



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

FIFTEENTH CONGRESS
First Regular Session

House Bill No. 4581



Introduced by Representative Tobias "Toby" Tiangco

EXPLANATORY NOTE

The 1987 Philippine Constitution provides that each local government unit shall have the power to create its own sources of revenues and to levy taxes, fees, and charges. (Section 5 Article X) This has been carried over under the Local Government Code of 1991 in Section 129. Thus, all local government units are granted general tax powers, as well as other revenue-raising powers like the imposition of service fees and charges, in addition to those specifically granted to each of the local government units.

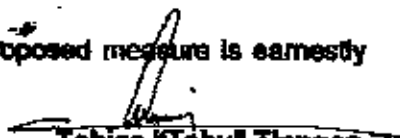
Undeniably, telecommunication companies, through their cell sites, located all over the Philippine territories are generating large income. In fact, records from the Bureau of Internal Revenue (BIR) show that giants and known telecommunication companies were among the Top 100 large taxpayers.

Telecommunication companies primarily operate through their cell sites in a particular area to provide service to its customers. These cell sites are necessary in order for telecommunication companies to generate revenues. As a matter of fact, local government units where their respective cell sites is under the obligation to provide protection to the telecommunication companies without receiving any direct benefit, such as permits in establishing cell sites.

Hence, it is but necessary and equitable to require reasonable business permits on their cell sites in the locality where they are situated.

The proposed bill aims to help the local governments to raise revenue resources of its own with the end view of making them independent from the Internal Revenue Allotment (IRA).

In view of the foregoing, the approval of the proposed measure is earnestly requested.


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AN ACT
REQUIRING ALL TELECOMMUNICATION COMPANIES TO SECURE BUSINESS
PERMITS AND LICENSES IN THE LOCAL GOVERNMENT UNITS WHERE THEIR
RESPECTIVE CELL SITES ARE LOCATED.

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

SECTION. 1 Business Permits Required to the Telecommunications Companies. No telecommunication company shall operate within the Philippines without securing business permits from the local government units where their respective cell sites are located.

SEC. 2 Authority of the Municipal and City Mayors to Require Business Permits. All local government units shall have the authority to impose business tax of not more than 1/4 of 1% of the gross revenues generated by the cell sites operating within their respective jurisdiction.

Sec. 3. This Act shall take effect fifteen (15) days after its publication in two (2) national newspapers of general circulation.

Approved.