

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Constitution Hills, Quezon City

FIFTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 1489

Introduced by: REP. MEL SENEN S. SARMIENTO

EXPLANATORY NOTE

Seventeen years ago, Republic Act 7160 otherwise known as the Local Government Code of 1991, was passed creating an environment of greater local autonomy by devolving and decentralizing powers, resources, and responsibilities from the central government to local government units. Although the implementation of the Code was difficult and in a number of cases, incomplete to date, this landmark legislation made great strides in making it possible for LGUs to develop new businesses, create new jobs, and revitalize communities and work for economic growth in their respective communities.

One of the key objectives of the Code was to provide LGUs greater means to create their own sources of revenue in order to carry out their expanded responsibilities. In the course of reviewing the Code over the last seventeen years, it has been evident that the effectiveness of certain provisions in the Code has been overtaken by changes in the economy. These changes include annual increases in the national inflation rate which has reduced the value of tax collections and the rise of new business structures which have not existed when the law was first passed. The various reviews have also uncovered complications in the implementation of the law which could be addressed by simplifying the process involved or by further defining the relationship of LGUs vis-à-vis other central government agencies (i.e., Bureau of Internal Revenue). Finally, there was also a need to address the leakages from local tax revenues resulting from local tax exemptions enjoyed by government corporations and business entities covered by investment promotion laws.

As a result, the various reviews of the Code have been integrated into the proposed amendments thereto reflected in this bill:

- Increasing the ceiling on the tax on the transfer of real property ownership from 0.5% to 2% which could increase the annual collection from 1.3 billion pesos to 5.2 billion pesos.
- Increasing the ceiling on the professional tax from 300 pesos to 1,200 pesos which could increase the annual collection from 155 million pesos to 620 million pesos.
- Increasing the annual fixed tax for delivery truck or vans of manufacturers or producers from 500 pesos to 1,500 pesos which could increase the annual collections from 90 million pesos to 270 million pesos.

- Simplifying the business tax to a single rate of 2.5% of gross sales or receipts which could increase annual collections from 21.8 billion pesos to 54.5 billion pesos.
- Adjusting the minimum level of the community tax from 5 pesos to 30 pesos and raising the additional tax for every 1,000 pesos of income from 1 peso to 2 pesos which would increase the annual collections from 954 billion pesos to 1.9 billion pesos.
- Increasing the additional ad valorem tax on idle lands from a ceiling of more than 5% to 10% which could result in an increase in annual collection from 12.8 million pesos to 25.6 million pesos.
- Providing an additional levy of 0.5% for the Special Education Fund (SEF) which could result in an increase from 2 billion pesos to 4 billion pesos.
- Including in the Spas, Karaoke bars, country and sports clubs in the list of businesses subject to local business taxes.
- Specifically requiring the BIR to share tax information with LGUs.
- Removing the local tax exemptions of government corporations and business qualifying for investment incentives.

With these proposed amendments to Book II of the Local Government Code, local governments would be strengthened and furthered empowered towards the attainment of national development goals.

In view of the foregoing, approval of this Bill is earnestly requested.


MEL SENEN S. SARMIENTO

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Introduced by: REP. MEL SENEN S. SARMIENTO

AN ACT
TO STRENGTHEN LOCAL GOVERNMENT UNITS BY AMENDING CERTAIN
PROVISIONS IN BOOK II OF REPUBLIC ACT 7160, OTHERWISE KNOWN AS
THE LOCAL GOVERNMENT CODE OF 1991

Be it enacted by the Senate and House of Representatives of the Philippines in Congress Assembled:

BOOK II – LOCAL TAXATION AND FISCAL MATTERS

Section 1. Section 130 (b) and (c) of Republic Act 7160, otherwise known as the Local Government Code of 1991, hereinafter referred to as the Code, is hereby amended to read as follows:

SEC. 130 Fundamental Principles- The following fundamental principles shall govern the exercise of the taxing and other revenue-raising powers of local government units:

- (a) Taxation shall be uniform in each local government unit;
- (b) Taxes, fees, charges and other impositions shall:
 - (1) be equitable and based as far as practicable on the taxpayer's ability to pay;

(2) be levied and collected only for public purposes AND SOLELY WITHIN THE TERRITORIAL JURISDICTION OF THE LOCAL GOVERNMENT UNIT IMPOSING THE TAX;

(3) not be unjust, excessive, oppressive, or confiscatory;

(4) not be contrary to law, public policy, national economic policy, or in restraint of trade;

(c) LOCAL TAXES, FEES, CHARGES AND OTHER IMPOSITIONS MAY BE PAID THRU ANY BANKING INSTITUTION AUTHORIZED BY THE TAXING LOCAL GOVERNMENT UNIT PURSUANT TO GUIDELINES ADOPTED IN CONSULTATION WITH THE DEPARTMENT OF FINANCE.

Section 2. Section 131 of the Code is hereby amended to read as follows:

SEC. 131 Definition of Terms

(a) XXX

(b) XXX

(c) "Amusement Places" ARE PLACES THAT PROVIDE AMUSEMENT OR RECREATION or relaxation places SUCH AS theatres, cinemas, concert halls, NIGHT CLUBS/BARS, CASINOS, MASSAGE PARLORS, SPA, KARAOKE BARS, circuses, BOXING STADIA, COUNTRY AND SPORTS CLUBS, BEACH AND OTHER RESORTS, RECREATIONAL PARKS, COCKPITS, and other places of amusement where one seeks [admission to] entertainment [oneself] by [seeing or viewing the show] WATCHING SHOWS or performances, OR [entertain oneself] BY PARTICIPATING IN ACTIVITIES OR USING THE FACILITIES THEREAT.

(d) XXX

(e) XXX

(f) **“Barangay Micro Business Enterprise (BMBE)” refers to any business entity or enterprise registered under the provisions of Republic Act Ninety-One Seventy Eight (R.A. 9178), otherwise known as “The Barangay Micro Business Enterprises (“BMBEs”) Act of 2002.”**

(g) XXX

(h) XXX

(i) XXX

(j) XXX

(k) XXX

(l) XXX

(m) XXX

(n) "Gross Sales or Receipt" include the total amount of money or its equivalent representing the contract price, compensation or service fee, including the amount charged or materials supplies with the services and deposits or advance payments actually or constructively received during the taxable [quarter] **YEAR** for the services performed or to be performed for another person excluding discounts if determinable at the time of sales, sales return, excise tax, and value-added tax (VAT);

(o) XXX

(p) "Marginal Farmer or [Fisherman] FISHERFOLK" refers to an individual engaged in subsistence farming or fishing which shall be limited to the sale, barter or exchange of agricultural or marine products produced by himself and his immediate family;

(q) XXX

(r) **"MAXIMUM SUSTAINABLE YIELD" REFERS TO THE LARGEST AVERAGE QUANTITY OF FISH THAT CAN BE HARVESTED FROM FISH STOCKS OR RESOURCE WITHIN A PERIOD OF TIME ON A SUSTAINABLE BASIS UNDER EXISTING ENVIRONMENTAL CONDITIONS.**

[(r)] (S) "Municipal Waters" includes not only streams, lakes, INLAND BODIES OF WATER and tidal waters within the municipality WHICH ARE NOT INCLUDED WITHIN THE PROTECTED AREAS AS DEFINED UNDER REPUBLIC ACT NUMBER 7586, OTHERWISE KNOWN AS THE NIPAS LAW, [not being the subject of private ownership and not comprised within the national parks,] public forest, timber lands, forest reserves or fishery reserves, but also marine waters included between two lines drawn perpendicularly to the general coastline from points where the boundary lines of the municipality or city touch the sea at low tide and a third line parallel with the general coastline INCLUDING OFFSHORE ISLANDS and fifteen (15) kilometers from [it] SUCH COASTLINE. Where two (2) municipalities or cities are so situated on the opposite shores that there is less than

[fifteen (15)] THIRTY (30) kilometers of marine waters between them, the third line shall be equally distant from opposite shores of the respective municipalities or cities;

[(s)] (T) XXX

[(t)] (U) XXX

[(u)] (V) XXX

[(v)] (W) XXX

(x) **“RESOURCE RENT” REFERS TO THE DIFFERENCE BETWEEN THE VALUE OF THE PRODUCT PRODUCED FROM HARVESTING THE PUBLICLY-OWNED RESOURCE LESS THE COST OF PRODUCING IT, WHERE COST INCLUDES THE NORMAL RETURN TO CAPITAL AND LABOR;**

[(w)] (Y) XXX

(z) **“TAX” IS AN IMPOSITION, CHARGE OR BURDEN UPON PERSONS, PROPERTY, OR PROPERTY RIGHTS FOR THE USE AND SUPPORT OF THE LOCAL GOVERNMENT UNIT TO ENABLE IT TO DISCHARGE ITS APPROPRIATE FUNCTIONS.**

(aa) **“TOTAL ALLOWABLE CATCH” REFERS TO THE MAXIMUM HARVEST ALLOWED TO BE TAKEN DURING A GIVEN PERIOD OF TIME FROM ANY FISHERY AREA, OR FROM ANY OR GROUP OF FISHERY SPECIES, OR A COMBINATION OF AREA AND SPECIES THAT WOULD NOT EXCEED THE MAXIMUM SUSTAINABLE YIELD;**

[(x)] (BB) XXX

[(y)] (CC) XXX

[(z)] (DD) XXX

Section 3. Section 133 (d), (f), (h), (l), (m) and (o) of the Code is hereby amended to read as follows:

SEC. 133 Common Limitations on the Taxing Powers of Local Government Units.

(a) XXX

(b) XXX

(c) XXX

(d) Custom duties AND registration fees of vessel WITH TONNAGE FIVE (5) TONS AND ABOVE [and] wharfage on wharves, tonnage dues, and all other kinds of customs fees, charges and dues except wharfage on wharves constructed [and] maintained OR OPERATED by the local government concerned OR BY A PRIVATE PERSON OR ENTITY.

(e) XXX

- (f) Taxes [, fees or charges] on agricultural and aquatic products when sold by marginal farmers or [fishermen] FISHERFOLK;
- (g) XXX
- (h) Excise taxes on [articles enumerated under the National Internal Revenue Code, as amended and taxes, fees and charges on] petroleum products
- (i) XXX
- (j) XXX
- (k) XXX
- (l) [Taxes] fees, [or charges] for the registration of motor vehicles [and for the issuance of all kinds or licenses or permits for the driving thereof] except [tricycles] MOTOR VEHICLES REGULATED BY THE LOCAL GOVERNMENTS.
- (m)XXX
- (n) [Taxes, fees, or charges on Countryside and Barangay Business Enterprises and cooperatives duly registered under R.A. 6810 and Republic Act Numbered Sixty-nine hundred thirty-eight (R.A. 6938) otherwise known as the “Cooperatives Code of the Philippines,” respectively, and]

(o) Taxes, [fees and charges] of any kind on the National Government, [its agencies and instrumentalities, and local government units] EXCEPT QUASI-PUBLIC CORPORATIONS, GOVERNMENT BANKS, FINANCING AND INVESTMENT INSTITUTIONS, REVENUE- GENERATING AGENCIES SUCH AS, BUT NOT LIMITED TO, PHILIPPINE PORTS AUTHORITY, MANILA INTERNATIONAL AIRPORT AUTHORITY, GAMBLING AND GAMING ENTERPRISES OPERATED BY THE National GOVERNMENT OR ITS AGENTS OR INSTRUMENTALITIES, OR CONTRACTED OUT BY IT TO FOREIGN AND DOMESTIC CORPORATIONS, INDIVIDUALS OR ENTITIES, WHICH HAVE BEEN GIVEN PERMITS BY THE LOCAL GOVERNMENT UNITS, AND OTHER SIMILAR ORGANIZATIONS AS DETERMINED BY THE DEPARTMENT OF FINANCE.

Section 4. Section 135 (a) of the Code is hereby amended to read as follows:

SEC. 135 Tax on Transfer of Real Property Ownership

SEC. 135(a) The province may impose a tax on the sale, donation, barter, or on any other mode of transferring ownership or title of real property at the rate of not more [fifty percent (50%) of one percent (1%)] than TWO PERCENT (2%) of the total consideration involved in the acquisition of the property or of the fair market value in case the monetary consideration involved in the transfer is not substantial, whichever is higher. The sale, transfer or other disposition of real property pursuant to R.A. No. 6657 shall be exempt from this tax.

(b) XXX

Section 5. Section 137 of the Code is hereby amended to read as follows:

SEC. 137. Franchise Tax. - Notwithstanding any exemption granted by any law or other special laws, the province may impose a tax on ANY business[es] enjoying a franchise GRANTED BY CONGRESS, a National GOVERNMENT AGENCY OR A LOCAL GOVERNMENT UNIT, INCLUDING POWER GENERATION, TRANSMISSION AND DISTRIBUTION, TELECOMMUNICATIONS, ICE PLANTS AND STORAGE FACILITIES, LEGAL GAMBLING OR GAMING ACTIVITIES, AND OTHER SIMILAR BUSINESSES, BASED ON INCOME REALIZED WITHIN ITS TERRITORIAL JURISDICTION at a rate not exceeding fifty percent (50%) of one percent (1%) of the gross annual receipts for the preceding calendar year [based on the income receipt, or realized within its territorial jurisdiction].

Section 6. Section 138 of the Code is hereby amended to read as follows:

SEC. 138 Tax on Sand, Gravel and other Quarry Resources. - The province may levy and collect not more than ten percent (10%) of fair market value in the locality per cubic meter of ordinary stones, sand, gravel, earth, and other quarry resources, as defined under the National Internal Revenue Code, as amended, extracted from public lands or from the beds of seas, lakes, rivers, streams, creeks, and other public waters within its territorial jurisdiction.

The permit to extract sand, gravel, and other quarry resources shall be issued [exclusively] by the provincial governor [pursuant to the ordinance of the Sangguniang Panlalawigan] UPON

THE RECOMMENDATION OF THE MAYOR OF THE CITY OR MUNICIPALITY
CONCERNED.

The proceeds of the tax on sand, gravel and other quarry resources shall be distributed as follows:

- (1) Province - Thirty percent (30%);
- (2) Component City or Municipality where the sand, gravel, and other quarry resources are extracted - Thirty percent (30%); and
- (3) Barangay where the sand, gravel, and other quarry resources are extracted - Forty percent (40%).

Section 7. Section 139 of the Code is hereby amended to read as follows:

SEC. 139 Professional Tax - (a) The province may levy an annual professional tax on each person engaged in the exercise or practice of his profession requiring government examination at such amount and reasonable classification as the Sangguniang Panlalawigan may determine but shall in no case exceed [Three hundred pesos (P300)] ONE THOUSAND TWO HUNDRED PESOS (P 1,200). THE SANGGUNIANG PANLALAWIGAN MAY INCREASE THE CEILING ON THE PROFESSIONAL TAX ONCE EVERY THREE (3) YEARS BASED ON THE PAST THREE (3) YEAR AVERAGE OF THE CONSUMER PRICE INDEX AS OFFICIALLY PUBLISHED BY THE NATIONAL STATISTICS COORDINATING BOARD”.

Section 8. Section 141 of the Code is hereby amended to read as follows:

SEC. 141 Annual Fixed Tax For Every Delivery Truck or Van of Manufacturers or Producers, Wholesalers of, Dealers, or Retailers in, Certain Products - (a) The province may levy an annual fixed tax for every truck, van or any vehicle used by manufacturers, producers, wholesalers, dealers or retailers in the delivery or distribution of distilled spirits, fermented liquors, soft drinks, cigars and cigarettes, and other products as may be determined by the Sangguniang Panlalawigan, to sales outlets, or consumers, whether directly or indirectly, within the province in an amount not exceeding [FIVE hundred pesos (P500)] ONE THOUSAND FIVE HUNDRED PESOS (P1,500). THE SANGGUNIANG PANLALAWIGAN MAY INCREASE THE CEILING ON THE PROFESSIONAL TAX ONCE EVERY THREE (3) YEARS BASED ON THE PAST THREE (3) YEAR AVERAGE OF THE CONSUMER PRICE INDEX AS OFFICIALLY PUBLISHED BY THE NATIONAL STATISTICS COORDINATING BOARD”.

Section 9. Section 143 of the Code is hereby amended to read as follows:

SEC. 143 Tax on Business. – The municipality may impose taxes on [the following] ANY business[es], including those subject to Franchise Tax under SEC. 137, AT RATES NOT EXCEEDING TWO AND A HALF PERCENT (2.5%) OF GROSS SALES OR RECEIPTS OF THE PRECEDING CALENDAR YEAR.

IN THE CASE OF EXPORTERS, INDIRECT EXPORTERS AND EXPORT SUB-CONTRACTORS, THE RATE SHALL BE ONE-HALF OF THE BUSINESS TAX RATE IMPOSED BY THE MUNICIPALITY IN ACCORDANCE WITH THE PRECEEDING PARAGRAPH.

[(a) On manufacturers, assemblers, repackers, processors, brewers, distillers, rectifiers, and compounders of liquors, distilled spirits, and wines or manufacturers of any article of commerce of whatever kind or nature, in accordance with the following schedule:

With gross sales or receipts for the Amount of Tax preceding calendar year in the amount of:

Amount of Tax Per Annum

Less than 10,000.00	165.00
P 10,000.00 or more but less than 15,000.00	220.00
15,000.00 or more but less than 20,000.00	302.00
20,000.00 or more but less than 30,000.00	440.00
30,000.00 or more but less than 40,000.00	660.00
660.00 40,000.00 or more but less than 50,000.00	825.00
50,000.00 or more but less than 75,000.00	1,320.00
75,000.00 or more but less than 100,000.00	1,650.00
100,000.00 or more but less than 150,000.00	2,200.00
150,000.00 or more but less than 200,000.00	2,750.00
200,000.00 or more but less than 300,000.00	3,850.00
300,000.00 or more but less than 500,000.00	5,500.00
500,000.00 or more but less than 750,000.00	8,000.00
750,000.00 or more but less than 1,000,000.00	10,000.00
1,000,000.00 or more but less than 2,000,000.00	13,750.00
2,000,000.00 or more but less than 3,000,000.00	16,500.00
3,000,000.00 or more but less than 4,000,000.00	19,800.00
4,000,000.00 or more but less than 5,000,000.00	23,100.00
5,000,000.00 or more but less than 6,500,000.00	24,375.00

6,500,000.00 or more at a rate not exceeding thirty-seven and a half percent (37 1/2%) of one percent (1%)

(b) On wholesalers, distributors, or dealers in any article of commerce of whatever kind or nature in accordance with the following schedule:

With gross sales or receipts for the Amount of Tax preceding calendar year in the amount of:

Amount of Tax	
Per Annum	
Less than P1,000.00	18.00
P 1,000.00 or more but less than P 2,000.00	33.00
2,000.00 or more but less than 3,000.00	50.00
3,000.00 or more but less than 4,000.00	72.00
4,000.00 or more but less than 5,000.00	100.00
5,000.00 or more but less than 6,000.00	121.00
6,000.00 or more but less than 7,000.00	143.00
7,000.00 or more but less than 8,000.00	165.00
8,000.00 or more but less than 10,000.00	187.00
10,000.00 or more but less than 15,000.00	220.00
15,000.00 or more but less than 20,000.00	275.00
20,000.00 or more but less than 30,000.00	330.00
30,000.00 or more but less than 40,000.00	440.00
40,000.00 or more but less than 50,000.00	660.00
50,000.00 or more but less than 75,000.00	990.00
75,000.00 or more but less than 100,000.00	1,320.00
100,000.00 or more but less than 150,000.00	1,870.00

150,000.00 or more but less than 200,000.00	2,420.00
200,000.00 or more but less than 300,000.00	3,300.00
300,000.00 or more but less than 500,000.00	4,400.00
500,000.00 or more but less than 750,000.00	6,600.00
750,000.00 or more but less than 1,000,000.00	8,800.00
1,000,000.00 or more but less than 2,000,000.00	10,000.00

2,000,000.00 or more at a rate not exceeding fifty percent (50%) of one percent (1%). (c) On exporters, and on manufacturers, millers, producers, wholesalers, distributors, dealers or retailers of essential commodities enumerated hereunder at a rate not exceeding one-half (1/2) of the rates prescribed under subsections (a), (b) and (d) of this Section:

- (1) Rice and corn;
 - (2) Wheat or cassava flour, meat, dairy products, locally manufactured, processed or preserved food, sugar, salt and other agricultural, marine, and fresh water products, whether in their original state or not;
 - (3) Cooking oil and cooking gas;
 - (4) Laundry soap, detergents, and medicine;
 - (5) Agricultural implements, equipment and post- harvest facilities, fertilizers, pesticides, insecticides, herbicides and other farm inputs;
 - (6) Poultry feeds and other animal feeds;
 - (7) School supplies; and
 - (8) Cement.
- (d) On Retailers.

With gross sales or receipts Rate of tax for the preceding calendar year of:

Rate of Tax
per annum

P400,000.00 or less	2%
more than P400,000.00	1%

Provided, however, That barangays shall have the exclusive power to levy taxes, as provided under Section 152 hereof, on gross sales or receipts of the preceding calendar year of Fifty thousand pesos (P50,000.00) or less, in the case of cities, and Thirty thousand pesos (P30,000.00) or less, in the case of municipalities.

(e) On contractors and other independent contractors, in accordance with the following schedule:

With gross receipts for the preceding calendar year in the amount of:

	Amount of Tax Per Annum
Less than P= 5,000.00	27.50
P 5,000.00 or more but less than P 10,000.00	61.60
10,000.00 or more but less than 15,000.00	104.50
15,000.00 or more but less than 20,000.00	165.00
20,000.00 or more but less than 30,000.00	275.00
30,000.00 or more but less than 40,000.00	385.00
40,000.00 or more but less than 50,000.00	550.00
50,000.00 or more but less than 75,000.00	880.00
75,000.00 or more but less than 100,000.00	1,320.00
100,000.00 or more but less than 150,000.00	1,980.00
150,000.00 or more but less than 200,000.00	2,640.00
200,000.00 or more but less than 250,000.00	3,630.00
250,000.00 or more but less than 300,000.00	4,620.00
300,000.00 or more but less than 400,000.00	6,160.00
400,000.00 or more but less than 500,000.00	8,250.00
500,000.00 or more but less than 750,000.00	9,250.00

750,000.00 or more but less than 1,000,000.00	10,250.00
1,000,000.00 or more but less than 2,000,000.00	11,500.00
2,000,000.00 or more	at a rate not exceeding fifty percent (50%) of one percent (1%)

(f) On banks and other financial institutions, at a rate not exceeding fifty percent (50%) of one percent (1%) on the gross receipts of the preceding calendar year derived from interest, commissions and discounts from lending activities, income from financial leasing, dividends, rentals on property and profit from exchange or sale of property, insurance premium.

(g) On peddlers engaged in the sale of any merchandise or article of commerce, at a rate not exceeding Fifty pesos (P50.00) per peddler annually.

(h) On any business, not otherwise specified in the preceding paragraphs, which the sanggunian concerned may deem proper to tax: Provided, That on any business subject to the excise, value-added or percentage tax under the National Internal Revenue Code, as amended, the rate of tax shall not exceed two percent (2%) of gross sales or receipts of the preceding calendar year. The sanggunian concerned may prescribe a schedule of graduated tax rates but in no case to exceed the rates prescribed herein.]

Section 10. Section 146 of the Code is hereby amended to read as follows:

SEC. 146. Payment of Business Taxes. – (a) The taxes imposed under SEC. 143 shall be payable for every separate or distinct establishment or place where business subject to the tax is conducted and one line of business does not become exempt by being conducted with some

other business for which such tax has been paid. The tax on a business must be paid by the person conducting the same.

(b) In cases where a person conducts or operates two (2) or more [of the] businesses [mentioned in SEC. 143 of this Code] which are subject to the same rate of tax, the tax shall be computed on the combined total gross sales or receipts of the said two (2) or more related businesses.

(c) In cases where a person conducts or operates two (2) or more businesses [mentioned in SEC. 143 of this Code] which are subject to different rates of tax, the gross sales or receipts of each business shall be separately reported for the purpose of computing the tax due from each business.”

Section 11. Section 148 (b) is hereby amended to read as follows:

SEC. 148 Fees for Sealing and Licensing of Weights and Measures.

(a) XXX

(b) The Sangguniang Bayan shall prescribe the necessary regulations for the use of such weights and measures, subject to such guidelines as shall be prescribed by the Department of Science and Technology. The Sanggunian concerned shall, by appropriate ordinance, penalize fraudulent practices and unlawful possession or use of instruments of weights and measures and prescribe the criminal penalty therefore in accordance with the provisions of this Code. Provided, however, That the

Sanggunian concerned may authorize the municipal treasurer to settle an offence not involving the commission of fraud before a case therefore is filed in court, upon payment of a compounded penalty AS PRESCRIBED BY THE SANGGUNIAN BUT of not less than [Two hundred pesos (P200)] ONE THOUSAND PESOS (P1,000). THE SANGGUNIAN MAY INCREASE THE CEILING ON THE PROFESSIONAL TAX ONCE EVERY THREE (3) YEARS BASED ON THE PAST THREE (3) YEAR AVERAGE OF THE CONSUMER PRICE INDEX AS OFFICIALLY PUBLISHED BY THE NATIONAL STATISTICS COORDINATING BOARD”.

Section 12. Section 149 (a) and (b) (3) of the Code is hereby amended to read as follows:

SEC. 149. Fishery Rentals, Fees and Charges.

(a) Municipalities shall have the exclusive authority to grant fishery privileges in the municipal waters and impose rentals, fees or charges therefore in accordance with the provisions of this [Code] SECTION; PROVIDED THAT, RENTALS, FEES OR CHARGES ARE BASED ON ESTIMATES OF RESOURCE RENT AS DETERMINED BY THE SANGGUNIAN CONCERNED IN CONSULTATION WITH THE FISHERIES AND AQUATIC RESOURCE MANAGEMENT COUNCILS (FARMC) ESTABLISHED UNDER REPUBLIC ACT NUMBER 8550, OTHERWISE KNOWN AS THE PHILIPPINE FISHERIES CODE OF 1998.

(b)

(1) XXX

(2) XXX

(c) Issue licenses for the operation of fishing vessels of three (3) tons or less for which purpose the Sangguniang Bayan shall promulgate rules and regulations regarding the issuances of such licenses to qualified applicants under existing laws. PROVIDED THAT THE TOTAL NUMBER OF LICENSES ISSUED IN CONSONANT WITH THE TOTAL ALLOWABLE CATCH AS DETERMINED BY THE SANGGUNIAN CONCERNED, IN CONSULTATION WITH THE FISHERIES AND AQUATIC RESOURCE MANAGEMENT COUNCILS (FARMC).

Section 13. Section 150 of the Code is hereby amended to read as follows:

SEC. 150. Situs of the Tax. - (a) For purposes of collection of the taxes under SEC. 143 of this Code, [manufacturers, assemblers, repackers, brewers, distillers, rectifiers and compounders of liquor, distilled spirits and wines, millers, producers, exporters, wholesalers, distributors, dealers, contractors, banks and other financial institutions, and other] ALL businesses[,] maintaining or operating branch or sales outlet elsewhere shall record the sale in the branch or sales outlet making the sale or transaction, and the tax thereon shall accrue and shall be paid to the CITY OR municipality where such branch or sales outlet is located. In cases where there is no such branch or sales outlet in the city or municipality where the sale or transaction is made, the sale shall be duly recorded in the principal office and the taxes due shall accrue and shall be paid to such city or municipality.

The following sales allocation shall apply to [manufacturers, assemblers, contractors, producers, and exporters] ALL BUSINESSES with factories, project offices, plants, and plantations in the pursuit of their business:

(1) Thirty percent (30%) of all sales recorded in the principal office shall be taxable by the city or municipality where the principal office is located; and

(2) Seventy percent (70%) of all sales recorded in the principal office shall be taxable by the city or municipality where the factory, project office, plant, or plantation is located.

(c) In case of a plantation located at a place other than the place where the factory is located, said seventy percent (70%) mentioned in subparagraph (b) of subsection (2) above shall be divided as follows:

(1) Sixty percent (60%) to the city or municipality where the factory is located; and

(2) Forty percent (40%) to the city or municipality where the plantation is located.

(d) In cases where a [manufacturer, assembler, producer, exporter or contractor] BUSINESS has two (2) or more factories, project offices, plants, or plantations located in different localities, the seventy percent (70%) sales allocation mentioned in subparagraph (b) of subsection (2) above shall be prorated among the localities where the factories, project offices, plants, and plantations are located in proportion to their respective volumes of production during the period for which the tax is due.

Section 14. Section 151 of the Code is hereby amended to read as follows:

SEC. 151. Scope of Taxing Powers. - Except as otherwise provided in this Code, the city, may levy the taxes, fees, and charges which the province or municipality may impose: Provided, however, That the taxes, fees and charges levied and collected by highly urbanized and independent component cities shall accrue to them and distributed in accordance with the provisions of this code.

Section 15. Section 152 of the Code is hereby amended to read as follows:

SEC. 152. Scope of Taxing Powers. - The Barangays may levy taxes, fees and charges, as provided in this Article, which shall exclusively accrue to them: (a) Taxes – On stores or retailers with fixed business establishments with gross sales or receipts of the preceding calendar year of [Fifty] ONE HUNDRED Thousand pesos [(P50,000)] (P100,000) or less, in the case of cities and [Thirty] SIXTY thousand pesos [(P30,000)] (P60,000) or less, in the case of municipalities, at a rate not exceeding one percent (1%) on such gross sales or receipts.

Section 16. Section 155 of the Code is hereby amended to read as follows:

SEC. 155 Toll Fees or Charges. - The Sanggunian concerned may prescribe the terms and conditions and fix the rates for the imposition of toll fees or charges for the use of any public road, pier or wharf, waterway, bridge, ferry or telecommunication system funded and constructed by the local government unit concerned[: *Provided*, That no such toll fees or charges shall be collected from officers and enlisted men of the Armed Forces of the

Philippines and members of the Philippine National Police, on mission, post office personnel delivering mail, physically-handicapped, and disabled who are sixty-five (65) years or older.]
EXCEPT GOVERNMENT VEHICLES.

Section 17. Section 157 of the Code is hereby amended to read as follows:

SEC. 157 Individuals Liable to Community Tax. - Every inhabitant of the Philippines eighteen (18) years of age or over who has been regularly employed on a wage or salary basis for at least thirty (30) consecutive working days during any calendar year, or who is engaged in business or occupation, or who owns real property with an aggregate market value of One thousand pesos (P1,000) or more, or who is required by law to file an income tax return shall pay an annual community tax of NOT MORE THAN [Five] THIRTY pesos [(P5)] (P30) and an annual additional tax of NOT MORE THAN [One Peso (P1)] TWO PESOS (P2) for every One Thousand pesos (P1,000) of income [regardless of whether] from business, exercise of profession, EMPLOYMENT or from property [which in no case shall exceed Five Thousand pesos (P5,000)]. In the case of husband and wife, the additional tax herein imposed shall be based upon the total property owned by them and the total gross receipts or earnings derived by them. PROVIDED, THAT DISABLED PERSONS AND SENIOR CITIZENS NOT GAINFULLY EMPLOYED, NOT ENGAGED IN BUSINESS OR EARNING LESS THAN SIXTY THOUSAND PESOS (P60,000.00) ANNUALLY SHALL PAY A FIX AMOUNT OF THIRTY PESOS (P30).

Section 18. Section 158 of the Code is hereby amended to read as follows:

SEC. 158. Juridical Persons Liable to Community Tax. - Every corporation no matter how created or organized, whether domestic or resident foreign, engaged in or doing business in the Philippines shall pay an annual community tax of [Five hundred] ONE THOUSAND pesos [(P=500)] (P1,000) and an annual additional tax [, which, in no case, shall exceed Ten thousand pesos (P=10,000)] in accordance with the following schedule:

(1) For every [Five thousand pesos (P5,000.00)] ONE THOUSAND PESOS(P1,000) worth of real property in the Philippines owned by it during the preceding year based on the valuation used for the payment of the real property tax under existing laws, found in the assessment rolls of the city or municipality where the real property is situated – [Two Pesos (P2.00)] THREE PESOS (P3.00); and

(2) For every [Five thousand pesos (P5,000)] ONE THOUSAND PESOS (P1,000) of gross receipts or earnings derived by it from its business in the Philippines during the preceding year - [Two Pesos (P2.00)] THREE PESOS (P3.00). The dividends received by a corporation from another corporation however shall, for the purpose of the additional tax, be considered as part of the gross receipts or earnings of said corporation.

Section 19. Section 162 of the Code is hereby amended to read as follows:

SEC. 162. Community Tax Certificate. - A community tax certificate shall be issued to every person or corporation upon payment of the community tax. A community tax certificate may also be issued to any person or corporation not subject to the community tax upon payment of [One (1) peso.] THIRTY PESOS (P30).

Section 20. Section 171 of the Code is hereby amended to read as follows:

Sec. 171. Examination of Books of Accounts and Pertinent Records of Businessmen by Local Treasurers. - The provincial, city, municipal or Barangay treasurer may, by himself or through any of his deputies duly authorized in writing, examine the books, accounts, and other pertinent records of any person, partnership, corporation, or association subject to local taxes, fees and charges in order to ascertain, assess, and collect the correct amount of the tax, fee, or charge. Such examination shall be made during regular business hours, only once for every tax period, and shall be certified to by the examining official. Such certificate shall be made of record in the books of accounts of the taxpayer examined.

In case the examination herein authorized is made by a duly authorized deputy of the local treasurer, the written authority of the deputy concerned shall specifically state the name, address, and business of the taxpayer whose books, accounts, and pertinent records are to be examined, the date and place of such examination, and the procedure to be followed in conducting the same. For this purpose, the records of the revenue district office of the Bureau of Internal Revenue shall be made available to the local treasurer, his deputy or duly authorized representative. THE REVENUE DISTRICT OFFICER SHALL, UPON REQUEST, FURNISH THE CITY OR MUNICIPAL TREASURER, SUCH OTHER PERTINENT INFORMATION REQUIRED IN SAID EXAMINATION. THE CITY AND MUNICIPAL TREASURERS SHALL AT ALL TIMES KEEP SAID INFORMATION RECEIVED BY HIM, HIS DEPUTY OR DULY AUTHORIZED REPRESENTATIVE AS STRICTLY CONFIDENTIAL AND SHALL BE USED ONLY TO ASCERTAIN, ASSESS, AND COLLECT THE CORRECT AMOUNT OF LOCAL TAX, FEE OR CHARGE. SUCH RECORDS SHALL NOT BE DIVULGED TO ANY THIRD PERSONS EXCEPT

UPON ORDER OF COURT OF COMPETENT JURISDICTION. THE CITY OR MUNICIPAL TREASURER OR HIS DULY AUTHORIZED DEPUTY OR REPRESENTATIVE SHALL BE ADMINISTRATIVELY LIABLE FOR ITS DISCLOSURE TO ANY THIRD PARTY OR PERSON, WITHOUT PREJUDICE TO PROSECUTION UNDER EXISTING LAWS.

THE EXAMINATION SHALL BE MADE DURING REGULAR BUSINESS HOURS NOT OFTENER THAN ONCE A YEAR FOR EVERY TAX PERIOD, WHICH SHALL BE THE YEAR IMMEDIATELY PRECEEDING THE EXAMINATION, AND SHALL BE CERTIFIED B Y THE EXAMINING OFFICIAL. SUCH CERTIFICATION SHALL BE MADE OF RECORD IN THE BOOKS OF ACCOUNTS OF THE TAXPAYER EXAMINED.

ALL BUSINESSES SHOULD KEEP PROPER BOOKS OF ACCOUNTS. IN THE CASE OF BUSINESSES WITH REVENUES ABOVE SIX HUNDRED THOUSAND PESOS (P600,000.00), THE FINANCIAL STATEMENTS MUST BE AUDITED BY A CERTIFIED PUBLIC ACCOUNTANT. FOR BUSINESSES WITH REVENUES ABOVE ONE HUNDRED THOUSAND PESOS (P100,000.00) BUT BELOW SIX HUNDRED THOUSAND PESOS (P600,000.00), THE ACCOUNTS SHOULD BE PREPARED BY A BOOKKEEPER.

Section 21. Section 188 of the Code is hereby amended to read as follows:

SEC. 188 Publication of Tax Ordinances and Revenue Measures -Within FIFTEEN (15) [ten] days after their approval, certified true copies of all provincial, city and municipal tax

ordinances or revenue measures shall be published in full for three (3) consecutive days in a DAILY newspaper PUBLISHED AND CIRCULATED LOCALLY [of local circulation] OR ONCE A WEEK FOR THREE (3) CONSECUTIVE WEEKS IN CASE OF A WEEKLY NEWSPAPER PUBLISHED AND CIRCULATED LOCALLY [*Provided, however:* That], [i] In provinces, cities, and municipalities where there are no newspapers THAT ARE PUBLISHED AND CIRCULATED LOCALLY [of local circulation], the same [may] SHALL INSTEAD be posted FOR AT LEAST ONE (1) MONTH in PROVINCIAL CAPITOLS, CITY OR MUNICIPAL HALLS, ALL BARANGAY HALLS AND OTHER [at least two (2)] conspicuous and publicly accessible places.

Section 22. Section 192 of the Code is hereby amended to read as follows:

SEC. 192 Authority to grant Local Tax Exemption Privileges - UNLESS OTHERWISE PROVIDED IN THIS CODE, THE local government units [may], through duly [ordinances] approved ORDINANCES, MAY grant tax exemptions, incentives or reliefs FOR THE PURPOSE OF PROMOTING OR ENCOURAGING INVESTMENTS IN THEIR JURISDICTIONS, under such terms and conditions as they may deem necessary; PROVIDED THAT THE DURATION OF SUCH INCENTIVES SHALL NOT EXCEED FIVE (5) CONSECUTIVE YEARS FROM THE EFFECTIVE DATE GRANTING THE INCENTIVE: PROVIDED, FURTHER THAT SUCH INCENTIVE SHALL BE AVAILED ONLY ONCE.

Section 23. Section 193 of the Code is hereby amended to read as follows:

SEC. 193 Withdrawal of Tax Exemption Privileges. - Unless otherwise provided in this Code, tax exemptions or incentives granted to, or presently enjoyed by all persons, whether natural or juridical, including government-owned or controlled corporations, AND OTHER SIMILAR GOVERNMENT AGENCIES OR ENTITIES GENERATING REVENUES AS DETERMINED BY THE DEPARTMENT OF FINANCE SUCH AS, BUT NOT LIMITED TO PHILIPPINE PORTS AUTHORITY, MANILA INTERNATIONAL AIRPORT AUTHORITY, PHILIPPINE RECLAMATION AUTHORITY, PHILIPPINE RETIREMENT AUTHORITY [except local water districts, cooperatives duly registered under R.A. 6398, non-stock and non-profit hospitals and educational institutions,] are hereby withdrawn effective January 1, 2009.

EXCEPT AS PROVIDED HEREIN, NO LAW PROVIDING TAX EXEMPTION FROM LOCAL GOVERNMENT TAXES, FEES AND CHARGES SHALL BE ENACTED WITHOUT PRIOR CONSULTATION WITH THE LEAGUE OF CITIES, LEAGUE OF PROVINCES, LEAGUE OF MUNICIPALITIES AND LIGA NG MGA BARANGAY AND PRIOR RECOMMENDATION OF THE DEPARTMENT OF FINANCE.

Section 24. Section 235 of the Code is hereby amended to read as follows:

SEC. 235 Additional Levy on Real Property for the Special Education Fund (SEF). A province or city, or a municipality within the Metropolitan Manila Area, may levy and collect an annual tax of [one percent (1%)] ONE AND ONE HALF PERCENT (1½%) on the assessed value of real property IN THEIR RESPECTIVE TERRITORIAL JURISDICTION [which shall be] in addition to the basic real property tax PROVIDED UNDER THIS CODE. The proceeds thereof shall exclusively accrue to the Special Education Fund (SEF).

Section 25. Section 272 of the Code is hereby amended to read as follows:

SEC. 272 Application of Proceeds of the [Additional One Percent] SEF Tax. The proceeds from the additional [one percent (1%)] ONE AND ONE HALF PERCENT (1½%) tax on real property accruing to the Special Education Fund (SEF) OF THE PROVINCE, CITY OR MUNICIPALITY WITHIN THE METROPOLITAN MANILA AREA shall be automatically released to the local school boards; *Provided, however,* That in the case of provinces, the proceeds shall be divided equally between the province and the municipal school boards; *Provided, however,* That the proceeds shall be allocated for the operation and maintenance of public schools, construction and repair OR IMPROVEMENT of PUBLIC school buildings, AND/OR RELATED facilities and equipment, educational research, purchase of books and periodicals, HONORARIUM FOR TEACHERS CONDUCTING EXTENSION CLASSES and sports development as determined and approved by the Local School Board.

Section 26 - *Repealing Clause.* All general and special laws, acts, city charters, decrees, executive orders, proclamations and administrative regulations, or part or parts thereof which are inconsistent with any of the provisions of this Act are hereby repealed or modified accordingly.

Section 27_ - *Separability Clause.* If, for any reason or reasons, any part of provision of this Act shall be held unconstitutional or invalid, other parts or provisions hereof which not affected thereby shall continue to be in full force and effect.

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Section 28. *Effectivity Clause.* This Act shall take effect on _____, unless otherwise provided herein, after its complete publication in at least two (2) national newspapers of general circulation.

Approved,