



EXCERPT FROM THE MINUTES OF THE 47TH REGULAR SESSION OF THE HONORABLE SANGGUNIANG BAYAN, TIGBAUAN, ILOILO HELD AT THE SB SESSION HALL, TIGBAUAN MUNICIPAL BUILDING ON NOVEMBER 13, 2024 AT 9:20 IN THE MORNING

PRESENT:

| | | |
|--------------------------------|---|--------------------------------|
| HON. LUGEN T. ORTILANO, | - | Vice Mayor & Presiding Officer |
| HON. ADRIAN S. CAMPOSAGRADO | - | SB Member |
| HON. NERI T. CAMIÑA | - | SB Member |
| HON. REYNALDO E. TUMABOTABO | - | SB Member |
| HON. JULIUS T. LEDESMA | - | SB Member |
| HON. NORBERTO T. TURALBA | - | SB Member |
| HON. JERRY T. TUARES | - | SB Member |
| HON. ANA ROWENA A. PERERA | - | SB Member |
| HON. GAYLORD T. TRASPORTO | - | Liga President |
| HON. FLORENCE JOY V. CABALONGA | - | SKMF President |

ABSENT:

| | | |
|---------------------|---|--|
| HON. JOEL L. SAYSON | - | SB Member (<i>Special Privilege Leave</i>) |
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Municipal Ordinance No. 2024-037

AN ORDINANCE ADOPTING APPLICABLE DEPARTMENT OF FINANCE [DOF] POLICY ISSUANCES ON LOCAL FINANCE MATTERS OF MUNICIPALITY OF TIGBAUAN, PROVINCE OF ILOILO.

Introduced & Moved by: HON. JULIUS T. LEDESMA- (Movant)
 Sponsored by: Committee of Chairman on Appropriations, Budget, Finance and Accounts
 Chairman: Hon. Julius T. Ledesma
 Vice Chairman: Hon: Neri T. Camiña
 Members: Hon: Adrian S. Camposagrado
 Hon. Norberto T. Turalba
 Hon. Jerry T. Tuares
 Seconded by: Hon. Adrian S. Camposagrado, Hon. Neri T. Camiña, Hon. Reynaldo E. Tumabotabo, Hon. Norberto T. Turalba, Hon. Jerry T. Tuares, Hon. Ana Rowena A. Perera, Hon. Gaylord T. Trasporto and Hon. Florence Joy T. Cabalonga

The Sangguniang Bayan of Tigbauan hereby ordains that:

SECTION 1. SHORT TITLE. This Ordinance shall be known as, “An Ordinance Adopting Applicable Department of Finance [DOF] Policy Issuances on Local Finance Matters in the Municipality of Tigbauan, Province of Iloilo” or “The DOF policy ordinance” for short.

SECTION 2. DEFINITION OF TERMS. For the purpose of this Ordinance the following terms shall be construed in its functional definition to wit:

Accrual Accounting. - A modified accrual basis of accounting is used. Under this method, all expenses shall be recognized when incurred. Income shall be on accrual basis (e.g. Share from Internal Revenue Collections) except for transactions where accrual basis is impractical (e.g. Market Fees) or when other methods may be required by law. (COA NGAS Manual for LGU);

Administrative Office - refers to offices that house office departments such as, but not limited to, treasury, internal audit, administration, purchasing, and finance. It is neither a branch, sales, or project office and does not operate any aspect of its business or primary

purposes nor does it handle the invoices or records of sales to its customers, nor are there any transactions or sales made treat;

Branch or Sales Office - refers to a fixed place in a locality that conducts operations of the business as an extension of the principal office. A warehouse, which accepts orders and/or issues sales invoices independent of a branch with a sales office shall be considered as a sales office;

Capital Outlay (CO) – Purchase of goods and services, the benefits of which extend beyond the fiscal year and which adds to the assets of the government, including investment in the capital of government-owned or controlled corporations and their subsidiaries as well as investment in public utilities such as public markets and slaughterhouses;

Charges - refers to the pecuniary liability, as a rent or fees against a persons or property in exchange for the use or utility of a facility or service of the government;

Expenditures by Function - These are expenditures grouped as to purpose of which such expenses were incurred, irrespective of the agency of the government through which they were made. The category includes: General Public Services; Department of Education: Health, Nutrition and Population Control; Labor and Employment; Housing and Community Development; Social Security/Social Services and Welfare; Economic Services; Debt Service; and Other Purposes;

Expenditures by Sector - These are expenditures that take into account the government agency through which the expenses were made. The categories are reduced to five namely: General Public Services; Social Services (including the Department of Education, Health, Nutrition and Population Control, Labor and Employment, Housing and Community Development, and Social Security/Social Services and Welfare); Economic Services; Debt Service;

Fee - refers to a charge fixed by law or ordinance for the regulation or inspection of a business or activity;

Financial Expenses (FE) – includes interest expense, commitment charges, and all other fees and charges related to loans payable;

Investment Promotion Agencies - refer to government entities created by law, executive order, decree or other issuance, in charge of promoting investments, granting and administering tax and non-tax incentives, and overseeing the operations of the different economic zones and free ports in accordance with their respective special laws. These include the Board of Investments (BOI), Regional Board of Investments-Autonomous Region in Muslim Mindanao (RBOI-ARMM), Philippine Economic Zone Authority (PEZA), Bases Conversion and Development Authority (BCDA), Subic Bay Metropolitan Authority (SBMA), Clark Development Corporation (CDC), John Hay Management Corporation (JHMC), Poro Point Management Corporation (PPMC), Cagayan Economic Zone Authority (CEZA), Zamboanga City Special Economic Zone Authority (ZCSEZA), PHIVIDEC Industrial Authority (PIA), Aurora Pacific Economic Zone and Free port Authority (APECO), Authority of the Free port Area of Bataan (AFAB), Tourism Infrastructure and Enterprise Zone Authority (TIEZA), and all other similar existing authorities or that may be created by law unless otherwise specifically exempted from the coverage of this Code;

Local taxes - are taxes that may be imposed by LGUs in line with their power to create revenue sources within the limitations set forth by existing laws;

Maintenance and Other Operating Expenses (MOOE) – all current expenses incurred for the purchase of goods and services used for maintenance and operational expenses, i.e., traveling, communication, supplies, Repair and Maintenance, etc. (For details of MOOE account classification, refer to COA NGAS Manual);

Outsourced - means to procure something, such as some goods or services needed by a business or organization from outside sources and specially from foreign or nonunion suppliers, or to contract for work, jobs, etc., to be done by outside or foreign workers;

Personal Services (PS) - includes all current operating expenses for payment of services that includes salaries and wages, employee benefits and other compensation. (For details of Personal Services classification, refer to COA NGAS Manual);

Principal Office - refers to the head or main office of the business appearing in the pertinent documents submitted to the Securities and Exchange Commission, or the Department of Trade and Industry, or another appropriate agencies, as the case may be;

Project Office - refers to an office used in administering the projector construction being undertaken in pursuit of the business which may not be a fixed place but one that may be transferred from one project site to another;

Service Contractor - refers to persons, natural or juridical, not subject to professional tax under Section 139 of the LGC, whose activity consists essentially of all kinds of services calls for the exercise or use of the physical or mental faculties of such contractor or his employees, which includes, but is not limited to housekeeping, janitorial, messengerial, mailing, custodial management services, plant operations and maintenance management services, clinical equipment, repair and maintenance services, laundry and linen distribution management services, grounds care management services, security services, transportation services, electrical, plumbing and mechanical services;

Telecommuting - refers to a work from an alternative workplace with the use of telecommunications and/or computer technologies;

Temporary - refers to that which is to last for a limited time only, as distinguished from that which is perpetual, or indefinite, in its duration;

Transitioning RBEs - refer to any individual, partnership, corporation, Philippine branch of foreign corporation, or other entity organized and existing under Philippine laws and registered with an IPA, and whose projects or activities are granted incentives prior to the effectivity of the CREATE Act on April 11, 2021 and subject to the Rules provided under Section 311 of the Tax Code, as amended;

WORK - from- home (WFH) refers to an output-oriented work arrangement that authorizes the worker to produce outputs/ result and accomplishments outside of the office;

CHAPTER I IMPOSITION OF LOCAL BUSINESS TAX, FEES AND CHARGES TO SERVICE CONTRACTORS

SECTION 3. PURPOSE. To address the concerns of taxpayers and local government units (LGUs) in the issuance of Mayor's or Business Permit and the imposition of local business tax, fees and charges to service contractors, in case there is no branch or sales office of such service contractor where its personnel are temporarily deployed to provide outsourced services to its client, including employees who are in a telecommuting or in work-from-home (WFH) arrangement.

SECTION 4. OBJECTIVES. To clarify that a service contractor, providing temporary or outsourced personnel, in conjunction with the performance and fulfillment of its contractual obligation in an LGU where it has no branch or sales office, shall not be liable for a Mayor's or Business Permit Fee; and to ensure uniform application by cities and municipalities of the regulation and imposition of local business tax, fees and charges on a service contractor providing temporary and outsourced personnel.

SECTION 5. REGULATORY PROVISIONS. The following are the regulations set by the local Sangguniang:

A. Local Business Tax (LBT)

1. All sales or transaction made by a service contractor in an LGU where there is no branch or sales office shall be recorded in its principal office, and the LBT due thereon shall be paid to the LGU where its principal office is located;
2. All sales or transactions made by a service contractor in an LGU where it has a branch or sales office shall be recorded in the said branch or sales office, and the LBT due thereon shall be paid to the LGU where such branch or sales office is located;
3. Personnel deployed by a service contractor to its client shall not be liable to pay LBT to the LGU where it is being deployed; and
4. Employees who are telecommuting or in a WFH arrangement shall not be liable to pay LBT to the LGU where it is telecommuting or working-from-home.

B. Mayor's or Business Permit Fee

1. Imposition of Mayor's or Business Permit Fee. Service contractor maintaining a principal office, branch or sales office, project office, administrative office, and other similar offices in relation to its business shall be liable to pay the Mayor's or Business Permit Fee, as provided under a duly enacted ordinance of the LGU concerned; and
2. Mayor's or Business Permit Fee. Service contractor providing temporary and outsourced personnel, including personnel who are in a telecommuting or in a WFH arrangement, for its client in an LGU where it does not maintain any office, shall not be liable to pay Mayor's or Business Permit Fee.

C. Occupation Permit Fees. Cities and municipalities, where temporary and outsourced personnel are deployed by the service contractor, may impose and collect occupation fees on every personnel who will be engaged in the practice of the occupation or calling not requiring government examination.¹⁶ The concerned service contractor shall annually submit the list of outsourced personnel deployed in the LGU for purposes of collecting occupation permit fees.

While temporary and outsourced personnel who are in a telecommuting or in a WFH arrangement may be subject to occupation fees where its principal or branch office is located.

However, individuals who already paid their professional tax in their respective principal offices, as provided in Section 139 of the LGC, are exempted from the imposition and collections of occupation fees.

D. Other Fees and Charges. The principal office, branch or sales office, project office, and administrative office of a service contractor are subject to the regulation and imposition of fees and charges by the city or municipality where such offices are located to recover the cost of services that the LGU may render as a function of regulation and/or service provision, and as may be provided under a duly enacted local ordinance.

CHAPTER II

IMPOSITION OF LOCAL TAXES, FEES, AND CHARGES ON REGISTERED BUSINESS ENTERPRISES (RBES)) AVAILING OF TAX INCENTIVES PRIOR TO THE EFFECTIVITY OF THE CORPORATE RECOVERY AND TAX INCENTIVES FOR ENTERPRISES

SECTION 6. PURPOSE. To address the concerns of RBEs granted incentives before the effectivity of Republic Act No. 11534, with respect to the imposition of local taxes, fees, and

charges by local government units notwithstanding their exemption there from pursuant to their registration agreements.

Page 5-Mun. Ord. No. 2024-037

SECTION 7. IMPOSITION OF LOCAL TAXES, FEES, AND CHARGES ON TRANSITIONING RBEs. Consistent with Section 311 of the Tax Code, as amended by the CREATE Act, LGU Tigbauan shall be guided by the following rules with respect to the imposition of local taxes, fees and charges to transitioning RBEs:

a. On local taxes

1. Transitioning RBEs availing of ITH only. All transitioning RBEs which were granted an ITH and classified either as pioneer or non-pioneer under Executive Order No. 226 and/or specified in the registration agreement shall be exempt from local business taxes for the remaining period of the ITH.

All other transitioning RBEs not falling within the immediately preceding paragraph shall be liable for the payment of local business tax in accordance with the provisions of the LGC.

2. Transitioning RBEs currently availing of Income Tax Holiday (ITH) that are also entitled to the 5% tax on GIE after the ITH. All transitioning RBEs that were granted with ITH shall be guided by Section 5.1.a herein. Thereafter, such RBE shall be exempt from all local taxes⁴ while availing the 5% tax on GIE, subject to the 10-year limitation for both incentives.
3. Transitioning RBEs availing of 5% tax on GIE only. All transitioning RBEs availing the 5% tax on GIE only shall be exempt from all local taxes⁵ for a period of 10 years from the effectivity of the CREATE Act.

- b. On fees and charges** Transitioning RBEs that were granted exemption from local fees and charges under their registration agreements with the concerned IPA, or by their respective LGUs, shall continuously be exempt from fees and charges for a period of 10 years. Otherwise, LGUs may continue collecting such fees and charges if RBEs are liable there to prior to the effectivity of CREATE.

SECTION 8. ALLOCATION OF THE 5% TAX ON IGE. Existing rules on the allocation of the 5% GIE among the National Government, LGUs, and the IPAs under special laws governing the latter shall be observed. However, for RBEs governed by special laws which do not provide for allocation, the 5% tax on GIE shall be paid and remitted as follows:

1. Three percent (3%) to the National Government; and
2. Two percent (2%) shall be directly remitted to the treasurer's office of the municipality or city where the enterprise is located.

SECTION 9. OTHER LOCAL FISCAL INCENTIVES. LGUs is granting fiscal incentives pursuant to Section 192 of the LGC of 1991, subject to the conditions imposed under article 282 of the IRR of the LGC, and other existing laws, rules and regulations.

CHAPTER III

SUSPENSION OF LGU IMPOSITION AND COLLECTION OF ILLEGAL FEES AND TAXES RELATIVE TO THE TRANSPORT OF GOODS AND PRODUCTS.

SECTION 10. PURPOSE.

- a. Together with the Anti-Red Tape Authority (ARTA) and the Department of Finance-Bureau of Local Government Finance (DPF-BLGF), this Joint Memorandum Circular (1) reiterates provisions of DILG Memorandum Circular No. 2018-133 to emphasize the limitations mandated by the Local Government Code of 1991 on the taxing powers of LGUs, particularly various fees, taxes and other charges on transporting goods carried into or out, passing through, their respective territorial jurisdictions; and (2) provides additional directives for regulation on the part of ARTA, and provision of technical assistance to LGUs on the part of DOF-BLGF.

SECTION 11. REGULATORY PROVISIONS.

a. The following are the regulatory provisions in pursuant to Section 133 of the LGC:

1. Refrain from enforcing any existing ordinance authorizing the levy of fees and taxes on inter-province transport of goods or merchandise, regulatory fees in local ports, and other additional taxes, fees or charges in any form upon the transport of goods or merchandise. These include taxes, fees, and charges and other impositions upon goods carried into or out of, or passing through, the territorial jurisdictions of local government units in the guise of charges for wharfage, tolls for bridges or otherwise, sticker fee, discharging fee, delivery fee, market fee, toll fee, entry fee, and/or mayor's permit fee, or other taxes, fees, or charges in any form whatsoever upon such goods or merchandise. *(This does not include taxes, fees and charges on passengers passing through the territorial jurisdiction of an LGU, which was inadvertently include as a subject of a prohibited imposition under DILG MC No. 2017-23);*
2. All policies, issuances, ordinance, or resolutions inconsistent with this JMC shall be subject to repeal or amendment consistent with DILG-ARTA Joint Memorandum Circular 2019-01 dated December 11, 2019, entitled: "Guidelines on the Regulatory Reform for LGUs in Pursuant to the Ease of Doing Business and Efficient Government Service Delivery Act of 2018;"
3. All existing ordinances of LGUs imposing pass-through fees on goods, as well as those which provide for imposition of taxes, fees and charges in any form on transported goods and products, shall undergo Regulatory Impact Assessment (RIA) pursuant to Section 5, RA No. 11032;
4. Further, local government units are directed to strictly observe DILG MC No. 2008-112, s. 2008, particularly on the exemption from truck ban, to wit:

*"Exemptions on the Truck Ban:
Trucks and delivery vans carrying rice and other perishable items such as fish, vegetable, dairy and poultry products and frozen meat products, animal feeds, and export goods; xxxx"*

SECTION 12. APPLICABILITY CLAUSE – Provisions of Ordinances and other local policies which are consistent with the provisions of this Ordinance shall be valid and shall remain enforceable.

SECTION 13. SEPARABILITY CLAUSE – If any provision of this ordinance in the application of such provision to any person or circumstances, is declared invalid or unconstitutional, the remainder of this ordinance or application of such provisions to other persons or circumstances shall not be affected by such declaration.

SECTION 14. REPEALING CLAUSE. All local ordinances in conflict or consistent the provisions of this ordinance are hereby repealed and modified accordingly.

SECTION 15. EFFECTIVITY. This Ordinance shall take effect on the day following its approval, mandatory posting, publication and upon compliance with other requirements stated in the Local Government Code of 1991 or RA 7160.

APPROVED.

CERTIFIED CORRECT:


MA. GEMMA TABA-MOLO
 Acting Secretary

ATTESTED:


LUGENT T. ORTILANO
 Vice Mayor & Presiding Officer

APPROVED:


ATTY. VIRGILIO T. TERUEL
 Municipal Mayor

(Date signed)

HON. LUGEN T. ORTILANO

Municipal Vice Mayor

Sangguniang Bayan Members:

HON. ADRIAN S. CAMPOSAGRADO
HON. NERI T. CAMIÑA
HON. REYNALDO E. TUMABOTABO

HON. JULIUS T. LEDESMA, O.D.
HON. NORBETO T. TURALBA
HON. JERRY T. TUARES, C.E.
HON. JOEL L. SAYSON

HON. ANA ROWENA ARIAS-PERERA, R.N. M.A.N.
HON. GAYLORD T. TRASPORTO, *LnB President*
HON. FLORENCE JOY V. CABALONGA, *PPSK President*

"Public office is a public Trust. Public Officials must at all times be accountable to the people."

