Despite equity deficit, Ford gets okay on ₱142-m CP issue

(Continued from page 1)

resulting mainly from an upvaluation of certain assets).

Business Day files show that Ford's total liabilities last year reached P486.77 million while its assets amounted to P408 million, for an equity deficit of P78.64 million.

INELIGIBLE. SEC rules would make Ford Philippines ineligible to borrow through the money market, since the company failed to meet the required debt-to-equity ratio of 3:1. However, the company expects P126.1 million to be infused by the parent company "within the year."

On the other hand, Ford USA is not without trouble. *Fortune* magazine reported that the automotive giant incurred a loss of $164 million during the first quarter of the year. Neither are expectations on improved sales bright until at least the fourth quarter, the report said.

Ford USA will be cutting capital investments by $0.5 billion yearly until 1984, or from the previously planned $4 billion to $3.5 billion, according to the report.

It also said that the company earned $309 million from overseas operations during the first quarter. Ford Philippines was not among those earners. It incurred a net loss of P19.77 million during the period. Although it recorded P95.42 million in sales during the quarter, exceeding slightly its projection of P95.1 million, cost of goods sold already amounted to P95.62 million. Interest and other expenses added P12.5 million.

Ford USA has an outstanding guarantee on P375.2 million of the local subsidiary's liabilities.

SECOND CASE. This is the second time the SEC relaxed its debt-to-equity requirement on companies seeking to raise funds through the money market.

Philippine Tobacco Filters Corp. earlier was recently given authority to borrow P40 million, although its debts amount to ten times the equity. PTFC's application was approved because of the guarantee put by Herdis Group, Inc., the parent company, on PTFC's commercial papers.

Rice price ceiling raised soon

(Continued from page 1)

A subsequent proposal from the NGA and the inter-agency committee, however, indicated that the price of the commodity will have to be higher than P0.16 per kilo, but not to exceed P0.25 per kilo.

In arriving at the new proposal, the inter-agency committee cited factors such as the last fuel price increases and the consequent cost increments on fertilizers, farm equipment and other farm production inputs which adversely affected farmers.

The Cabinet standing committee has noted that palay production costs have risen by P1,856 to an average of P2,287 per hectare as a result of the last oil price increase. The costs include the annual interest of P81 per hectare paid by farmers on Masagana 99 loans.

"We cannot continue to have the price of rice at low levels," Economic Planning Minister Gerardo P. Sicat said then. The President approved the earlier recommendation for an increase of only P0.15 per kilo.

However, even without official announcement on the new ceiling price for rice, and in spite of government control on the price of the commodity, a survey conducted by *Business Day* showed that retailers in Metro Manila have followed the increase in the palay support price.

Retail prices of rice were found to have climbed up to P2.70 to P2.80 per kilo — P0.25 to P0.35 beyond the ceiling price, for C-4 and Wagwag varieties.

According to an NGA spokesman, rice prices, whether for ordinary or special varieties, have been set by the government at the controlled ceiling price of P2.45 per kilo.

Pilipinas Shell seeks 30.81-centavo raise

(Continued from page 1)

the company is paying to its suppliers; this amount accounts for some 80% of the entire adjustment sought;

* an allocation of 1.72 centavos to help the company meet increases in operating costs which had been covering from its working capital; this part of the increase will help Pilipinas Shell meet cost of repairs for its equipment. The company said this portion of the increase is in lieu of its petition for an assured return on investment (sought last April);

* the remaining 2.11 centavos is intended for additional costs it expects to incur in buying chemicals, for transportation costs, and expenses related to its refinery.

Pilipinas Shell's main supplier of crude oil is Kuwait which increased its price by $4.17 per barrel — from $27.50 to $31.67 — effective July 1. Kuwait crude accounts for about 19% of Pilipinas Shell's total oil imports.

On the average, Pilipinas Shell's suppliers increased their prices by $3.68 per barrel, from $29.374 to $33.056. Its seven oil suppliers are Kuwait, Iraq (Basrah light), Dubai, Oman (Oman Blend), Malaysia (Seria, Tapis Blend and Miri), Indonesia (Handil and Walio) and China (Shengli).

The oil firm is also asking the BOE to include in its authorized price increases, a mechanism wherein Pilipinas will be able to meet various other working capital expenses and other expenditure requirements.

Pilipinas Shell vice-president Marangal B. Domingo also said that the government should also consider the shift in accounting principles which was imposed on the oil companies' method of inventory valuation last year. The process, from a last in-first out (LIFO) method to a moving-average method, allegedly will increase income taxes of Pilipinas Shell by two times this year.

Hearings on 6 tax bills held this week

The Bureau of Internal Revenue and the National Tax Research Center, the tax-research arm of the National Economic and Development Authority, will conduct this week separate public hearings on six tax bills sponsored by the Cabinet at the Batasang Pambansa.

The hearings are all scheduled this week to enable the government to firm up its final stand on the next tax measures as fast as possible.

The first hearing is scheduled today and will be conducted by the NTRC.

The subject of the hearing are two bills seeking to increase the specific taxes on cigarets, distilled spirits, compounded and fermented liquors.

The hearing on the bill raising specific taxes on cigarets will start at 9 a.m. while the other bill will be taken up at 2 p.m. The hearings will be held at the NTRC office at BF Condominium, Intramuros.

Tomorrow, the BIR will conduct hearings on the modification of charges on forest products from specific to ad valorem taxes (9:30 a.m.) and on the ad valorem tax or royalties imposed on mineral and mineral products. The hearing starts at 9:30 a.m. at the BIR head office in Quezon City.

CAPITAL GAINS. For Thursday, there will be a hearing in the morning (9:30 a.m.) on the capital gains tax on earnings from transactions on shares of stock (9:30 a.m.) and on the uniform franchise tax (2:30 p.m.). These hearings will likewise be conducted by the BIR at its head office.

The salient feature of the tax bill on liquors is an increase in the rates of specific taxes on distilled spirits, compounded liquors and fermented liquors by an average increase of P0.10 per liter. This bill is expected to generate an additional P86.6 million in government revenue.

On cigarets, the bill seeks to increase the specific tax rates on Virginia-type cigarets to P1.0 per 1,000 cigarets. The present rate is P1.00. The bill also seeks to provide a statutory maximum retail price with penal provisions for violations. In addition, the bill will impose higher maximum retail prices for foreign-brand cigarets manufactured locally under licensing agreements.

Another bill to be discussed is a proposal to consolidate all existing charges on timber by adopting an ad valorem tax in place of the present specific tax. On the basis of existing prices of forest products, the government expects to realize an additional P459 million.

MINING ROYALTIES. For mineral and mineral products, the government is seeking to increase the ad valorem tax or royalties to 10% from the present rates which range from 1.5% to 2%. The tax will be based on the actual market value of the gross output except those products which will be used in manufacturing finished products classified as basic and essential items which will be taxed at a preferential rate of 5%. Additional revenues to be raised are estimated at P238 million.

The bill, however, which is expected to raise a lot of interest is the proposal to re-impose capital gains taxes on stock market transactions in place of the present 0.0025% (or 1/4 of 1%) stock transaction tax which is only temporary.

The proposed tax rate is 10% for gains up to P100,000, and 20% for the incremental amount over P100,000.

Nonresident investors, however, will be subject only to the stock transaction tax for transactions under any share listed in the dollar boards of any domestic stock exchange.

FRANCHISES. The sixth bill to be discussed is the 3% uniform franchise tax on all franchise grantees, excluding the state-owned Philippine Airnes, Inc., franchise holders of electric cooperatives, and ice plant and cold storage operators.

This bill will not only standardize the tax (which currently varies from franchise holder to franchise holder) but will also withdraw the income tax exempt status of some franchise grantees.

The government through the BIR, the NTRC and the finance committee of the Batasang Pambansa has been holding public hearings on its new tax measures to get a feedback.

Last week, the three groups jointly held a hearing in Cebu City on Cabinet Bill No. 34, which aims to adopt the gross income tax system in place of the present income net income tax system

The government hopes to have these tax measures approved before the end of the year, since the expected additional revenues will be used to supplement government budget expenditures for 1981.

TODAY

- **Stockholders' meeting** of the Dizon Copper Mines; 3 p.m. at the Club Filipino.
- **Cocktails** in celebration of the fifth anniversary of the Philippine Coconut Research and Development Foundation, Inc.; 6 p.m. at the Club Strata in Pasig, Metro Manila.
- **Stockholders' meeting** of the Golden River Mining Corporation; 5 p.m. at the Manila Garden Hotel.
- Start of the three-day **Australian Building Materials Display;** 1 p.m. to 6 p.m. at the Manila Peninsula Hotel.
- **Auction sale** of the Bureau of Customs; 9:30 a.m. Bureau of Customs building.