



Republic of the Philippines
Department of Finance
BUREAU OF LOCAL GOVERNMENT FINANCE
Region IV-A (CALABARZON)
3rd Flr. Marcelita Bldg., National Highway
Brgy. Real, Calamba City

REGIONAL MEMORANDUM CIRCULAR NO. 04-12
February 13, 2012

TO : The Provincial, City and Municipal Treasurers of this Region

For the information, guidance and compliance of all concerned, enclosed is a copy of BLGF Memorandum Circular No. 2012-04 dated January 26, 2012 of the OIC – Executive Director of the Bureau relative to the Joint Memorandum Circular (JMC) No. 201-01 dated January 13, 2012 of the Department of Finance and (DOF) and Department of Interior and Local Government (DILG) issuing guidelines in updating or crafting Local Revenue Code (LRC) pursuant to the pertinent provisions of R.A. 7160, otherwise known as the Local Government Code (LGC) of 1991 and other relevant provisions of law.

The Provincial Treasurers within in this Region are hereby instructed to disseminate the contents of this circular to the Municipal Treasurers within their respective jurisdictions.


EDUARDO L. DEL ROSARIO, CSE, CEO VI
Regional Director

IV-A



REPUBLIC OF THE PHILIPPINES
BUREAU OF LOCAL GOVERNMENT FINANCE

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REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF LOCAL GOVERNMENT FINANCE
REGION IV-A (CALABARZON)
CALAYSA CITY

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2/6/12
DATE 0021-02-12 BY

BLGF MEMORANDUM CIRCULAR NO. 2012-04
January 26, 2012

TO : ALL REGIONAL DIRECTOR FOR LOCAL GOVERNMENT FINANCE; METROPOLITAN MANILA TREASURERS; PROVINCIAL, CITY AND MUNICIPAL TREASURERS; AND ALL OTHERS CONCERNED.

SUBJECT : DEPARTMENT OF FINANCE AND DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT JOINT MEMORANDUM CIRCULAR NO. 2012-01 DATED JANUARY 13, 2012 ENTITLED "UPDATING LOCAL REVENUE CODES".

For the information and guidance of all concerned, attached is a copy of JOINT MEMORANDUM CIRCULAR (JMC) NO. 201-01 dated January 13, 2012 of the Department of Finance (DOF) and Department of the Interior and Local Government (DILG) issuing guidelines in updating or crafting Local Revenue Code (LRC) pursuant to the pertinent provisions of R.A. No. 7160, otherwise known as the Local Government Code (LGC) of 1991 and other relevant provisions of law.

In view hereof, the Regional Directors for Local Government Finance are hereby instructed to disseminate copies of this JMC to all Provincial, City and Municipal Treasurers within their respective jurisdiction.


SALVADOR M. DEL CASTILLO
OIC-Executive Director



Republic of the Philippines
Department of the Interior and Local Government
Department of Finance

January 13, 2012

JOINT MEMORANDUM CIRCULAR NO. 2012-01

TO : ALL PROVINCIAL GOVERNORS, CITY AND MUNICIPAL MAYORS,
PRESIDING OFFICERS AND MEMBERS OF THE SANGGUNIANG
PANLALAWIGAN/PANLUNGSOD/BAYAN, THE REGIONAL AND
PROVINCIAL DIRECTORS OF THE DEPARTMENT OF THE INTERIOR
AND LOCAL GOVERNMENT (DILG) AND THE DEPARTMENT OF
FINANCE, PARTICULARLY THE BUREAU OF LOCAL GOVERNMENT
FINANCE, AND ALL OTHERS CONCERNED

SUBJECT : UPDATING LOCAL REVENUE CODES

1.0 Legal Bases

The 1987 Constitution vests on each local government unit (LGU) the power to create its own sources of revenue and to levy taxes, fees and charges subject to such guidelines and limitations as the Congress may provide, and consistent with the basic policy of local autonomy. Such taxes, fees and charges shall accrue exclusively to the local governments (Article X Section 5 of the 1987 Constitution). This mandate is reiterated in Section 129 of Republic Act (RA) 7160, otherwise known as the Local Government Code of 1991.

In updating or crafting Local Revenue Codes, certain fundamental principles should be considered such as: equity, revenue adequacy, economic efficiency, administrative feasibility, certainty, convenience and political acceptability among others. Further, Section 191 of the Local Government Code stipulates that LGUs shall have the authority to adjust the tax rates not oftener than once every five years, but in no case shall such adjustment exceed ten percent (10%) of the maximum rates fixed under the Code.

2.0 Purpose

- 2.1 To promote the robust exercise of LGUs' taxing, regulatory and proprietary powers, thus ensuring LGUs' fiscal sustainability.
- 2.2 To revisit existing LGU Revenue Codes with the end in view of updating and rationalizing the rate structures in pursuit of local economic development.
- 2.3 To streamline administrative provisions for effective enforcement and compliance.
- 2.4 To clarify the roles and responsibilities of the DILG and the DOF-BLGF in ensuring proper updating of Local Revenue Codes.
- 2.5 To promote transparency and accountability in LGUs regulatory and proprietary functions

3.0 Roles and Responsibilities

The following National Government Agencies shall endeavor to collaborate among themselves in the implementation of this Circular.

3.1 Department of Finance (DOF)-Bureau of Local Government Finance (BLGF)

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- 3.1.1 Coordinate with DILG in the preparation/updating of training modules related to local revenue code preparation/updating
 - 3.1.2 Provide resource persons and/or experts in the preparation of the Local Revenue Code
 - 3.1.3 Conduct capacity building, training and technical assistance programs for concerned DILG staff, Local Finance Committee, local sanggunian relative to the preparation/updating of local revenue code
 - 3.1.4 Collaborate with DILG in the preparation of a Guide in Updating Local Revenue Codes.
 - 3.1.5 Together with DILG and the LGU leagues, design a monitoring tool to determine the status of local revenue code formulation/updating
 - 3.1.6 Issue pertinent local finance circulars pertaining to local government taxation
 - 3.1.7 Together with DILG, advocate with LGUs through the LGU leagues the importance of codifying local revenue measures through the formulation/ updating of Local Revenue Codes (LRC) and implementation of revenue generating plans and programs.

3.2. Department of the Interior and Local Government (DILG)

- 3.2.1 Advocate with LGUs through the leagues the importance of codifying local revenue measures through the formulation/ updating of Local Revenue Codes (LRC) and implementation of revenue generating plans and programs.
- 3.2.2 Assist DOF-BLGF in the preparation of a Guide for LGUs in formulating/ updating the LRC to be disseminated to the LGUs.
- 3.2.3 Coordinate with the DOF-BLGF and other concerned agencies the delivery of technical assistance as requested by concerned LGUs, such as training, coaching and review of draft local revenue codes
- 3.2.4 Together with DOF capacitate concerned local officials/functionaries in the crafting/review of revenue related ordinances and resolutions
- 3.2.5 Together with DOF-BLGF and the LGU leagues, design a monitoring tool on the status of local revenue code preparation and/or updating and in addressing impediments or bottlenecks in the implementation of capacity building activities for DILG staff and local governments relative to revenue generation and local taxation planning and programming. Implement said monitoring tool through its Regional Offices
- 3.2.6 Provide inputs to the development and preparation of resource materials for LGUs and assist in the dissemination of the same.
- 3.2.7 Assist LGUs in accessing technical expertise needed in formulating/updating local revenue code

All DILG and DOF Regional Directors are directed to cause the widest dissemination of this JMC to their respective jurisdiction and provide the necessary assistance as needed.

3.3. Local Government Units

3.3.1 Inventory existing local ordinances and resolutions relative to ~~revenue generation and local taxation~~

3.3.2 Ensure that local resolutions and ordinances relative to local revenue generation and taxation are consistent with national laws and policies

3.3.3 Consolidate revenue ordinances into a Local Revenue Code (LRC)

3.3.4 Ensure an inclusive and participatory process that includes consultations with various stakeholders, particularly the poor, women and environmental groups in formulating/updating the local revenue code or ordinance

3.3.5 Ensure that the fundamental principles of the local Government Code are adhered to in the preparation of the local revenue code

3.3.6 Ensure that such ordinances are consistent with the provisions of Sec 187, 188, 189 of the Local Government Code of 1991, stated as follows:

Section 187: *Procedure for approval and effectivity of tax ordinances and revenue measures: Mandatory Public Hearings. The procedure for approval of local tax ordinances and revenue measures shall be in accordance with the provisions of this Code: Provided, that public hearings shall be conducted for the purpose prior to the enactment thereof: Provided further, that any question on the constitutionality or legality of tax ordinances or revenue measures may be raised on appeal within thirty (30) days from the effectivity thereof to the Secretary of Justice who shall render a decision within sixty (60) days from the date of receipt of the 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: Provided, finally, That within thirty (30) days after receipt of the decision or the lapse of the sixty day period without the Secretary of Justice acting upon the appeal, the aggrieved party may file appropriate proceedings with a court of competent jurisdiction.*

Section 188. *Publication of Tax Ordinances and Revenue Measures. Within ten (10) days after their approval, certified true copies of all provincial, city, and municipal tax ordinances or revenue measures shall be published in full for three (3) consecutive days in a newspaper of local circulation: Provided, however, That in provinces, cities and municipalities where there are no newspapers of local circulation, the same may be posted in at least two (2) conspicuous and publicly accessible places.*

Section 189: *Furnishing of Copies of Tax Ordinances and Revenue Measures. Copies of all provincial, city and municipal and barangay tax ordinances and revenue measures shall be furnished the respective local treasurers for public dissemination.*


- 3.3.7 Conduct periodic review of their revenue codes and effect necessary changes
- 3.3.8 Publish updated Revenue Codes on websites to promote transparency and in support to DILG's full disclosure policy
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- 3.3.9 To the extent possible, consult and coordinate with the DOF-BLGF, DILG, other relevant government agencies, institutions, and LGU Leagues concerned in the formulation/updating of any local revenue and or local taxation ordinances, rules and regulations, policies and programs.


4.0 Repealing Clause

All issuances, circulars, orders, and memoranda, part or parts of which are insistent with any provisions of this Circular are hereby repealed or modified accordingly.

5.0 Effectivity

This Circular shall take effect immediately.


CESAR V. PURISIMA
Secretary, DOF
004018



JESSE M. ROBREDO
Secretary, DILG



Republic of the Philippines
DEPARTMENT OF THE INTERIOR
AND LOCAL GOVERNMENT
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RHODORA V. REYES
Chief Administrative Officer
Control Records Management Division
DEPARTMENT OF FINANCE