

DATE OUT
DATE: 8-13-98
BY: *Mojado*
SANGGUNIANG PANLUNGSOD NG ORmoc

REPUBLIKA NG PILIPINAS
SANGGUNIANG PANLUNGSOD
LUNGSOD NG ORmoc

RECEIVED
8/13/98
ORmoc CITY

SANGGUNIANG PANLUNGSOD
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SANGGUNIANG PANLUNGSOD NG ORmoc

EXCERPT FROM THE MINUTES OF THE REGULAR SESSION OF THE EIGHT
SANGGUNIANG PANLUNGSOD NG ORmoc HELD AT THE HONORABLE
PLACIDO ENECIO HALL, SANGGUNIANG PANLUNGSOD
BUILDING ON AUGUST 12, 1998 IN LIEU
OF AUGUST 13, 1998

PRESENT:

Hon. Celso P. Adolfo,
Hon. Jose S. Serafica,
Hon. Nepomuceno P. Aparis I,
Hon. Dennis Y. Capuyan,
Hon. Mariano Y. Corro,
Hon. Benjamin B. Lladoc,
Hon. Sotero M. Pepito,
Hon. Alfredo F. Capahi,
Hon. Eduardo P. Tan,
Hon. Jose C. Alfaro, Jr.,
Hon. Claudio P. Larrazabal,
Hon. Fernando P. Parrilla,

Vice Mayor & Presiding Officer
Kagawad, Floor Leader
Kagawad, Assistant Floor Leader
Kagawad
Kagawad
Kagawad
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Kagawad
Kagawad
Ex-Officio, Kagawad, Chapter President,
Liga ng mga Barangay ng Ormoc
Ex-Officio, Kagawad,
SK Federation President
Kagawad

Hon. Chiqui B. Labagala,

ABSENT:

(NONE)

RESOLUTION NO. 98-32

A RESOLUTION RESPECTFULLY URGING CONGRESS OF THE
PHILIPPINES TO EXEMPT LOCAL GOVERNMENT UNITS FROM THE
PAYMENT OF INCOME TAX THEREBY AMENDING SECTION 27,
PARAGRAPH (C) OF REPUBLIC ACT NO. 8424, OTHERWISE KNOWN
AS THE "TAX REFORM ACT OF 1997".

WHEREAS, Section 27, paragraph (C) of Republic Act No. 8424,
otherwise known as the "Tax Reform Act of 1997" provides:

"Government-Owned or Controlled Corporations, Agencies,
or Instrumentation. - The provisions of existing special or
general laws to the contrary notwithstanding, all
corporations, agencies, or instrumentalities owned or
controlled by the government, except the Government Services
Insurance System (GSIS), the Social Security System (SSS),
the Philippine Health Insurance Corporation (PHIC), the
Philippine Charity Sweepstakes Office (PCSO) and Philippine
Amusement and Gaming Corporation (PAGCOR), shall pay such
rate of tax upon their taxable income as are imposed by this
Section upon corporation or association engaged in similar
business, industry or activity."

WHEREAS, the afore-quoted provisions of Republic Act No. 8424
affect Local Government Units as agencies of the Government;

WHEREAS, Article X, Section 5 of Philippine Constitution, provides:

"Each local government unit shall have the power to
create its own sources of revenues and to levy taxes, fees,
and charges subject to such guidelines and limitations as

the Congress may provide, consistent with the basic policy of local autonomy. Such taxes, fees and charges shall accrue exclusively to the local governments." (Underscoring supplied)

WHEREAS, the provisions of Section 129 of Republic Act 7160, otherwise known as the Local Government Code of 1991, is akin to the afore-quoted constitutional provisions;

WHEREAS, to impose a tax on the income of Local Government Units would seemingly violate the aforecited constitutional provision for the imposition of the tax in the income of Local Government Units would certainly encroach on the 'exclusivity' aspect of such taxes, fees and charges to the local governments, and moreover, all income from whatever source accruing to local government units form part of their general fund, and spent to promote the general welfare of its inhabitants, hence, must be exempted from taxation by the National Government; and finally, Section 6, Article X of the Philippine Constitution, provides: "Local government units shall have a just share, as determined by law, in the national taxes which shall be automatically released to them" which constitutional provision is likewise incorporated in Section 284 of the Local Government Code of 1991, hence, to tax local government units of whatever income it earns is ILLOGICAL, and creates an ANOMALOUS and ABSURD situation;

WHEREAS, according to Prof. Jose N. Nollado in his commentary on the Local Government Code said... "that local taxes should accrue exclusively to the local governments and the National Government cannot get a portion of said taxes and any law allowing it will be unconstitutional..." and he continues in the next paragraph "...that what an LGU can impose is not limited to taxes but also to fees and charges, thus covering all other impositions that can create revenues, whether collected in the exercise of the power of taxation or in the exercise of the police power, whether in the exercise of governmental functions or in the exercise of proprietary functions." *This taxation on the income of the LGU is definitely a diminution of its Revenue and an interference to its autonomy.* (The Local Government Code of 1991 annotated 1993 Reprint Pp. 204 to 205).

FOREGOING PREMISES, considered, on motion of Kagawad Mariano Y. Corro, Chairman, Committee on Ways and Means, severally seconded by Kagawad Benjamin B. Lladoc, Sotero M. Pepito, Alfredo F. Capahi and Chiqui B. Labagala; be it

RESOLVED, AS IT IS HEREBY RESOLVED, to pass a resolution RESPECTFULLY URGING CONGRESS OF THE PHILIPPINES TO EXEMPT LOCAL GOVERNMENT UNITS FROM THE PAYMENT OF INCOME TAX THEREBY AMENDING SECTION 27, PARAGRAPH (C) OF REPUBLIC ACT NO. 8424, OTHERWISE KNOWN AS THE TAX REFORM ACT OF 1997";

ADOPTED, August 12, 1998.

RESOLVED, FURTHER, to furnish copies of this Resolution, one each, to the President of the Philippine Senate, Hon. Marcelo Fernan, the Speaker of the House of Representative, Hon. Manuel Villar, the Chairman, Committee on Local Government, Philippine Senate, the Chairman, Committee on Local Government, House of Representative, the Secretary, Department of Interior and Local Government, the City Mayor of Ormoc, Hon. Eufrocino M. Codilla, Sr., the DILG, Director, Mr. Rodolfo Torcende, and other offices concerned.

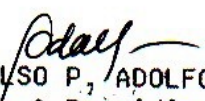
RESOLVED, FINALLY, to furnish copies of this Resolution to the different SANGGUNIANG PANLUNGSOD of the country with the request that they pass a similar Resolution requesting Congress of the Philippine To exempt from the payment of income tax Local Government Units.

CARRIED UNANIMOUSLY.

I HEREBY CERTIFY to the correctness of the foregoing resolution.

OSCAR P. LASTIM
Secretary to the
Sangguniang Panlungsod

ATTESTED:


CEL SO P, ADOLFO
Vice Mayor & Presiding Officer