



July 2016 - June 2019

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- GOV. CARMENCITA O. REYES
- GOV. ALFONSO V. UMALI, JR.

# LEAGUE OF PROVINCES OF THE PHILIPPINES

Unit 1510, West Tower, Philippine Stock Exchange Centre, Exchange Road  
Ortigas Center, Pasig City, Philippines  
Trunklines: (632) 631-0170, 631-0197, 687-5399 | Fax No: (632) 687-4048  
Email: lppsec2007@yahoo.com | Website: www.lpponline.org

## GA RESOLUTION NO. 2017-007

**ENJOINING THE NATIONAL ECONOMIC DEVELOPMENT AUTHORITY (NEDA) AND THE DEPARTMENT OF FINANCE (DOF) TO SUPPORT THE STAND OF THE LEAGUE OF PROVINCES ON THE URGENT NEED TO CHANGE THE NATIONAL POLICY ON THE SITUS OF TAX, WHICH HAS CAUSED THE FISCAL IMBALANCE THAT FAVORED A HANDFUL OF METRO CITIES TO THE DETRIMENT OF 99% OF THE LGUS NATIONWIDE, AS PART OF THE MACRO-FISCAL POLICIES UNDER THE 0+10 SOCIO-ECONOMIC AGENDA OF THE PHILIPPINE DEVELOPMENT PLAN 2017-2022 IN ORDER TO LEVEL THE PLAYING FIELD AND ENSURE A FAIR AND JUST DETERMINATION OF THE SHARE OF LOCAL GOVERNMENT UNITS IN LOCAL TAX REVENUES GENERATED IN THEIR RESPECTIVE JURISDICTIONS**

**Whereas**, the 1991 of the Local Government Code sought the lopsided situation where permitting businesses with principal offices in Metro Manila pay the business taxes with the city or municipal governments where their principal places of business are located when most of their earnings come from their operations in the provinces, cities and municipalities outside of Metro Manila;

**Whereas**, the principle of the *situs* of the tax under Section 143 of the 1991 LGC provides that thirty percent (30%) of sales recorded in the principal office shall be taxable by the city or municipality where the principal office is located while seventy percent (70%) thereof shall be taxable by the city or municipality where the factory, project office, plant, or plantation is located;

**Whereas**, Section 143 of the 1991 also provides that in case a plantation located at a place other than the place where the factory is located, seventy percent (70%) mentioned above shall be divided where sixty percent (60%) thereof shall be paid to city or municipality where the factory is located and the remaining forty percent (40%) thereof shall be paid where the plantation is located;

**Whereas**, to ensure equitable growth nationwide and demonstrate a fair and just share in the business tax, there is a need to adjust the share of the city or municipality that hosts the factory, project office, plant, or plantation of entities vis-à-vis the city or municipality where the principal business is located;

**Whereas**, to remedy the lopsided situation, at least ninety percent (90%) of sales recorded in the principal office shall be taxable by the city or municipality where the factory, project office, plant, or plantation is located;

**Whereas**, there is an urgent need to change the national policy on the *situs* of tax, which has caused the fiscal imbalance that favored a handful of cities and municipalities located in Metro or Highly

Urbanized Cities to the detriment of 99% of the LGUs nationwide, as part of the macro-fiscal policies under the *0-to-10 Socioeconomic Agenda* under the Philippine Development Plan 2017-2022;

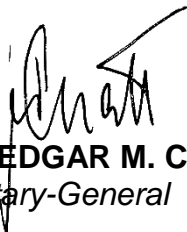
**Whereas**, the change in the national policy on the *situs* of tax will level the playing field and ensure a fair and just determination of the share of local government units in local tax revenues generated in their respective jurisdictions

**Therefore, be it resolved**, as it is hereby resolved, that the League of Provinces of the Philippines (LPP) enjoin the National Economic Development Authority (NEDA) and the Department of Finance (DOF) to support the stand of the LPP on the urgent need to change the national policy on the *situs* of tax, which has caused the fiscal imbalance that favored a handful of cities and municipalities located in Metro Cities and Highly Urbanized Cities to the detriment of 99% of the LGUs nationwide, as part of the macro-fiscal policies under the 0-10 socio-economic agenda of the Philippine Development Plan 2017-2022 in order to level the playing field and ensure a fair and just determination of the share of local government units in local tax revenues generated in their respective jurisdictions

**Resolved, further**, that the LPP furnish the Office of the President, the National Economic Development Authority (NEDA), the Department of Finance, and the Department of the Interior and Local Government (DILG) with a copy of this Resolution for their information and consideration.

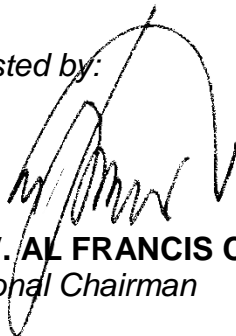
Approved this 15<sup>th</sup> day of March 2017 during the 3<sup>rd</sup> LPP General Assembly held at The Manila Hotel, City of Manila, Philippines.

*Certified true and correct:*



**GOV. EDGAR M. CHATTO**  
*Secretary-General*

*Attested by:*



**GOV. AL FRANCIS C. BICHARA**  
*National Chairman*



**GOV. RYAN LUIS V. SINGSON**  
*National President*