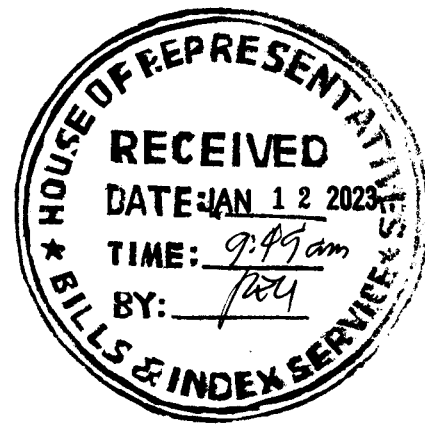


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS
First Regular Session

HOUSE BILL NO. **6766**



Introduced by HONORABLE LUIS N. CAMPOS, JR.

EXPLANATORY NOTE

Enshrined within the Constitution is our policy and directive on local autonomy. Article II, Section 25 states that:

"The State shall ensure the autonomy of local governments".

Section 2 of Article X that governs Local Governments states that:

"The territorial and political subdivisions shall enjoy local autonomy".

The Local Government Code follows suit when it declared that political subdivisions such as cities "shall enjoy genuine and meaningful local autonomy to enable them to attain their fullest development as self-reliant communities and make them more effective partners in the attainment of national goals. Toward this end, the State shall provide for a more responsive and accountable local government structure instituted through a system of decentralization whereby local government units shall be given more powers, authority, responsibilities, and resources".

In line with the foregoing principles it is the hope of this bill that by exempting local government units from all forms of taxation, it provides them with more resources to be utilized for the benefit of their constituents and for their development and growth. This would also simplify the transactions between the national and local government and reduce red tape which prolong national and local government interactions.

While the idea may seem revolutionary, it must be kept in mind that non-profit institutions are exempt from certain taxes within our jurisdiction. This bill seeks to go beyond current boundaries in the search of further development and growth.

In consideration of the foregoing premises, the approval of this bill is earnestly sought.

A handwritten signature in black ink, appearing to be "LUIS N. CAMPOS, JR.".

LUIS N. CAMPOS, JR.

Republic of the Philippines
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NINETEENTH CONGRESS
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HOUSE BILL NO. **6766**

Introduced by **HONORABLE LUIS N. CAMPOS, JR.**

**AN ACT EXEMPTING ALL LOCAL GOVERNMENT UNITS FROM PAYING ALL
FORMS OF TAXATION**

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

SECTION 1. *Declaration of Policy* - It is the State's policy to promote local autonomy and to accelerate economic and social growth of local government units.

SEC. 2. *Exemption of Local Government Units from paying any form of taxation* - All Local Government Units (LGUs) from barangays, municipalities, cities, to provinces are hereby exempted from paying any form taxation to the national government whether such activity was for profit or non-profit in nature provided that such tax was charged against the local government unit.

This shall not be interpreted to prevent the transmission of taxes collected by the LGUs that are due to the national government. Taxes such as but are not limited to corporate tax, income tax, and value added tax incurred by a non-government non-exempt person or institution.

SEC. 3. *Implementing Rules and Regulations* - The Secretary of Finance in coordination with the Bureau of Internal Revenue shall issue the necessary rules and regulations to put into effect the purpose of this Act.

SEC. 4. *Repealing Clause* - All laws, decrees, orders, rules and regulation or part thereof inconsistent with this Act are hereby repealed or amended accordingly.

SEC. 5. *Separability clause* - If any part or provision of this Act is declared invalid or unconstitutional, the other parts thereof not affected thereby shall remain valid.

SEC. 6. *Effectivity Clause* - This Act shall take effect fifteen (15) days upon completion of its publication in at least two (2) national newspapers of general circulation.

Approved,