



April 14, 2021

HON. CARLOS G. DOMINGUEZ III

Secretary
Department of Finance (DOF)
Roxas Blvd., Corner Pablo Ocampo, Sr. St,
Manila 1004

THRU: HON. ANTONETTE C. TIONKO
Undersecretary

Dear Secretary Dominguez:

The result of operations for CY 2020 of Clark International Airport Corporation (CIAC) disclosed a net income of Php 125,463,628.16.

With an adjusted taxable income of Php 190,112,327.37, following the provisions under Republic Act No. 7656 (The Dividend Pay Law) and its Implementing Rules and Regulations, CIAC is bound to declare and remit to the National Government at least 50% of this, or an amount equivalent to Php 95,056,163.69.

However, the flexible clause of Section 7 (b) of the Revised IRR of R.A. 7656 dated 26 January 2016 categorically provides that: where there is a presence of a deficit as reflected in the GOCC's latest Statement of Equity, it may request for a downward dividend rate adjustment upon proper submission to the Secretary of Finance.

Per the attached audited financial statements of CIAC, its retained earnings deficit as of December 31, 2020 stands at PHP 313,960,847.35.

In view of the cited provision, may we formally request for the downward adjustment of the Dividend rate from 50% to 0% on the net earnings of CY 2020.

May our humble request be attended to with your usual favorable support as we continue to exert effort in ensuring the welfare and viability of CIAC, especially during these trying times when we struggle to keep our operations afloat in the midst of the pandemic.

Thank you and best regards.

Very truly yours,

GEN. AARON N. AQUINO, (Ret.)

President & Chief Executive Officer

CIAC-OP LETTER NO 21-141



(+63) 45 599 - 2888 to 92
(+63) 45 599 - 2895 to 97
(+63) 45 499 - 4467 to 68



Corporate Office Building
Civil Aviation Complex
Clark Freeport Zone
Pampanga, Philippines 2023



ciac.gov.ph
publicaffairs@ciac.gov.ph

2021 Projected Dividend Collection
Corporate Affairs Group - Department of Finance
CY2020

SECTOR: **Transportation and Area Development**

ITEMS		Amount
NET TAXABLE INCOME - SPECIAL (based on ITR 1702MX)	a/	167,167,915.32
LESS: TOTAL INCOME TAX DUE	b/	8,358,395.77
ADJUSTED INCOME - SPECIAL		158,809,519.55
 GROSS INCOME/RECEIPTS subject to Final Withholding Tax	c/	 39,128,509.78
LESS: TOTAL FINAL TAX WITHHELD/ PAID	d/	7,825,701.96
ADJUSTED INCOME - FINAL TAX		31,302,807.82
 NET TAXABLE INCOME - EXEMPT	e/	
ADD: Special Allowable Itemized Deductions	f/	
LESS: INCOME TAX DUE	g/	
ADJUSTED INCOME - EXEMPT		-
 National Government Operating Subsidies	h/	
Project Subsidies Adjustments (if applicable)*		
 TOTAL ADJUSTED INCOME		 190,112,327.37
 Dividend Rate		 50%
PROJECTED DIVIDEND COLLECTION		95,056,163.69

***Project Subsidies Adjustments**

1. Does the GOCC includes the Project and/or Tax Subsidies (other than the operating subsidies) in the income tax return as Revenue? (Yes/No/NA)
2. Does the GOCC includes the actual disbursements of project/tax subsidy the income tax return under allowable deductions? (Yes/No)

Amount

ACTION GUIDE:

For No/Yes - Add back the actual expense reported in the adjusted income for
For Yes/No - Deduct the actual project/tax subsidies collected from the NG.

For Yes/Yes - Deduct the unutilized portion of project/tax subsidies.
 For N/A & No/No - No action needed.

Reconciliation of Net Income per Books against Taxable Income (Schedule 10 of Income Tax Return)	Amount
Net Income/(Loss) per books	125,463,628.16
Add: Non-deductible Expenses/Taxable Other Income	32,436,948.67
Less: Non-taxable income and income subjected to final tax	(9,267,338.49)
Less: Special Deductions	
Net Taxable Income/(Loss)	167,167,915.32

	Amount
Outstanding Dividend Arrears*	
Status/Comments	

*For net earnings as of December 31, 2015 and beyond.

*Exclude the GOCCs that were included in the recent MFP.

NOTES:

- a/ BIR Form No. 1702 - MX (page 3, schedule 1, #10)
- b/ BIR Form No. 1702 - MX (page 3, schedule 1, #12)
- c/ BIR Form No. 1702 - MX (page 7, schedule 10, #5)
- d/ BIR Form No. 1702 - MX (not applicable)
- e/ BIR Form No. 1702 - EX (not applicable)
- f/ BIR Form No. 1702 - EX (not applicable)
- g/ BIR Form No. 1702 - EX (not applicable)
- h/ Operating Subsidies actually received by GOCCs during CY 2016 (not applicable)

SECRETARY'S CERTIFICATE

I, **ATTY. MISHEENA JOYCE C. TIATCO**, Acting Corporate Secretary of the Clark International Airport Corporation (CIAC), a corporation duly organized and existing under the laws of the Republic of the Philippines with office address at Corporate Office Building, Clark Civil Aviation Complex, Clark Freeport Zone, Pampanga, hereby certify, that during the 13th April 2021 4th Regular Board Meeting of the Board of Directors of the corporation, the following resolution was approved:

Resolution No. RM-04-07, Series of 2021

"RESOLVED, that the recommendation of the Finance Committee to declare dividends for the year 2020 in the amount of Ninety Five Million Fifty Six Thousand One Hundred Sixty Three Pesos and 69/100 (PhP 95,056,163.69), be **APPROVED**, as it is hereby **APPROVED**."

"RESOLVED FURTHER, that the recommendation of the Finance Committee to request from the Department of Finance a downward adjustment on the dividend rate from 50% to 0% for the dividend due of CIAC for CY 2020, considering that CIAC has a negative stockholders' equity, be **APPROVED**, as it is hereby **APPROVED**."

IN WITNESS WHEREOF, I hereby sign this instrument this 14th day of April 2021 at Clark Freeport Zone, Philippines.


ATTY. MISHEENA JOYCE C. TIATCO
Acting Corporate Secretary

N.B.: The attached documents/s including its annexes, if there's any, may contain confidential or legally privileged material for the intended recipient that may not be copied, redistributed, retransmitted, or published, in whole or in part, without a prior written consent from the Board. Its contents are solely for the purpose stated in the request only and no related contract or warranties are given. Therefore the recipient/s of this/these document/s acknowledge/s the liability/ies for any unauthorized dissemination, distribution or copying as a result thereof.



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