

ISSN 2094-1226/June 2017

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Client advisory letter



Isla Lipana & Co.

At a glance

Updates, reiterations and clarifications on selected topics

Taxes, compliance matters, assessments and refunds

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PwC Cebu 2017 CEO Survey

The rise of the next-generation Cebu business leaders

As the Knowledge Partner of the 2017 Cebu Business Month of the Cebu Chamber of Commerce and Industry, PwC Philippines mounted the PwC Cebu 2017 CEO Survey for the first time. In this report, we tried to understand the characteristics that Cebuano entrepreneurs have as well as the contribution of Cebu to their success. We particularly sought the views of the next-generation Cebu business leaders, with 96 CEOs sharing their insights with us through quantitative survey questionnaires, and 12 CEOs relating their stories and aspirations with us through filmed interviews.

The survey results were unveiled on 30 June 2017 in Cebu. The report can be downloaded at www.pwc.com/ph/cebu-ceosurvey.html.



Standards and IFRICs newly applicable for companies with 30 June 2017 year ends

This publication relates to reporting requirements as at 30 June 2017.

The document includes the standards and interpretations that are newly applicable for 30 June year ends.

Standards and IFRICs newly applicable for companies with June 2017 year ends are set out below:

PFRS 14, 'Regulatory deferral accounts' (effective annual periods beginning on or after 1 January 2016 but will not be EU endorsed as an interim standard)

PFRS 14 permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.

Annual improvements 2014 (effective annual periods beginning on or after 1 January 2016)

These set of **amendments** impacts 4 standards:

- PFRS 5, 'Non-current assets held for sale and discontinued operations' regarding methods of disposal.
- PFRS 7, 'Financial instruments: Disclosures', (with consequential amendments to PFRS 1) regarding servicing contracts.
- PAS 19, 'Employee benefits' regarding discount rates.
- PAS 34, 'Interim financial reporting' regarding disclosure of information.

Amendment to PFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation (effective annual periods beginning on or after 1 January 2016)

This **amendment** adds new guidance on how to account for the acquisition of an interest in a joint operation that

constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

Amendments to PAS 16, 'Property, plant and equipment', and PAS 41, 'Agriculture', regarding bearer plant (effective annual periods beginning on or after 1 January 2016)

These **amendments** change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. The IASB decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of PAS 16, instead of PAS 41. The produce growing on bearer plants will remain within the scope of PAS 41.

Amendment to PAS 16, 'Property, plant and equipment' and PAS 38, 'Intangible assets', on depreciation and amortization (effective annual periods beginning on or after 1 January 2016)

In this **amendment** the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

Amendments to PAS 27, 'Separate financial statements' on the equity method (effective annual periods beginning on or after 1 January 2016)

These **amendments** allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

Taxes, compliance matters, assessments and refunds

Walk the talk

Taxes paid which should be assumed by the government are refundable

The taxpayer, a Japanese contractor working on a Coal-Fired Thermal Power Plant Project, which is funded through the Overseas Economic Cooperation Fund (OECF), now Japan Bank for International Cooperation (JBIC), paid income tax and branch profit remittance tax. Subsequently, it sought a refund for said taxes on the basis that the Philippine government is supposed to assume these taxes as provided in the Exchange of Notes between the governments of Japan and the Philippines.

The Bureau of Internal Revenue (BIR) denied the refund stating that the Exchange of Notes, which lacks Senate concurrence is not a valid basis for tax exemption.

The Supreme Court granted the refund stating that the assumption provision in the Exchange of Notes is a clear concession to the Japanese contractors working on the Project. The Exchange of Notes is considered an executive agreement, which is binding on the state even without Senate concurrence. The tax assumption provision differs from a tax exemption provision in that, in the former, there is still a tax liability but it is merely assumed by another entity, in this case, the Philippine government. Thus, the constitutional requirement on tax exemption would not apply. Because the Japanese contractor paid the taxes not required, this is a case of an erroneous tax payment which is refundable.

(G.R. No. 175772 dated 5 June 2017)

Assessment immunity

BIR cannot assess a corporation under rehabilitation

The taxpayer, in this case, is under rehabilitation and was already issued a Commencement Order when the BIR issued a FAN/FLD.

The Supreme Court held that it was improper for the BIR to have proceeded with the collection of the deficiency taxes outside the rehabilitation proceedings. The High Court explained that the corporate rehabilitation is an attempt to conserve and administer the assets of an insolvent corporation in the hope of its eventual return from financial stress to solvency. According to the Court, considering that there is already a Commencement Order that suspends all enforcement of claims, the BIR should have pursued its claim through the rehabilitation court and not through the usual tax assessment and collection process.

(G.R. No. 224764 dated 24 April 2017)

Lost but not forgotten

NOLCO should be considered in the computation of deficiency income tax

The BIR assessed the taxpayer of deficiency income tax for the taxable year 2008. In its re-computation of income tax liability, the BIR added back the NOLCO (instead of deducting it) which was carried over by the taxpayer in the succeeding year. The BIR argued that by carrying over the net loss to the next three consecutive taxable years, immediately following the year of the loss, the taxpayer, in effect, waived its right to claim losses for 2008.

However, according to the CTA EB, the BIR erred in adding back the net loss amount for the taxable year 2008 carried over in 2009. Citing an earlier decision¹, the CTA EB held that the said NOLCO should be considered in the 2008 income tax re-computation. Even assuming that the taxpayer was able to use the NOLCO in the succeeding year/s, the BIR should still consider the NOLCO during the year the same was incurred and instead assess the taxpayer for deficiency income tax in the succeeding year/s when it improperly applied the NOLCO.

(CTA EB No. 1336 dated 12 May 2017)

1 CTA Case No. 7658 dated 4 February 2011

EPIRA paper is not paper money

COC is critical for VAT zero-rating under the EPIRA law

In its claim for VAT refund, the taxpayer (a power generation company) failed to present the approved COC from the ERC, which is required under the EPIRA law in order for a company to be considered a generation company. The CTA, citing a Supreme Court decision², held that under the VAT Law and regulations, there is a need for a company to secure a COC from the ERC so that its sales of generated power shall be VAT zero-rated.

While the other requisites were complied with by the taxpayer, the mere absence of the COC from the ERC compromises its qualification for the VAT zero-rating. Consequently, the CTA denied the VAT refund of the taxpayer.

(CTA EB Nos. 591 & 628 dated 28 June 2017)

Let's agree to disagree

BIR cannot enforce unpaid compromise penalty

In this case, the taxpayer received a collection notice for the unpaid portion of the assessment contained in the FAN.

The CTA EB determined that the disputed assessment refers to the taxpayer's unpaid compromise penalties and not to civil penalties, as the CIR alleged.

As a rule, compromise penalties cannot be imposed absent any showing that the taxpayer agreed to it. A compromise implies agreement. If the offer is rejected by the taxpayer, as shown in this case, the CIR cannot enforce it except through a criminal action. Thus, the CIR erred in enforcing the payment of compromise penalty from the taxpayer.

(CTA EB No. 1365 dated 22 June 2017)

Corporate dying wish

SEC-approved dissolution can convert CWT to cash

In this case, the board of directors of the company approved the resolution to dissolve the company. On this basis, the company filed an application for refund of its unused creditable withholding taxes that were carried over from prior years.

The CTA denied the refund and explained that a corporation entitled to a tax credit or to overpaid tax may choose to refund in the form of cash/TCC or to carry over the tax and apply the same against the income tax liabilities of the succeeding taxable years. Once the option to carry over has been made, such option shall be considered irrevocable for that taxable period and no application for cash refund or issuance of tax credit certificate shall be then allowed to prevent the taxpayer from claiming twice.

Nonetheless, the CTA, echoing the SC³, held that where the corporation permanently ceases its operations before the full utilization of the tax credits it opted to carry over, the taxpayer may be allowed to claim the refund of the remaining tax credits since such excess credits can no longer be utilized. However, to avail such exemption, the burden of proof for the permanent cessation or business lies with the taxpayer.

In this case, the corporation failed to present the Certificate of Dissolution from the SEC to establish that it was already dissolved. Consequently, the taxpayer cannot invoke the exception to the irrevocability rule. Unable to establish its claims, the corporation was denied of its refund for the unutilized creditable withholding taxes.

(CTA EB No. 1300 dated 12 May 2017)

3 G.R. No. 176290 dated 21 September 2007

Glossary

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|--|
| BIR - Bureau of Internal Revenue |
| CIR - Commissioner of Internal Revenue |
| COC - Certificate of Compliance |
| CTA EB - Court of Tax Appeals En Banc |
| CWT - Creditable Withholding Tax |
| ERC - Energy Regulatory Commission |
| EPIRA - Electric Power Industry Reform Act |
| FAN - Final Assessment Notice |
| FLD - Formal Letter of Demand |
| NOLCO - Net Operating Loss Carry-Over |
| SEC - Securities and Exchange Commission |
| SC - Supreme Court |
| TCC - Tax Credit Certificate |
| VAT - Value-Added Tax |

2 G.R. Nos. 196415 and 195451 dated 2 December 2015

Too soon, too late

Premature filing of claim for refund is disastrous

A taxpayer filed a claim for refund with the CTA after the alleged inaction of the BIR on its application for refund. The CTA, however, denied the claim on the basis of premature filing considering that the judicial claim was filed before the lapse of the 120-day period within which the BIR can decide on the taxpayer's application. On 9 February 2015, SC upheld with finality the denial of the taxpayer's claim for refund.

The taxpayer then filed a similar claim with the CTA on 28 May 2015, or almost four years after the expiration of the 120-day period, arguing that the running of the 120+30 days prescriptive period was suspended by its premature filing, and that the counting of the remaining unused days should commence again on 9 February 2015 (i.e., the date when the SC's decision became final).

The CTA EB did not agree and ruled that the second petition for review was belatedly filed. Accordingly, the premature filing, which is a wrong judicial remedy, did not toll the running of the prescriptive period.

(CTA EB No. 1453 dated 12 May 2017)

Approve or assail, not both

Reinvestigation means assessment is not final

The BIR argued that the taxpayer failed to submit the relevant documents within the prescribed 60-day period and as such, the assessment became final and executory. The SC did not agree and noted that the BIR has even granted the taxpayer's request for reinvestigation.

The SC cited the BIR's regulation which states that no request for consideration or reinvestigation shall be granted on tax assessments that have already become final, executory and demandable.⁴ Thus, the fact that the reinvestigation was granted means that the taxpayer complied with the requirements to submit supporting documents within 60 days which the BIR cannot now contravene.

(CTA EB No. 1435 dated 23 June 2017)

Refund to "Your Singapore"

Wholly-owned entity is part of government

The taxpayer a financing institution wholly-owned and controlled by the Government of Singapore, filed a claim for refund of the 20% FWT erroneously withheld on the interest income it derived from its investments in Philippine T-bonds.

The CTA granted the claim for refund stating that the taxpayer has presented sufficient evidence to establish the legal and factual bases for the tax refund. Being a wholly-owned entity by the Government of Singapore, the taxpayer was clearly governed by Section 32(B)(7)(a) of the Tax Code which exempts its income from tax. The taxpayer was likewise able to present documents showing that it owned the T-bonds through a local bank.

As a final note, the CTA stated that while tax refunds are in the nature of tax exemptions which should be construed strictly against the taxpayer, such construction should not be applied if the tax refund is on the basis of erroneous collection tantamount to an unjust enrichment on the government.

(CTA EB No. 1401 dated 12 May 2017)

Unintended memo

Memorandum for reinvestigation does not cure an unprotested FAN/FLD

In this case, after the taxpayer properly and timely responded to the informal conference and PAN, it received a FAN/FLD. However, before the lapse of the 30-day period to protest the assessment, the taxpayer received a BIR memorandum of assignment to new BIR officers referring the case for reinvestigation. The taxpayer failed to protest the FAN. Hence, the BIR issued a final notice of collection which the taxpayer was able to protest. When the BIR denied its protest, the taxpayer filed the petition to the CTA.

The BIR argued, however, that the CTA has no jurisdiction since the taxpayer failed to protest the FAN/FLD.

The CTA agreed with the BIR and dismissed the case. The CTA did not give credit to the taxpayer's claim that the memorandum of reinvestigation issued by the BIR removes the character of the FLD/FAN as final demand, hence, there is no notice that can be protested. According to the CTA, the memorandum is merely an internal communication among the BIR officers. It is not addressed to the taxpayer. The CTA found that said memorandum was an offshoot of the taxpayer's reply to the PAN and, therefore, was not issued to revoke the FAN/FLD.

(CTA Case No. 8836 dated 23 June 2017)

4 BIR Revenue Regulation No. 18-2013

Government delayed is government denied

Repeated request for abatement does not prevent the collection of deficiency tax

In this case, the taxpayer received a FAN for deficiency documentary stamp tax (DST). The taxpayer questioned the computation of the deficiency tax but did not protest the FAN. Instead, it repeatedly requested to pay the deficiency in monthly installments. Moreover, due to its sensitive financial situation, the taxpayer requested for the reduction, waiver, and abatement of the interest and compromise penalty.

The BIR denied the application for abatement but issued the warrant of distraint and levy beyond the 5-year prescriptive period to collect the deficiency taxes.

The CTA held that the repeated request of the taxpayer for reduction, waiver or abatement did not induce the BIR to postpone its collection nor did it warrant the suspension of the prescriptive period for the BIR to collect the assessed taxes.

Hence, the BIR can no longer enforce the warrant for distraint and/or levy as it is already barred by prescription. (CTA Case No. 8916 dated 17 May 2017)

Unprotected

PEZA entity is subject to IAET on income from non-PEZA activities

The taxpayer is a corporation registered with PEZA as a manufacturer of wooden pallets and is enjoying a special tax rate of 5% on gross income. The BIR assessed the taxpayer for Improperly Accumulated Earnings Tax (IAET) of 10% stating that the taxpayer is not entitled to the PEZA incentives as it is actually engaged in trading, rather than in manufacturing of wooden pallets. The taxpayer argued that under Section 4 of RR No. 2-2001, implementing the IAET provision under Section 29 of the Tax Code, IAET is not applicable to enterprises duly registered with PEZA.

The CTA ruled that since the taxpayer's activity is outside its registration with PEZA, the taxpayer is not entitled to the fiscal incentives under RA No. 7916 and is not exempt from any internal revenue taxes. Thus, the IAET assessment was upheld.

(CTA Case No. 8947 dated 09 June 2017)

Beyond the walls

PEZA entity can refund input tax on purchases consumed outside the ecozone

The taxpayer (a PEZA entity) recognized input tax on certain local purchases of goods and services. It maintained that these purchases were consumed outside the PEZA zone, hence, subject to 12% VAT. These purchases include goods and services used to construct staff housing facilities located outside the zone. Since the goods were consumed and the services were rendered outside the zone, the suppliers passed on the VAT to the taxpayer.

Given that the taxpayer's sale are all export and therefore, VAT zero-rated, it filed for refund on these unused input taxes.

The CTA held that while it is true that the taxpayer is a PEZA-registered entity located at the Ecozone, the taxpayer's unutilized input VAT was incurred from the VAT passed on by its suppliers on its purchases of goods and services which were consumed and rendered outside the Ecozone. Also, the taxpayer's sales were purely zero-rated; hence, there is no output VAT against which the input tax may be credited.

As such, the CTA granted the taxpayer's claim for refund. (CTA Case No. 8905 dated 2 June 2017)

Glossary

BIR - Bureau of Internal Revenue
CTA EB - Court of Tax Appeals En Banc
FAN - Final Assessment Notice
FLD - Formal Letter of Demand
FWT - Final Withholding Tax
IAET - Improperly Accumulated Earnings Tax
PAN - Preliminary Assessment Notice
PEZA - Philippine Economic Zone Authority
RA - Republic Act
RR - Revenue Regulation
SC - Supreme Court
VAT - Value-Added Tax

Latest on regulatory landscape

More to PWD

IRR on expanding PWDs' reserved positions

The IRR of RA No. 10524, entitled “An Act Expanding the Positions Reserved for Persons with Disability”, is circularized and given wide publicity for the guidance of all internal revenue officials, employees and others concerned. The law, amending RA No. 7277, also known as the “Magna Carta for Persons with Disability”, provides PWDs with equal employment opportunity.

The law reserves 1% of all regular or non-regular positions in all government agencies for PWDs. In the absence of a qualified PWD, the concerned agency has the freedom to hire a non-PWD applicant.

Private corporations with more than 100 employees are encouraged to reserve at least 1% of all positions for PWDs. Private corporations that employ a PWD either as a regular employee, apprentice or learner shall be entitled to an additional deduction from their gross income equivalent to 25% for the total salaries and wages paid to the PWD subject to substantiation.

All qualified PWDs shall have the opportunity to a suitable employment and shall enjoy the same treatment in terms of hiring and employment, compensation and benefits and healthy working conditions.

(BIR Revenue Memorandum Circular No. 48-2017 dated 30 June 2017)

Implementation of 20% discount and VAT exemption to PWDs

The DOH amended AO No. 2009-0011 in line with Philippine Health Agenda's objective to provide efficient health care for Filipinos, especially PWDs. In view of the foregoing, health establishments are mandated to comply with the grant of at least 20% discount and VAT exemption to PWDs who avail of goods and services for their exclusive use. Accordingly, any difficulty in availing the privileges entitled to them must be reported immediately as provided under Section 15 of Rule VI of the IRR of RA No. 10754.

(DOH Administrative Order No. 2017-0008 dated 1 June 2017)

Foreign school should be Filipino-owned

Ownership, control, and administration of an educational institution

Citing its recent opinion regarding a similar issue, the SEC opined that undertaking an online English tutorial service and diving school constitutes offering a technical vocational education, which is under the regulatory power of the Technical Education and Skills Development Authority (TESDA). Consequently, being an educational institution, it should comply with the maximum foreign equity restriction under the Constitution (i.e., 40%).

(SEC-OGC Opinion No. 17-05 dated 8 June 2017)

Gambling whistleblower

PEZA IT enterprises cannot support on-line gambling

In compliance with EO No. 13-2017, which was issued to intensify the fight against illegal gambling, and acting on the information that a significant number of Information Technology (IT) enterprises are engaged in activities that support online gambling, all concerned enterprises registered with PEZA are directed to disclose any activities related, directly or indirectly, to gambling activities. Disclosures should be provided in writing and addressed to the Office of the PEZA Director General not later than 9 June 2017.

(PEZA Memorandum Circular No. 2017-023 dated 5 June 2017)

Free import

BOI guidelines on duty-free importation

All qualified enterprises, upon securing a Certificate of Authority from the BOI and complying with the conditions for availment of duty-free importation as enumerated in this Order, may enjoy the reduced or 0% rates of duty on capital equipment, spare parts and accessories imported. Corresponding penalties shall apply when an enterprise sells or disposes of said importations within five years from acquisition without prior approval from the BOI.

(DTI-BOI Administrative Order No. 1-2017 dated 31 May 2017)

To be preferred is to be listed

Implementation guidelines of 2017 IPP

In line with the 2017 IPP previously approved by the President, the BOI issued this memorandum circular discussing the general policies, definition of terms and specific guidelines which shall be used and followed throughout the implementation of the same. This circular includes annexes which disclose the list of Less Developed Areas (LDAs) in the country, a list of indigenous raw materials, preferred locations for general hospitals, and incentives for BOI-registered enterprises.

(BOI Memorandum Circular No. 2017-004 dated 14 June 2017)

Serious on Shari'ah

Results of quarterly screening for Shari'ah compliance for June 2017

The PSE announced the result of the quarterly screening of its securities for Shari'ah compliance for the period ending June 2017. The PSE engaged IdealRatings to conduct the screening of companies based on the AAOIFI for Shari'ah compliance.

A company, to be considered Shari'ah-compliant, must not engage in businesses involving interest-based lending, financial institutions, insurance, mortgage and lease, derivatives, pork, alcohol, tobacco, arms and weapons, embryonic stem-cell research, hotels, gambling, casinos, music, cinema and adult entertainment, among others. Revenues derived from prohibited sources must not exceed 5% of the gross revenue.

The guidelines on Shari'ah compliance also require the companies to limit their interest-bearing debt, deposits, and investments to 30% of their 12-month trailing average market capitalization. The companies' account receivable should also be limited to 67% for the same period.

(PSE Memorandum No. 2017-0037 dated 7 July 2017)



Glossary

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|--------|---|
| AO | - Administrative Order |
| AAOIFI | - Accounting and Auditing Organization for Islamic Financial Institutions |
| BOI | - Board of Investments |
| DOH | - Department of Health |
| EO | - Executive Order |
| FINL | - Foreign Investment Negative List |
| IPP | - Investment Priorities Plan |
| IRR | - Implementing Rules and Regulations |
| PEZA | - Philippine Economic Zone Authority |
| PSE | - Philippine Stock Exchange |
| PWD | - Persons with Disability |
| RA | - Republic Act |
| SEC | - Securities and Exchange Commission |
| VAT | - Value-Added Tax |

Meet us

PwC toasts to 95 years of excellence

Reprinted from the *Philippine STAR*, 30 June 2017
By Argie C. Aguja

To celebrate almost a century of unrivaled excellence in the professional services industry, company executives, clients and esteemed guests gathered for a night of festivities that marked the 95th year of Isla Lipana & Co. as the country's oldest professional accounting firm last June 22 at Makati Shangri-La Hotel.

With the strong support from the firm's clients, friends, supporters and past partners, the memorable night recognized the accomplishments and events within the firm's colorful corporate history, as well as the invaluable contributions of its partners and people. In terms of scale, the 95th anniversary milestone is the biggest one yet, according to company executives; although such gatherings normally happen every five years.

The event was filled with fun, colorful and captivating elements. Upon arrival, guests were logged in to the automated registration system, and signed the memorabilia wall to manually stamp their presence. LED strips that displayed a collection of highlights and moments, and a lighted arc greeted guests as they entered the ballroom. A colorfully lighted 3-D effect photo wall was inside as well for souvenir shots.

Nearby, a pair of interactive, large-screen TV panels played an audio-visual presentation on the firm's history, its people and even general history beginning in 1922 -- the year the firm was founded. Great food and overflowing drinks were always available inside the ballroom.

The program itself – highlighted by a magnificent stage set up, featuring state-of-the-art lights and sounds, and LED wall – started with a count down from 95 followed by a play of lights with dance interpretation and a digital show.

Led by the firm's chairman and senior partner, Atty. Alex B. Cabrera, the digitally creative, fun and interactive night put great emphasis on the firm's 95 years in the business, as well as honored the firm's clients and people who made this milestone possible.

Exemplifying the anniversary theme "Reimagine the Possible", Chairman Cabrera revealed and introduced 13 upcoming projects that will play a vital role in the roadmap for the future. These projects, presented in detail using an interactive video presentation, envisioned Isla Lipana & Co's proactive role in nation building.



Edgar Chua (Chairman, Makati Business Club) and Atty. Alex Cabrera (Chairman and Senior Partner, PwC Philippines).



Former senior partners Judith Lopez and Corazon de la Paz-Bernardo.



Atty. Alex Cabrera (Chairman and Senior Partner, PwC Philippines) and Marife Zamora (Chairman, Convergys Philippines Services Corp. and President, Management Association of the Philippines).



Aldie Garcia (Lead Branch Operations Partner and Assurance Partner, PwC Philippines) delivers his opening remarks.



A tribute to those who contributed to the 95 years of the still-growing firm is capped with a toast led by Chairman and Senior Partner Atty. Alex Cabrera (center, in bowtie) and Vice Chairman and Assurance Managing Partner Rick Danao (center, in orange necktie). The current partners are joined by former senior partners.



Tessa Ledesma (Tax Director, PwC Philippines), Angie Rose Bueno (eData Services, Inc.) and Fred Kumetz (Chief Executive Officer, eData Services, Inc.).



Chairman and Senior Partner Atty. Alex Cabrera talks about the Quality Work Hours program, which is unusual in the industry. It promotes efficiency to allow PwC Philippines people to go



Lois Abad (Assurance Partner, PwC Philippines, second from left) shows a guest (left) the interactive wall. It features two big touchscreen TVs and iPad stations that tours guests through the firm's history and the parallel history of the Philippines, and our people's activities in a playful and fun way.



(From left) Peter Coyiuto (President and Chief Executive Officer, First Guarantee Life Assurance Co., Inc.), Edgar Injap Sia II (Chairman/CEO, DoubleDragon Properties Corp.), Mary Jade Divinagracia (Deals and Corporate Finance Managing Partner, PwC Philippines), Francis Laurel (President and Chief Executive Officer, YKK Philippines, Inc.), and Joel Navarro (Tax Director, PwC Philippines).



From left: William Chua C.K. (Wills International Sales Corp.), Atty. Alex Cabrera (Chairman and Senior Partner, PwC Philippines), JM Reyes (Assurance Partner, PwC Philippines), and Karisthea Edolsa (MediaQuest Holdings, Inc.) fifth from left.



Before entering the ballroom, guests can manually stamp their presence by signing on a lighted 95th anniversary memorabilia wall.



(From left) Atty. Rene Bañez (former tax partner, PwC Philippines and former Senior Vice President & Chief Governance Officer, Philippine Long Distance Telephone Company), Corazon de la Paz-Bernardo (former senior partner, PwC Philippines), Roderick Danao (Vice Chairman and Assurance Managing Partner, PwC Philippines), Ambassador Jose Cuisia, Jr. (Chairman, The Covenant Car Company), and Francisco del Rosario Jr. (Senior Executive Director, PwC Philippines and past President, Management Association of the Philippines)



(From left) Lee Longa (Executive Vice President and Chief Finance Officer, Pru Life Insurance Corporation of U.K.), Mary Clare Monreal (Vice President, Bank of America, N.A. - Manila Branch), Henry Pelaez (Senior Vice President-Country Manager, Bank of America, N.A. - Manila Branch), Peter Coyiuto (President and Chief Executive Officer, First Guarantee Life Assurance Co., Inc.), and Arvin Laygo (First Life Financial Co., Inc.)



(From left) Joseph Calata (Chairman & CEO, Calata Corporation), Chiara Feliz Gutierrez (Tax Senior Manager, PwC Philippines), and Parker Ong (Calata Corporation).



Ruth Blasco (Assurance Partner, PwC Philippines, second from left) with guests



Atty. Alex Cabrera (Chairman and Senior Partner, PwC Philippines, center) with Tourism Undersecretary Alma Jimenez (second from right).



PwC Philippines managers and staff man the automated registration area.

Time to reimagine VisMin

By May Dicatoria
Reprinted from The *Philippine STAR*
30 June 2017
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Upon entering the ballroom, guests are greeted with a memorabilia LED wall comprising four LED strips that display the notable achievements of the firm and its people for the past years.



The event features state-of-the-art lights and sounds, and an astonishing stage set-up with a huge LED screen.

Isla Lipana & Co./PwC Philippines launches all-inclusive investment and business guides in the fastest-growing cities in the Visayas and Mindanao.

These investment guides tell readers about the culture of each place, its demographics, its top industries, tourist destinations, planned infrastructure and reimagining what's possible.

Catching the attention and confidence of potential investors is easy in Metro Manila and nearby areas, which contribute half of the country's GDP. But for provincial cities down south, prior to presenting business highlights and trade and investment figures, a trickier but valuable approach is to present themselves the best way Filipinos do — to be warm and welcoming.

This means capturing the investors' heart through hospitality and tourism, says Isla Lipana & Co./PwC Philippines chairman and senior partner Atty. Alex Cabrera. Zeroing in on six VisMin cities with growth rates of six to nine percent — Bacolod, Cagayan de Oro, Cebu, Davao, General Santos and Iloilo, the company recently launched an exhaustive investment guide titled *Reimagining VisMin*, with emphasis on local travel and people.

"The investment guide is meant to bring awareness. It's like a tourist spot. When you promote it, people come and economic activities follow. The guide also includes tourist spots in the cities, so you know what's good about that place. It will give some confidence to prospective investors, catching their attention to go there," quips Cabrera.

Normally, an investment guideline provides the socio-demographic details, list of main roads and other infrastructure, Gross Regional Domestic Product (GRDP), trade and investment, incentives to qualified investors, and the likes.

PwC's 20-page quick and easy-to-read guides capture and examine the places with a fresh perspective, each capped with a "reimagined" image of the city's flourishing future.

"Our investment guide is about the place, the aspirations of its people and the few things that you can say very strongly

about the place. There's even a preamble," says Cabrera, taking pride at how his team — despite the accounting and taxation hats — observed, analyzed, researched and published the guides on their own, based on PwC experience.

"We sat on it and we thought of the unique things about the places and areas of investment and, most importantly, imagined what is possible for those places. So, that's a distinct station in the book — about reimagining what is possible in that place."

Each title introduces a theme that is very relevant to the city. *Creative Cebu* gives accolades to entrepreneurs who empower the city despite its limited natural resources. *Dauntless Davao* highlights the prime value of maintaining peace and order. *Burgeoning Bacolod* means the surge of the city despite its reliance on sugar, its prime commodity. *Inspiring Iloilo*, for the inspiring leadership in private-public partnership, which is bringing in commercial centers and industrial zones through a "green city" approach. The title,

CDO, City of Awe, simply for CDO being a beautiful city, which made it into the Philippine Gems finalists — another PwC campaign. Lastly, *Get into GenSan* invites investors to General Santos' prized tuna industry, which could further raise the city's 5.7-percent growth rate.

"We focus on these six cities because people or investors won't focus on VisMin. So, we bring them these investment guides to show them what's really going on in the areas, how much they've grown, what's the culture there, what are the people like, what are the industries like and what are the areas for investment. Regionalization is national expansion. It's not dispersing activities from Luzon to Visayas and Mindanao; it is expanding within the country," says Cabrera.

Today, the company makes *Reimagining VisMin* downloadable for the public, and may be printed and replicated by the subject city governments.

'Time to reimagine VisMin'

Isla Lipana & Co./PwC Philippines launches all-Inclusive Investment and business guides in the fastest-growing cities in the Visayas and Mindanao.



By **MAY DEDICATORIA**

These investment guides tell readers about the culture of each place, its demographics, its top industries, tourist destinations, planned infrastructure and reimagining what's possible.

Catching the attention and confidence of potential investors is easy in Metro Manila and nearby areas, which contribute half of the country's GDP. But for provincial cities down south, prior to presenting business highlights and trade and investment figures, a trickier but valuable approach is to present themselves the best way Filipinos do — to be warm and welcoming.

This means capturing the investors' heart through hospitality and tourism, says Isla Lipana & Co./PwC Philippines chairman and senior partner Atty. Alex Cabrera. Zeroing in six VisMin cities with growth rates of six to nine percent — Bacolod, Cagayan de Oro, Cebu, Davao, General Santos and Iloilo, the company recently launched an exhaustive investment guide titled *Reimagining VisMin* with emphasis on local travel and people.

"The investment guide is meant to bring awareness. It's like a tourist spot. When you

promote it, people come and economic activities follow. The guide also includes tourist spots in the cities, so you know what's good about that place. It will give some confidence to prospective investors, catching their attention to go there," quips Cabrera.

Normally, an investment guideline provides the socio-demographic details, list of main roads and other infrastructure. Gross Regional Domestic Product (GRDP), trade and investment, incentives to qualified investors, and the likes.

PwC's 20-page quick and easy-to-read guides capture and examine the places with a fresh perspective, each capped with a "reimagined" image of the city's flourishing future.

"Our investment guide is about the place, the aspirations of its people and the few things that you can say very strongly about the place. There's even a preamble," says Cabrera, taking pride at how his team — despite the accounting and taxation hats — observed,



Isla Lipana & Co. chairman and senior partner ATTY. ALEX CABRERA

analyzed, researched, wrote and published the guides on their own, based on PwC experience.

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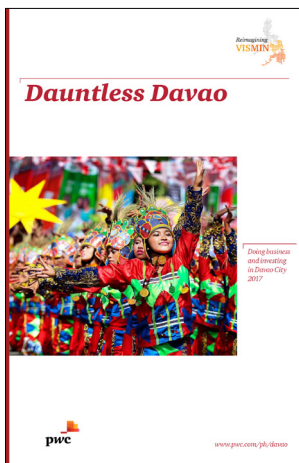
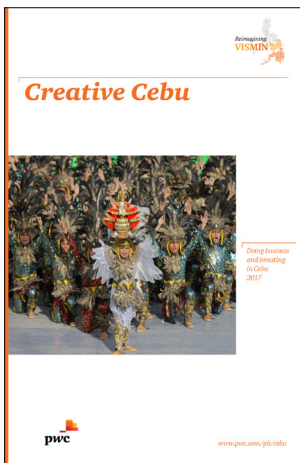
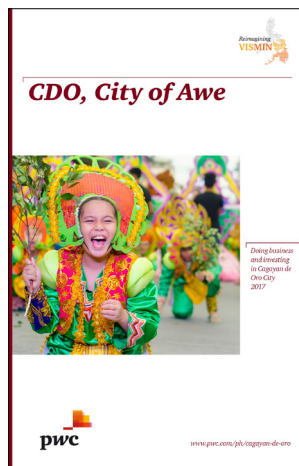
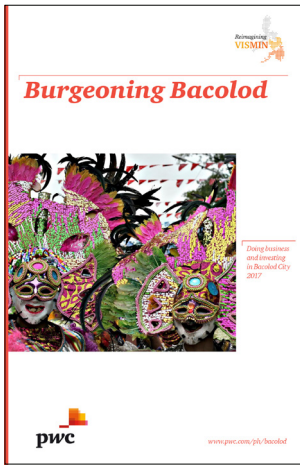
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Talk to us

For further discussion on the contents of this issue of the *Client Advisory Letter*, please contact any of our partners.

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