

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
Third Regular Session

HOUSE BILL No. 6189



Introduced by HON. JULIETTE T. UY

EXPLANATORY NOTE

This bill aims to correct the current situation of local taxation that is detrimental to local governments with regard to the treatment of the *situs* of the tax.

The current law on local taxation as stipulated in the Local Government Code already recognizes and imposes the *situs* rule on taxation but further modifications are needed to attain fairness in the area of tax sharing between and among local government units where the principal place of business, branch or sales outlet, factory, project office, plant or plantation is located.

A one hundred percent share of all sales or transactions to Local Government Units (LGUs) is proposed so long as such the sales or transactions occur within the area of the LGU concerned.

This measure shall essentially expunge the present thirty (30) percent share of the LGU where the principal place of business is located.

This bill is anchored on a progressively equitable distribution of revenues; based on the fact that most principal places of businesses are located in the highly urbanized cities of our nation, such as those in Metro Manila.

This measure is within the constitutional mandate of making our LGUs autonomous and self-sustaining government bodies.

In view of the foregoing, the immediate passage of this Bill is earnestly sought.

Approved,


HON. JULIETTE T. UY
2nd District, Misamis Oriental

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
Third Regular Session

HOUSE BILL No. **6189**

Introduced by HON. JULIETTE T. UY

AN ACT
RATIONALIZNG LOCAL TAXATION AMENDING FOR THE PURPOSE
SECTION 150, CHAPTER 1, TITLE ONE, BOOK II OF REPUBLIC ACT NO. 7160,
AS AMENDED, OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE

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

Section 1. Section 150, Chapter 1, Title One, Book II of Republic Act No. 7160, as amended, is hereby further amended to read as follows:

"SECTION 150. Situs of the Tax. - (a) For purposes of collection of the taxes under Section 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 businesses, maintaining or operating branch or sales outlet, **FACTORY, PROJECT OFFICE, PLANT OR PLANTATION** elsewhere shall record the sale in the branch or sales outlet, **FACTORY, PROJECT OFFICE, PLANT OR PLANTATION** making the sale or transaction, and the tax thereon shall accrue and shall be paid to the municipality where such branch or sales outlet, **FACTORY, PROJECT OFFICE, PLANT OR PLANTATION** is located. In cases where there is no such branch or sales outlet, **FACTORY, PROJECT OFFICE, PLANT OR PLANTATION** 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.

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

(4) 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

(5) 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)] (B) In case of a plantation located at a place other than the place where the factory is located, [said seventy percent (70%)] THE SALE OR TRANSACTION 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)] (C) In case where a manufacturer, assembler, producer, exporter or contractor has two (2) or more factories, project offices, plants, or plantations located in different localities, the [seventy percent (70%)] SALE OR TRANSACTION 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 volume or production during the period for which the tax is due.

[(e)] (D) The foregoing [sales allocation] shall be applied irrespective of whether or not sales are made in the locality where the factory, project office, plant or plantation is located."

Section 2. The Secretaries of the Department of Finance, the Department of Budget and Management and the Department of Interior and Local Government, and the Presidents of the different *Ligas* shall promulgate the required rules and regulations for the speedy and effective implementation of this Act.

Section 3. If any provision or part hereof is held invalid or unconstitutional, the remainder of the law or the provision not otherwise affected shall remain valid and subsisting.

Section 4. All laws, presidential decrees, executive orders, proclamations, department orders, memorandum circulars, administrative rules and regulations which are inconsistent with the provisions of this Act are hereby amended, modified, superseded or repealed accordingly.

Section 5. This Act shall take effect fifteen (15) days from its publication in the Official Gazette or at least two newspapers of national circulation.

Approved,