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TAXATION

REVENUE REGULATIONS NO. 05-2025, AMENDING REVENUE REGULATIONS NO. 2-98 RELATIVE TO THE WITHHOLDING TAX RATES ON CERTAIN INCOME PAYMENTS SUBJECT TO CREDITABLE WITHHOLDING TAX PURSUANT TO SECTION 57 OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED BY REPUBLIC ACT NO. 12066

The BIR issued Revenue Regulations No. 005-2025 amending the creditable withholding tax rates prescribed for: (1) certain income payments made by credit card companies; and (2) remittances of Electronic Marketplace Operators and Digital Financial Services Providers to Merchants.

Effective 14 March 2025, the creditable withholding tax (CWT) on certain income payments made by credit card companies in the Philippines shall be based on the gross amounts they paid to a business entity representing the sales of goods/services made by them to cardholders while the CWT of e-marketplace operators and digital financial services providers shall be based on their gross remittances for goods or services sold or paid through their platform or facility. The CWT rate for both has been decreased from one percent (1%) to one-half percent (½%).

Click here for the full text of RR No. 05-2025

REVENUE REGULATIONS NO. 07-2025, IMPLEMENTING THE AMENDMENTS TO SECTIONS 27, 28, AND 34 OF THE TAX CODE AS AMENDED BY REPUBLIC ACT NO. 12066

On 25 February 2025, the BIR issued Revenue Regulations No. 07-2025 implementing Sections 27, 28, and 34 of the Tax Code on: 1) reduced income tax rates for domestic and resident foreign corporations classified as Registered Business Enterprises (RBEs) under the Enhanced Deductions Regime (EDR) as provided in Section 294(C) of the Tax Code; and 2) additional allowable deductions from gross income under Section 34(C)(8) of the same Code.

Effective 28 November 2024, the income tax rate for domestic corporations and foreign corporations classified as RBEs under the EDR is 20%. The reduced income tax rate shall only cover the taxable income derived from registered projects or activities during each taxable year. Moreover, input tax paid on local purchases attributable to VAT-exempt sales shall be deductible from the gross income of the taxpayer in accordance with Section 34(C)(8) of the Tax Code.

For RBEs who availed of the EDR and have already filed their Annual Income Tax Return for calendar year 2024 or fiscal year ending on or before the effectivity of these Regulations, the excess income tax paid as a result of the reduced tax rate upon the effectivity of Republic Act No. 12066 may be carried forward to the succeeding taxable quarter or year.

Click here for the full text of RR No. 07-2025

REVENUE MEMORANDUM CIRCULAR NO. 08-2025, IMPLEMENTING SECTIONS 112(C) AND 135-A OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED BY SECTION 9 AND 11 OF REPUBLIC ACT NO. 12066 ON THE PROCEDURES IN THE RESOLUTION OF REQUESTS FOR RECONSIDERATION ON THE DENIAL OF CLAIMS FOR REFUND

On 25 February 2025, the BIR issued Revenue Regulations No. 08-2025, implementing Sections 112(C) and 135-A of the National Internal Revenue Code (NIRC) of 1997, as amended by Republic Act No. 12066. These regulations establish the procedures for resolving requests for reconsideration on the denial of claims for refund involving: (1) creditable input taxes under Sections 112(A) and (B) of the NIRC; and (2) excise tax paid on petroleum products under Section 135-A.

The regulations apply to refund applications filed on or after 01 April 2025 and define a request for reconsideration as a plea for the re-evaluation of a pure question of law based on previously submitted documents and arguments, without introducing new evidence. It specifies that requests must be filed within fifteen (15) days from the receipt of the notice of full or partial denial, and failure to do so renders the denial final and executory.

The processing of such requests falls under the jurisdiction of the Appellate Division for claims denied at the National Office and the Legal Division of the concerned Revenue Region for regional denials. The request must include specific supporting documents such as a certified copy of the original refund application and the notice of denial. Any failure to comply with procedural requirements results in the outright denial of the reconsideration request.

If the request for reconsideration is denied or remains unresolved within the prescribed period, the taxpayer-claimant may appeal to the Court of Tax Appeals (CTA) within thirty (30) days. The regulations also stipulate that if granted, the refund processing must be completed within twenty (20) days from the issuance of the decision.

Click here for the full text of RMC No. 08-2025

TAXATION

REVENUE REGULATIONS NO. 09-2025, IMPLEMENTING PERTINENT PROVISION OF SECTION 295(D) OF THE NATIONAL INTERNAL REVENUE CODE (NIRC), AS AMENDED BY SECTION 18 OF REPUBLIC ACT (R.A.) NO. 12066, PARTICULARLY ON THE TREATMENT OF LOCAL SALES OF GOODS AND/OR SERVICES BY REGISTERED BUSINESS ENTERPRISES (RBES)

On 25 February 2025, the BIR issued Revenue Regulations (RR) No. 09-2025 implementing Section 295(D) of the National Internal Revenue Code (NIRC) on the treatment of local sales of goods and/or services by Registered Business Enterprises (RBEs).

Under Section 295(D) of the NIRC, local sales, which include sales of goods and services to domestic market enterprises and non-RBEs regardless of location, are subject to 12% Value-Added Tax (VAT), unless otherwise exempt or zero-rated. RR No. 09-2025 clarified that the 12% VAT is imposed on local sales regardless of income tax regime and the location of the transaction or the RBE.

RR No. 09-2025 also outlined the following rules for compliance as to the type of buyers in local sales:

A. Business-to-Business (B2B) Transactions, where the buyer is engaged in business located in the Philippines

The RBE-seller shall bill the transaction inclusive of VAT, shown as a separate item in the invoice as "VAT on Local Sales." The VAT will not be included in the total amount due from the buyer. However, it is the buyer who is liable to pay and remit the corresponding VAT from the transaction.

The filing and payment of VAT on B2B local sales by RBEs depend on whether the goods or services were purchased from economic zones or freeport or from Board of Investments (BOI)-registered enterprises:

Purchase of goods from economic zones or freeport	Filing and payment of VAT shall be on a per transaction basis using BIR Form No. 0605 until another form is prescribed in a separate revenue issuance.
Purchase of services from economic zones or freeport	Filing and payment of VAT shall be on a monthly basis using BIR Form No. 1600-VT, until another form is prescribed in a separate revenue issuance, filed on or before the 10th day of the month following the month of the transaction. The buyer shall issue the withholding VAT certificate (BIR Form No. 2307) to the RBE-seller either on the aggregated quarterly VAT on local sales payments or upon demand of the RBE-seller.
Purchase of goods and/or services from BOI-registered enterprises	

Meanwhile, RBE-sellers in B2B sales are subject to the following compliance requirements:

	Filing of Quarterly VAT Returns (QVRs)	Submission of Summary List of Local Sales
Non-VAT Registered RBEs	Not required to file QVRs	Submit a quarterly summary list of local sales to be furnished to the BIR office having jurisdiction over the RBE following the format to be prescribed in a separate revenue issuance
VAT-Registered RBEs / Mixed	Required to file QVRs and declare as sales subject to VAT all B2B local sales	Follow the regular submission of summary lists of sales and purchases under existing revenue issuances

B. Buyer-to-Consumer (B2C) transactions where the buyer is not engaged in business

RR No. 09-2025 stressed that imposing payment and remittance of VAT on buyers not engaged in business is not administratively feasible. Thus, the buyer will pay the VAT due on the transaction, but the RBE-seller will be responsible for remitting it to the government.

Similar to B2B transactions, the seller shall bill the transaction as VAT-inclusive, only that the buyer shall pay the purchase price inclusive of VAT on local sales. The seller shall remit the VAT on local sales of B2C transactions as follows:

Registered activity of the RBE-seller is under the 5% General Income Earned (GIE) or Special Corporate Income Tax (SCIT)	RBE-seller shall file BIR Form No. 0605 by the tenth (10th) day of the month following the transaction. However, RBEs with other registered activities that are not under the 5% GIE or SCIT regime shall be required to register as VAT.
Registered activity of the RBE-seller is under the Income Tax Holiday (ITH) or Enhanced Deduction Regime (EDR) or Regular Income Tax rate	RBE-seller shall file the corresponding QVR for the local sales subject to VAT.

If the RBE is under the 5% GIE or SCIT and all registered activities fall under the same income tax regime, the RBE may register for VAT for its local sales without affecting their existing fiscal and non-fiscal incentives.

RR No. 09-2025 emphasized that no input VAT shall be claimed until the corresponding VAT has been paid on the purchase from RBE-sellers. Local buyers of RBEs shall provide the sales invoice issued by the RBE showing the amount of VAT on local sales, and a copy of the corresponding duly filed BIR Form No. 1600-VT or BIR Form No. 0605, whichever is applicable. On the other hand, for non-VAT registered buyers, VAT on purchases from RBEs shall form part of the cost or charged to expense account.

Click here for the full text of RR No. 09-2025

TAXATION

REVENUE REGULATIONS NO. 10-2025, AMENDING THE PERTINENT PROVISIONS OF REVENUE REGULATIONS NO. 16-2005 TO IMPLEMENT THE VALUE-ADDED TAX PROVISIONS UNDER SECTIONS 106, 108, 109, AND 112 THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED BY REPUBLIC ACT NO. 12066

On 27 February 2025, the BIR issued Revenue Regulations (RR) No. 10-2025, which implements the Value-Added Tax (VAT) provisions of the National Internal Revenue Code (NIRC) of 1997, as amended by Republic Act (RA) No. 12066.

The regulations clarify the definition of export sales, zero-rated sales of services and goods, and VAT-exempt transactions, and outline the rules for filing VAT refunds/credits related to zero-rated sales under RA No. 12066.

Click here for the full text of RR No. 10-2025

REVENUE REGULATIONS NO. 11-2025, IMPLEMENTING SECTIONS 237 AND 237-A OF THE NATIONAL INTERNAL REVENUE CODE OF 1997 (TAX CODE), AS AMENDED BY REPUBLIC ACT NO. 12066

On 27 February 2025, the BIR issued Revenue Regulations No. 11-2025, implementing Sections 237 and 237-A of the National Internal Revenue Code (NIRC) on the issuance of electronic invoices and the electronic sales reporting system.

One year from the effectivity of the Regulations, the following taxpayers, except those classified as Micro Taxpayers, are required to issue electronic invoices in a structured invoice data which can be electronically extracted from the invoice for transmittal to the BIR for electronic sales reporting:

1. taxpayers engaged in electronic commerce or internet transactions;
2. taxpayers under the jurisdiction of the Large Taxpayers Service (LTS); and
3. taxpayers classified as Large Taxpayers under Republic Act No. 11976 or the Ease of Paying Taxes (EOPT) Act and Revenue Regulations No. 8-2024.

Upon the establishment by the BIR of a system capable of storing and processing the required data, the following taxpayers, except Micro Taxpayers, are mandated to issue electronic invoices:

1. those engaged in the export of goods and services, except those using a Computerized Accounting System (CAS), and Computerized Books of Accounts (CBA) and other invoicing software;
2. Registered Business Enterprises availing of Tax Incentives under Section 304 (D) of the Tax Code, except those using CAS, CBA, and other invoicing software;
3. those using Point-of-Sales (POS) System; and
4. those that may be required by the Commissioner of Internal Revenue (CIR).

The following taxpayers shall be covered by the Electronic Sales Reporting System requirement under Section 237-A of the Tax Code:

1. those engaged in e-commerce or internet transactions classified as Small, Medium, and Large Taxpayers;
2. those under the jurisdiction of the LTS;
3. those classified as Large Taxpayers under the EOPT Act and RR No. 8-2024;
4. those using CAS, and CBA with electronic invoicing and other invoicing software;
5. those engaged in the export of goods and services;
6. Registered Business Enterprises availing of Tax Incentives under Section 304 (D) of the Tax Code;
7. those using POS System; and
8. other taxpayers as may be required by the CIR.

Taxpayers mandated to comply with the issuance of electronic invoices and the Electronic Sales Reporting System and those who voluntarily comply are entitled to the following deduction from their taxable income: 100% for micro and small taxpayers, and 50% for medium and large taxpayers of the total cost for setting up an electronic sales reporting system. The deduction may be availed of only once within the taxable year when the system has been completed or when final payment was made. The importation of said system shall also be exempt from taxes.

Click here for the full text of RR No. 11-2025

TAXATION

REVENUE MEMORANDUM CIRCULAR NO. 14-2025, CLARIFICATIONS RELATIVE TO THE MANDATORY REQUIREMENTS FOR TAX CREDIT OR REFUND OF EXCESS/UNUTILIZED CREDITABLE WITHHOLDING TAXES (CWT) ON INCOME UNDER SECTION 76(C) AND 229 OF THE TAX CODE

On 19 February 2025, the BIR issued Revenue Memorandum Circular (RMC) No. 14-2025 which clarified and realigned inconsistencies on certain provisions of RMC No. 75-2024 on the mandatory requirements for Tax Credit Certificates or cash refund of excess/unutilized CWT on income under Section 76(C), in relation to Sections 204(C) and 229 of the Tax Code.

RMC No. 75-2024 provides a list of mandatory requirements under Annex "A.1" (for those taxpayers of going-concern status) and Annex "A.2" for taxpayers undergoing cessation or dissolution of business. Annex A.1 required original copies of duly accomplished BIR Form No. 2307 (Certificate of Creditable Tax Withheld at Source). On the other hand, Annex "A.2" is silent whether the said documents should be original or photocopies only.

The BIR clarified that BIR Form No. 2307 may not necessarily be the original copy since the transmission of documents can now be done through physical delivery or through digital means. Moreover, the BIR has verification procedures to validate the authenticity and veracity of the BIR Form No. 2307.

Taxpayer claimants engaged in real estate business also do not need to produce the original copy of BIR Form No. 1606 (Withholding Tax Remittance Return for Onerous Transfer of Real Property Other Than Capital Asset). The processing office is required to verify from the BIR database if the said return was indeed filed.

The BIR also confirmed that Section 76(C) of the Tax Code covers tax credit or refund claims of corporations. For individual taxpayers, the claim may be anchored under Section 58(E) in relation to Section 204 of the Tax Code. A new set of mandatory requirements will be prescribed for individual taxpayers who intend to claim for tax credit or refund unutilized CWT. The general policies and guidelines in the mandatory documentary requirements in RMC No. 75-2024 and the procedures in its processing pursuant to RMO No. 25-2024 remain the same for corporate and individual taxpayer-claimants.

Based on these changes, Annex A.1 is renumbered as Annex "A.1.1" and Annex "A1.2" is added as the mandatory requirements for individual taxpayer-claimant.

Once the application for income tax credit or refund has been officially received by the BIR and the verification process commences, only tax returns filed on or before receipt of the application shall be considered in the evaluation of the claim. If there are discrepancies, this may result in full denial or disallowance of the portion of the claim.

Click here for the full text of RMC No. 14-2025

Related Issuances:

- Revenue Memorandum Circular No. 14-2025 - Annexes
- Revenue Memorandum Circular No. 75-2024
- Revenue Memorandum Order No. 25-2024

REVENUE MEMORANDUM CIRCULAR NO. 16-2025, TAX COMPLIANCE REMINDERS FOR THE 12 MAY 2025 NATIONAL AND LOCAL ELECTIONS

On 26 February 2025, the Bureau of Internal Revenue issued Revenue Memorandum Circular No. 16-2025 to remind those running as candidates or participating in the 12 May 2025 National and Local Elections of their obligations under pertinent revenue issuances.

First, BIR registration and payment of registration fee are not prerequisites for filing a certificate of candidacy for the elections. A candidate may register with the BIR as a taxpayer under E.O. 98 using BIR Form No. 1904 to get a Taxpayer Identification Number (TIN) which may be used in government transactions. The candidate shall not be required to pay the annual registration fee under the Ease of Paying Taxes Act.

Second, candidates who have income payments subject to withholding tax must register or update their BIR registration details with the Revenue District Office where such candidate is registered. Such candidate is not required to pay the annual registration fee.

Third, income payments made on purchase of goods and services related to campaign expenditures, and income payments made for the purchase of goods and services intended to be given as campaign contributions shall be subject to five percent (5%) creditable withholding tax.

Fourth, candidates must maintain a record of contributions, donations, and expenditures which will be used for the Statement of Contributions and Expenditures submitted to COMELEC.

Fifth, candidates receiving donations and campaign contributions shall purchase a Non-VAT BIR Printed Invoices from the RDO where they are registered. The invoice shall be issued for every contribution in cash or in kind, with the latter being valued at fair market value.

Lastly, non-registration and non-compliance with BIR requirements will be subject to penalties under existing laws and issuances.

Click here for the full text of RMC No. 16-2025

TAXATION

REVENUE MEMORANDUM ORDER NO. 07-2025, AMENDMENT OF THE PRESCRIBED GROSS SALES THRESHOLD FOR CASES TO BE AUDITED/INVESTIGATED BY THE OFFICE AUDIT SECTION OF THE ASSESSMENT DIVISIONS IN REGIONAL OFFICES

On 07 February 2025, the Bureau of Internal Revenue (BIR) issued Revenue Memorandum Order No. 07-2025, which amended the gross sales threshold for cases that shall be covered by the audit or investigation of the Office Audit Section (OAS) under the Assessment Division in selected Regional Offices.

GROSS SALES THRESHOLD	PhP20 Million and below	PhP10 Million and below	PhP5 Million and below
REGIONAL DISTRICT OFFICE	1. 17A – Tarlac City, Tarlac 2. 21A – Angelic City, North Pampanga 3. 21B – City of San Fernando, South Pampanga 4. 21C – Clark Freeport and Special Economic Zone 5. 23B – Cabanatuan City, South Nueva Ecija	1. 17B – Paniqui, Tarlac 2. 18 – Olongapo City, Zambales 3. 19 – Subic Bay Freeport Zone 4. 20 – Balanga City, Bataan 5. 22 – Baler, Aurora 6. 23A – Talavera, North Nueva Ecija	1. 85 – Catarman, Northern Samar 2. 86 – Borongan City, Eastern Samar 3. 87 – Calbayog City, Samar 4. 89 – Ormoc City, Leyte 5. 90 – Maasin City, Southern Leyte

Click here for the full text of RMO No. 07-2025

REVENUE MEMORANDUM ORDER NO. 08-2025, AMENDMENT OF CERTAIN PROVISIONS AND PROCEDURES UNDER RMO NO. 25-2024 IN THE PROCESSING OF TAX CREDIT OR REFUND OF EXCESS/UNUTILIZED CREDITABLE WITHHOLDING TAXES ON INCOME PURSUANT TO SECTION 76(C), IN RELATION TO SECTIONS 204(C) AND 229 OF THE TAX CODE

On 19 February 2025, the BIR issued Revenue Memorandum Order (RMO) No. 08-2025 to realign inconsistencies on some provisions of RMO No. 25-2024 regarding the verification of the creditable withholding taxes claimed by taxpayer claimants, in relation to processing of Tax Credit Certificates or cash refund of excess/unutilized CWT on income under Section 76(C), in relation to Sections 204(C) and 229 of the Tax Code.

Section I(6) of RMO No. 25-2024 was amended and now provides that the burden of proof of withholding is incumbent upon the taxpayer claiming for the income tax credit/refund. No income tax refund shall be granted unless the authenticity and veracity of BIR Form No. 2307 or BIR Form No. 1606 has been verified. For BIR Form No. 2307, it must be established that the corresponding withholding tax was declared and included in the Alphabetical List of Payees filed by the taxpayer-claimant's respective withholding agents in the BIR Form No. 1604-E or 1601-EQ. For BIR Form No. 1606, it must be established that the taxpayer engaged in real estate business has filed and remitted the taxes withheld to the government.

Section II(A)(3)(b)(b.2) of RMO No. 25-2024 regarding Verification and Reporting was also amended. The claim shall be processed and evaluated based on submitted documents and investigation procedures prescribed in RMO No. 25-2024. Within thirty (30) days upon official receipt of the application for income tax credit/refund, the assigned RO shall request for the pertinent document/s requested from the appropriate BIR Office. The BIR Office shall furnish the requesting processing office the requested document/s within fifteen (15) days from receipt of such request.

Click here for the full text of RMC No. 08-2025

Related Issuance: Revenue Memorandum Circular No. 25-2024

CUSTOMS

CUSTOMS MEMORANDUM ORDER NO. 01-2025, CREATION OF AN AD INTERIM CYBER INTELLIGENCE SECTION UNDER THE OFFICE OF THE DEPUTY COMMISSIONER, INTELLIGENCE GROUP

On 03 February 2025, the Bureau of Customs (BOC) established an Interim Cyber Intelligence Section under the Deputy Commissioner, Intelligence Group (IG) to enforce Republic Act No. 10175 (Cybercrime Prevention Act of 2012). The said issuance aims to protect cross-border e-commerce from customs fraud and digital trading crimes, while enhancing the IG's role in gathering intelligence on customs and economic activities through Cyber Intelligence operations.

Click here for the full text of Customs Memorandum Order No. 01-2025

BANKING

BSP CIRCULAR LETTER NO. CL-2025-007, PUBLICATION/POSTING OF STATEMENT OF CONDITION AND/OR CONSOLIDATED STATEMENT OF CONDITION, AND BALANCE SHEET

On 10 February 2025, the Bangko Sentral ng Pilipinas (BSP) issued Circular Letter No. CL-2025-007 calling on all non-bank financial institutions with Quasi-Banking (NBQB) functions and/or Trust Entity and Trust Corporations (TC) to publish/post their Statement of Condition (SOC) covering its head office, branches and other offices, side-by-side with their consolidated SOC (covering the parent institution and subsidiaries and affiliates), or Balance Sheet (BS) as of 31 December 2024 in accordance with Sections 172-Q, 144-N and 183-T of the Manual of Regulations for Non-Bank Financial Institutions (MORNBFI) for quasi-banks and entities, respectively.

The Circular Letter further required the SOC and/or Consolidated SOC, or BS to be published in a newspaper of general circulation in the city/province where the principal office is located, or if no newspaper is published within the locality, then in a newspaper published in Metro Manila or in the nearest city/province. The publication must be made within twenty (20) working days from 10 February 2025.

Further, the original and a copy of the SOC and/or Consolidated SOC, or BS shall be scanned and submitted in PDF format within the same period above. Additionally, copies of the SOC and/or Consolidated SOC, or BS, as published, along with the publisher's certificate, shall be scanned and submitted within five (5) working days from the date of publication to the designated email addresses.

Click here for the full text of BSP Circular Letter No. CL-2025-007

BSP CIRCULAR NO. 1210 SERIES OF 2025, CIRCULAR ON THE REVISED FRAMEWORK ON THE SELECTION OF EXTERNAL AUDITORS

On 17 February 2025, the BSP introduced new procedural guidelines for the listing, renewal, and re-inclusion of external auditors for BSP-supervised financial institutions (BSFIs) in BSP Circular No. 1210. The guidelines specifically apply to the electronic submission of applications.

BSP will conduct a pre-evaluation screening of all applications and release the results within seven (7) banking days from receipt of the application. Successful applicants will receive instructions for payment and further processing, while incomplete submissions will be returned for resubmission without prejudice.

External auditors seeking inclusion in the BSP list must meet specific documentary requirements. Inclusion in the BSP list is typically valid for five (5) years but can be shortened depending on BSP's assessment. The BSP will periodically evaluate the auditor's performance based on the quality of the audited financial statements and compliance with regulations.

Auditors who have been suspended before the new guidelines may apply for re-inclusion after the suspension ends. Delisted auditors may do so after five (5) years from the effectivity the Circular.

In addition to these procedural changes, the BSP has emphasized the importance of the external auditing profession in promoting the safety and soundness of BSFIs. The revised selection framework for external auditors ensures consistency with recent updates to BSFIs' corporate governance frameworks under the General Banking Law and other relevant regulations.

Moving forward, BSFIs are required to appoint external auditors exclusively from the BSP's "List of Selected External Auditors for BSFIs." The BSP specifies that BSFIs must select auditors from the same category or a higher category based on their classification. In certain cases, the Monetary Board may require a BSFI to appoint an auditor from a higher category or, at the BSFI's expense, commission a specific review of the institution's operations or transactions.

Click here for the full text of BSP Circular No. 1210 Series of 2025

SEC-OGC OPINION NO. 25-01, RE: CAPACITY TO SIT AS PRESIDENT

On 10 February 2025, the Securities and Exchange Commission – Office of the General Counsel (SEC-OGC) issued SEC-OGC Opinion No. 25-01 regarding the capacity of a foreign national to sit as President of PTO Air Corp. (PTO Air), in response to a request from Kaikai Wu, a Chinese national and stockholder of PTO Air, inquiring about their eligibility to hold the position.

The SEC-OGC clarified that under the Revised Corporation Code of the Philippines (RCC), there is no express nationality or residency requirement for a corporate president. However, other laws such as the Anti-Dummy Law (Commonwealth Act No. 108, as amended) prohibit foreigners from intervening in the management, operation, administration, or control of corporations engaged in nationalized or partly-nationalized activities. The opinion emphasized the need to assess whether PTO Air's business activities, specifically cargo and freight forwarding, are covered by such restrictions.

The SEC-OGC noted that prior to Republic Act (RA) No. 11659, which amended the Public Service Act, freight forwarding was considered a public utility and was subject to foreign ownership restrictions under the 1987 Constitution. However, with the enactment of RA No. 11659, the definition of public utility was revised to include only specific industries such as electricity distribution, water systems, and public transport. The Civil Aeronautics Board (CAB) subsequently issued guidelines confirming that nationality restrictions no longer apply to airfreight forwarders, allowing foreign nationals to participate in the management of such corporations.

Given this regulatory change, the SEC-OGC opined that PTO Air's operations as freight forwarder are no longer classified as a public utility and therefore not subject to the nationality restrictions under the Anti-Dummy Law. However, the SEC-OGC recommended consulting the CAB to confirm the applicability of its recent guidelines. If PTO Air's business activities do not fall under nationalized or partly-nationalized industries, a qualified foreign national may sit as President, provided they comply with the RCC and the corporation's by-laws.

Click here for the full text of SEC-OGC Opinion No. 25-01

SEC-OGC OPINION NO. 25-02, RE: QUALIFICATIONS AND DISQUALIFICATIONS OF INDEPENDENT DIRECTORS

On 10 February 2025, the Securities and Exchange Commission - Office of the General Counsel (SEC-OGC) rendered an opinion disqualifying hospital consultants in a private hospital from being independent directors of a corporation operating the said hospital.

The opinion addressed the query of Asia Pacific Medical Center-Aklan Inc. (APMC-Aklan), whose independent directors are medical doctors intending to practice as hospital consultants in the same hospital.

Citing SEC Memorandum Circular No. 24, Series of 2019 (MC No. 24-19) or the Code of Corporate Governance of Public Companies and Registered Issuers, the SEC-OGC reiterated that the presence of independent directors in the Board of Directors ensures the exercise of independent judgment on corporate affairs and proper oversight of managerial performance, including prevention of conflict of interests and balancing of competing demands of the corporation.

Upon reviewing the functions of a hospital consultant, the SEC-OGC determined that these are not "arms' length transactions," or those transactions between two parties that are concluded on terms that are not influenced by a conflict of interest. An exercise by a hospital consultant of these functions could reasonably be perceived to affect the independent director's objectivity, considering that the consultant is expected to coordinate with the hospital staff and patients, and may even be required to perform other duties as instructed by management.

The SEC-OGC found the argument that hospital consultants are not considered employees of the hospital as inconsequential, considering that the proscribed relationship between the independent director and the covered company is not limited to an employer-employee relationship. Rather, it covers all business or other relationships which could materially interfere with the exercise of independent judgment.

In effect, in the event that incumbent independent directors of such corporation assume the positions of hospital consultants of the same hospital within the proscribed period, they shall be disqualified to hold the position of independent director.

Click here for the full text of SEC-OGC Opinion No. 25-02

SEC

SEC-OGC OPINION NO. 25-03, RE: ENGAGEMENT IN E-COMMERCE VIS-À-VIS RETAIL TRADE ACT

On 17 February 2025, the SEC-OGC issued an opinion addressing two matters regarding Yamaha Motor Philippines, Inc. (YMPH): (1) whether YMPH's engagement in E-commerce constitutes retail trade; and (2) whether YMPH is required to amend its Articles of Incorporation (AOI) to engage in e-commerce.

Regarding the first question, the SEC-OGC opined that YMPH's involvement in e-commerce constitutes retail trade since using an online platform expands its reach to a broader customer base , deviating from the notion and rationale of single outlet sales, the operation of which was previously opined not constituting retail trade.

On the second matter, the SEC-OGC stated that YMPH would need to amend its AOI to include e-commerce activities, since its current AOI defines its primary purpose as "xxx exporting, selling at wholesale, distributing, trading, dealing in, or disposing of its manufactured products. xxx"

Click here for the full text of SEC-OGC Opinion No. 25-03

ENERGY

DEPARTMENT OF ENERGY CIRCULAR NO. DC2025-01-0001, INSTITUTIONALIZING THE ENERGY SECTOR CYBERSECURITY AND CYBER RESILIENCE FRAMEWORK

On 10 February 2025, the Department of Energy (DOE) issued Department Circular No. DC2025-01-0001, establishing the Energy Sector Cybersecurity and Cyber Resilience Framework to safeguard critical energy infrastructure from cyber threats. This policy aligns with Republic Act (RA) No. 7638 (DOE Act of 1992), RA No. 10173 (Data Privacy Act of 2012), RA No. 10175 (Cybercrime Prevention Act of 2012), and RA No. 11659 (Amendments to the Public Service Act) to strengthen cybersecurity in the energy sector. It applies to all energy industry stakeholders, including power generation, transmission, distribution, oil and gas, and utilization sectors classified as Critical Information Infrastructure (CII).

The framework establishes a governance structure composed of key oversight bodies. The Oversight Committee on Energy Sector Cybersecurity and Cyber Resilience (OC-ESCCR) is responsible for strategic oversight, policy enforcement, risk management, and compliance monitoring. The Energy Sector Computer Emergency Response Team (ES-CERT-PH) is tasked with incident monitoring, threat intelligence, and response coordination.

Meanwhile, the Technical Working Group on the Identification of Critical Information Infrastructure (TWG-IDCII) assesses and recommends energy infrastructure that should be designated as CII. A Technical Secretariat supports the implementation and coordination of these entities.

To ensure compliance, all CIIs must submit periodic Cybersecurity Assessment Framework (CAF) results, Cyber Resilience Scorecards (CRS), and Vulnerability Assessment and Penetration Testing (VAPT) Reports. These assessments must be validated by Department of Information and Communications Technology (DICT)-accredited external auditors, and organizations are required to undergo regular cybersecurity audits. Furthermore, energy stakeholders must report cyber incidents to National Computer Emergency Response Team (NCERT-PH), with severe cases requiring immediate coordination with national cybersecurity agencies.

The circular also outlines regulatory support and enforcement measures. The Energy Regulatory Commission (ERC) is tasked with developing compliance mechanisms, incentives, and penalties for violations, ensuring that stakeholders adhere to cybersecurity regulations under RA 11659. To strengthen the sector's cybersecurity workforce, the DOE, in collaboration with the DICT, will implement a Cybersecurity Upskilling Roadmap to train and certify cybersecurity professionals. This initiative aims to ensure that all CIIs maintain a qualified cybersecurity team capable of addressing emerging threats.

Click here for the full text of DOE Circular No. DC2025-01-0001

JURISPRUDENCE

NATIONAL ELECTRIFICATION ADMINISTRATION V. BORJA, G.R. NO. 232581 - ELECTRIC COOPERATIVE OFFICERS, DIRECTORS NOT AUTOMATICALLY RESIGNED UPON FILING CANDIDACY

The Court ruled that officers and directors of electric cooperatives do not automatically forfeit their positions upon filing their certificates of candidacy (COCs) for local and national elections.

The case involves the legality of Section 2 of National Electrification Administration (NEA) Memorandum No. 2012-017 which mandated that officers of electric cooperatives be deemed resigned upon the mere filing of their COCs. Respondents Oscar C. Borja and Venancio B. Regulado were then incumbent members of the Board of Directors of the Camarines Sur Electric Cooperative II (CASURECO II).

Borja was elected for a three-year term, expiring in October 2014, whereas' Regulado's term was set to expire in December 2013. During their tenure, Borja filed his certificate of candidacy for mayor of the Municipality of Bombon, Camarines Sur for the May 2013 elections, while Regulado ran for municipal councilor of the Municipality of Canaman.

Aggrieved by the issuance of the NEA Memorandum on 06 July 2012, they filed the Petition with prayer for temporary restraining order and preliminary injunction before the RTC of Naga City seeking to have Sec. 2 of the Memorandum declared as unconstitutional for contravening election laws and the will of the electorate. Both the RTC and the CA ruled in their favor.

The Court declared Section 2 of the NEA Memorandum as unconstitutional. Under the Omnibus Election Code, "ipso facto resignation" upon filing of COCs applies only to persons holding public appointive positions, including active members of the Armed Forces of the Philippines and officers and members of government-owned or controlled corporations (GOCCs).

The Court further explained that electric cooperatives are private entities engaged in public service as electric distribution utilities. While they are regulated by the NEA as public utilities, they are not government agencies and cannot be classified as GOCCs. While electric cooperatives are vested with functions serving public needs, their composition are limited to their respective members-consumers.

Electric cooperative officers remain private individuals despite the public nature of the service they render. Notably, officers of electric cooperatives are elected from its board of directors, and directors, in turn, are elected from its members. While the officers are technically "elected" by the members, they cannot be considered holding public appointive positions under the Omnibus Election Code.

The only type of "private individuals" deemed resigned upon the filing of their COCs are mass media columnists, commentators, announcers, reporters, and on-air personalities if required by their employer.

Lastly, the NEA Charter only disqualifies those who have already won the elections and assumed public office as elective government officials.

Click here for the full text of NEA v. Borja

MAIBARARA GEOTHERMAL, INC. V. CIR, G.R. NO. 256720 - DOE ENDORSEMENT NOT NEEDED FOR RENEWABLE ENERGY DEVELOPERS TO CLAIM VAT REFUND

On 21 February 2025, the Supreme Court ruled that the DOE cannot impose additional certification requirements on renewable energy suppliers seeking a VAT refund for zero-rated sales under the Renewable Energy Act.

The Implementing Rules and Regulations of the Renewable Energy Act required the presentation of a DOE Certificate of Endorsement to claim for VAT refund.

However, the Supreme Court ruled that this requirement exceeded what the law itself mandates. Based on Senate deliberation records, Congress intentionally excluded VAT zero-rating from incentives requiring additional certifications.

Moreover, DOE issued Department Circular No. DC2021-23-0042 removing the Certificate of Endorsement as a requirement, subject to exceptions. Thus, after securing a DOE Certificate of Registration, renewable energy developers are automatically qualified to avail of incentives under the Renewable Energy Act subject to exceptions.

Click here for the full text of Maibarara Geothermal v. CIR

JURISPRUDENCE

CAMBILA, JR. V. SEABREN SECURITY AGENCY ET AL., G.R. NO. 261716 - SECURITY GUARDS IN BROKEN SHIFT SCHEME ENTITLED TO OVERTIME PAY

The Supreme Court ruled that the broken work period scheme by the employer cannot negate employees' entitlement to overtime pay.

The case stemmed from complaints for constructive dismissal and money claims filed by petitioners Lorenzo Cambila, Jr. and Albajar Samad, who work as security guards for respondent Seabren Security Agency (Seabren). Cambila and Samad claimed that Seabren did not pay them overtime pay, holiday pay, rest day pay, and 13th month pay. As to the claim for overtime pay, Seabren claimed that based on their Duty Detail Order (DDO), security guards only render eight (8) hours of work for broken periods, and they may choose to leave their posts during the four-hour work break.

The Labor Arbiter (LA) ruled that Cambila and Samad were not illegally dismissed, but declared Seabren and Ecoland solidarily liable to pay money claims. The LA found that the four-hour work break shall be considered as compensable working time, being too short to be effectively used for the interest of the employee.

The National Labor Relations Commission (NLRC) affirmed the ruling with modification, stating that Seabren resorted to the broken work period scheme to avoid paying overtime pay to security guards. The Court of Appeals (CA), however, deleted the award of overtime pay to Cambila and Samad.

When the case reached the Supreme Court, the Third Division reversed the CA decision and upheld Cambila and Samad's entitlement to overtime pay. The Court relied on Cambila and Samad's daily time records (DTRs) and considered them as competent proof of the latter's overtime work.

The Court also highlighted Seabren's admission that security guards do not leave Ecoland's premises during the alleged four-hour work break. It was simply impractical, inconvenient, and uneconomical for security guards, who are minimum wage earners, to report to work, go home and/or leave Ecoland's premises, only to report back within the same day.

Thus, the broken period scheme by Seabren was made to circumvent labor laws to avoid payment of overtime pay.

Click here for the full text of Cambila, Jr. v. Seabren

GOLDLAND TOWER CONDOMINIUM CORPORATION VS. EDWARD L. LIM AND HSIEH HSIU-PING, G.R. NO. 268143 - EXTRAJUDICIAL DEMAND NOT REQUIRED BEFORE JUDICIAL FORECLOSURE

On 07 February 2025, the Supreme Court ruled that extrajudicial demand is not a prerequisite for judicial foreclosure unless expressly required by laws or agreed between the parties.

Hsieh Hsiu-Ping failed to pay association dues to Goldland Tower Condominium which was annotated as a lien on his condominium unit's title. The San Juan City Treasurer sold the unit at a public auction to Edward L. Lim after Ping failed to pay real estate taxes. Ping failed to redeem the unit within the one-year redemption; thus, the City of San Juan issued a deed transferring the property to Lim.

Goldland filed a judicial foreclosure with the Regional Trial Court asserting that Lim assumed Ping's unpaid association dues. Lim argued that the foreclosure was premature since Goldland never formally demanded payment before filing the case.

The trial court ruled in favor of Goldland; however, this was reversed by the Court of Appeals.

The Supreme Court affirmed the trial court reiterating that a creditor has the right to demand payment once a debt becomes due, either judicially or extrajudicially. The creditor has the right to initiate foreclosure of the security to satisfy the debt. Article 1169 of the Civil Code does not require a creditor to make an extrajudicial demand before initiating a judicial demand, unless required by law or agreed upon by the parties. It only requires that a demand be made before a debt can be considered legally delayed.

Thus, Goldland had the right to demand the unpaid association dues. The annotation on the title serves as notice to Lim regarding the existence of the debt. Goldland's judicial foreclosure against Lim served as the required demand to pay the debt.

Click here for the full text of Goldland Tower v. Lim and Hsiu-Ping

JURISPRUDENCE

CRUZ V. METROPOLITAN BANK AND TRUST COMPANY, G.R. NO. 236605 - SC VOIDS BANK'S FORECLOSURE OF MORTGAGED PROPERTY DUE TO INCOMPLETE LOAN RECORDS

The Supreme Court invalidated a mortgagee-bank's foreclosure of real estate mortgage (REM) due to failure to render a complete and accurate accounting of the mortgagor's debt.

From 1993 to 2004, petitioners Cruz et al. obtained various loans from respondent Metrobank secured by a REM over real property located in Pasig City. When Cruz et al. defaulted on their loan payments, they complained that Metrobank failed to keep an accurate record of their account. Cruz et al. thereafter learned that they have overpaid their loan and the same did not tally with Metrobank's claims.

Thus, in 2005, Cruz et al. filed a complaint for accounting (Accounting case) against Metrobank before the Regional Trial Court (RTC) of Marikina (RTC Marikina) which was subsequently granted and upheld by the Court of Appeals (CA) and the Supreme Court. The case was remanded to the RTC Marikina for a complete and accurate accounting of Cruz et al.'s loan obligation. The decision attained finality in 2021.

Meanwhile, in 2009, Metrobank filed an action for extrajudicial foreclosure of mortgage before the Pasig RTC. Metrobank emerged as the highest bidder in the foreclosure sale, obtained a Certificate of Sale, and eventually registered the same to the Registry of Deeds (RD) of Pasig City.

In response, Cruz et al. filed an action to annul the foreclosure sale and argued that there was no basis for the foreclosure as Metrobank has not fully accounted their total payments. The Pasig RTC nullified the foreclosure proceedings and held that Cruz et al. cannot be considered in default absent a complete accounting of their payments. The CA reversed the RTC Pasig's decision and held that Cruz et al.'s overpayment is not a ground for annulment of foreclosure proceedings.

When the case reached the Supreme Court, the Second Division found that the grounds for annulment of foreclosure, which pertain to irregularities committed during the foreclosure sale, are only specific and not limited. Thus, genuine uncertainty on the existence of the principal loan obligation, such as the one in this case, is sufficient ground to annul the foreclosure of REM.

The Court also noted the final and executory judgment in the Accounting case, which constituted res judicata by conclusiveness of judgment to the instant case.

Lastly, the Court reminded banks of their obligation to exercise extraordinary diligence in commercial transactions and their fiduciary duty to their clients, both of which were amiss when Metrobank foreclosed the REM considering deficiencies in its records.

Click here for the full text of Cruz v. Metrobank

MARIA LINA P. QUIRIT-FIGARIDO VS. EDWIN L. FIGARIDO, G.R. NO. 259520 - ONLY THE AGGRIEVED OR INNOCENT SPOUSE FROM EITHER MARRIAGE HAS THE RIGHT TO PETITION FOR THE ANNULMENT OF A SECOND MARRIAGE

Maria Lina married Ho Kar Wai, a Chinese national, in Hong Kong in 1989, and before Judge Roberto Makalintal of Parañaque MeTC Branch No. 77 on August 1994. She entered into a subsequent marriage with Edwin Figarido in 2003 despite her subsisting marriage, prompting Ho to obtain a divorce in 2007 from the District Court of Hong Kong Special Administrative Region. The Divorce was recognized in 2009, through a Decision of RTC Branch 260.

Maria Lina and Edwin eventually separated in 2014. Maria Lina filed for nullity of their marriage, asserting it was bigamous due to her then-subsisting marriage to Ho Kar Wai.

In denying Maria Lina's Petition, the Court ruled that only the innocent spouse in either marriage can file for nullity of the subsequent marriage. Maria Lina, having knowingly married Edwin while still married to Ho, was not deemed the innocent party. The Court ruled that the State does not have an absolute responsibility to dissolve bigamous marriages irrespective of the circumstances of the case and the acts and omissions of the parties involved.

Ho Kar Wai was the injured spouse in the prior subsisting marriage. However, the divorce decree secured by Ho Kar Wai in no way resulted in the assignment of the right to petition the declaration of the bigamous marriage to Maria Lina. There being no legal union between Ho Kar Wai and Maria Lina, there exists no more compelling reason for the State to dissolve her legitimate marriage to Edwin.

Click here for the full text of Quirit-Figarido v. Figarido

JURISPRUDENCE

MARE CLAIRE RUIZ Y SERRANO VS. PEOPLE OF THE PHILIPPINES, G.R. NO. 244692 - PAST PSYCHIATRIC RECORDS NOT REQUIRED TO PROVE LEGAL INSANITY

On 27 February 2025, the Supreme Court ruled that a documented history of mental illness is not required to claim legal insanity as a defense.

An accused was found guilty of homicide by the Regional Trial Court and Court of Appeals after her defense of insanity was rejected. It was ruled that the medical assessment should have evaluated the mental state of the accused before, during, and after the crime. Since the accused was only examined after the crime, it could not be confirmed whether she was fully aware of her actions.

The Supreme Court acquitted the accused and found that she showed enough evidence of insanity at the time of the crime. The Supreme Court clarified that proving legal insanity only requires that the accused was deprived of intelligence either before, during, or immediately after the crime. The difficulty of proving insanity at the exact moment of the crime was recognized. While prior medical records can be relevant, they are not required to prove that the medical condition of the accused led to the crime. Hence, the absence of documented psychiatric history should not be taken against the accused claiming legal insanity. Moreover, such requirement would be an unfair burden on impoverished individuals who may not have access to psychiatric care.

Click here for the full text of Ruiz v. People

INTELLECTUAL PROPERTY

IPOPHL MEMORANDUM CIRCULAR NO. 2025-005, CONTINUATION OF THE YOUTH INTELLECTUAL PROPERTY INCENTIVE (YIPI) PROGRAM

The Intellectual Property Office of the Philippines (IPOPHL) issued Memorandum Circular No. 2025-005 providing for the continuation of the Youth Intellectual Property Incentive (YIPI) Program until 31 December 2025 or until 500 Trademark, 200 Invention, 200 Utility Model, and 200 Industrial Design applications have been certified under the program, whichever comes first.

The incentives include a waiver of filing fees, first publication fee, substantive examination fee for invention, and annuity fee for the first and second anniversaries of the invention, as well as entitlement to request for technical assistance and capacity building from the Documentation, Information, and Technology Transfer Bureau (DITTB) of the IPOPHL.

All Youth Filers, i.e. any natural person or group of natural persons aged twenty-three (23) years old and below, and Institutional Filers with at least one (1) youth inventor or designer co-applicant, are entitled to the technical assistance and capacity building incentive, but only a sole Youth Filer is qualified to avail of the waiver of fees.

Click here for the full text of IPOPHL Memorandum Circular No. 2025-005

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