



Republic of the Philippines
 REGION XII
 Province of Cotabato
 Municipality of Alamada

OFFICE OF THE SANGGUNIANG BAYAN

OFFICE OF THE VICE GOVERNOR
 SANGGUNIANG PANLALAWIGAN
 Amas, Kidapawan City

RECEIVED
 Date: 11/4/2022 Time: 11:42
 Signature: *[Signature]*

EXCERPT FROM THE MINUTES OF THE 6TH REGULAR SESSION OF THE 11TH SANGGUNIANG BAYAN OF ALAMADA HELD AT SB SESSION HALL, 2ND FLOOR, MUNICIPAL BUILDING, ALAMADA, COTABATO ON AUGUST 8, 2022 AT 9:00 IN THE MORNING.

Present:

- | | |
|----------------------------------|--|
| Hon. LEONIGILDO A. CALIBARA, JR. | Municipal Vice Mayor / Presiding Officer |
| Hon. TERESA O. DEMETILLO | SB Member |
| Hon. VICTOR S. SACDALAN | SB Member |
| Hon. ZAIDAMEN S. PELANDOC | SB Member |
| Hon. BARTOLOME B. LATAZA, JR. | SB Member |
| Hon. EDWIN M. FORTUNADO, MPA | SB Member |
| Hon. SANNY P. PAMLIAN | SB Member |
| Hon. ERES C. CONCEPCION | SB Member |

Absent:

- | | |
|------------------------------|--------------------------|
| Hon. DEMOCRITO D. DIOLA, JR. | SB Member |
| Hon. JOSE ROMMEL B. DEAROS | SB Member/ABC President |
| Hon. ELMER V. BONA | SB Member/SKMF President |

RESOLUTION NO. 2022 – 24

RESOLUTION PROPOSING TO ENACT AN ORDINANCE PRESCRIBING BUSINESS TAX ON CONSTRUCTION CONTRACTORS IN THE MUNICIPALITY OF ALAMADA, PROVINCE OF COTABATO AND FOR OTHER PURPOSES.

WHEREAS, Pursuant to the provision of Section 143 (e) of Republic Act No. 7160, otherwise known as the Local Government Code 1991 (LGC), as implemented by Article 232 (e) of the Implementing Rules and Regulations (IRR), municipalities may impose as business tax on contractors and other independent contractors. However, there is a need to clarify the implementation of said provisions with regard to its application to construction contractors.

WHEREAS, in accordance with Article 287 of Implementing Rules and Regulations, the following guidelines are hereby prescribed to supplement Article 232 (e) thereof as it applies to construction contractors.

WHEREAS, Department of Finance-Local Finance Circular No. 3-95, dated May 22, 1995; "Prescribing Guidelines Governing the Power of Cities and Municipalities to Impose Business Tax on Construction Contractors Pursuant to Section 143(e), Republic Act No. 7160, Otherwise known as the Local Government Code of 1991, and its Implementing Rules and Regulations."

NOW THEREFORE, be it resolved, as it is hereby resolved, to enact the following Ordinance:

[Handwritten signatures]

ORDINANCE NO. 2022 – 6

**AN ORDINANCE PRESCRIBING BUSINESS TAX ON CONSTRUCTION CONTRACTORS
IN THE MUNICIPALITY OF ALAMADA, PROVINCE OF COTABATO
AND FOR OTHER PURPOSES.**

Author:


Hon. BARTOLOME B. LATAZA, JR.
SB Chairperson, Committee on Finance and Appropriation

Be it ordained by the Sangguniang Bayan of Alamada, Cotabato, in Regular Session that:

SECTION 1. Coverage. – In order to ensure the uniform application by municipality of the provisions of Sections 143(e) and 151 of the Local Government Code and Article 232 (e) and 237 of its Implementing Rules and Regulations, the guidelines herein prescribed shall govern the levy of business taxes on construction contractors such as, but not limited to, general engineering, general building and specialty contractors as defined under Republic Act 4566 (as amended), known as the Contractors Licensing Law and other applicable laws.

SECTION 2. Definition of Terms. – As used herein, the term.

- a. Construction Contractor – shall refer to the principal contractor who has direct contract with the contractee for a specific domestic project.
- b. Contractor – shall include persons, natural or judicial, not subject to professional tax under Section 139 of the Local Government Code, whose activity consists essentially of the sale of all kinds of construction services for a fee, regardless of whether or not the performance of the service calls for the exercise or use of the physical or mental faculties of such construction contractor or his employees.
- c. The term “contractor” shall also include general engineering, general building and specialty contractors as defined under applicable laws; filling, demolition and salvage work contractors; proprietors or operators of mine drilling apparatus; proprietors or operators of mine drilling apparatus; proprietors or operators of dockyard; persons engaged in the installation of water systems, and gas or electric light, heat, or power, proprietors or operators of smelting plants; engraving, plating, and plastic lamination establishments; proprietors or operators of establishments for repairing, repainting, upholstering, washing or greasing of vehicles, heavy equipment, vulcanizing, recapping and battery charging.
- d. Domestic Construction Project – refers to a project bided out and implemented with the territorial jurisdiction of the Philippine by any foreign or domestic contractor.

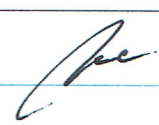


- e. General Building Construction Contractor – is a person whose principal contracting business is in connection with any structure built, for the support, shelter and enclosure of persons, animals, chattels or movable property of any kind, requiring in it constructing the use of more than two unrelated trades or crafts, or to do or superintend (supervise) the whole or any part thereof. Such structure includes sewers and sewerage disposal plants and systems, parks, playgrounds and other recreational works, refineries, chemical plants and similar industrial plants requiring specialized engineering knowledge and skill, powerhouses, power plants and other utility plants and installations, mines and metallurgical plants, cement and concrete works in connection with the abovementioned fixed works.
- f. General Engineering Contractor – is a person whose principal contracting business is in connection with fixed works requiring specialized engineering knowledge and skill, including the following divisions or subject: irrigation, drainage, water power, water supply, flood control, inland waterways, harbors, docks and wharves, shipyards and ports, dams hydroelectric projects, levees, river control and reclamation works, railroads, highways, street and roads, tunnel, airports and airways, waste reduction plants, bridges, overpasses, underpasses, and other similar works, pipelines and other system for the transmission of petroleum and other liquid or gaseous substances, land levelling and earth moving projects, excavating, grading, trenching, paving and surfacing work.
- g. Gross Sales or Receipts – shall include the total amount of money or its equivalent representing the contract price, compensation or service fee, including the amount charged or materials with the services and deposits or advance payments actually or constructively received during the taxable quarter for the services performed or to be performed for another person excluding discounts if determinable at the time of sale, sales return, exercise tax and value added tax (VAT) paid by the taxpayer.
- h. Overseas Construction Project – shall mean a construction project undertaken by a construction contractor outside the territorial boundaries of the Philippines, paid for in acceptable freely convertible foreign-currency, as well as construction contracts dealing in foreign-currency denominated fabrication works with attendant installation works outside of the Philippines.
- i. Subcontractor – Is a person whose operations pertain to the performance of construction work requiring special skills and whose principal contracting business involves the use of specialized building trades or crafts.

SECTION 3. Rate and Manner of Imposition.

- a. As provided for in Section 143(e) of the LGC of 1991, as implemented under Article 232(e) of the IRR, municipalities shall impose a business tax on contractors and other independent contractors in accordance with the following schedule:

With gross receipts for the preceding calendar year in the amount of: (In PhP)	Amount of Tax per Annum (In PhP)
Less than 5,000.00	27.50
5,000.00 or more but less than 10,000.00	61.60




With gross receipts for the preceding calendar year in the amount of: (In PhP)	Amount of Tax per Annum (In PhP)
10,000.00 or more but less than 15,000.00	104.50
15,000.00 or more but less than 20,000.00	165.00
20,000.00 or more but less than 30,000.00	275.00
30,000.00 or more but less than 40,000.00	385.00
40,000.00 or more but not less than 50,000.00	550.00
50,000.00 or more but not less than 75,000.00	880.00
75,000.00 or more but not less than 100,000.00	1,320.00
100,000.00 or more but not less than 150,000.00	1,980.00
150,000.00 or more but not less than 200,000.00	2,640.00
200,000.00 or more but not less than 250,000.00	3,630.00
250,000.00 or more but not less than 300,000.00	4,620.00
300,000.00 or more but not less than 400,000.00	6,160.00
400,000.00 or more but not less than 500,000.00	8,250.00
500,000.00 or more but not less than 750,000.00	9,250.00
750,000.00 or more but not less than 1,000,000.00	10,250.00
1,000,000.00 or more but not less than 2,000,000.00	11,500.00
2,000,000.00 or more	At a rate not exceeding fifty percent (50%) of one percent (1%)

- b. The taxable gross receipts shall be the amounts received by the principal contractor as the total contract price less the amount paid to a sub-contractor under a subcontract arrangement, if there is any. The said sub-contractor, however, shall also be subject to the business tax imposed herein.
- c. The rate of business tax that municipality may levy exceed the maximum rates prescribed in Section 3(a) above by not more than fifty percent (50%) thereof.

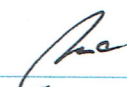
SECTION 4. Non-separability of Business. -

- a. Business activities which are inherent, related, necessary or incidental to the business of construction contractor shall be treated as one business activity subject to the same tax rate schedule under Section 3 hereof. However, the amount of tax due from the contractor shall be computed on the basis of the combined gross receipts of all such related activities; and
- b. In view hereof, the provision of Article 242 of the IRR requiring a person or entity to get a separate mayor's permit for each business activity shall not apply to construction contractors, as defined above.

SECTION 5. Situs of Tax.

a. Definition of Terms-

- i. Head/Principal Office – shall refer to the main office of the construction contractor indicate in the pertinent documents submitted to either to the Securities and Exchange Commission (SEC) or other appropriate government agencies, as the case may be. The municipality specifically mentioned in the Articles of Incorporation and other official registration papers as being the official address of said Head/Principal Office shall be considered as the situs thereof.




- ii. Branch Office – is a fixed place in a locality which conducts operation of the business as an extension of the principal office.
- iii. Project Office – shall mean the field office in the construction site. It is equivalent to the factory of a manufacturer.
- iv. For purposes of collection of the tax, the following rules shall apply:
 1. All gross receipt realized from domestic projects or contracts undertaken by the branch office shall be recorded in the said branch office and the tax thereon shall be payable to the municipality where the said branch is located;
 2. In case where there is no branch office, the gross receipts from domestic projects or contracts shall be recorded in the Head/Principal Office and the same shall be allocated as follows:
 1. Thirty percent (30%) of the gross receipts shall be taxable by the municipality where the principal office is located; and
 2. Seventy percent (70%) of the gross receipt shall be taxable by the municipality where the project office is located.
- v. In case where there are two (2) or more project offices located in different localities, the seventy percent (70%) allocation stated in subparagraph (2)(ii) above shall be prorated among the localities where such project offices are located in proportion to the work accomplished based on the cost of the projects or contracts actually undertaken in the locality during the tax period for which the tax is due.
- vi. In the case of pre-fabricated works which are paid for in accepted freely convertible foreign currency with attendant installation works outside the Philippines, the gross receipts realized therefrom shall be subject to not more than one-half (1/2) of the rate prescribed for in Section 3(1) thereof.
- vii. In case there is a transfer or relocation of the Head/Principal Office or of any branch to another city or municipality, the construction contractor shall give due notice to such transfer or relocation to the city or municipality concerned within fifteen (15) days before such transfer or relocation is effective.

SECTION 6. Time of Payment. – The business tax on construction contractors accruing to the LGU shall be paid within the first twenty (20) days of January of each year or of each subsequent quarter, as the case may be.

SECTION 7. Examination of Books of Accounts and Pertinent Records.

- a. The Municipal Treasurer or through any of her deputies duly authorized in writing may examine the books of accounts and other pertinent records of construction contractors in order to ascertain, assess and collect the correct amount of the tax due.
- b. The examination shall be made during regular office hours not oftener than once a year for every tax period, which shall be the year immediately preceding the examination and shall be limited to verifying the summary of transactions submitted by the Head Office or branch office of the construction contractor being audited, upon which the declaration of gross receipts for the preceding calendar year has been based and the tax paid thereon, and shall be certified by the examining official. Such certification shall be made of record in the books of accounts of the construction contractors examined.

SECTION 8. Incorporation Clause. – All National Laws, Rules and Regulations and Issuances are hereby incorporated herein and made an integral part hereof. In case of conflict as may be determined by competent authority, such laws and issuances shall prevail and have precedence over the provisions of this Ordinance.

SECTION 9. Repealing Clause. – All rules, regulation, orders, and/or ordinances enacted by the LGU Alamada which are contrary to, or inconsistency with the provision of this Ordinance are hereby repealed or modified accordingly.


SECTION 10. Separability Clause. – If any part of this Ordinance shall be declared as invalid by any competent jurisdiction, other parts not affected thereby shall remain in effect.

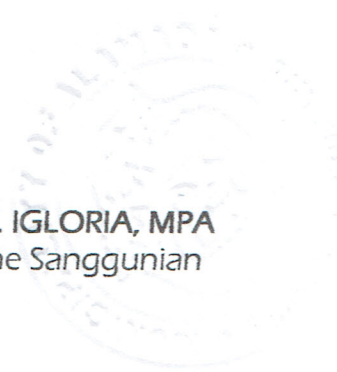
SECTION 11. Suppletory Clause. – This ordinance shall form supplemental part of the Municipal Ordinance No. 46 series of 2018 otherwise known as the Revised Revenue Code of the Municipality of Alamada, Province of Cotabato.

SECTION 12. Effectivity Clause. – This Ordinance shall take effect upon approval.

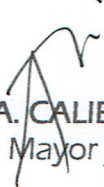
ENACTED by the Sangguniang Bayan in its Regular Session held on August 8, 2022.

CERTIFIED CORRECT:


RINA MARIE C. IGLORIA, MPA
Secretary to the Sanggunian



ATTESTED AND CERTIFIED
TO BE DULY ENACTED:


LEONIGILDO A. CALIBARA, JR.
Municipal Vice Mayor / Presiding Officer

APPROVED:


JESUS NONATO SACDALAN
Municipal Mayor
Date: 9-30-22