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McDonald's to raise beverage prices due to TRAIN law

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Golden Arches Development Corp. (GADC), which holds the exclusive franchise for fast-food chain McDonald's in the Philippines, may increase prices of beverages being sold at its outlets following the implementation of the Tax Reform for Ac-

celeration and Inclusion (TRAIN) law.

"We may have to raise beverage prices," GADC president and chief executive officer Kenneth Yang told reporters. "But what we try to do is we balance everything out. We continue to provide a lot of value for our customers."

The TRAIN law is the

first package under the Duterte administration's Comprehensive Tax Reform Program.

Under the TRAIN law, which took effect last Jan. 1, personal income tax rates are reduced and

foregone revenues from the move are to be offset by slapping higher taxes on fuel, cars, tobacco and sugar beverages.

For drinks containing caloric and non-caloric beverages in particular, the TRAIN imposes a P6-per-liter tax.

For beverages with high-fructose corn syrup, the law imposes a P12-per-liter tax.

Essential sugar-sweetened beverages such as milk and 3-in-1 coffee, meanwhile, are exempted.

Revenues from the imposition of taxes will be used to bankroll the government's infrastructure and development projects.

At present, McDonald's Philippines has about 570 out-

lets in the country.

Last week, McDonald's Philippines and PLDT Inc.'s PayMaya Philippines Inc. announced a partnership to enable cashless payments at the fast-food chain's outlets.

As part of the tie-up, 42 McDonald's restaurants nationwide have started accepting card payments for all types of Mastercard and Visa credit, debit and prepaid cards, including PayMaya Visa cards and the Smart Mastercard.

In the coming weeks, PayMaya users will also be able to use their smartphones to pay for purchases at select McCafé outlets by scanning the quick response code displayed at the cashier area.

* TAX REFORM FOR ACCELERATION
AND INCLUSION (TRAIN)
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