



Leni hits Palace's diversionary tactics

Drilon wants tax audit on Pharmally

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VICE President Leni Robredo yesterday slammed what she said was Malacañang's attempt to discredit the Aquino administration's procurement of personal protective equipment (PPE) from

2016 to 2017, saying it is a "lame" diversionary tactic in the face of a Senate's investigation into the alleged overpriced purchases for the Duterte government's COVID-19 pandemic response efforts.

Senate minority leader Franklin Drilon asked the Bureau of Internal Revenue to conduct a tax

audit on Pharmally Pharmaceutical Corp., from which the Duterte government purchased the alleged overpriced personal protective equipment (PPE), for "glaring red flags in its financial statements."

Robredo said unlike the PPE sets the Duterte government bought from Pharmally, those

procured under the Aquino administration were high end and underwent public bidding.

"Parang napaka-lame attempt naman nito para i-divert iyong usapan. Iyon iyong una. Ang number two, ang kaibahan noon sa ngayon,

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DRILON

iyong aside from the fact na high-end iyon, etc. etc., dumaan iyon sa public bidding... hindi ito gaya ngayon na basta lang nag-award (It's a lame attempt to divert the issue, that's the first thing. Second, the difference is aside from the fact that it was high-end, it underwent public bidding unlike what happened now, that it was just awarded)," she said on her weekly radio program.

Presidential spokesman Harry Roque last week questioned the Aquino's procurement of branded PPE sets for P3,000 each while the Duterte administration is facing allegations of "overpricing" for purchasing of China-made PPE sets at P1,700 each.

Robredo said the supplier of the 3M brand PPE sets under the Aquino administration was already "established" in the 1980s, having undertaken deals with the Department of Health before and has a verifiable business address in the country.

The Commission on Audit (COA) did not flag the PPE procurement deal under the Aquino administration. Last month, COA said it found deficiencies in the Department of Health's handling of some P67B billion in COVID-19

funds last year.

Robredo questioned the P8.7 billion worth of contracts awarded to Pharmally for the purchase of medical supplies. Pharmally started operations only in September 2019, with a paid-up capital of merely P625,000. It was run by a Huang Tzu Yen who is reportedly wanted in Taiwan for stock manipulation.

The government, Robredo said, has to be able to explain why it trusted an alleged dubious company when it has the duty to conduct due diligence and ensure that the company is a reputable one.

"Ang daming questions (There are so many questions)," said the opposition leader. "Parang pinagkakitaan lang talaga ito, iyong kontratang ito (It seems that they really profited from this contract)."

Robredo said the relatively new company, which is being linked to President Duterte through his former economic adviser Michael Yang, was able to bag P10 billion in because it also cornered additional four contracts worth at least P2 billion.

"It's capitalization is too low. It seems that this was the only economic activity with the government. It does not even have an office. Then, the members of the company have a criminal record in Taiwan. In fact, there are pending warrants of arrest)," she said in Filipino.

The Vice President also cited news reports that that another Chinese company, a construction firm, was awarded with a P1.9-billion contract for medical supplies.

Senate minority leader Franklin Drilon earlier said Health Secretary Francisco Duque III and Lloyd Christopher Lao are "culpable" for "planned plunder" based on presentations made during hearings held by the Senate Blue Ribbon committee last week.

The next hearing of the Blue Ribbon committee is on September 7.

Lao, who resigned in June as budget undersecretary, headed the Procurement Service of the Department of Budget and Management (PS-BDM) when the alleged overpriced purchases for the COVID-19 pandemic response efforts were made,

TAX AUDIT

Drilon, calling on the BIR for a tax audit on Pharmally, said, "From what has been shown, it is not clear that Pharmally has paid the correct taxes. Bayanihan 1 and 2 do not exempt from VAT local purchases, therefore, the amount paid to Pharmally should have been subject to a 2 percent withholding tax on government payments and a 5

percent VAT withholding."

Drilon said the sale of PPE sets to the government is subject to an output VAT of 12 percent.

"Because the product they imported are exempt, therefore they would not have any input VAT to deduct except for the 5 percent VAT withheld if this was properly withheld from the payment to Pharmally by PS-DBM," he added.

Drilon said aside from overpricing, Pharmally could have also violated the country's tax laws.

"We should examine the potential tax liabilities of this dubious trading firm. Did Pharmally pay any percentage tax? Did it pay any excise tax and documentary stamp tax payments?" Drilon said.

He said that based on records, Pharmally is classified as a domestic corporation which is subject to the

provisions of Section 27 of the Tax Code, which states the rates of income tax on domestic corporations.

Drilon said that for a company or an entity to participate in government bidding, the companies need to get a tax clearance from the BIR. However, he said, there was reportedly no record of Phar-

mally obtaining any tax clearance.

"The BIR should review possible violations of the law committed by this dubious and shadowy company that bagged billions of pesos in government contracts. They should zero in on potential tax crimes and tax fraud by Pharmally," he added.