

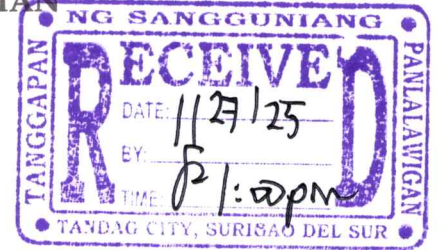
TSP, Tandag



Republic of the Philippines
MUNICIPALITY OF HINATUAN
Surigao del Sur

TANGGAPAN NG KALIHIM NG SANGGUNIAN

1st Indorsement
24th January 2025



Respectfully submitted to the Office of the Sangguniang Panlalawigan, this province the herein **S.B. Ordinance No. TC-011**, Series of 2024 in re; "ADOPTING GUIDELINES ON THE IMPOSITION OF LOCAL BUSINESS TAX, FEES, AND CHARGES TO SERVICE CONTRACTORS IN THE MUNICIPALITY OF HINATUAN", for the body's review and appropriate action, *with information that the same needs no posting in conspicuous places as required the ordinance having no penal provisions further informing that the ordinance does not require public hearing pursuant to DILG Opinion No. 54, Series of 2007 (copy attached).*

IVY ZEA VIOLA BAGARA, DM
Secretary to the Sanggunian

Refer to: Committee on Ways and Means and Taxation/
Trade, Industry, Investment and SMMS/Local
Economic Enterprises and Utilities
noted

Republic of the Philippines
OFFICE OF THE SANGGUNIANG BAYAN
Hinatuan, Surigao del Sur

EXCERPTS FROM THE MINUTES OF THE 114th REGULAR SESSION OF THE 11th
SANGGUNIANG BAYAN HELD ON DECEMBER 17, 2024 AT THE LEGISLATIVE
SESSION HALL, HINATUAN, SURIGAO, DEL SUR.

PRESENT:

Hon. Nerito P. Malinao
Municipal Vice Mayor
(Presiding Chair)

Sangguniang Bayan Members

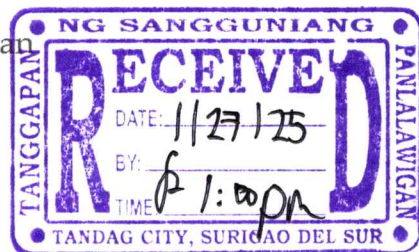
Hon. Aloha A. Telewik
Hon. Joan M. Garay
Hon. Neizyl D. Hermosa
Hon. Edilberto M. Barrios
Hon. Noel D. Ortiz
Hon. Lourdes S. Villaluz
Hon. Monalisa Cañedo-Su
Hon. Danilo A. Cacho

(Ex-Officio Member/s)

Hon. Aistanderjan P. Barrios
President, Pederasyon ng Sangguniang Kabataan

ABSENT:

Hon. Filmore M. Viola, Jr.
President, Liga ng mga Barangay



S.B. ORDINANCE NO. TC-011
Series of 2024

“ADOPTING GUIDELINES ON THE IMPOSITION OF LOCAL BUSINESS TAX,
FEES, AND CHARGES TO SERVICE CONTRACTORS IN THE MUNICIPALITY OF
HINATUAN”

AUTHORED BY : HON. MONALISA CAÑEDO-SU

EXPLANATORY NOTE

WHEREAS, the Department of Finance (DOF), through the Bureau of Local Government Finance (BLGF), issued Local Finance Circular No. 001-2022, titled "Guidelines on the Imposition of Local Business Tax, Fees, and Charges to Service Contractors," to clarify how local business tax, fees, and charges should be applied to service contractors without a branch or sales office, including those with employees working from home or remotely;

Tanggapan ng Sangguniang Panlalawigan
SURIGAO DEL SUR
OSSP-SDS-2024-4421
Telephone No.: (086) - 211 - 5832
E-Mail: tpsurigaosur@yahoo.com
Revised by:

WHEREAS, pursuant to Section 147 of the Local Government Code of 1991 (Republic Act No. 7160) and Articles 233 and 244 of its IRR, municipalities are authorized to impose reasonable business fees for permits and inspections;

WHEREAS, the imposition of unauthorized fees and taxes can hinder the flow of goods and slow economic activities, negatively impacting both local and national recovery efforts;

WHEREAS, it is important for the LGU of Hinatuan to align with LFC No. 001-2022 to avoid the illegal imposition of fees and taxes on service contractors;

NOW THEREFORE;

Section 1. TITLE. This Ordinance shall be known as “AN ORDINANCE ADOPTING GUIDELINES ON THE IMPOSITION OF LOCAL BUSINESS TAX, FEES AND CHARGES TO SERVICE CONTRACTORS IN THE MUNICIPALITY OF HINATUAN”.

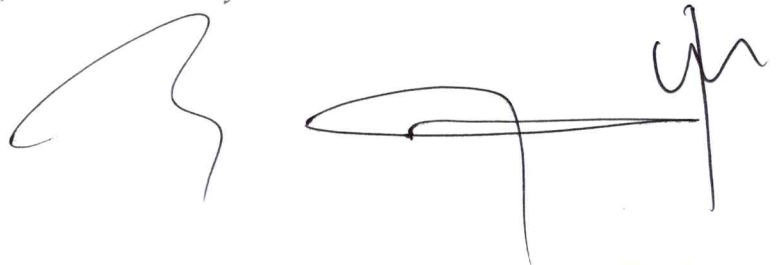
Section 2. GENERAL OBJECTIVES. This Ordinance is issued to address the need to regulate local business taxes, fees, and charges on service contractors in the Municipality of Hinatuan, in accordance with the Local Government Code and other applicable laws. The Municipality recognizes the contribution of service contractors to local development and seeks to ensure fair taxation and transparent processes for effective governance. The objectives of this Ordinance are as follows:

1. Clarify that service contractors providing temporary or outsourced personnel, without a branch or office in the LGU, are not liable for Mayor's or Business Permit Fees, and ensure uniform application of local business taxes, fees, and charges on these contractors.
2. Ensure compliance with Local Finance Circular No. 001-2022 on service contractors.
3. Strengthen fiscal management and accountability in the LGU of Hinatuan.
4. Improve the LGU's capacity to provide sustainable public services through better financial measures.

Section 3. LEGAL BASES. This Ordinance is enacted in accordance with the following bases:

3.1. “**Section 147 of RA 7160, Fees and Charges.** *The municipality may impose and collect such reasonable fees and charges on business and occupation and, except as reserved to the province in Section 139 of this Code, on the practice of any profession or calling, commensurate with the cost of regulation, inspection and licensing before any person may engage in such business or occupation, or practice such profession or calling.*”

3.2. “**Section 150 of RA 7160, Situs of the Tax.** - (a) *For purposes of collection of the taxes under Section 143 of this Code, manufacturers, assemblers, repackers, brewers, distillers, rectifiers and compounders of liquor, distilled spirits and wines, millers, producers, exporters, wholesalers, distributors, dealers, contractors, banks and other financial institutions, and other*



businesses, maintaining or operating branch or sales outlet elsewhere shall record the sale in the branch or sales outlet making the sale or transaction, and the tax thereon shall accrue and shall be paid to the municipality where such branch or sales outlet is located. In cases where there is no such branch or sales outlet in the city or municipality where the sale or transaction is made, the sale shall be duly recorded in the principal office and the taxes due shall accrue and shall be paid to such city or municipality."

3.3. "**Section 151 of RA 7160, Scope of Taxing Powers.** - Except as otherwise provided in this Code, the city, may levy the taxes, fees, and charges which the province or municipality may impose: Provided, however, That the taxes, fees and charges levied and collected by highly urbanized and independent component cities shall accrue to them and distributed in accordance with the provisions of this Code."

3.4. "**Article 233 of the IRR. Fees and Charges.** *The municipality may impose and collect such reasonable fees and charges on businesses and occupations and, except as reserved to the province in Article 229 of this Rule, on the practice of any profession or calling before any person may engage in such business or occupation, or practice such profession or calling provided that such fees or charges shall only commensurate to the cost of issuing the license or permit and the expenses incurred in the conduct of the necessary inspection or surveillance. No such fee or charge shall be based on capital investment or gross sales or receipts of the person or business liable therefore; and Articles 244 of the IRR of the LGC, respectively, provide that municipalities and cities may collect such reasonable fees and charges on business and occupations, which should be commensurate to the cost of issuing the license or permit and the expenses incurred in the conduct of the necessary inspection or surveillance."*

3.5 "**Section 243. Situs of Tax, xxx...**

(b) *Sales Allocation -*

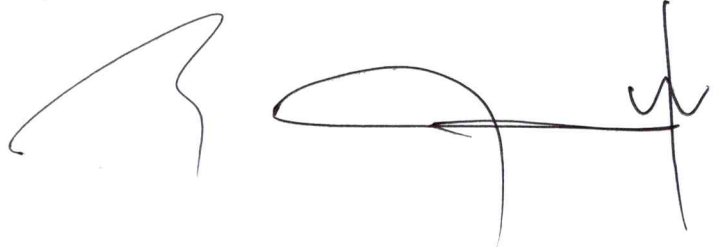
(1) *All sales made in a locality where there is a branch or sales office or warehouse shall be recorded in said branch or sales office or warehouse and the tax shall be payable to city or municipality where the same is located.*

(2) *in cases where there is no such branch, sales office or warehouse in the locality where the sale is made, the sale shall be recorded in the principal office and the tax shall accrue to the city or municipality where said principal office is located. xxx..."*

Section 4. SCOPE AND COVERAGE. This Ordinance shall apply to all service contractors operating within the Municipality of Hinatuan that provide temporary or outsourced personnel to their clients.

Section 5. DEFINITION OF TERMS. For this ordinance, the following terms are defined as:

1. **Administrative Office** - an office for departments like treasury or finance, which does not handle sales or operate a business.
2. **Branch or Sales Office** - a fixed location where a business operates as an extension of its main office, including warehouses that accept orders or issue sales invoices.



3. **Charge** - a fee for using a government facility or service.
4. **Fee** - a charge set by law or ordinance for business regulation or inspection.
5. **Principal Office** - the main office of a business, as listed in official documents.
6. **Project Office** - an office used to manage a project or construction, which can move from one site to another.
7. **Service Contractor** - a person or company that provides services for a fee, like housekeeping, janitorial, or maintenance services.
8. **Telecommuting** - working from an alternative location using telecommunications or computer technologies.
9. **Temporary** - lasting for a limited time.
10. **Outsourced** - when a business hires external workers or sources goods or services from outside providers.
11. **Work-from-Home (WFH)** - a work arrangement where employees produce results outside the office.

Section 5. IMPLEMENTING RULES AND GUIDELINES.

5.1 Local Business Tax (LBT)

5.1.1 All sales or transactions made by a service contractor in this municipality with 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's office is located;

5.1.2 All sales or transactions made by a service contractor in this municipality with branch or sales office shall be recorded in the said branch or sales office, and the LBT due thereon shall be paid in this LGU where such branch or sales office is located;

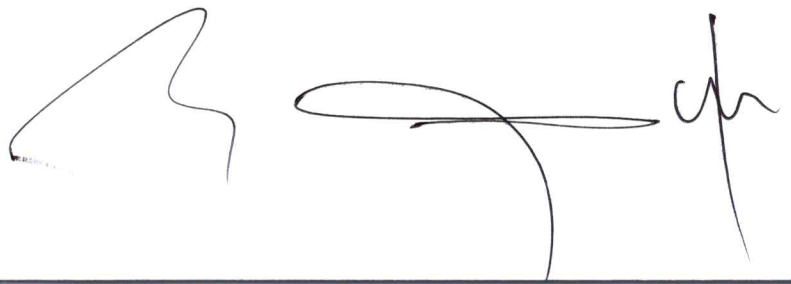
5.1.3 Personnel deployed by a service contractor to its client shall not be liable to pay LBT to the LGU where it is being deployed; and

5.1.4 Employees who are telecommuting or in a Work from Home arrangement shall not be liable to pay LBT to the LGU where it is telecommuting or working-from-home.

5.2 Mayor's or Business Permit Fee

5.2.1 **Mayor's or Business Permit Fee:** Service contractors with a principal, branch, sales, project, or administrative office must pay the Mayor's or Business Permit Fee as required by the LGU ordinance.

5.2.2 **Exemption from Mayor's or Business Permit Fee:** Service contractors providing temporary or outsourced personnel, including those working from home or telecommuting, with no office, are not required to pay the Mayor's or Business Permit Fee.

Three handwritten signatures in black ink are located at the bottom right of the page. The first signature is a large, stylized 'B' shape. The second is a long, horizontal, wavy line. The third is a vertical signature that appears to be 'CP'.

5.3 Occupation Permit Fees.

The LGU may charge occupation fees on temporary or outsourced personnel who are engaged in work that doesn't require a government exam. The service contractor must submit an annual list of deployed personnel for occupation fee collection. Personnel working-from-home or telecommuting may be charged occupation fees based on where their principal or branch office is located.

However, those who have already paid professional tax in their principal office, as per Section 139 of the LGC, are exempt from occupation fees.

5.4 Other Fees and Charges.

The principal office, branch, sales office, project office, and administrative office of a service contractor are subject to fees and charges by the municipality where they are located. These fees help cover the cost of services provided by the LGU as part of its regulatory functions, as stated in a local ordinance.

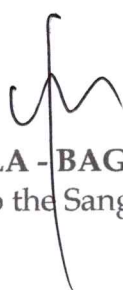
Section 6. SEPARABILITY CLAUSE. If any provision of this Ordinance is declared invalid or unconstitutional, the remaining provisions shall not be affected and shall remain in full force and effect.

Section 7. REPEALING CLAUSE. All opinions, rules, and regulations inconsistent with this Ordinance are hereby repealed or amended accordingly.

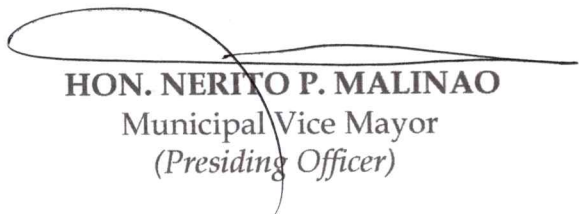
Section 8. EFFECTIVITY. That this ordinance shall take effect immediately upon approval by the Local Chief Executive (Sec. 54, RA 7160) and posting the same.

ENACTED this 17th day of December 2024.

I HEREBY CERTIFY to the correctness of the foregoing.


IVY ZEA VIOLA - BAGARA, DM
Secretary to the Sanggunian

ATTESTED AND CERTIFIED
TO BE DULY ADOPTED:


HON. NERITO P. MALINAO
Municipal Vice Mayor
(Presiding Officer)

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S.B. Ordinance No. TC-011

Series of 2024

APPROVED:



ATTY. TITO A. CAÑEDO III
Municipal Mayor