

REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
Third Regular Session

House Bill No. 8022



Introduced by **MAGDALO Party-List Representative**
HON. GARY C. ALEJANO

EXPLANATORY NOTE

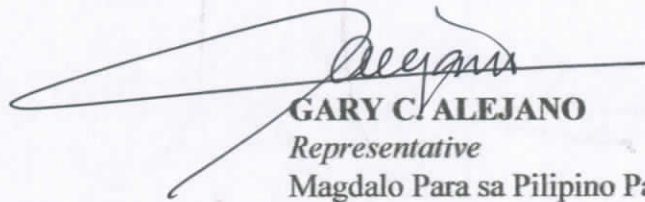
In 1991, Congress enacted Republic Act No. 7160 or the Local Government Code of 1991 which effectively delegated political and fiscal authority to local government units (LGUs). RA No. 7160 aims to encourage LGUs to become more self-reliant and to promote economic development based on the needs of their constituents.

The Local Government Code mandates each local government unit to create its own sources of revenue and to levy taxes, fees, and charges subject to the provisions provided in the law consistent with the basic policy of local autonomy.

However, some local sanggunians promulgate tax ordinances without conducting prior public hearings and affording their constituents proper notice. Hence, there is a need to amend some provisions of the Local Government Code to curb this practice and ensure that their constituents will be consulted and will be heard prior to approval of tax ordinances.

Likewise, the bill aims to provide additional measures to ensure the observance of procedural due process in the exercise of remedies afforded to taxpayers, particularly in disputing tax assessments and in filing of claims for tax refund.

In view of the foregoing, immediate approval of this measure is earnestly sought.


GARY C. ALEJANO
Representative
Magdalo Para sa Pilipino Party-List

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Introduced by **MAGDALO Party-List Representative**
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AN ACT
PROVIDING FOR BUSINESS-FRIENDLY TAX REMEDIES IN 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

1 **SEC. 1.** Section 59 of the Local Government Code of 1991 is hereby amended to read as
2 follows:

3
4 **“SEC. 59. Effectivity of Ordinances or Resolutions. —** (a) Unless
5 otherwise stated in the ordinance or the resolution approving the local
6 development plan and public investment program, the same shall take effect after
7 [ten (10) days from the date a copy thereof is posted in a bulletin board at the
8 entrance of the provincial capitol or city, municipal, or barangay hall, as the case
9 may be, and in at least two (2) other conspicuous places in the local government
10 unit concerned] **FIFTEEN (15) DAYS FOLLOWING THE COMPLETION**
11 **OF THEIR NEWSPAPER OF GENERAL OR LOCAL CIRCULATION.**
12

13 xxx xxx”

14
15
16 **SEC. 2.** Section 187 of the Local Government Code of 1991 is hereby amended to read
17 as follows:

18
19 **“SEC. 187. Procedure for Approval and Effectivity of Tax Ordinances and**
20 **Revenue Measures; Mandatory Public Hearings –**

1 (A) The procedure for approval of local tax ordinances and revenue measures shall be
2 in accordance with the provisions of this Code: Provided, That public hearings
3 shall be conducted for the purpose prior to the enactment thereof.
4

5 (B) THE CONDUCT OF PUBLIC HEARINGS SHALL BE GOVERNED BY THE
6 FOLLOWING PROCEDURE:
7

8 (1) WITHIN TEN (10) DAYS FROM FILING OF ANY PROPOSED TAX
9 ORDINANCE OR REVENUE MEASURE, THE SAME SHALL FIRST
10 BE PUBLISHED FOR THREE (3) CONSECUTIVE DAYS IN A
11 NEWSPAPER OF LOCAL CIRCULATION AND SHALL BE POSTED
12 SIMULTANEOUSLY IN AT LEAST FOUR (4) CONSPICUOUS
13 PUBLIC PLACES WITHIN THE TERRITORIAL JURISDICTION OF
14 THE LGU CONCERNED.
15

16 (2) IN ADDITION TO THE REQUIREMENT FOR PUBLICATION OR
17 POSTING, THE SANGGUNIAN CONCERNED SHALL CAUSE THE
18 SENDING OF WRITTEN NOTICES OF THE PROPOSED
19 ORDINANCE, ENCLOSING A COPY THEREOF, TO THE
20 INTERESTED OR AFFECTED PARTIES OPERATING OR DOING
21 BUSINESS WITHIN THE TERRITORIAL JURISDICTION OF THE
22 LGU CONCERNED.
23

24 (3) THE NOTICE OR NOTICES SHALL SPECIFY THE DATE OR DATES
25 AND VENUE OF THE PUBLIC HEARING OR HEARING. THE
26 INITIAL PUBLIC HEARING SHALL BE HELD NOT EARLIER THAN
27 TEN (10) DAYS FROM THE SENDING OUT OF NOTICE OR
28 NOTICES, OR THE LAST DAY OF PUBLICATION, OR DATE OF
29 POSTING THEREOF, WHICHEVER IS LATER.
30

31 (4) AT THE PUBLIC HEARING OR HEARINGS, ALL AFFECTED OR
32 INTERESTED PARTIES SHALL BE ACCORDED AN
33 OPPORTUNITY TO APPEAR AND PRESENT OR EXPRESS THEIR
34 VIEWS, COMMENTS AND RECOMMENDATIONS, AND SUCH
35 PUBLIC HEARING OR HEARINGS SHALL CONTINUE UNTIL ALL
36 ISSUES HAVE BEEN PRESENTED AND FULLY DELIBERATED
37 UPON AND/OR CONSENSUS IS OBTAINED, WHETHER FOR OR
38 AGAINST THE ENACTMENT OF THE PROPOSED TAX

1 ORDINANCE OR REVENUE MEASURE: PROVIDED, FURTHER,
2 THAT TAXPAYERS ARE ALLOWED A SUFFICIENT PERIOD OF
3 TIME TO SUBMIT POSITION PAPERS.
4

5 (5) THE SECRETARY OF THE SANGGUNIAN CONCERNED SHALL
6 PREPARE THE MINUTES OF SUCH PUBLIC HEARING AND
7 SHALL ATTACH TO THE MINUTES THE POSITION PAPERS,
8 MEMORANDA, AND OTHER DOCUMENTS SUBMITTED BY
9 THOSE WHO PARTICIPATED.
10

11 (C) NO TAX ORDINANCE OR REVENUE MEASURE SHALL BE ENACTED
12 OR APPROVED IN THE ABSENCE OF A PUBLIC HEARING DULY
13 CONDUCTED IN THE MANNER PROVIDED IN THIS ARTICLE.
14

15 (D) ANY QUESTION ON NON-COMPLIANCE WITH THE PROCEDURAL
16 ASPECT OF PASSING AN ORDINANCE MAY BE RAISED ON APPEAL
17 WITHIN THIRTY (30) DAYS FROM THE EFFECTIVITY THEREOF.
18 PROVIDED, THAT ANY QUESTION ON NON-COMPLIANCE WITH THE
19 PROCEDURAL ASPECT OF PASSING AN ORDINANCE MAY BE RAISED
20 ON APPEAL WITHIN THIRTY (30) DAYS FROM THE EFFECTIVITY
21 THEREOF; AND THAT ANY QUESTION ON CONSTITUTIONALITY OR
22 VIOLATION OF COMMON LIMITATIONS ON THE TAXING POWERS OF
23 LOCAL GOVERNMENT UNITS AS PROVIDED UNDER SECTION 133 OR
24 CONSTITUTIONALITY OF ORDINANCES MAY BE RAISED ON APPEAL
25 ANYTIME to the Secretary of Justice, who shall render a decision within ONE
26 HUNDRED TWENTY (120) DAYS from receipt of such appeal: Provided,
27 however, that such appeals shall not have the effect of suspending the effectivity
28 of the ordinance and the accrual of payment of the tax, fee, or charge levied
29 therein, UNLESS OTHERWISE PROVIDED BY THE ORDER OF THE
30 SECRETARY OF JUSTICE: Provided, further THAT WITHIN THIRTY (30)
31 DAYS AFTER RECEIPT OF THE DECISION OF THE SECRETARY OF
32 JUSTICE OR THE LAPSE OF THE 120-DAY PERIOD WITHOUT THE
33 SECRETARY OF JUSTICE ACTING ON SUCH APPEAL WITHOUT
34 NECESSARILY RENDERING A DECISION THEREON, the aggrieved party
35 may file appropriate proceedings with the REGIONAL TRIAL COURT, THE
36 DECISION OF WHICH MAY FURTHER BE APPEALED TO THE COURT
37 OF TAX APPEALS.”
38

1 **SEC. 3.** Section 188 of the Local Government Code of 1991 is hereby amended to read
2 as follows:

3
4 **“SEC 188. Publication AND POSTING of Tax Ordinances and Revenue Measures. -**

5 Within [ten (10)] FIFTEEN (15) days after their approval, certified true copies of all
6 provincial, city, and municipal tax ordinances or revenue measures shall be published in
7 full for three (3) consecutive days in a newspaper of local circulation: Provided, however,
8 That in provinces, cities and municipalities where there are no newspapers of local
9 circulation, the same may be [posted in at least two (2) conspicuous and publicly
10 accessible places] POSTED IN A BULLETIN BOARD AT THE ENTRANCE OF
11 THE PROVINCIAL CAPITOL OR CITY, MUNICIPAL, OR BARANGAY HALL,
12 AS THE CASE MAY BE, AND IN AT LEAST TWO (2) OTHER CONSPICUOUS
13 AND PUBLICLY ACCESSIBLE PLACES WITHIN THE LOCAL GOVERNMENT
14 UNIT CONCERNED; PROVIDED, FURTHER, THAT, NOTWITHSTANDING
15 ANY PROVISION IN THE TAX ORDINANCE OR REVENUE MEASURE
16 PROVIDING FOR THE EFFECTIVITY THEREOF, NO TAX ORDINANCE OR
17 REVENUE MEASURE SHALL BE VALID WITHOUT COMPLYING WITH THE
18 PROVISIONS OF THIS SECTION.”

19
20 **SEC. 4.** Section 195 of the Local Government Code of 1991 shall be amended to read as
21 follows:

22 **“SEC. 195. Protest of Assessment. -** When the local treasurer or his duly authorized
23 representative finds that correct taxes, fees, or charges have not been paid, he shall issue a
24 notice of assessment WITHIN THE PERIOD FOR ASSESSMENT AND COLLECTION
25 OF TAXES UNDER SECTION 194 OF THIS CODE stating the nature of the tax, fee, or
26 charge, the amount of deficiency, the surcharges, interests [and] penalties, AND THE
27 FACTS AND LAW UPON WHICH SUCH ASSESSMENT IS BASED, OTHERWISE,
28 THE ASSESSMENT SHALL BE VOID. Within sixty (60) days from the receipt of the
29 notice of assessment, the taxpayer may file a written protest with the local treasurer
30 contesting the assessment; otherwise, the assessment shall become final and executory.
31 The local treasurer shall decide the protest within sixty (60) days from the time of its
32 filing. If the local treasurer finds the protest to be wholly or partly meritorious, he shall
33 issue a notice cancelling wholly or partially the assessment. However, if the local
34 treasurer finds the assessment to be wholly or partly correct, he shall deny the protest
35 wholly or partly with notice to the taxpayer. The taxpayer shall have thirty (30) days from
36 the receipt of the denial of the protest or from the lapse of the sixty (60) day period
37 prescribed herein within which to appeal with the [court of competent jurisdiction]

1 SECRETARY OF FINANCE, WHO SHALL RENDER A DECISION ON SUCH
2 APPEAL WITHIN SIXTY (60) DAYS FROM RECEIPT THEREOF otherwise the
3 assessment becomes conclusive and unappealable. WITHIN THIRTY (30) DAYS FROM
4 THE RECEIPT OF THE DENIAL OF THE PROTEST OR FROM THE LAPSE OF
5 THE SIXTY (60) DAY PERIOD PRESCRIBED HEREIN WITHIN WHICH TO
6 DECIDE, THE AGGRIEVED PARTY MAY FILE APPROPRIATE PROCEEDINGS
7 WITH THE COURT OF TAX APPEALS.

8
9 THE NOTICE OF ASSESSMENT REFERRED TO IN THIS SECTION PERTAINS TO
10 THE ASSESSMENT FOR THE PAYMENT OF DEFICIENCY TAXES, FEES OR
11 CHARGES PURSUANT TO SECTION 171. THIS IS DIFFERENT FROM THE ACT
12 OF ISSUING ASSESSMENT OR BILLING FORMS FOR THE PAYMENT OF
13 TAXES, FEES OR CHARGES, WHICH IS BASED ON SELF-ASSESSMENT,
14 DURING THE APPLICATION FOR THE ISSUANCE OR RENEWAL OF BUSINESS
15 PERMITS.

16
17 UNDER NO CIRCUMSTANCE SHALL THE LOCAL TREASURER REQUIRE THE
18 PAYMENT AS A PRECONDITION FOR ENTERTAINING A PROTEST. NEITHER
19 SHALL THE LOCAL TREASURER WITHHOLD THE ISSUANCE OF BUSINESS
20 PERMIT ON ACCOUNT OF THE PENDING PROTEST.”

21
22 **SEC. 5.** Section 196 of the Local Government Code of 1991 shall be amended to read as
23 follows:

24 **“SEC. 196. Claim for Refund of Tax Credit.** - No case or proceeding shall be
25 maintained in any court for the recovery of any tax, fee, or charge erroneously or illegally
26 collected until a written claim for refund or credit has been filed with the local treasurer
27 WITHIN TWO (2) YEARS FROM THE DATE OF THE PAYMENT OF SUCH TAX,
28 FEE, OR CHARGE OR FROM THE DATE THE TAXPAYER IS ENTITLED TO A
29 REFUND OR CREDIT, WHICHEVER IS LATER. THE LOCAL TREASURER
30 SHALL HAVE SIXTY (60) DAYS FROM THE DATE OF RECEIPT OF SUCH
31 CLAIM WITHIN WHICH TO DECIDE ON SUCH CLAIM. THE DECISION OR
32 INACTION OF THE LOCAL TREASURER MAY BE APPEALED WITHIN THIRTY
33 (30) DAYS TO THE SECRETARY OF FINANCE, WHO SHALL RENDER A
34 DECISION ON SUCH APPEAL WITHIN SIXTY (60) DAYS FROM RECEIPT
35 THEREOF. THE PARTY ADVERSELY AFFECTED BY THE DECISION OR
36 INACTION OF THE SECRETARY OF FINANCE MAY APPEAL TO THE COURT
37 OF TAX APPEALS WITHIN THIRTY (30) DAYS FROM RECEIPT OF THE
38 DECISION OR LAPSE OF THE 60-DAY PERIOD TO DECIDE. [No case or

1 proceeding shall be entertained in any court after the expiration of two (2) years from the
2 date of the payment of such tax, fee, or charge, or from the date the taxpayer is entitled to
3 a refund or credit.]”

4
5 **SEC. 6.** Section 226 of the Local Government Code of 1991 shall be amended to read as
6 follows:

7 **“SEC. 226. Local Board of Assessment Appeals** – Any owner or person having legal
8 interest in the property who is not satisfied with the action of the provincial, city or
9 municipal assessor in the assessment of his property may, within sixty (60) days from the
10 date of receipt of the written notice of assessment, FILE A WRITTEN PROTEST
11 THEREOF WITH THE LOCAL ASSESSOR, WHO SHALL HAVE THIRTY (30)
12 DAYS TO ACT ON SUCH PROTEST. WITHIN THIRTY (30) DAYS FROM
13 RECEIPT OF THE ADVERSE DECISION OF THE LOCAL ASSESSOR OR THE
14 LAPSE OF THE PERIOD GIVEN TO THE LOCAL ASSESSOR TO RENDER A
15 DECISION, THE AGGRIEVED PARTY MAY appeal to the Board of Assessment
16 Appeals of the province or city by filing a petition under oath in the form prescribed for
17 the purpose, together with copies of the tax declarations and such affidavits or documents
18 submitted in support of the appeal.

19
20 **SEC. 7.** Section 229 of the Local Government Code of 1991 shall be amended to
21 read as follows:

22
23 **“SEC. 229. Action by the Local Board of Assessment Appeals** – (a) The LOCAL
24 Board shall decide the appeal within one hundred twenty (120) days from the date of
25 receipt of such appeal. The LOCAL Board, after hearing, shall render its decision based
26 on substantial evidence or such relevant evidence on record as a reasonable mind might
27 accept as adequate to support the conclusion.

28
29 (b) In the exercise of its appellate jurisdiction, the LOCAL Board shall have the power to
30 summon witnesses, administer oaths, conduct ocular inspection, take depositions, and
31 issue subpoena and subpoena duces tecum. The proceedings of the LOCAL Board
32 shall be conducted solely for the purpose of ascertaining the facts without necessarily
33 adhering to technical rules applicable in judicial proceedings.

34
35 (c) The secretary of the LOCAL Board shall furnish the owner of the property or the
36 person having legal interest therein and the provincial or city assessor with a copy of
37 the decision of the LOCAL Board. In case the provincial or city assessor concurs in
38 the revision or the assessment, it shall be his duty to notify the owner of the property

1 or the person having legal interest therein of such fact using the form prescribed for
2 the purpose. The owner of the property or the person having legal interest therein or
3 the assessor who is not satisfied with the decision of the LOCAL Board, may, within
4 thirty (30) days after receipt of the decision of said LOCAL Board OR AFTER THE
5 LAPSE OF THE 120 DAY PERIOD GIVEN TO THE LOCAL BOARD TO ACT ON
6 SUCH APPEAL, appeal to the Central Board of Assessment appeals, as herein
7 provided. The decision of the Central Board MAY BE APPEALED TO THE COURT
8 OF TAX APPEALS WITHIN THIRTY (30) DAYS FROM RECEIPT OF THE
9 DECISION OR AFTER THE LAPSE OF THE 120 DAY PERIOD GIVEN TO THE
10 CENTRAL BOARD TO ACT ON SUCH APPEAL.”

11
12 **SEC. 8.** Section 252 of the Local Government Code of 1991 is hereby amended to read
13 as follows:

14 **“SEC. 252. Payment Under Protest** — (a) No protest shall be entertained unless the
15 taxpayer first pays the tax. There shall be annotated on the tax receipts the words "paid
16 under protest". The protest in writing must be filed within [thirty (30)] SIXTY (60) days
17 from payment of the tax to the provincial, city treasurer or municipal treasurer, in the
18 case of a municipality within Metropolitan Manila Area, who shall decide the protest
19 within sixty (60) days from receipt.

20
21 (b) The tax or a portion thereof paid under protest shall be held in trust by the treasurer
22 concerned.

23
24 (c) In the event that the protest is finally decided in favor of the taxpayer, the amount or
25 portion of the tax protested shall be refunded to the protestant, or applied as tax credit
26 against his existing or future tax liability.

27
28 (d) In the event that the protest is denied or upon the lapse of the sixty-day period prescribed
29 in subparagraph (a), the taxpayer may avail of the remedies as provided for in Chapter 3,
30 Title II, Book II of this Code.

31
32 (E) THE DECISION OR INACTION OF THE LOCAL TREASURER MAY BE
33 APPEALED WITHIN THIRTY (30) DAYS TO THE SECRETARY OF FINANCE,
34 WHO SHALL RENDER A DECISION ON SUCH APPEAL WITHIN SIXTY (60)
35 DAYS FROM RECEIPT THEREOF. THE PARTY ADVERSELY AFFECTED BY
36 THE DECISION OR INACTION OF THE SECRETARY OF FINANCE MAY
37 APPEAL TO THE COURT OF TAX APPEALS WITHIN THIRTY (30) DAYS FROM
38 RECEIPT OF THE DECISION OR LAPSE OF THE 60-DAY PERIOD TO DECIDE.

1 **SEC. 9. - *Repealing Clause.*** All general and special laws, acts, city charters, decrees,
2 executive orders, proclamations and administrative regulations, or part or parts thereof which are
3 inconsistent with any of the provisions of this Act are hereby repealed or modified accordingly.

4
5 **SEC. 10. - *Separability Clause.*** If, for any reason or reasons, any part of provision of
6 this Act shall be held unconstitutional or invalid, other parts or provisions hereof which not
7 affected thereby shall continue to be in full force and effect.

8
9 **SEC. 11. *Effectivity Clause.***

Approved,