

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

15th Congress
1st Regular Session
House Bill No. **4795**

Introduced by **HON. TOMAS R. OSMEÑA**

EXPLANATORY NOTE

This bill seeks to clearly define and expand the power of local government units insofar as the imposition of business taxes on all individuals and entities conducting business activities within their territorial jurisdictions, for as long as such activities are conducted for a consideration, whether for profit or not.

Currently, Sections 143 and 151, in relation to Section 131(d) of Republic Act No. 7160, as amended, otherwise known as the Local Government Code of 1991, allow cities and municipalities to impose business taxes but only on those individuals and entities that are engaged in trade or commercial activity "for a profit". However, other business activities and transactions that may or may not be conducted "for profit" avail of the basic services within the local government unit without sharing the burden of other taxpayers who pay business taxes to keep such basic services running.

It is the aim of this bill to assist local government units in creating and protecting their sources of revenue, by clearly delineating the basis for the imposition of business taxes for business activities and transactions conducted within their territorial jurisdictions. By virtue of this bill, all individuals and entities that conduct business activity "for a consideration", regardless of whether such activity is for profit or not, may be subject to business taxes at the option of the local government unit concerned, bearing in mind that such individuals and entities that do not do business for a profit avail of other tax exemptions and incentives under the National Internal Revenue Code.

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Introduced by **HON. TOMAS R. OSMEÑA**

**AN ACT REDEFINING "BUSINESS" FOR LOCAL GOVERNMENT
TAX PURPOSES, AMENDING FOR THE PURPOSE SECTION 131(D) OF
REPUBLIC ACT NO. 7160, AS AMENDED, OTHERWISE KNOWN AS THE
LOCAL GOVERNMENT CODE OF 1991**

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

Section 1. The definition of "Business" in Sec. 131 (d) of Republic Act No. 7160, otherwise known as the Local Government Code of 1991, is hereby amended to read as follows:

(d) "Business" means any activity or transaction that is carried on for a consideration, whether or not it is conducted for profit.

Section 2. Local business tax exemptions or incentives granted to, or presently enjoyed by all persons, whether natural or juridical, including government-owned or controlled corporations, are hereby withdrawn.

Section 3. All laws, decrees, executive orders, letters of instructions, letters of implementations, rules and regulations or parts thereof inconsistent with any provisions of this Act are hereby repealed, modified or amended accordingly.

Section 4. This Act shall take effect fifteen (15) days following its publication in at least two (2) national newspapers of general circulation.

Approved,