEIPI).

In an interview on "Money Talks" on One News yesterday, SEIPI president Dan Lachica said the group initially projected a flat growth for the country's electronics exports from $42.6 billion last year.

"But we've seen some upticks and that caused some optimism. Personally, I thought that we might hit… the 2023 levels of $46 billion, but… these tariff developments have been disappointing and that might just temper our optimistic projections," Lachica said.

Data from the Philippine Statistics Authority showed that the country's exports of electronics products from January to May went up slightly to $17.8 billion from $17.6 billion in the same period last year.

US President Donald Trump said in a letter to President Marcos that Philippine goods would be imposed a 20-percent tariff starting Aug. 1.

This is higher than the 17 percent tariff on Philippine exports announced in April.

Lachica said the higher levy is "disappointing" and creates major concerns as it erodes the country's advantage over Vietnam, which has been increasing its semiconductor exports.

"We were at 17 percent and Vietnam was much higher than that and now we're at the same level. And Vietnam is one of our biggest competitors, if you will, in terms of attracting foreign direct investments (FDIs) and even exports," he said.

He said the higher levy is also a surprising development considering that the reciprocal tariffs are intended to address the US trade deficit with its partners and the trade gap with the Philippines is smaller than Vietnam's.

Data showed that the US goods trade deficit with the Philippines was at $4.9 billion in 2024, while the US trade gap with Vietnam was at $123.5 billion in the same year.

The higher tariff is also a concern as some products in the sector are not exempt from the levy. *[Cont. page 7]*

SEIPI: Outlook dims for electronics exports

[Cont. from page 6]

As the Philippine government is sending a delegation to the US this week to meet trade representatives, Lachica said the group is hopeful for successful negotiations.

Marcos is also set to visit the US from July 20 to 22.

“Having the President there is always a positive, always something positive and something that we can really look forward to,” Trade Secretary Cristina Roque said in an interview on “Thought Leaders” on One News.

According to Roque, the government continues to push for a free trade agreement.

“That’s something we really need to push because once we have good trade relations or we have a free trade agreement, then it’s easier for us to sell our goods to that particular country,” Roque said.

Lachica said the SEIPI is also hopeful of seeing more investments in the sector.

“We’re seeing some FDIs for electronics companies, but hopefully we will see an increase in that. In terms of inquiries, we’ve seen a lot,” he said, noting that even China is looking at how to promote investments moving from their country to the Philippines.

“So we’re working with them and all other agencies,” Lachica said.

Source: https://www.philstar.com/business/2025/07/15/2457961/seipi-outlook-dims-electronics-exports

New rules on check writing are now strictly enforced

Banks will no longer accept checks that don’t follow new formatting rules.
July 01, 2025 | Micah Avry Guiao | Spot.ph

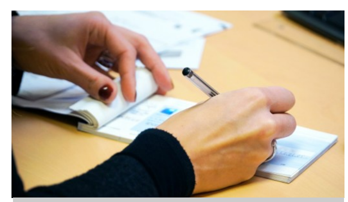


Photo from Canva

(SPOT.ph) Still writing checks for payments? Make sure it follows the new check format—or it could be rejected for deposit or clearing starting today.

ICYMI: The Philippine Clearing House Corporation (PCHC) has introduced this updated check design in May 2024 to standardize formatting and prevent fraud. The new version features a more structured layout with boxed spaces for dates, amounts, and signatures, as well as the relocation of the peso sign to enhance readability for automated systems.

While banks have been accepting both old and new formats during the transition period, strict enforcement will finally take effect starting July 2025. That means any check that doesn’t follow the new guidelines will be considered invalid.

How to write checks the right way

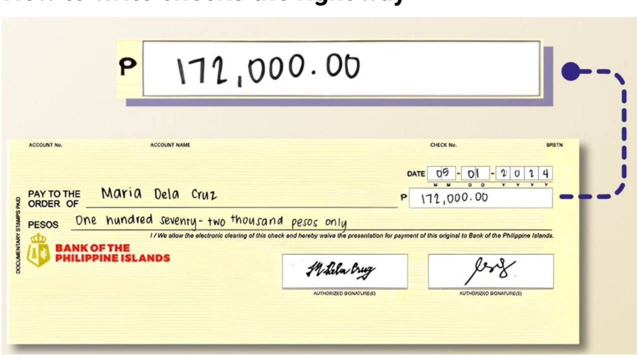


Photo from Facebook/BPI

It's time to unlearn old check habits, so make sure to keep these reminders in mind when filling out yours:

Date Format

The issue date on checks must be written in a purely numeric format using dashes only—specifically, MM-DD-YYYY. This means using anything like slashes, dots, or spelled-out months will no longer be accepted.

Correct: 05-01-2024
Incorrect: 05/01/2024 or 05.01.2024

Amount in Figures

When writing the amount in the box, it should follow a standard number format. This means using a comma to separate the millions, thousands, and hundreds and a period to indicate centavos.

Correct: 172,000.00
Incorrect: 172000

[Cont. page 8]

New rules on check writing are now strictly enforced

[Cont. from page 7]

Payee Line

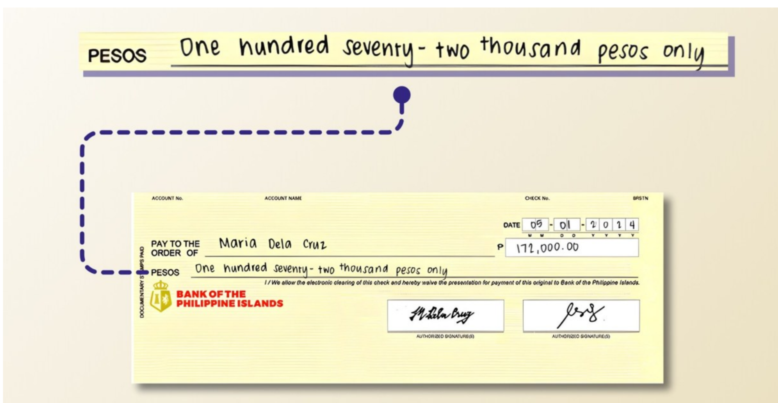
You must clearly indicate only one payee on the check—this can be a person's name, a business name, or the word "Cash." Combinations such as "Maria Dela Cruz or Cash," "ABC Corp. and/or Cash," or any other variation that lists more than one payee are no longer acceptable.

Correct: Cash
Incorrect: Juan Dela Cruz and Cash

Amount in Words

Writing the amount in words is now strictly required. This line should spell out the exact amount written in the figures box. You're allowed to include "only" or symbols such as asterisks or dashes before and after the phrase for that extra security. For instance, you can write "One hundred seventy-two thousand pesos only."

Leaving this portion blank or having a mismatched figure will cause delays or rejection.



Signature

The drawer's signature is what makes the check valid. Two signatories can share a single box. Rules aren't as strict for this one: even if the signature extends beyond the box, it will still be considered valid for deposit and clearing. What matters is that the authorized signature matches the bank's records.

Source: https://www.spot.ph/newsfeatures/money/these-check-writing-mistakes-could-get-yours-rejected-a5229-20250701-dyn

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