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Assessment of the Philippine Salt Industry: Profile, Challenges and Initiatives to Support the Industry

Profile of the Philippine Food Service Industry

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I. INTRODUCTION

Salt, scientifically known as sodium chloride, is an essential mineral for the human body. A small amount of salt plays a pivotal role in transmitting nerve signals, muscle movement, and a healthy balance of minerals and water (Harvard School of Public Health, n.d.). Beyond its fundamental importance to human health, salt has also emerged in the culinary and manufacturing industries. In culinary, salt is commonly used as a flavor enhancer, seasoning, and preservative while in the manufacturing industry, it is used in the production of soaps, detergents, and processed foods, among others. Interestingly, the use of common salt is also being endorsed by the Philippine Coconut Authority as a fertilizer for fruit-bearing coconut trees as it accelerates crop growth and development, and increases copra weight and number of nuts, among its other advantages (Philippine Coconut Authority, n.d.).

The Philippines, an archipelago surrounded by vast bodies of saline water, is naturally positioned for abundant salt production. In the early 1990s, the country was able to meet 85% of its salt requirement, and only 15% was imported (Hontucan & Acedo, 2017). Presently, however, the country has become highly dependent on imported salt, importing 93% of its salt requirement (Senate of the Philippines, 2023). The decline of local salt production was attributed to several factors, such as climate change, limited technological advancements in the industry, reclamation of bay areas, and subsequent construction of coastal roads, which disrupted salt production, among others, leading to the gradual deterioration of the industry.

Currently, the government is trying to revive the industry to achieve salt self-sufficiency through the institutionalization of a policy framework. This initiative aims to reduce the country's heavy reliance on imported salt, address existing policy gaps, improve salt production methods, and attract and encourage investment through the grant of tax incentives, among others.

* Prepared by Mariah Levinia L. Mitra, Tax Specialist II, Fiscal Incentives Branch. Reviewed and approved by Roselyn C. Domo, Chief Tax Specialist, Fiscal Incentives Branch.

This study will provide a profile of the Philippine salt industry, including the issues and challenges confronting it. A discussion on government initiatives as well as pending proposals in both Houses of Congress that seek to revitalize the said industry in order to achieve salt self-sufficiency for the country are also provided.

II. PROFILE OF THE PHILIPPINES SALT INDUSTRY

A. Historical Background

Salt production in the Philippines has a long history and the methods vary by location. During the pre-colonial period, salt was produced using a traditional method called solar evaporation[1] (Ventayan et al., 2023), which played an important role in the development of the industry and is still a common process for making salt today. In the 18th century, salt-making using solar dry beds was introduced in the City of Las Piñas, which was then known as a fishing village. Over time, the hectares of land in the area were converted into salt beds or *irasan*, establishing a reputation as a salt-making center and producer of *primera* or first-class salt[2].

In the 1950s, the industry flourished as new salt farms were built in Pangasinan, Bulacan, Occidental Mindoro, Cavite, Parañaque City, Negros, and Cebu, among others. The then towns of Las Piñas and Parañaque, and parts of Panay Island produced salt through the solar evaporation process while boiling or cooking[3] seawater was practiced in Pangasinan and Ilocos. A combination of both processes, on the other hand, was practiced in other parts of Iloilo, and Mindoro.

These salt-producing areas in the Philippines reached an estimated peak of 5,000 hectares, yielding an estimated 240,000 metric tons (MT) of salt yearly in the 1960s and 1970s (Bacelonia, 2023), despite the use by producers of traditional methods or the absence of technology in the production of salt. In the early 1990s, the country was able to meet 85% of salt demand, while the remaining 15% was addressed through importation. As such, the local salt industry flourished and the country was almost self-sufficient when it came to the production of salt.

Meanwhile, data gathered from the Philippine Statistics Authority (PSA) showed that the historical volume and value of imported salt from 1991 to 2020 had notable increases in the years 1994 and 1999. (See Annex A.) Further, it was observed that the bulk of the imported salt during the said period was industrial salt, largely used to produce different chemicals. In 1994, the volume of imported salt drastically

[1] It is the oldest method of salt production. It has been used since salt crystals were first noticed in trapped pools of sea water. Solar salt production is, typically, the capturing of salt water in shallow ponds where the sun evaporates most of the water (Dela Cruz, 2018).

[2] Explanatory Note of Senate Bill No. 1334.

[3] Boiling or cooking method is the boiling of seawater in large pans to evaporate excess moisture and eventually form salt crystals (Bartolome et al., 2022).

increased to 257.40 million kilograms (kg) from 67.83 million kg in 1993, or an increase of 279.50%, which may be attributed to the reduction in the applicable tariff rates of salt from 20% or 10% in July 1992 to 10% or 3% in July 1993, pursuant to the issuance of Executive Order No. 470, s. 1991[4], which modified the rates of import duty on imported salt, among other commodities. In 1999, a similar exponential increase in the volume of imported salt was recorded at 258.57%, which was attributed to the La Niña weather phenomenon (Hontucan & Acedo, 2017) that affected the local salt production.

B. Current State of the Local Salt Industry

At present, the situation is the opposite of the early 1990s as the bulk of the salt requirement of the country is being imported. This is despite the country having a shoreline of 36,000 kilometers (Ventayan et al., 2023), which is ideal for salt production. Based on the data gathered from the Bureau of Fisheries and Aquatic Resources (BFAR), local salt farmers produced an average of 89.67 million kg of salt annually from 2020 to 2022, which accounted for 12.48% of the total salt demand of the country. On the other hand, the country imported an average of 629.07 million kg of salt in the same period, representing 87.52% of the total salt requirement of the country, which is 983,000 MT annually (CNN, 2022), according to the Philippine Association of Salt Industry Networks (PhilASIN)[5].

With regard to industry players, data from the BFAR shows that there are only 1,078 recorded businesses engaged in salt processing and manufacturing in the country, predominantly centered in 16 provinces. The majority, or 97.89%, of these salt producers are individuals, while associations/cooperatives and corporations are only 0.72% and 1.37% of the total, respectively. Among these provinces, 14 are classified as minor salt producers and only two are major salt producers (BFAR, official communication, July 20, 2023). The two major salt-producing provinces, Pangasinan and Occidental Mindoro, collectively contributed 90.59% of the total local salt production from 2020 to 2022. (See Table 1.)

[4] Entitled, "Modifying the Nomenclature and Rates of Import Duty of Certain Imported Articles Under Section 104 of the Tariff and Customs Code of 1978 (Presidential Decree No. 1464)", as Amended, July 20, 1991.

[5] PhilASIN is a group of salt producers and non-government organizations working to revive the salt industry (Pamintuan, 2023).

Table 1

Total Number of Businesses Engaged in Salt Processing and Manufacturing, and Volume of Salt Production

Salt producing provinces	Number of businesses (as of 2022)	Total annual volume of salt production in MT (2020-2022)	Percent share to total
A. Major			
1. Occidental Mindoro	38	52,500	58.55
2. Pangasinan	342	28,745	32.05
B. Minor			
3. Ilocos Norte	81	915	1.02
4. Ilocos Sur	99	161	0.18
5. La Union	2	33	0.04
6. Zambales	3	2,836	0.12
7. Bulacan	8	106	3.16
8. Cavite	3	165	0.18
9. Batangas	1	3	0.16
10. Quezon	1	144	0.003
11. Antique	25	37	0.04
12. Iloilo	54	470	0.52
13. Guimaras	88	676	0.75
14. Negros Occidental	269	1,855	2.07
15. Bohol	5	4	0.004
16. Misamis Oriental	59	1,025	1.14
Total	1,078	89,675	100.00

Note. BFAR (official communication, July 20, 2023)

C. Regulatory Framework

Republic Act (RA) No. 8172[6], otherwise known as "An Act for Salt Iodization Nationwide" (ASIN) Law, which was passed into law in December 1995, stands as the principal legislation overseeing the Philippine salt industry. The purpose of the law, among others, is to eliminate micronutrient malnutrition in the country, particularly iodine deficiency disorders[7], through the cost-effective preventive measure of salt iodization.

[6] Entitled, "An Act Promoting Salt Iodization Nationwide and for Related Purposes", (December 20, 1995).

[7] Iodine deficiency disorder is a broad spectrum of deficiencies resulting from lack of iodine in the diet which leads to the reduction of intellectual and physical capacity affecting everyone who is iodine-deficient and may manifest as goiter, mental retardation, physical and mental defects, and cretinism (Section 4(b), RA 8172).

The legislation encompasses all stakeholders in the salt industry, including producers, manufacturers, importers, traders, and distributors, as well as government and non-government agencies involved in salt iodization activities. Additionally, the law requires repackers, distributors, retailers, and vendors to sell and/or distribute iodized salt only. Furthermore, the food processing sector, food services, and food establishments are likewise compelled to use iodized salt only.

To implement the law, the Department of Trade and Industry (DTI), Cooperative Development Authority (CDA), Department of Science and Technology (DOST), and the Department of Environment and Natural Resources (DENR) are mandated to support the salt iodization program through their respective internal programs.

In the revised implementing rules and regulations (IRR) of RA 8172[8], the DTI is mandated to assist and support the upgrade of the production technology of local salt producers/manufacturers by helping them obtain soft loans and financial assistance. Rule VI, Section 3(b) of the IRR also provides that the DTI shall provide incentives to the salt industry by including salt iodization as a priority investment program of the government through its Board of Investments (BOI). Further, the DTI is mandated to assist salt producers/manufacturers to obtain soft loans for machines, equipment, and other materials needed to upgrade the salt industry, through the Small Business Guarantee and Finance Corporation.

Moreover, the DOST is mandated to develop and implement an appropriate program for assistance to salt producers/manufacturers in the design and fabrication of salt iodization equipment, provide technical assistance in the design, maintenance, and operation of salt iodization machines, and transfer appropriate salt iodization technology to salt producers/manufacturers, among others.

On the other hand, the CDA is mandated to provide technical assistance to small and subsistence salt producers/manufacturers to organize themselves into cooperatives and undertake salt iodization and marketing of iodized salt in the spirit of cooperativism. The organized cooperatives shall be registered in accordance with CDA guidelines, rules and regulations, and applicable laws. The CDA is also mandated to encourage registered cooperatives to trade in food-grade iodized and assist in the promotion of the ASIN Law and monitor its compliance.

Based on the data gathered from the CDA, there are only 11 cooperatives out of 2,136 total registered cooperatives involved in the salt industry as of December 2022 (BFAR, official communication, May 26, 2023). Among these, eight are multipurpose cooperatives, while the other three are consumers, producers, and agrarian reform cooperatives. Notably, only one of these cooperatives is a salt producer cooperative - the Tamaraw Salt Producers Cooperative of Occidental Mindoro (TAMACO) (CDA, official communication, August 24, 2023). These cooperatives are entitled to tax exemptions, which include exemption from income tax; value-added tax (VAT);

[8] Entitled, "Revised Implementing Rules and Regulations of Republic Act No. 8172 "An Act Promoting Salt Iodization Nationwide and for Related Purposes", (March 3, 2004).

percentage tax; donor's tax; excise tax; documentary stamp tax; all taxes on transactions with insurance companies and banks; and annual registration fee of P500, as provided under Articles 60 and 61 of RA 6938[9], otherwise known as the "Cooperative Code of the Philippines", as amended by RA 9520[10].

D. Issues and Challenges of the Salt Industry

As previously mentioned, local salt production flourished in the early 1990s, but since, has experienced a gradual decline. The decline was not instantaneous but was brought about by a series of events and policy changes that significantly impacted the industry. The following are some of the issues and concerns identified by the BFAR that affected the productivity of the industry (BFAR, official communication, July 20, 2023):

1. Climate change

   The local salt industry relies heavily on solar evaporation (BFAR, 2023), making it vulnerable to the impacts of climate change. According to Pacific Farms Inc., a major salt producer in the country, the sharp increase in salt imports from 1998 to 2001 was mainly attributed to the country's extreme weather conditions, such as El Niño and La Niña. These weather changes have greatly affected the course of production of the industry. In a 2017 interview conducted by Regina Yoma of the University of San Carlos University, salt farmers from Bulacan and Cavite explained that prolonged wet seasons and rains during the dry season had detrimental effects on their salt farms. The rain would dissolve the crystallizing salt in the salt beds and contaminate the brine before the final stage of salt production (Hontucan & Acedo, 2017).

2. Orphan industry

   Despite being a crucial component of the country's food and manufacturing industry, the salt industry has struggled to attain consistent government support. Specifically, no specific government agency has been designated to oversee the industry over the past years, leading to an inability to address the concerns of the stakeholders, which has impeded the potential of the industry to grow.

3. Passage of RA 8172

   While certain agencies were mandated to support the local salt producers/manufacturers through financial and technical assistance, industry leaders, however, complained that the promised assistance in research and loans, technology transfer, and incentives in the production, marketing, and distribution of iodized salt did not materialize (Valderama, 2023).

[9] Entitled, "An Act to Ordain a Cooperative Code of the Philippines", (March 10, 1990).

[10] Entitled, "An Act Amending the Cooperative Code of the Philippines to be Known as the "Philippine Cooperative Code of 2008", (February 17, 2009).

Moreover, some lawmakers perceived the passage of RA 8172, or the ASIN Law, as a deterrent to the industry. The BFAR pointed out that the ASIN Law imposed heavy sanctions for violations and non-compliance, forcing most small-scale producers to cease operation due to a lack of training, funds, or resources to comply with the iodization requirements. As a result, salt farms were converted into fishponds, and residential and commercial properties to create profit avenues (BFAR, 2023).

4. Limited government policies, access to financial and other government support services, and technological innovation

Government policy and support are crucial for any industry's growth and sustainability. Presently, aside from the ASIN Law, there are no other existing laws or policies that provide the legal and institutional framework for the development of the local salt industry. Further, limited access to credit programs hinders the local salt industry from capitalizing and using more efficient and sustainable salt production methods and improving salt production facilities. According to the BFAR, financial constraints pose the primary challenge in the salt industry, as most producers struggle to secure the necessary capital to sustain, upgrade, and expand their operations.

Meanwhile, most of the local salt producers are still using traditional techniques such as solar evaporation, boiling, and other conventional methods in artisanal salt-making. Salt producers generally iodize salt manually (i.e., by using bare hands, shovel, or plastic sprayer), and with no standard procedures or guidelines being followed. Further, production and storage facilities in some areas do not comply with regulatory standards in terms of food safety and sanitation. Due to lack of innovation, and intervention and support from the government, the industry failed to adapt to the changes brought by climate change, food safety standards, and quality requirements, which affected salt farms' productivity and product quality.

5. Change in business interest, and urbanization

Salt production is labor-intensive and seasonal, with small economic returns, which led to growing disinterest among younger generations and entrepreneurs. As a result, salt farmers switched to other salt-related activities such as salt trading; and fish farming, which are more profitable.

Urbanization also became detrimental to the country's local salt production. Salt farms in Cavite, Bulacan, Las Piñas, and Parañaque were converted to residential and commercial properties, because of higher profit margins (De Leon, 2022). Moreover, according to the BFAR, land reclamation, and urbanization have made land prices high in areas such as Cavite and Bulacan. Las Piñas City was once regarded as the salt-making center of the country. However, as shown in Table 1, no salt producer is accounted for in the said city. It was reported by the PhilASIN that these conversions occurred without opening or approving new areas for salt-making (De Leon, 2022).

6. Market competition

The implementation of RA 8172, which required the sale and use of iodized salt only, posed challenges for local salt producers. The sanctions for non-compliance with the provisions of RA 8172 resulted in the patronage of imported iodized salt by sellers, distributors, traders, the food processing sector, food services, and food establishments. As such, the salt market was flooded by cheap imports after 1994 (Hontucan & Acedo, 2017). Due to trade agreements of the country, such as the Most Favoured Nation, ASEAN Trade in Goods Agreement, and ASEAN-Australia-New Zealand Free Trade Area, among others, with its main export partners, salt products have a 0% or 1% applicable tariff rate in 2023. Salt became one of those goods the tariff rate of which was reduced in the said trade agreements to ensure the free flow of goods in the concerned regions. Consequently, the price of locally-produced food-grade salt could no longer compete with its imported counterparts. Further, trading and prices were monopolized by a few major salt traders (BFAR, 2023).

III. GOVERNMENT EFFORTS TO REVIVE THE PHILIPPINE SALT INDUSTRY

In response to the challenges faced by the Philippine salt industry, the government is aiming to revitalize the industry through various initiatives.

A. Inclusion of Salt Farmers into the Fisherfolk Sector

Being tagged as an orphan industry for so many years, it was only in May 2021 that legislators urged the Department of Agriculture (DA), DENR, DOST, DTI, and the CDA to consider salt producers as part of the fisherfolk sector pursuant to House Resolution (HR) No. 00171[11] (BFAR, 2023). Once part of the fisherfolk sector, salt farmers shall benefit from the financial, technical, and other assistance provided by the aforementioned agencies. HR 00171 also explained that the ASIN Law led to the loss of livelihood and means of survival of salt producers because they lacked the facilities to comply with the requirements of the law.

The extraction of salt[12] falls under the Mining and Quarrying Sector or the Philippine Standard Industrial Classification (PSIC) Code 08930. On the other hand, the processing of salt into food-grade salt falls under the Manufacturing Sector with PSIC Code 1079.

[11] Entitled, "Resolution Urging the Department of Agriculture, Bureau of Fisheries and Aquatic Resources, Department of Environment and Natural Resources, Department of Science and Technology, Department of Trade and Industry, and the Cooperative Development Authority, to Consider Salt Producers as Part of the Fisherfolk Sector and Provide Them the Same Assistance and Benefits Given to Fisherfolk", (May 25, 2021).

[12] Includes (a) extraction of salt from underground including by dissolving and pumping, (b) salt production by evaporation of sea water or other saline waters, and (c) crushing, purification and refining of salt by the producer (PSA, n.d.).

B. The Development of Salt Industry Project

1. Features of the Development of Salt Industry Project

As part of the initiative of the government to revive the Philippine salt industry, the BFAR launched the Development of Salt Industry Project (DSIP), also known as "Oplan Asin," in March 2022, to bolster local salt production. This project, which has a total funding of P100 million, is aimed at producing excellent quality salt through process enhancement, improvement of practices on salt production, and product compliance with food safety standards. It is implemented by the DA through the BFAR and the National Fisheries Research and Development Institute (NFRDI).[13]

The project is to be implemented through project site identification whereby profiling and assessment, and shortlisting of the existing salt production areas in Regions I (Ilocos), VI (Western Visayas), and IX (Zamboanga Peninsula) shall initially be conducted in coordination with the Provincial Fishery Offices and local government units (LGUs). Also, the NFRDI in coordination with the BFAR, regional fishery offices, and LGUs shall identify/select project sites in Regions I, III (Central Luzon), IV-A (CALABARZON), IV-B (MIMAROPA), VI, VII (Central Visayas), IX, and X (Northern Mindanao) to produce a comprehensive profile of salt farmers, producers, traders, distributors, importers, and consumers in the country.

On the other hand, to realize the goal of reviving the local salt industry through technology development and research initiatives, the NFRDI will focus its activities on boosting and sustaining local salt production by providing necessary production, post-harvest, and marketing-related interventions to the selected salt farmers/project beneficiaries. These initiatives include the development and standardization of processing methods, consumers' acceptability tests, and market research for locally-produced sea salt products, as well as revisiting and amending existing policies governing the salt industry. Capability building activities, as well as provision of production materials, equipment, and facilities, are to be provided to improve the handling, processing, storage, and distribution of salt products in compliance with relevant food safety and product standards.

For qualified beneficiaries of the project, item II, 2.1 of the DA Memorandum Circular No. 36, s. of 2022, provides for the following criteria, as applicable:

a. Existing salt farmers/producers, fisherfolk groups/individuals who are willing to collaborate and adopt/avail the latest technologies for the improvement/enhancement of the salt production process.

[13] Department of Agriculture Memorandum Circular No. 36, series of 2022, (September 22, 2022).

b. Salt producers ceased their operations but were encouraged to revive their operations and avail of new technologies to increase salt production.

c. Salt farmers/producers and processors who will be capacitated and provided training on appropriate technologies for product formulation, packaging, labeling, and compliance with food safety requirements.

d. Must be registered under the Fisherfolk Registry system of the LGU or Registry System for Basic Sector in Agriculture.

The Circular also provides that clustering and consolidation of production, processing, and marketing activities of salt farmer-beneficiaries will be done to optimize the interventions and assistance to be provided. Individual salt farmers in a community will be formed into a cooperative to avail of opportunities from the CDA and other funding agencies. This strategy targets to escalate local salt production and will allow government financing institutions to facilitate easier and cost-effective business transactions, increase access to government support programs, and establish close linkage to suppliers, consumers, marketing services, and competitors. It is also seen to improve production and manufacturing lines that cannot be undertaken by individual units, especially for small-scale subsistence producers.

Upon completion of the DSIP, the projects shall be turned over to the beneficiaries through the LGUs. Teams at the BFAR-Central Office (CO) and Regional Offices (ROs) are to be created to monitor the progress of the project and to evaluate the same for further planning purposes. Monthly reports are thus, required to be submitted by the BFAR-ROs to the BFAR-CO, and similarly the BFAR-CO, through the Assistant Director for Operations, to the DA-CO.

2. Implementation status of the DSIP

According to the BFAR, the implementation of the DSIP transpired in the last quarter of 2022 or shortly after its implementing guidelines was issued in September 2022 (BFAR, official communication, September 27, 2023). While salt is a new commodity assigned to the BFAR, the agency was able to accomplish the following under the project:

a. Conduct of capacity-building activities such as training on salt production technology and food safety;

b. Provision of new materials for solar salt production and cooking methods; and

c. Establishment/rehabilitation of salt storage houses.

As of September 2023, the DSIP has a total of 265 beneficiaries in Regions I (Ilocos), VI (Western Visayas), and IX (Zamboanga Peninsula). The majority, or 224 of the beneficiaries, are individual salt farmers, 39 are associations, and 2 are cooperatives.

In terms of salt production areas, the BFAR noted that there are possible new potential areas that can be developed for salt production but these are still subject to suitability criteria and existing land use. The development of the said criteria is still ongoing and is being undertaken by the NFRDI, as part of the research and development (R&D) of the DSIP for the year 2023. The existing land use and possible land use of suitable public lands, on the other hand, still require consultation with the concerned LGUs. For the time being, the focus of the project was on the existing salt producers, and also those salt producers who ceased their operations and are willing to be revitalized.

As regards salt production method/s, none has been introduced yet as the budget for the R&D of the project is focused on profiling the salt industry, documenting the existing technologies, and developing site suitability criteria. Current salt production still utilizes solar and cooking methods.

The project, however, was not spared of issues or challenges one year into its implementation. Below are some of the concerns and issues identified by the BFAR:

a. Lack of manpower and technical capability of extension workers (salt being a new commodity under the BFAR);
b. Identification and suitability of expansion areas;
c. Profit sharing between salt farmers and land owners;
d. Tenurial instruments;
e. Unpredictable weather conditions; and
f. Beneficiary selection.

C. Pending Legislation in Congress

As mentioned earlier, some lawmakers view the enactment of the ASIN Law, as a deterrent to the industry. Consequently, both Houses of Congress have introduced multiple bills aimed at revitalizing the Philippine salt industry. These bills were all considered and consolidated under House Bill (HB) No. 8278[14] and Senate Bill (SB) No. 2243[15], both to be known as the "Philippine Salt Industry Development Act".

[14] Entitled, "An Act Revitalizing the Salt Industry, Creating a Comprehensive Plan for Its Development, Providing Incentives to Salt Farmers, Producers and Exporters, and Appropriating Funds Therefor". Introduced by Representative Salo, et. al. of the Nineteenth Congress, First Regular Session.

[15] Entitled, "An Act Strengthening and Revitalizing the Salt Industry in the Philippines, Appropriating Funds Therefor". Introduced by Senator Villar et. al. of the Nineteenth Congress, First Regular Session.

Salt, unprocessed or processed, is proposed to be classified as a basic agricultural product under HB 8278 and as an aquatic resource product under SB 2243. Both bills also identified provinces with Type I[16] climate as priority areas for salt production. These provinces include Ilocos Norte, Ilocos Sur, La Union, Pangasinan, Zambales, Bataan, Occidental Mindoro, Oriental Mindoro (SB 2243), Palawan, Antique, and Marinduque (HB 8278). As such, the said provinces shall be prioritized in the national development of salt farms (HB 8278).

The bills also propose the formulation and establishment of a Philippine Salt Industry Roadmap, which shall include, but not limited to, programs, projects, interventions, and incentives for the development and management, research, processing, utilization, modernization, business development, and commercialization of Philippine salt. Both bills provide that the roadmap shall be aligned with the objectives and continued implementation of the ASIN Law, which shall include the mandatory iodization of all food-grade salt. In the case of HB 8278, however, domestically-produced salt including industrial salt shall be exempt from mandatory iodization unless required by the Philippine Salt Industry Development Council (PSIDC). Similarly, imported food-grade salt may also be exempt from mandatory iodization subject to the approval of the PSIDC. The proposed PSIDC, shall ensure the unified and integrated implementation of the industry's roadmap and accelerate the modernization and industrialization of the Philippine salt industry.

Additionally, the bills also seek to grant incentives to investors in salt farm development and salt processing facilities. These include the BOI classifying salt farm as a preferred area of investment under the Strategic Investment Priority Plan (SIPP)[17] subject to pertinent rules and regulations. SB 2243 further proposes to exempt salt farm owners, salt processors, and other related businesses from the payment of import duties for imported machines and equipment that are actually and directly used in their businesses, subject to pertinent rules and regulations. SB 2243 also seeks to levy, collect, and be paid upon all imported salt a duty of 9% ad valorem. The bills also provide that the tariff collections from imported salt shall be credited automatically to the proposed Salt Industry Development and Competitiveness Enhancement Fund, a special account to be created with the National Treasury, which shall be used to develop the salt industry. (See Table 2.)

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[16] Refers to two pronounced season – dry from November to April and wet during the rest of the year (DA Regional Field Office IX, n.d.).

[17] The SIPP refers to the plan prepared by the BOI, in coordination with the Fiscal Incentives Review Board, investment promotion agencies, and other government agencies administering tax incentives, scope and coverage of location and industry tiers, recommendations for non-fiscal support and corresponding specific activities wherein investments are to be encouraged, and other information, analyses, data, guidelines, or criteria as the BOI may deem appropriate (Part 1, Rule 1, Section 4 (DD), Corporate Recovery and Tax Incentives for Enterprises Act Implementing Rules and Regulations).

Table 2

Incentive Provisions in HB 8278 and SB 2243

Particulars	HB 8278	SB 2243
On incentives and tax exemptions	Section 31. Incentives. – The following incentives shall be provided to investors in salt farm development and salt processing facilities:	Section 26. Incentives. - The following incentives shall be provided to investors in salt farm development and salt processing facilities:
	(a) The Board of Investments shall classify salt farms as preferred areas of investment under its Investment Priorities Plan subject to pertinent rules and regulations;	(a) The Board of Investments shall classify salt farms as preferred areas of investment under its Investment Priorities Plan (IPP) subject to pertinent rules and regulations;
		(b) Salt farm owners, salt processors, and other related businesses shall be exempt from the payment of import duties for imported machines and equipment to be actually and directly used in their businesses, subject to pertinent rules and regulations;
	(b) The salt farmers and processors shall be given priority to access credit assistance and guarantee schemes being granted by Government Finance Institutions; and	(c) The salt producers and processors shall be given priority to access credit assistance and guarantee schemes granted by Government Financial Institutions (GFIs); and
	(c) Salt farm development and their equipment shall be covered by the Philippine Crop Insurance Corporation.	(d) Salt farm development and their equipment shall be covered by the Philippine Crop Insurance Corporation.
On tariff rate for imported salt		Section 27. Tariff on Salt. – There shall be levied, collected, and paid upon all imported salt a duty of 9% ad valorem.

The proposal of the bills to classify salt farm development as a preferred area for investment under the SIPP could boost investment in the industry, increase local production, and allow the country to improve its export capacity and thus, be able to compete globally. The 2022 SIPP is valid only for three years and is subject to review and amendment every three years thereafter unless a supervening event necessitates its review.

Additionally, it should be noted that Section 300 of the National Internal Revenue Code (NIRC) of 1997, as amended by RA 11534[18], otherwise known as the "Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act", provides that all sectors or industries that may be included in the SIPP shall undergo an evaluation process to determine their suitability and the potential of the industry or sector to promote the long-term growth and sustainable development, and the national interest. It provides further that in no case shall a sector or industry be included in the SIPP unless a formal evaluation process or report supports it. Therefore, activities related to salt farm development shall undergo the necessary procedures to be included in the SIPP.

In the event that activities related to salt farm development are included in the SIPP, the same shall be entitled to avail of the following tax incentives under Title XIII of the NIRC of 1997, as amended by RA 11534 (See Table 3):

Table 3

Tax Incentives Under Title XIII of the NIRC of 1997, as Amended by RA 11534

Location Tier	Duration of tax incentives (in years)	
	Domestic market enterprise	Export-oriented enterprise
National Capital Region (NCR)	4, 6, or 5 income tax holiday (ITH) + 5 enhanced deductions (ED), and a maximum of 12 customs duty exemptions on the importation of capital equipment, raw materials, spare parts, or accessories from the date of registration	4, 6, or 5 ITH + 10 ED/Special Corporate Income Tax (SCIT), and a maximum of 17 customs duty exemptions on the importation of capital equipment, raw materials, spare parts, or accessories and VAT zero-rating on local purchases and VAT exemption on importation from the date of registration

[18] Entitled, "An Act Reforming the Corporate Income Tax and Incentives System, Amending for the Purpose Sections 20, 22, 25, 27, 28, 29, 34, 40, 57, 109, 116, 204 and 290 of the NIRC of 1997, as Amended, and Creating Therein New Title XIII, and for Other Purposes", (March 26, 2021).

Location Tier	Duration of tax incentives (in years)	
	Domestic market enterprise	Export-oriented enterprise
Metropolitan areas or areas contiguous and adjacent to the NCR	5, 6, or 7 ITH + 5 ED, and a maximum of 12 customs duty exemptions on the importation of capital equipment, raw materials, spare parts, or accessories from the date of registration	5, 6, or 7 ITH + 10 ED/SCIT, and a maximum of 17 customs duty exemptions on the importation of capital equipment, raw materials, spare parts, or accessories and VAT zero-rating on local purchases and VAT exemption on importation from the date of registration
All other areas	6 or 7 ITH + 5 ED, and a maximum of 12 customs duty exemptions on the importation of capital equipment, raw materials, spare parts, or accessories from the date of registration	6 or 7 ITH + 10 ED/SCIT, and a maximum of 17 customs duty exemptions on the importation of capital equipment, raw materials, spare parts, or accessories and VAT zero-rating on local purchases and VAT exemption on importation from the date of registration

The proposal under SB 2243 to exempt the imported machines and equipment of salt farm owners, salt processors, and other related businesses from import duties, subject to pertinent rules and regulations, will encourage the adoption of modern and cost-effective machinery and equipment in salt production and enhance productivity. Also, the savings that will be generated from the proposed exemption can be used instead by stakeholders to purchase other materials necessary in the production, or on any activity relevant to their operation.

On the other hand, the proposal of SB 2243 to impose a 9% tariff rate on all imported salt would serve as a protection for the local industry and, at the same time, raise revenues for the government. As mentioned earlier, the applicable tariff rate for imported salt is 0% or 1%, depending on the tariff agreement. In the year 2022 alone, the Bureau of Customs (BOC) collected P79 million[19] in duties and taxes from imported salt. It must be pointed out, however, that the determination of tariff rates, as well as any further adjustment of tariff rates on imported salt as the situation may require, must be deferred to the wisdom of the President to ensure that the country adheres to its free trade agreements with the World Trade Organization and other trade agreements. Furthermore, Section 1608 of RA 10863[20], otherwise known as the

[19] BOC. (n.d.) *Import Entries*. Retrieved September 18, 2023 from https://customsph-my.sharepoint.com/personal/delakrusj_customs_gov_ph/_layouts/15/onedrive.aspx?ga=1&id=%2Fpersonal%2Fdelakrusj%5Fcustoms%5Fgov%5Fph%2FDocuments%2FImport%20Entries%2F2022.

[20] Entitled, "An Act Modernizing the Customs and Tariff Administration", (August 1, 2016).

"Customs Modernization and Tariff Act", also authorizes the President to increase, reduce, or remove existing rates of import duty upon the recommendation of the National Economic Development Authority.

In the ASEAN, another country that incentivizes and considers salt production as a priority investment is Vietnam. The production of salt is prioritized for investment under the Government's development policies. As such, the industry is entitled to a preferential tax rate of 10% on corporate income tax for the entire project duration or 17% for 10 years. Income from salt production of cooperatives is likewise tax-exempt. Moreover, the income of households and individuals directly engaged in salt production is likewise exempt from personal income tax. In addition, the Vietnam government also offers exemption from registration fees for land allocated, leased, or recognized by the state for use in salt production (Grant Thorton, 2020).

IV. CONCLUSION

While the Philippines is naturally positioned for abundant salt production, it is highly dependent on imported salt due to low local salt production caused by climate change, technological limitations in production methods, and existing policy gaps, among others. Nevertheless, the government has already taken initial steps to revitalize the local salt industry through the DSIP and the pending legislation in Congress aimed to support the local salt industry through the provision of appropriate technology and research, and adequate financial, production, marketing, and other support services, and grant of fiscal incentives, which are seen to pave the way for a more robust and resilient industry. This, in turn, will lead to a significant increase in salt production by salt farms that could make the country salt self-sufficient once again. Lastly, more than just creating jobs, increasing revenues of the government from the industry, and contributing to the country's economic output, the revitalization of the Philippine salt industry will provide the opportunity to preserve and keep one of the country's trade cultures.

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Annex A

Total Value and Volume of Imported Salt, 1991 to 2020

Year	Volume (in kg)	Growth rate (in %)	Free on board value[a] (in USD)	Growth rate (in %)
1991	81,104,836	-	2,048,742	-
1992	78,896,568	(2.72)	2,946,289	43.81
1993	67,825,207	(14.03)	3,203,219	8.72
1994	**257,398,226**	**279.50**	**8,869,061**	**176.88**
1995	186,505,989	(27.54)	8,649,355	(2.48)
1996	336,026,015	80.17	14,635,285	69.21
1997	361,521,774	7.59	13,310,975	(9.05)
1998	110,628,841	(69.40)	4,950,821	(62.81)
1999	**396,684,330**	**258.57**	**13,949,766**	**181.77**
2000	567,213,291	42.99	17,461,022	25.17
2001	423,892,655	(25.27)	11,884,331	(31.94)
2002	375,542,417	(11.41)	11,051,070	(7.01)
2003	343,167,330	(8.62)	10,222,500	(7.50)
2004	344,527,901	0.40	10,750,520	5.17
2005	342,957,043	(0.46)	13,746,107	27.86
2006	382,668,437	11.58	22,328,889	62.44
2007	347,638,746	(9.15)	47,370,390	112.15
2008	494,040,809	42.11	21,091,608	(55.48)
2009	436,573,136	(11.63)	22,744,791	7.84
2010	460,670,419	5.52	23,924,297	5.19
2011	365,409,729	(20.68)	22,321,673	(6.70)
2012	427,720,981	17.05	21,762,809	(2.50)
2013	349,754,223	(18.23)	15,005,890	(31.05)
2014	489,314,740	39.90	19,062,638	27.03
2015	467,831,136	(4.39)	21,705,831	13.87
2016	485,947,728	3.87	23,461,399	8.09
2017	535,300,534	10.16	24,054,146	2.53
2018	599,860,892	12.06	25,776,996	7.16
2019	711,751,469	18.65	30,382,908	17.87
2020	598,403,400	(15.93)	26,770,122	(11.89)

Note. PSA (official communication, September 28, 2023)

[a] Refers to the value of the goods free on board the carrier at the frontier of the exporting country. It includes inland freight, export duty and other expenses. Retrieved September 30, 2023 from https://rssocar.psa.gov.ph/foreign_trade/October%202018%20CAR%20Exports.

Profile of the Philippine Food Service Industry*

I. INTRODUCTION

Filipinos are known to be certified food lovers, and dining at restaurants is considered a family-bonding activity or a time for celebration. According to the food consumption component of the 8th National Nutrition Survey in 2013 by the Food and Nutrition Research Institute, 4 out of 10 Filipinos ages 19 to 59 years old are out-of-home eaters. Thus, it is not surprising that the food service industry is considered one of the most lucrative sectors in the Philippines.

However, in March 2020, the government-imposed series of enhanced community quarantines (ECQs) in the country due to the outbreak of COVID-19, leaving most employees with no choice but to work from home and students to attend online classes. Since eating out-of-home was prohibited, sales of business establishments were affected. Only after a few months of implementation were these mobility restrictions slowly lifted to start the gradual opening of establishments, including those in the food service industry.

To aid policymakers in assisting the food service industry, this paper seeks to provide a profile study of the country's food service industry, its tax liabilities, and determine the impact of COVID-19 on the taxes collected therefrom.

II. BACKGROUND INFORMATION

A. Profile of the Food Service Industry

The food service industry is an important component of the economy as it provides the primary need of the country's workforce to sustain all the other industries. Based on the 2019 Annual Survey of Philippine Business and Industry (ASPBI), there were 28,579 establishments in the food service industry, sharing 83% of the 34,248 total establishments under the Accommodation and Food Service Activities (AFSA) sector. These establishments are economic units under a single ownership or control

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* Prepared by Jemimah Kezia G. Jonson, Economist II. Reviewed and approved by Monica G. Rempillo, Economist V, Economics Staff and OIC-Deputy Executive Director, Tax Research Group.

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which engage in a predominantly one kind of economic activity at a single fixed location and may be categorized as single proprietorship, partnership, government corporation, stock corporation, non-stock corporation, or cooperative.

The food service industry is composed of three subsectors. One is the Restaurants and Mobile Food Service Activities which include restaurants, fast food chains, cafeterias, refreshment stands, kiosks and counters, dining cars (carried on separate units), other restaurants, and mobile food service activities. The other two subsectors are Event Catering and Other Food Service Activities, and Beverage Serving Activities which include bars, taverns, cocktail lounges, discotheques, beer parlors and pubs, coffee shops, fruit juice bars, mobile beverage vendors, night clubs. Based on the Survey, the majority, or 89% of the food service industry establishments, are categorized under Restaurants and Mobile Food Service Activities, 9% from Beverage Serving Activities, while the rest is from Event Catering and other Food Service Activities. (See Table 1.)

Table 1

Food Service Industry: Number of Establishments

Particulars	Number of establishments	% From total establishments
Restaurants and mobile food service activities	25,424	88.96
Event catering and other food service activities	658	2.30
Beverage serving activities	2,497	8.74
Total	28,579	100.00

Note. From Philippine Statistics Authority (2022). *2019 Annual Survey of Philippine Business and Industry (ASPBI) – Accommodation and Food Service Activities Sector* [Data Set]. Retrieved from https://psa.gov.ph/content/2019-annual-survey-philippine-business-and-industry-aspbi-accommodation-and-food-service

The number of registered taxpayers in the food service industry grew by 4.70% annually, from 151,321 in 2015 to 190,348 in 2020, or an average of 172,656 taxpayers per year. While there was an apparent yearly increase in absolute numbers, the annual increment declined from 6.02% in 2015-2016 to 2.49% in 2019-2020. This implied that more establishments were going out of business than those venturing in and/or registering under the food service industry. (See Table 2.)

The ASPBI 2019 also showed that the food service industry contributed 76% or P697 billion to the total revenue generated by the AFSA, with expenses worth P581 billion. The majority, or 92%, of the revenue generated and expenses incurred by the food service industry, was from the Restaurants and Mobile Food Service Activities, followed by the Beverage Serving Activities (5%), then the Event Catering and Other Food Service Activities (3%).

Table 2

Number of Registered Taxpayers in the Food Service Industry, 2015-2020

Year	Number of registered taxpayers	% Growth
2015	151,321	-
2016	160,432	6.02
2017	169,961	5.94
2018	178,143	4.81
2019	185,731	4.26
2020	190,348	2.49
Average	172,656	4.70

Note. Data from Bureau of Internal Revenue, Official Communication (28 February 2022)

Employee compensation was one of the major expenses incurred by the food service industry, reaching P69 billion for Restaurants and Mobile Food Service Activities, P5 billion for Beverage Serving Activities, and P3 billion for Event Catering and Other Food Service Activities. On average, the compensation of employees corresponds to 15% of the expenses of each sub-industry. (See Table 3.)

Table 3

Total Revenue and Expenses of Establishments in the Food Service Industry (in Million Pesos)

Particulars	Revenue	Expenses		
		Total	Compensation	Others
Restaurants and mobile food service activities	643,785	534,822	68,599	466,224
Event catering and other food service activities	18,669	15,887	2,537	13,351
Beverage serving activities	34,536	29,877	4,867	25,010
Total	696,989	580,587	76,003	504,584

Note. Philippine Statistics Authority (2022). *2019 Annual Survey of Philippine Business and Industry (ASPBI) – Accommodation and Food Service Activities Sector* [Data Set]. Retrieved from https://psa.gov.ph/content/2019-annual-survey-philippine-business-and-industry-aspbi-accommodation-and-food-service

On average, there were 140,957 enterprises engaged in the business of AFSA from 2018 to 2020, with micro, small, and medium enterprises (MSMEs) comprising 140,868. When the pandemic started in March 2020, the number of MSMEs and large enterprises declined by 7%, 4%, 1%, and 8%, respectively. This showed the apparent lesser demand and inability to transition to online services by those in the AFSA sector as an impact of the lockdowns and quarantine measures regardless of the size of the enterprise. (See Table 4.)

Table 4

Number of Enterprises Under the Accommodation and Food Service Activities, by Size

Size of enterprise	2018	2019	2020	2020-2019 % change	Average
Micro	125,396	126,815	117,483	(7.36)	123,231
Small	18,802	16,909	16,267	(3.80)	17,326
Medium	337	300	296	(1.33)	311
Total MSMEs	144,535	144,024	134,046	(6.93)	140,868
Large	105	84	77	(8.33)	89
Total no. of enterprises	144,640	144,108	134,123	(6.93)	140,957
% Share MSMEs	99.93%	99.94%	99.94%	(0.00)	99.94%
% Share Large	0.07%	0.06%	0.06%	(1.51)	0.06%

Notes. Size of enterprise depends on either employment and asset size. Micro enterprises have 1-9 employees or an asset size of up to P3 million. Small enterprises have 10-99 employees or with assets more than P3 million but not exceeding P15 million. Medium enterprises have 100-199 employees or with assets more than P15 million but not exceeding P100 million. Large enterprises have more than 200 employees or with assets more than P100 million. (Department of Trade and Industry, 2020)

Department of Trade and Industry (2018). *2018 Philippine MSME Statistics in Brief* [Data Set]. Retrieved from https://dtiwebfiles.s3-ap-southeast-1.amazonaws.com/e-library/Growing+a+Business/MSME+Statistics/2018/2018+Philippine+MSME+Statistics+in+Brief.pdf
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According to the 2019 ASPBI, the food service industry employed almost 445,000 workers, with paid employees comprising 97% of the total number of employed while working owners and unpaid workers correspond to 3%. The majority of the workers (90%), whether paid or unpaid, were from restaurants and mobile food service activities. The beverage serving activities employed 7% or 30,935 workers, while the event catering and other food service activities employed 3% or 15,474 of the total. (See Table 5.) However, the Labor Force Survey of 2020 showed that the number of persons employed by the AFSA vis-à-vis the total number of persons employed in all sectors declined by 19.56% from 4.60% in 2019 to 3.70% in 2020. In absolute terms, this translated to a decline from 1.93 million workers in 2019 to 1.46 million in 2020 (Philippine Statistics Authority, 2020).

Table 5

Number of Employees in the Food Service Industry, 2019

Particulars	Paid employees	Unpaid employees	Total employees
Restaurants and mobile food service activities	386,853	11,671	398,524
Event catering and other food service activities	14,851	623	15,474
Beverage serving activities	29,788	1,147	30,935
Total	431,492	13,441	444,933

Note. Philippine Statistics Authority (2022). *2019 Annual Survey of Philippine Business and Industry (ASPBI) – Accommodation and Food Service Activities Sector* [Data Set]. Retrieved from https://psa.gov.ph/content/2019-annual-survey-philippine-business-and-industry-aspbi-accommodation-and-food-service

B. Top Players in the Food Service Industry

From 2019 to 2021, only Max's Group Inc. was included in the Top 1,000 Corporations in the restaurant industry. Under the fast-food chain sub-industry, Epicurean Partners Exchange, Inc., Freemont Foods Corp., Fresh N' Famous Foods, Inc., Golden Arches Development Corp., Jollibee Foods Corp., Mang Inasal Philippines, Inc., PERF Restaurants Inc., PPI Holdings, Inc., S&R Pizza, Inc., and Shakey's Pizza Asia Ventures, Inc., were included. Meanwhile, Real American Doughnut Co., Inc. was included in the refreshment stands, kiosks, and counters sub-industry. Bounty Agro Ventures, Inc., Food Panda Philippines, Inc., and GRABEXPRESS, Inc. entered the list under the restaurants and mobile food service activities, and Rustan Coffee Corp. under the café or coffee shops sub-industry.

Jollibee Foods Corp. was the top player included in the Top 1,000 Corporations from 2019 to 2021. This was followed by Bounty Agro Ventures, Inc., Fresh N' Famous Foods, Inc., Freemont Foods Corp, Rustan Coffee Corp, Shakey's Pizza Asia Ventures, Inc., PERF Restaurants, Inc. which remained on the list during the same period. In 2020, Real American Doughnut Co., Inc. entered the list and placed 837th, while the Golden Arches Development Corp was excluded. In 2021, as online and food service delivery increased demand due to the height of the pandemic when many were forced to stay and work at home, Food Panda Philippines, Inc., GRABEXPRESS, Inc., and S&R Pizza, Inc. entered the list on the 497th, 593rd, and 990th spots, respectively, but Epicurean Partners Exchange, Inc., Mang Inasal Philippines, Inc., and PPI Holdings, Inc. were dropped from the list. (See Table 6.)

Because of the impact of the pandemic mitigation and management policies, Jollibee Foods Corp., the leading fast-food chain and top food service industry player in the country, had a 29% decline in gross revenue from 2019 to 2020. This decreased further by 44% in 2021. All the other listed top players also exhibited a reduction in their gross revenue at rates ranging from 8% to 58% from 2019 to 2021. Only Bounty

Agro Ventures, which grew by 16% from 2019 to 2020, went back to its almost pre-pandemic level in 2021.

Table 6

Gross Revenue of Top 1,000 Corporations in the Food Service Industry (in Million Pesos)

Rank as of 2021	Company	2019	2020	2021	2019-2021 % change
74	Jollibee Foods Corp.	71,012	50,444	8,355	-60.07
153	Bounty Agro Ventures, Inc.	15,003	17,379	15,563	3.73
228	Fresh N' Famous Foods, Inc.	25,534	22,201	10,686	-58.15
248	Freemont Foods Corp.	14,617	15,374	9,984	-31.70
259	Rustan Coffee Corp.	10,883	12,881	9,409	-13.54
475	Shakey's Pizza Asia Ventures, Inc.	7,072	7,629	4,527	-35.99
497	Food Panda Philippines, Inc.	n.a.	n.a.	4,278	n.a.
593	GRABEXPRESS, Inc.	n.a.	n.a.	3,561	n.a.
603	PERF Restaurants, Inc.	3,800	4,484	3,477	-8.50
961	Real American Doughnut Co., Inc., The	n.a	2,527	1,671	n.a.
990	S&R Pizza, Inc.	n.a.	n.a.	1,589	n.a.
-	Epicurean Partners Exchange, Inc.	2,818	3,208	n.a.	n.a.
-	Golden Arches Development Corp.	27,426	n.a.	n.a.	n.a.
-	Mang Inasal Philippines, Inc.	13,274	5,413	n.a.	n.a.
-	Max's Group, Inc.	n.a.	2,056	n.a.	n.a.
-	PPI Holdings, Inc.	5,206	5,157	n.a.	n.a.

Notes. Business World (2019). Top 1,000 Corporations in the Philippines. *Is the Philippines ready to play with FIRe?* Business World Publishing Corporation
Business World (2020). Top 1,000 Corporations in the Philippines. *Navigating Recovery.* Business World Publishing Corporation
Business World (2021). Top 1,000 Corporations in the Philippines. *Reset, Rebuild, Recover.* Business World Publishing Corporation

The net income of all companies that remained in the Top 1,000 Corporations from 2019 to 2021 declined from 48% to 2,400%. Bounty Agro Ventures, Inc. incurred a net income of P307 million in 2021, a 48% decline from its pre-pandemic level of P593 million in 2019. On the other hand, the net income of Jollibee Foods Corp. declined by only 2%, from P6.53 billion in 2019 to P6.40 billion in 2020. However, its net income fell by 99% after Jollibee Foods Corp. bought other food and beverage chains such as Tim Ho Wan, Yoshinoya, and Milksha while expanding its network by opening more stores and renovating existing domestic and international branches in

2021. All the other institutions listed in the Top 1,000 Corporations reported a negative net income by the end of 2021. (See Table 7.)

Table 7

Net Income of Top 1,000 Corporations in the Food Service Industry (in Million Pesos)

Rank as of 2021	Company	2019	2020	2021	% Change
153	Bounty Agro Ventures, Inc.	593	598	307	-48.23
990	S&R Pizza, Inc.	n.a.	n.a.	82	n.a.
74	Jollibee Foods Corp.	6,534	6,402	60	-99.08
961	Real American Doughnut Co., Inc., The	n.a.	70	(166)	n.a.
475	Shakey's Pizza Asia Ventures, Inc.	618	1,115	(209)	-133.82
593	GRABEXPRESS, INC.	n.a.	n.a.	(279)	n.a.
259	Rustan Coffee Corp.	127	137	(435)	-442.52
60	PERF Restaurants, Inc.	(419)	(269)	(607)	44.87
248	Freemont Foods Corp.	32	39	(736)	-2,400.00
228	Fresh N' Famous Foods, Inc.	700	52	(2,802)	-500.29
497	Food Panda Philippines, Inc.	n.a.	n.a.	(4,022)	n.a.
-	Epicurean Partners Exchange, Inc.	(37)	3	n.a.	n.a.
-	Golden Arches Development Corp.	1,605	n.a.	n.a.	n.a.
-	Mang Inasal Philippines, Inc.	570	446	n.a.	n.a.
-	Max's Group, Inc.	n.a.	58	n.a.	n.a.
-	PPI Holdings, Inc.	7	(107)	n.a.	n.a.

Notes. Business World (2019). Top 1000 Corporations in the Philippines. *Is the Philippines ready to play with FIRe?* Business World Publishing Corporation
Business World (2020). Top 1000 Corporations in the Philippines. *Navigating Recovery.* Business World Publishing Corporation
Business World (2021). Top 1000 Corporations in the Philippines. *Reset, Rebuild, Recover.* Business World Publishing Corporation

C. Contribution of the Food Service Industry to the Economy

Out of the P918 billion total revenue generated by the AFSA in 2019, 75.92%, or P697 billion, came from the food service industry. The AFSA revenue was equivalent to at least 2.21% of the Gross Domestic Product (GDP) valued at P19.52 trillion and 2.01% of the Gross National Income (GNI) valued at P21.42 trillion. Thus, the contribution of the food service industry to the GDP and GNI in that period was P327.82 billion. (See Table 8.)

Table 8

Contribution of the Food Service Industry to the Philippine Economy in 2019 (in Million Pesos)

Particulars	Value
Food service industry revenue	696,989.00
AFSA revenue	918,010.93
% Food service industry revenue to AFSA revenue	75.92%
AFSA GVA	431,778.00
GDP	19,517,863.00
GNI	21,472,060.00
% AFSA to GDP	2.21
% AFSA to GNI	2.01
Estimated share of food service industry to GDP	327,822.37
Estimated share of food service industry to GNI	327,822.37

Note. Philippine Statistics Authority (2022). *2019 ASPBI – AFSA Sector*. Philippine Statistics Authority. https://psa.gov.ph/content/2019-annual-survey-philippine-business-and-industry-aspbi-accommodation-and-food-service
Philippine Statistics Authority (2021). *Q1 2019 to Q4 2021 National Accounts of the Philippines*. Philippine Statistics Authority. https://psa.gov.ph/sites/default/files/4th%20Quarter%202021%20National%20Accounts%20of%20the%20Philippines.pdf

III. TAXATION OF THE FOOD SERVICE INDUSTRY

A. Income Tax

Income derived by individuals who are operators of food service industry establishments registered under single proprietorship are subject to personal income tax rates corresponding to the schedule as follows:

Not over P250,000	0%
Over P250,000 but not over P400,000	15% of the excess over P250,000
Over P400,000 but not over P800,000	P22,500 + 20% of the excess over P400,000
Over P800,000 but not over P2,000,000	P102,500 + 25% of the excess over P800,000
Over P2,000,000 but not over P8,000,000	P402,500 + 30% of the excess over P2,000,000
Over P8,000,000	P2,202,500 + 35% of the excess over P8,000,000

Meanwhile, income derived by corporations in the food service industry is subject to the payment of an income tax of 25% upon their taxable income derived in and out of the country during each taxable year pursuant to Section 27(A) of the National Internal Revenue Code (NIRC) of 1997, as amended by Republic Act (RA) No. 11534[1] or the CREATE Law. For corporations with net taxable income less than P5 million and assets excluding the land on which the office, plant, and equipment are situated, less than P100 million shall be taxed at 20%.

On the other hand, instead of the regular corporate income tax, a corporation has to pay a minimum corporate income tax (MCIT) of 2% of the gross income when the minimum income tax is greater than the tax computed under Section 27(A) of the Tax Code beginning the fourth year of operation as provided under Section 27(E) of the NIRC of 1997, as amended. Pursuant to Section 7 of the CREATE Law, the MCIT shall be one percent (1%) effective on 1 July 2020 until 30 June 2023.

B. Value-Added Tax and Percentage Taxes

Pursuant to Section 106 of the NIRC of 1997, as amended, any person engaged in the food service industry is subject to a value-added tax (VAT) of 12% of the gross selling price or gross value in money of the goods sold. A zero percent VAT is levied for export sales as defined by Section 106(A)(2)(a) of the Tax Code. Meanwhile, those with food and/or beverage gross annual sales that do not exceed P3 million are exempt from the payment of VAT.

Any input tax of any VAT-registered person with an invoice or official receipt may be credited against the output tax of persons engaged in the food service industry. These include the purchase of services or goods for sale, for conversion, for use as supplies in the course of business, for use as materials supplied in the sale of service, and for use in a trade or business for which deduction for depreciation or amortization is allowed.

On the other hand, persons engaged in the food and beverage service industry who are not VAT-registered and are not liable to pay the 12% VAT are likewise required to pay a percentage tax equivalent to 3% of their gross quarterly sales or receipts, provided that the rate shall be 1% effective July 1, 2020, until June 30, 2023, pursuant to Revenue Regulations (RR) No. 4-2021 issued on April 8, 2021. In the same issuance, cooperatives are exempt from the percentage tax on the condition that they must secure a tax exemption certificate.

[1] Entitled, “An Act Reforming the Corporate Income Tax and Incentives Systems, Amending for the Purpose Sections 20, 22, 25, 27, 28, 29, 34, 40, 57, 109,116, 204, and 290 of the National Internal Revenue Code of 1997 as Amended and Creating Therein New Title XIII, and for Other Purposes”, (March 26, 2021).

C. Excise Tax and Other Taxes

Pursuant to Sections 141, 142, and 143 of the NIRC of 1997, as amended by RA 10963[2] or the TRAIN Law, an excise tax is imposed on distilled spirits, wines, and fermented liquor based on either net retail price or volume. In addition to the existing excise taxes from the TRAIN Law, RA 11346[3] imposes an additional tax on tobacco products, vapor products, cigars, and cigarettes based on the volume of tobacco or nicotine, number of packs, or net retail price pursuant to Sections 144 and 145 of the NIRC of 1997, as amended. On the other hand, sweetened beverages are taxed based on volume depending on the type of sweetener used as per Section 150. (See Table 9.)

Table 9

Rates of Excise Taxes on Alcoholic Products, Tobacco and Vapor Products, and Sweetened Beverages

NIRC section	Particulars	Excise tax rate
141	Distilled spirits	22% of the net retail price per proof and a specific tax of P52 per liter
142	Wines	P50 per liter and is increased by 6% every year thereafter, effective January 1, 2021
143	Fermented liquor	P39 per liter and shall be increased by 6% every year thereafter, effective January 1, 2025
144 (A)	Tobacco	P 1.75 per kilogram of tobacco
144 (B)	Heated tobacco	P30 per pack of 20 units or packaging combinations of more than 20 units

[2] Entitled "An Act Amending Sections 5, 6, 24, 25, 27, 31, 32, 33, 34, 51, 52, 56, 57, 58, 74, 79, 84, 86, 90, 91, 97, 99, 100, 101, 106, 107, 108, 109, 110, 112, 114, 116, 127, 128, 129, 145,148,149, 151, 155,171,174, 175, 177,178, 179, 180, 181, 182, 183, 186, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 232, 236, 237, 249, 254, 264, 269, and 288; Creating New Sections 51-A, 148-A, 150-A, 150-B, 237-A, 264-A, and 265-A; and Repealing Sections 35, 62, and 89; All Under Republic Act No. 8424, Otherwise known as the National Internal Revenue Code of 1997, as Amended, and for Other Purposes", (December 19, 2017).

[3] Entitled, "An Act Increasing the Excise Tax on Tobacco Products, Imposing Excise Tax on Heated Tobacco Products and Vapor Products, Increasing the Penalties for Violations of Provisions on Articles Subject to Excise Tax, and Earmarking a Portion of the Total Excise Tax Collection from Sugar-Sweetened Beverages, Alcohol, Tobacco, Heated Tobacco and Vapor Products for Universal Health Care, Amending for this Purpose Sections 144, 145, 146, 147, 152, 164, 260, 262, 263, 265, 288, and 289, and Repealing Section 288(B) and 288(C), and Creating New Sections 263-A, 265-B, and 288-A of the National Internal Revenue Code of 1997, as Amended by RA 10963 and for Other Purposes ", (July 25, 2019).

NIRC section	Particulars	Excise tax rate
144 (C)	Vapor products	P47 per milliliter of nicotine or nicotine salt or a fraction thereof P55 per 10 milliliters of conventional or classic nicotine, effective January 1, 2022
145 (A)	Cigars and cigarettes	20% of the net retail price per cigar and a specific tax of P5 per cigar, which shall be increased by 5%, effective January 1, 2024
145 (B)	Cigarettes packed by hand	P55 per pack, which shall be increased by 5%, effective January 1, 2024
145 (C)	Cigarettes packed by machine	P55 per pack, which shall be increased by 5%, effective January 1, 2024
150 (B)	Sweetened beverages	P6 per liter of volume capacity on sugar-sweetened beverages (SSBs) using purely caloric and non-caloric sweeteners or a mix of both
150 (B)	Sweetened beverages	P12 per liter of volume capacity on SSBs using purely high fructose corn syrup or in combination with any caloric or non-caloric sweetener

A portion of the total collection from the excise taxes on SSBs, tobacco, and alcoholic products has been earmarked to bankroll the national and local government units (LGUs) social amelioration programs. Specifically, 40% of excise tax collections from SSBs, 60% from alcohol products, 40% from tobacco products, and 60% from heated tobacco and vapor products shall be rendered to the Philippine Health Insurance Commission (PhilHealth) for the implementation of RA 11223[4]. Nationwide medical assistance and the Health Facilities Enhancement Program (HFEP) shall be funded from the 10% collection from SSBs, 20% from alcohol products, 10% from tobacco products, and 20% from heated tobacco and vapor products. Moreover, the programs aiming to attain the Sustainable Development Goals (SDGs) shall also be funded by the 20% excise tax collection from alcohol products. Lastly, the LGUs (provincial and municipal levels) producing burley and native tobacco shall also receive a portion of revenues from the excise tax on tobacco products. (See Table 10.)

[4] Entitled, "An Act Instituting Universal Health Care for All Filipinos, Prescribing Reforms in the Health Care System, and Appropriating Funds Thereof".

Table 10

Allocation of Total Excise Tax Collection on Sweetened Beverages, Alcoholic Products, Tobacco Products, and Vapor Products

Particulars	Sweetened beverages	Alcoholic products	Tobacco products	Heated tobacco and vapor products
PhilHealth	80% of 50%	60% of 100%	80% of 50%	60% of 100%
Medical assistance and HFEP	20% of 50%	60% of 100%	20% of 50%	20% of 100%
SDGs	n.a.	20% of 100%	n.a.	n.a
LGUs	n.a.	n.a.	5% of 100%	n.a.

Note. National Internal Revenue Code of 1997, as amended, Sec. 288-A

IV. IMPACT OF COVID-19 ON THE FOOD SERVICE INDUSTRY

A. On the Operations of the Food Service Industry

1. 2020-2021 Quarantine guidelines

At the onset of the pandemic, an ECQ had been implemented by the Interagency Task Force for the Management of Emerging Infectious Diseases or the IATF prescribing the observance of minimum public health standards at all times, strict home quarantine, and access to only essential goods and services. As such, only skeleton workforces were allowed to work or operate, including food preparation establishments insofar as take-out and delivery services, among others. When the Modified ECQ (MECQ) was implemented, food preparation services reverted to 50% of their operational capacity. Meanwhile, when the MECQ was lifted and transitioned to General Community Quarantine (GCQ) and Modified GCQ (MGQC), the food service industry reverted to full and maximum capacity, respectively (Interagency Task Force for the Management of Emerging Infectious Diseases, 2020).

2. Important legislation

The different quarantine classifications adopted entail implementing safety measures to contain the spread of COVID-19. This includes the declaration of a nationwide state of a public health emergency, suspension of classes, work, and public transport by land, sea, and air to and from Metro Manila, strict social distancing, and suspension of mass gatherings (Congressional Policy and Budget Research Department, 2020). Because of these regulations, there have been adverse effects on the operations of businesses, including the food service industry, as those who avail of their goods and services inside establishments were restricted only to essential travel. To cushion the impact of such regulations on the MSMEs, including those in the food service industry, a number of economic responses were institutionalized through RA 11469[5] or the *Bayanihan to Heal as One*.

For instance, the statutory deadlines and timelines for paying taxes, fees, and other charges required by law were moved. A minimum of a 30-day grace period had also been provided for the payment of loans and residential rents falling due within the period of the ECQ without incurring interests, penalties, fees, and other charges. The Food Service Industry likewise benefitted from the programs offered by the Department of Trade and Industry (DTI), including the Small Business Corporation, which offered loans from P5,000 to P200,000 with a 0.5% interest rate to increase the enterprises' working capital and the *Livelihood Seeding Program-Negosyo Serbisyo sa Barangay Program* (LSP-NSB), which offered livelihood kits and business advisory assistance of P5,000 to P8,000 to help the small businesses to recover.

On the other hand, the Philippine Guarantee Corporation (PhilGuarantee) provided P120 billion worth of working capital by giving 50% guarantee cover for loans given by PhilGuarantee-accredited banks and financial institutions. The Department of Finance, with the Social Security System, also launched the Small Business Wage Subsidy Program valued at P45.6 billion for two months (Congressional Policy and Budget Research Department, 2020). With the *Bayanihan to Recover as One Act,* or the RA 11494[6], the provision of said stimulus packages had been extended to bolster economic recovery.

B. On the Tax Collections from the Food Service Industry

From 2015 to 2020, a total of P80.58 billion worth of income tax was collected from enterprises engaged in the Food Service Industry, equivalent to an average of P13.43 billion per year. During the period under review, income tax collection generally increased annually except in 2018 and 2020, when collection declined by 1.5% and 40.1%, respectively. (See Table 11.) The income tax collection in 2020 was 26% lower than the period's average, and such a decline was an apparent impact of the pandemic response to shifting work arrangements from on-site reporting to a work-from-home set-up and face-to-face classes to remote learning from home. As a result, the Food Service Industry lost its walk-in customer base and was forced to operate online to stay in business.

[5] Entitled, "An Act Declaring the Existence of a National Emergency Arising from the Corona Virus Disease 2019 (COVID-19) Situation and a National Policy in Connection Therewith, and Authorizing the President of the Republic of the Philippines for a Limited Period and Subject to Restrictions, to Exercise Powers Necessary and Proper to Carry Out the Declared National Policy and for Other Purposes", (March 4, 2020).

[6] Entitled, "An Act Providing for COVID-19 Response and Recovery Interventions and Providing Mechanism to Accelerate the Recovery and Bolster the Resiliency of the Philippine Economy, Providing Funds Therefor, and for Other Purposes", (September 11, 2020).

Table 11

Income Tax Collection from the Food Service Industry, 2015-2020

Year	Income tax (in Million Pesos)	% Change
2015	11,457.14	n.a.
2016	12,894.41	12.54
2017	14,961.43	16.03
2018	14,736.34	-1.50
2019	16,595.37	12.62
2020	9,936.20	-40.13
Total	80,580.89	-13.28

Note. Data From Bureau of Internal Revenue, Official Communication (28 February 2022)

The same effect was observed in the VAT and percentage tax collections from the food service industry when the height of the pandemic hit in 2020. From 2015 to 2019, an average of P11.89 billion and P1.07 billion of VAT and percentage tax, respectively, were collected annually. However, collections declined by 47% for VAT and 43% for percentage tax in 2020. (See Table 12.) This was congruent to the 3.8% decrease in the number of small, medium, and large enterprises which collectively pay the VAT and the 7.4% decrease in the number of micro-enterprises that pay the percentage tax. (See Table 4.)

Table 12

VAT and Percentage Tax Collections from the Food Service Industry, 2015-2020

Year	VAT		Percentage tax	
	Collection (in Million Pesos)	% Change	Collection (in Million Pesos)	% Change
2015	9,795.18	n.a.	836.09	n.a.
2016	10,280.07	4.95	936.59	12.02
2017	11,853.67	15.31	1,106.57	18.15
2018	12,905.31	8.87	1,144.62	3.44
2019	14,631.35	13.37	1,344.62	17.47
2020	7,703.41	-47.35	763.96	-43.18
Total	67,169.00	-21.36	6,132.45	-8.63

Note. Data From Bureau of Internal Revenue, Official Communication (28 February 2022)

Excise tax collection from the food service industry in a year reached an average of P2.89 billion from 2015 to 2019 but declined by 56% in 2020. Excise taxes on alcoholic products, tobacco and vapor products, and sweetened beverages are paid by the manufacturers. The reduction in tax collection reflected the decline in the demand for such products that ceased to be sold from food service stores or establishments. Likewise, other taxes collected decreased by 25% from P891 billion in 2019 to P666 billion in 2020. (See Table 13.)

Table 13

Collection of Excise Tax and Other Taxes from the Food Service Industry, 2015-2020

Year	Excise tax		Other taxes	
	Collection (in Million Pesos)	% Change	Collection (in Million Pesos)	% Change
2015	0.49	n.a.	358.94	n.a.
2016	1.70	244.94	432.33	20.45
2017	2.28	33.76	489.78	13.29
2018	4.10	80.09	693.04	41.50
2019	5.92	44.54	891.17	28.59
2020	2.60	-56.08	666.12	-25.25
Total	17.09	427.46	3,531.38	85.58

Note. Data from Bureau of Internal Revenue, Official Communication (28 February 2022)

V. INDUSTRY FORECAST AND PROPOSED REGULATIONS

The Philippine food service market is expected to grow at a compound annual growth rate (CAGR) of 7.83% in 2026 from its market value of US$10,370.6 in 2021. This is expected from the growing demand for food services using digital platforms and online financial transactions. There is also a higher online engagement and marketing between food service providers and consumers (Mordor Intelligence, 2021). Based on an online survey conducted with 10,394 respondents in August 2021, 23% of consumers order online once or twice a week, 20% order several times a month, 20% order less than once a month, 13% never ordered online, 12% order at least 3-6 times a week, 7% order several times a day, 4% order once a day. (Statista, 2022).

To help achieve or even exceed this forecast, Senate Bill (SB) No. 499[7] was filed to provide incentives to restaurants to help them transition to a post-pandemic economy.

[7] Entitled, "An Act to Revive the Restaurant Industry for a Post-Covid19 Economy and Ensure their Transition to a Better Normal". Introduced by Sen. Loren Legarda, Nineteenth Congress, First Regular Session.

Proposed under Section 3 of the said bill, the DTI shall issue rules and regulations for the implementation of the following:

a. All local government fees and charges shall not be due and demandable, and only 50% of what would have been assessed during the COVID-19 pandemic will be chargeable to succeeding years upon effectivity of the Act subject to certain conditions;

b. Commercial spaces where the restaurants are established, upon showing that the tenant has endeavored to stay open and retain at least ¾ of their staff, shall not be taxed for the current year for rentals paid;

c. That for restaurants paying percentages taxes on their income, the 20% discount for senior citizens and persons with disability (PWD) shall be counted as deductions in the computation of income taxes or as input VAT for those paying VAT;

d. That for restaurants with mandated payments to the government or government-owned and controlled corporations (GOCC), the owner may propose a reasonable payment plan that is spread out over 24 months with acceptance subject to certain conditions; and

e. That no government agency, LGU, or GOCC shall apply any penalty for failure to pay any of the fees enumerated in Section 3(d) of the bill.

SB 499 also proposes establishing a Restaurant Industry Bridge Fund worth P30 billion to grant restaurants loans and bridge funds to help them continue operations. This fund is proposed to be sourced from the General Appropriations Act.

The Food Service Industry may also benefit from the provisions laid by the Unnumbered House Bill[8] to support economic recovery and employment by mandating the Land Bank of the Philippines (LBP) and the Development Bank of the Philippines (DBP) to expand their credit programs and rediscounting facilities to assist eligible MSMEs engaged in infrastructure, service industry (including that of the food service industry), manufacturing business, and/or agribusiness value chain. Loan Assistance Programs, rediscounting, and other programs of LBP and DBP for the eligible MSMEs shall be exempted from the payment of documentary stamp tax, capital gains tax, creditable withholding tax, VAT, gross receipts tax, and other taxes that may be imposed under the NIRC of 1997, as amended, whichever is applicable.

[8] Entitled, "An Act Providing for Government Financial Institutions Unified Initiatives to Distressed Enterprises for Economic Recovery (GUIDE)" in Substitution of House Bills No. 1, 685, 3460, and 3700. Introduced by Representatives Romualdez, F., Tieng, et al., Nineteenth Congress, First Regular Session.

VI. CONCLUSION

The food service industry undeniably contributes much to the economy, specifically in employment and revenue generation. When the pandemic hit, the demand for dine-in services declined along with the operations of the whole food service sector, regardless of size. Even with the extension of deadlines on the filing and payment of taxes provided, collections from the food service industry on income tax, VAT, percentage taxes, excise tax, and other taxes declined significantly by at least 25% and at most 56%.

The demand for food service is slowly picking up as the community quarantines were eased and non-essential travel restrictions were lifted, work-from-home setups reverted to office reporting, and remote learning returned to face-to-face classes. As such, the industry may expect to bounce back to pre-pandemic levels as spending is encouraged to help economic recovery.

However, since the then traditional consumers have already formed the habit of buying their essentials, including food, online as a consequence of the pandemic, there is a need for the food service industry to build its online presence in order to remain resilient and create opportunities for their businesses to grow.

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LEGISLATION AND ISSUANCES WITH REVENUE OR TAX IMPLICATIONS
November - December

REPUBLIC ACT (RA)

Legislation	Subject	Date of Issue	Date of Effectivity
RA 11966	Providing for the Public-Private Partnership (PPP) Code of the Philippines	December 5, 2023	Fifteen days after its publication in the Official Gazette or a newspaper of general circulation
RA 11968	Converting the San Isidro Satellite Campus of the Leyte Normal University Located in the Municipality of San Isidro, Province of Leyte, Into a Regular Campus of the Leyte Normal University to be Known as the Leyte Normal University-San Isidro Campus, and Appropriating Funds Therefor	December 20, 2023	Fifteen days after its publication in the Official Gazette or a newspaper of general circulation
RA 11969	Converting the Bataan Peninsula State University-Bagac Extension Campus in the Municipality of Bagac, Province of Bataan, Into a Regular Campus of the Bataan Peninsula State University, to be Known as the “Bataan Peninsula State University-Bagac Campus”, and Appropriating Funds Therefor	December 20, 2023	Fifteen days after its publication in the Official Gazette or a newspaper of general circulation

Legislation	Subject	Date of Issue	Date of Effectivity
RA 11970	Establishing a College of Medicine in the Benguet State University Located in the Municipality of La Trinidad, Province of Benguet, to be Known as the Benguet State University-College of Medicine, and Appropriating Funds Therefor	December 20, 2023	Fifteen days after its publication in the Official Gazette or a newspaper of general circulation
RA 11971	Establishing a College of Medicine in the Southern Luzon State University-Main Campus Located in the Municipality of Lucban, Provine of Quezon, to be Known as the Southern Luzon State University-College of Medicine, and Appropriating Funds Therefor	December 20, 2023	Fifteen days after its publication in the Official Gazette or a newspaper of general circulation
RA 11972	Establishing a College of Medicine in the University of Eastern Philippines Located in the Municipality of Catarman, Province of Northern Samar, to be Known as the University of Eastern Philippines-College of Medicine, and Appropriating Funds Therefor	December 20, 2023	Fifteen days after its publication in the Official Gazette or a newspaper of general circulation
RA 11973	Establishing in the City of Ligao, Province of Albay, a College of Veterinary Medicine of the Bicol University, to be Known as the Bicol University-College of Veterinary Medicine, and Appropriating Funds Therefor	December 20, 2023	Fifteen days after its publication in the Official Gazette or a newspaper of general circulation
RA 11974	Establishing a College of Medicine in the Visayas State University Located in the City of Baybay, Province of Leyte, to be Known as the Visayas State University-College of Medicine, and Appropriating Funds Therefor	December 20, 2023	Fifteen days after its publication in the Official Gazette or a newspaper of general circulation

EXECUTIVE ORDER (EO)

Issuance	Subject	Date of Issue	Date of Effectivity
EO 46 s. 2023	Temporarily Modifying the Rate of Import Duty on Natural Gypsum and Anhydrite Under Section 1611 of Republic Act No. 10863, Otherwise Known as the "Customs Modernization and Tariff Act"	November 3, 2023	December 17, 2023
EO 50 s. 2023	Maintaining the Temporary Modification of Rates of Import Duty on Various Products Under Section 1611 of Republic Act No. 10863, Otherwise Known as the "Customs Modernization and Tariff Act"	December 22, 2023	Immediately

REVENUE REGULATIONS (RR)

Issuance	Subject	Date of Issue	Date of Effectivity
RR 13-2023	Prescribing Policies and Guidelines for the Optional VAT-Registration of Registered Business Enterprises Classified as Domestic Market Enterprise under the Five Percent (5%) Tax on Gross Income Earned in Lieu of All Taxes Regime During the Transitory Period Pursuant to Rule 18, Section 5 of the Amended Implementing Rules and Regulations of Republic Act No. 11534 or the "Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act"	November 10, 2023	Immediately upon publication in a newspaper of general circulation or in the Official Gazette, whichever comes first
RR 14-2023	Further Amending the Pertinent Provisions of Revenue Regulations No. 2-98, as Amended, to Impose Creditable Withholding Tax on Certain Income Payments by Joint Ventures/Consortiums	November 10, 2023	Fifteen days after its publication in a newspaper of general circulation

Issuance	Subject	Date of Issue	Date of Effectivity
RR 15-2023	Implementing the Grant of Donor's Tax Exemption on the Donation of Imported Capital Equipment, Raw Materials, Spare Parts, or Accessories Directly and Exclusively Used by Registered Business Enterprises Under Section 295 (C)(2)(e) of the National Internal Revenue Code of 1997, as amended	December 13, 2023	Fifteen days after its publication in the Official Gazette or a newspaper of general circulation, whichever comes first
RR 16-2023	Further Amending the Provisions of Revenue Regulations No. 2-98, as Amended, to Impose Withholding Tax on Gross Remittances Made by Electronic Marketplace Operators and Digital Financial Services Providers to Sellers/Merchants	December 21, 2023	Fifteen days after its publication in the Official Gazette or a newspaper of general circulation, whichever comes first

REVENUE MEMORANDUM CIRCULAR (RMC)

Issuance	Subject	Date of Issue	Date of Effectivity
RMC 118-2023	Circularizing the Updated List of Accredited Microfinance Non-Government Organizations (NGOs)	November 6, 2023	-
RMC 120-2023	Circularizing the Availability, Use, and Acceptance of Digital TIN ID	November 29, 2023	November 29, 2023
RMC 121-2023	Announcing the Updated Features and Functionalities of the Online Registration and Update System (ORUS)	November 29, 2023	November 29, 2023
RMC 122-2023	Availability of the Offline Electronic Bureau of Internal Revenue Forms (eBIRForms) Package Version 7.9.4.1	December 1, 2023	-

OTHERS:

Issuance	Subject	Date of Issue	Date of Effectivity
Local Budget Memorandum No. 89	Guidelines on the Release and Utilization of the Shares of Local Government Units (LGUs) from the FY 2021 and Prior Years' Collections of Excise Tax on Locally Manufactured Virginia-Type Cigarettes under Republic Act (RA) No. 7171, and Burley and Native Tobacco Excise Tax Pursuant to RA No. 8240, as Amended by RA No. 10351, and as Further Amended by RA No. 11346, Chargeable Against the Allocations to Local Government Units (ALGU) Under the FY 2023 General Appropriations Act (GAA), RA No. 11936	November 10, 2023	Immediately upon publication
Local Budget Memorandum No. 87-A	Final FY 2024 National Tax Allotment (NTA) Shares of Local Government Units (LGUs)	December 28, 2023	Immediately upon publication
Bureau of Customs (BOC) Customs Memorandum Circular (CMC) No. 211-2023	Implementation of the Adjusted Inventory Management System Fee Rate of the Automated Inventory Management System	November 23, 2023	December 14, 2023
BOC CMC No. 212-2023	Full Issuance and Acceptance of the ASEAN Trade in Goods Agreement (ATIGA) Electronic Certificate of Origin (CO) Form D by December 2023	November 28, 2023	December 14, 2023
BOC Memorandum Order No. 17-2023	Integration of the Electronic Customs Baggage Declaration and Currencies Declaration on the E-Travel System	November 29, 2023	Immediately

Republic of the Philippines
DEPARTMENT OF FINANCE
NATIONAL TAX RESEARCH CENTER
8th Floor, EDPC Building, BSP Complex,
Roxas Boulevard cor. Pablo Ocampo St., Manila

Phone Numbers: 8527-2064 / 8562-6825 / 8527-2066
E-mail Address: info@ntrc.gov .ph
Web Address: http://www.ntrc.gov.ph