

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**

**NINETEENTH CONGRESS**  
First Regular Session

**HOUSE BILL NO. 5403**



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**Introduced by Representative Gatchalian**

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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 NO. 7160, OTHERWISE KNOWN AS THE "LOCAL**  
**GOVERNMENT CODE OF 1991"**

**EXPLANATORY NOTE**

The power to tax is an incident of sovereignty and is unlimited in its range, acknowledging in its very nature no limits... So potent indeed is the power that it was once opined that the power to tax involved the power to destroy.<sup>1</sup> Therefore, it should be exercised with caution to minimize injury to the proprietary rights of a taxpayer. It must be exercised fairly, equally and uniformly, lest the tax collector *"kill the hen that lays the golden egg."*<sup>2</sup>

The security against its abuse is to be found only in the responsibility of the legislature which imposes the tax on the constituency who is to pay it.<sup>3</sup>

This bill aims to introduce amendments to Republic Act No. 7160, otherwise known as the "Local Government Code of 1991" to uphold the right of taxpayers to due process in the passage of local tax ordinances; clarify publication, posting and public hearing requirements in the passage of local

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<sup>1</sup> Tridharma Marketing Corp., v. Commissioner of Internal Revenue (CIR), G.R. No. 215950, June 20, 2016.

<sup>2</sup> Roxas, et. al., v. CIR, G.R. No. L-25043, April 26, 1968.

<sup>3</sup> Tridharma Marketing Corp., v. CIR, G.R. No. 215950, June 20, 2016.

tax ordinances; and institutionalize procedures in the exercise of taxpayer's remedies such as appeals, dispute assessments and claims for refund.

In view of the foregoing considerations, approval of this bill is earnestly sought.



**HON. REX GATCHALIAN**

*Representative*

*1<sup>st</sup> District, Valenzuela City*

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**GOVERNMENT CODE OF 1991”**

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

1  
2       **SECTION 1.** Section 59 of Republic Act No. 7160, otherwise known as  
3 the Local Government Code of 1991, hereinafter referred to as the “Code”, is  
4 hereby amended to read as follows:

5  
6           “Sec. 59. *Effectivity of Ordinance or Resolutions.* – (a) Unless  
7 otherwise stated in the ordinance or the resolution approving the  
8 local development plan and public investment program, the same  
9 shall take effect after [~~ten(10)~~] **FIFTEEN (15)** days from the date a  
10 copy thereof is posted in a bulletin board at the entrance of the  
11 provincial capitol or city, municipal, or barangay hall, as the case  
12 may be, and in at least two (2) other conspicuous places in the local  
13 government unit concerned, **AS WELL AS THE POSTING OF A**  
14 **DIGITAL COPY    THEREOF THROUGH THE USE OF THE**  
15 **INTERNET.**

16  
17           **THE PERIOD FOR POSTING SHALL BE SIMULTANEOUS**  
18 **WITH THE REQUIREMENT FOR PUBLICATION IN A**

1 **NEWSPAPER OF GENERAL OR LOCAL CIRCULATION.**

2 (b) x x x

3 x x x.”

4  
5 **SEC. 2.** Section 187 of the Code is hereby amended to read as follows:

6 “Sec. 187. Procedure *for Approval and Effectivity of Tax*  
7 *Ordinances and Revenue Measures; Mandatory Public Hearings.* –

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

12 **(B) THE CONDUCT OF PUBLIC HEARINGS SHALL BE**  
13 **GOVERNED BY THE FOLLOWING PROCEDURE:**

14 **(1) WITHIN TEN (10) DAYS FROM FILING OF ANY PROPOSED**  
15 **TAX ORDINANCE OR REVENUE MEASURES, THE SAME**  
16 **SHALL FIRST BE PUBLISHED FOR THREE (3)**  
17 **CONSECUTIVE DAYS IN A NEWSPAPER OF LOCAL**  
18 **CIRCULATION AND SHALL BE POSTED**  
19 **SIMULTANEOUSLY IN AT LEAST FOUR (4) CONSPICUOUS**  
20 **PUBLIC PLACES WITHIN THE TERRITORIAL**  
21 **JURISDICTION OF THE LGU CONCERNED.**

22 **(2) IN ADDITION TO THE REQUIREMENT FOR PUBLICATION**  
23 **AND POSTING, THE SANGGUNIAN CONCERNED SHALL**  
24 **CAUSE THE SENDING OF WRITTEN NOTICES OF THE**  
25 **PROPOSED ORDINANCE, ENCLOSING A COPY THEREOF,**  
26 **TO THE INTERESTED OR AFFECTED PARTIES**  
27 **OPERATING OR DOING BUSINESS WITHIN THE**  
28 **TERRITORIAL JURISDICTION OF THE LGU**  
29 **CONCERNED.**

30 **(3) THE NOTICE OR NOTICES SHALL SPECIFY THE DATE**  
31 **OR DATES AND VENUE OF THE PUBLIC HEARING. THE**  
32 **INITIAL PUBLIC HEARING SHALL BE HELD NOT**  
33 **EARLIER THAN TEN (10) DAYS FROM THE SENDING OUT**

1 OF NOTICE OR NOTICES, OR THE LAST DAY OF  
2 PUBLICATION AND DATE OF POSTING THEREOF,  
3 WHICHEVER IS LATER.

4 (4) AT THE PUBLIC HEARING, ALL AFFECTED OR  
5 INTERESTED PARTIES SHALL BE ACCORDED AN  
6 OPPORTUNITY TO APPEAR AND PRESENT OR EXPRESS  
7 THEIR VIEWS, COMMENTS AND RECOMMENDATIONS,  
8 AND SUCH PUBLIC HEARING SHALL CONTINUE UNTIL  
9 ALL ISSUES HAVE BEEN PRESENTED AND FULLY  
10 DELIBERATED UPON AND/OR CONSENSUS IS  
11 OBTAINED, WHETHER FOR OR AGAINST THE  
12 ENACTMENT OF THE PROPOSED TAX ORDINANCE OR  
13 REVENUE MEASURE: PROVIDED, FURTHER, THAT  
14 TAXPAYERS ARE ALLOWED A SUFFICIENT PERIOD OF  
15 TIME TO SUBMIT POSITION PAPERS.

16 (5) THE SECRETARY OF THE SANGGUNIAN CONCERNED  
17 SHALL PREPARE THE MINUTES OF SUCH PUBLIC  
18 HEARING AND SHALL ATTACH TO THE MINUTES THE  
19 POSITION PAPERS, MEMORANDA, AND OTHER  
20 DOCUMENTS SUBMITTED BY THOSE WHO  
21 PARTICIPATED.

22 (C) NO TAX ORDINANCE OR REVENUE MEASURE SHALL BE  
23 ENACTED OR APPROVED IN THE ABSENCE OF A PUBLIC  
24 HEARING DULY CONDUCTED IN THE MANNER PROVIDED  
25 IN THIS SECTION.

26 (D) ANY QUESTION ON NON-COMPLIANCE WITH THE  
27 PROCEDURE OF PASSING AN ORDINANCE MAY BE RAISED  
28 ON APPEAL WITHIN THIRTY (30) DAYS FROM THE  
29 EFFECTIVITY THEREOF: *Provided, further,* That any [question  
30 ~~on the~~] VIOLATION OF THE COMMON LIMITATIONS ON THE  
31 TAXING POWERS OF LOCAL GOVERNMENT UNITS AS  
32 PROVIDED UNDER SECTION 133 OR OF THE constitutionally  
33 or legality of tax ordinances or revenue measures may be raised

on appeal [~~within thirty (30) days from the effectivity thereof~~  
**ANYTIME** to the Secretary of Justice, who shall render a  
decision within [~~sixty (60)~~] **ONE HUNDRED TWENTY (120)** days  
from the date of receipt of such appeal: *Provided, however,* That  
such appeal shall not have the effect of suspending the  
effectivity of the ordinance and the accrual and payment of the  
tax, fee, or charge levied therein, **UNLESS OTHERWISE**  
**PROVIDED BY THE ORDER OF THE SECRETARY OF**  
**JUSTICE:** *Provided, finally,* That within thirty (30) days after  
receipt of the decision or the lapse of the [~~sixty~~] **120**-day period  
without the Secretary of Justice acting [~~upon the~~] **ON SUCH**  
appeal **WITHOUT NECESSARILY RENDERING A DECISION**  
**THEREON**, the aggrieved party may file appropriate  
proceedings with [~~a court of competent jurisdiction~~] **THE**  
**REGIONAL TRIAL COURT, THE DECISION OF WHICH MAY**  
**FURTHER BE APPEALED TO THE COURT OF TAX APPEALS.**

**SEC 3.** Section 188 of the Code is hereby amended to read as follows:

“Sec. 188. *Publication AND POSTING of Tax Ordinances and  
Revenue Measures.* – Within [~~ten (10)~~] **FIFTEEN (15)** days after  
their approval, certified true copies of all provincial, city, and  
municipal tax ordinances and revenue measures shall be  
published in full for three (3) consecutive days in a newspaper of  
**GENERAL OR** local circulation, **AS WELL AS THE POSTING OF A**  
**DIGITAL COPY THEREOF THROUGH THE USE OF THE**  
**INTERNET, AND:** ~~*Provided, however,* That in provinces, cities and~~  
~~municipalities where there are no newspapers of local circulation,~~  
~~the same may be posted in~~ **A BULLETIN BOARD AT THE**  
**ENTRANCE OF THE PROVINCIAL CAPITOL OR CITY,**  
**MUNICIPAL, OR BARANGAY HALL, AS THE CASE MAY BE, AND**  
**IN** at least two (2) conspicuous and publicly accessible places  
**WITHIN THE LOCAL GOVERNMENT UNIT CONCERNED:**

1 **PROVIDED, FURTHER, THAT, NOTWITHSTANDING ANY**  
2 **PROVISION IN THE TAX ORDINANCE OR REVENUE MEASURE**  
3 **PROVIDING FOR THE EFFECTIVITY THEREEOF, NO TAX**  
4 **ORDINANCE OR REVENUE MEASURES SHALL BE VALID**  
5 **WITHOUT COMPLYING WITH THE PROVISIONS OF THIS**  
6 **SECTION."**

7  
8 **SEC. 4.** Section 195 of the Code shall be amended to read as follows:  
9

10 "Sec. 195. *Protest of Assessment.* – When the local treasurer  
11 or his duly authorized representative finds that correct taxes, fees,  
12 or charges have not been paid, he shall issue a notice of  
13 assessment **WITHIN THE PERIOD FOR ASSESSMENT AND**  
14 **COLLECTION OF TAXES UNDER SECTION 194 OF THIS CODE**  
15 stating the nature of the tax, fee, or charge, the amount of  
16 deficiency, the surcharges, interests [and] penalties, **AND THE**  
17 **FACTS AND LAW UPON WHICH SUCH ASSESSMENT IS BASED,**  
18 **OTHERWISE, THE ASSESSMENT SHALL BE VOID.** Within sixty  
19 (60) days from the receipt of the notice of assessment, the taxpayer  
20 may file a written protest with the local treasurer contesting the  
21 assessment; otherwise, the assessment shall become final and  
22 executory. The local treasurer shall decide the protest within sixty  
23 (60) days from the time of its filing. If the local treasurer finds the  
24 protest to be wholly or partly meritorious, he shall issue a notice  
25 cancelling wholly or partially the assessment. However, if the local  
26 treasurer finds the assessment to be wholly or partly correct, he  
27 shall deny the protest wholly or partly with notice to the taxpayer.  
28 The taxpayer shall have thirty (30) days from the receipt of the  
29 denial of the protest or from the lapse of the sixty (60) day period  
30 prescribed herein within which to appeal with the [court of  
31 competent jurisdiction] **SECRETARY OF FINANCE, WHO SHALL**  
32 **RENDER A DECISION ON SUCH APPEAL WITHIN SIXTY (60)**  
33 **DAYS FROM RECEIPT THEREOF** otherwise the assessment

1 becomes conclusive and unappealable. **WITHIN THIRTY (30)**  
2 **DAYS FROM THE RECEIPT OF THE DENIAL OF THE PROTEST**  
3 **OR FROM THE LAPSE OF THE SIXTY (60) DAY PERIOD**  
4 **PRESCRIBED HEREIN WITHIN WHICH TO DECIDE, THE**  
5 **AGGRIEVED PARTY MAY FILE APPROPRIATE PROCEEDINGS**  
6 **WITH THE COURT OF TAX APPEALS.**

7 **THE NOTICE OF ASSESSMENT REFERRED TO IN THIS**  
8 **SECTION PERTAINS TO THE ASSESSMENT FOR THE**  
9 **PAYMENT OF DEFICIENCY TAXES, FEES OR CHARGES**  
10 **PURSUANT TO SECTION 171 OF THE CODE.**

11 **UNDER NO CIRCUMSTANCES SHALL THE LOCAL**  
12 **TREASURER REQUIRE THE PAYMENT AS A PRECONDITION**  
13 **FOR ENTERTAINING A PROTEST. NEITHER SHALL THE LOCAL**  
14 **TREASURER WITHHOLD THE ISSUANCE OF BUSINESS**  
15 **PERMIT ON ACCOUNT OF THE PENDING PROTEST.”**  
16

17 **SEC 5.** Section 196 of the Code shall be amended to read as follows:  
18

19 “Sec. 196. *Claim for Refund of OR Tax Credit.* – No case or  
20 proceeding shall be maintained in any court for the recovery of any  
21 tax, fee, or charge erroneously or illegally collected until a written  
22 claim for refund or credit has been filed with the local treasurer  
23 **WITHIN TWO (2) YEARS FROM THE DATE OF THE PAYMENT**  
24 **OF SUCH TAX, FEE, OR CHARGE OR FROM THE DATE THE**  
25 **TAXPAYER IS ENTITLED TO A REFUND OR CREDIT, WHICHER**  
26 **IS LATER. THE LOCAL TREASURER SHALL HAVE SIXTY (60)**  
27 **DAYS FROM THE DATE OF RECEIPT OF THE CLAIM WITHIN**  
28 **WHICH TO DECIDE THE CLAIM.**

29 **WITHIN THIRTY (30) DAYS FROM RECEIPT OF THE**  
30 **DECISION OR THE LAPSE OF THE 60-DAY PERIOD WITHOUT**  
31 **THE LOCAL TREASURER ACTING UPON THE CLAIM, THE**  
32 **TAYPAYER MAY FILE AN APPEAL WITH THE SECRETARY OF**  
33 **FINANCE WHO SHALL RENDER A DECISION WITHIN SIXTY**

1 (60) DAYS FROM RECEIPT THEREOF. THE PARTY ADVERSELY  
2 AFFECTED BY THE DECISION OR INACTION OF THE  
3 SECRETARY OF FINANCE MAY APPEAL TO THE COURT OF  
4 TAX APPEALS WITHIN THIRTY (30) DAYS FROM RECEIPT OF  
5 THE DECISION OR FROM THE LAPSE OF THE 60-DAY PERIOD  
6 WITHIN WHICH TO DECIDE. ~~[No case or proceeding shall be~~  
7 ~~entertained in any court after the expiration of two (2) years from~~  
8 ~~the date of the payment of such tax, fee, or charge, or from the date~~  
9 ~~the taxpayer is entitled to a refund or credit.]~~

10  
11 **SEC 6.** Section 226 of the Code shall be amended to read as follows:

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

27  
28 **SEC 7.** Section 229 of the Code shall be amended to read as follows:

29  
30 “Sec. 229. *Action by the Local Board Assessment Appeals.* –  
31 (a) The **LOCAL** Board shall decide the appeal within one  
32 hundred twenty (120) days from the date of receipt of  
33 such appeal. The **LOCAL** Board, after hearing, shall

1 render its decision based on substantial evidence or such  
2 relevant evidence on record as a reasonable mind might  
3 accept as adequate to support the conclusion.

4 (b) In the exercise of its appellate jurisdiction, the LOCAL  
5 Board shall have the power to summon witnesses,  
6 administer oaths, conduct ocular inspection, take  
7 depositions, and issue subpoena and subpoena duces  
8 tecum. The proceedings of the LOCAL Board shall be  
9 conducted solely for the purpose of ascertaining the facts  
10 without necessarily adhering to technical rules  
11 applicable in judicial proceedings.

12 (c) The secretary of the **LOCAL** Board shall furnish the  
13 owner of the property or the person having legal interest  
14 therein and the provincial or city assessor with a copy of  
15 the decision of the **LOCAL** Board. In case the provincial  
16 or city assessor concurs in the revision or the  
17 assessment, it shall be his duty to notify the owner of the  
18 property or the person having legal interest therein of  
19 such fact using the form prescribed for the purpose. The  
20 owner of the property or the person having legal interest  
21 therein or the assessor who is not satisfied with the  
22 decision of the **LOCAL** Board, may, within thirty (30) days  
23 after receipt of said **LOCAL** Board **OR AFTER THE**  
24 **LAPSE OF 120-DAY PERIOD FOR THE LOCAL BOARD**  
25 **TO ACT**, appeal to the Central Board of Assessment  
26 appeals, as herein provided. The decision of the Central  
27 Board **MAY BE APPEALED TO THE COURT OF TAX**  
28 **APPEALS WITHIN THIRTY (30) DAYS FROM RECEIPT**  
29 **OF THE DECISION OR AFTER THE LAPSE OF THE**  
30 **120 DAY PERIOD GIVEN TO THE CENTRAL BOARD**  
31 **TO ACT ON SUCH APPEAL."**

32  
33 **SEC 8.** Section 252 of the Code shall be amended to read as follows:

1  
2 “Sec. 252. *Payment Under Protest.* –

3 (a) No protest shall be entertained unless the taxpayer first  
4 pays the tax. There shall be annotated on the tax receipts  
5 the words “paid under protest”. The protest in writing  
6 must be filed within [~~thirty (30)~~] **SIXTY (60)** days from  
7 payment of the tax to the provincial, city treasurer or  
8 municipal treasurer, [~~in the case of a municipality within~~  
9 ~~Metropolitan Manila Area,~~] who shall decide the protest  
10 within sixty (60) days from receipt.

11 (b) x x x

12 (c) x x x

13 (d) x x x

14 **(E) THE DECISION OR INACTION OF THE LOCAL**  
15 **TREASURER MAY BE APPEALED WITHIN THIRTY (30)**  
16 **DAYS TO THE SECRETARY OF FINANCE, WHO**  
17 **SHALL RENDER A DECISION ON SUCH APPEAL**  
18 **WITHIN SIXTY (60) DAYS FROM RECEIPT THEREOF.**  
19 **THE PARTY ADVERSELY AFFECTED BY THE**  
20 **DECISION OR INACTION OF THE SECRETARY OF**  
21 **FINANCE MAY APPEAL TO THE COURT OF TAX**  
22 **APPEALS WITHIN THIRTY (30) DAYS FROM RECEIPT**  
23 **OF THE DECISION OR LAPSE OF THE 60-DAY PERIOD**  
24 **TO DECIDE.”**  
25

26 **SEC 9. *Implementing Rules and Regulations.*** – The Department of  
27 Interior and Local Government in coordination with the Department of  
28 Finance and Department of Justice shall issue the necessary rules and  
29 regulations to implement the provisions of this Act within sixty (60) days from  
30 its effectivity.  
31

32 **SEC. 10. *Repealing Clause.*** – All general and special laws, acts, city  
33 charters, executive orders, presidential proclamations, issuances, rules and

1 regulations, or parts thereof which are contrary to or inconsistent with any  
2 of the provisions of this Act are hereby repealed, amended, or modified  
3 accordingly.  
4

5 **SEC. 11. *Separability Clause.*** – If any portion or provision of this Act is  
6 subsequently declared invalid or unconstitutional, other provisions hereof  
7 which are not affected thereby shall remain in full force and effect.  
8

9 **SEC. 12. *Effectivity Clause.*** – This Act shall take effect fifteen (15) days  
10 after its publication in the *Official Gazette* or in a newspaper of general  
11 circulation.  
12

13 *Approved,*