

**ADMINISTRATIVE ORDER NO. 270**

**ADMINISTRATIVE ORDER NO. 270 - PRESCRIBING THE IMPLEMENTING RULES AND REGULATIONS OF THE LOCAL GOVERNMENT CODE OF 1991**

**WHEREAS, Sec. 25, Article II of the Constitution mandates that the State shall ensure the autonomy of local governments;**

**WHEREAS, pursuant to this declared policy, Republic Act No. 7160, otherwise known as the Local Government Code of 1991, affirms, among others, that the territorial and political subdivisions of the State shall enjoy genuine and meaningful local autonomy to enable them to attain their fullest development as self-reliant communities and make them more effective partners in the attainment of national goals;**

**WHEREAS, Sec. 533 of the Local Government Code of 1991 requires the President to convene an Oversight Committee for the purpose of formulating and issuing the appropriate rules and regulations necessary for the efficient and effective implementation of all the provisions of the said Code; and**

**WHEREAS, the Oversight Committee, after due deliberations and consultations with all the concerned sectors of society and consideration of the operative principles of local autonomy as provided in the Local Government Code of 1991, has completed the formulation of the implementing rules and regulations;**

**NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by law, do hereby order:**

**Section 1. The attached "Rules and Regulations Implementing the Local Government Code of 1991," which shall form an integral part of this Administrative Order, are hereby approved and adopted for the efficient and effective implementation of the said Code.**

**Sec. 2. This Administrative Order shall take effect upon its publication in a newspaper of general circulation.**

***DONE in the City of Manila, this 21st day of February, in the year of Our Lord, nineteen hundred and ninety-two.***

**RULES AND REGULATIONS IMPLEMENTING THE LOCAL GOVERNMENT CODE OF 1991**

**RULE I**

**Policy and Application**

**ARTICLE 1. Title. — These Rules shall be known and cited as the Rules and Regulations Implementing the Local Government Code of 1991.**

**ARTICLE 2. Purpose. — These Rules are promulgated to prescribe the procedures and guidelines for the implementation of the Local Government Code of 1991 in order to facilitate compliance therewith and achieve the objectives thereof.**

**ARTICLE 3. Declaration of Policy. — (a) It is hereby declared the policy of the State that the territorial and political subdivisions of the State shall enjoy genuine and meaningful local autonomy to enable them to attain their fullest development as self-reliant communities and make them more effective partners in the attainment of national goals. Toward this end, the State shall provide for a more responsive and accountable local government structure instituted through a system of decentralization whereby local government units (LGUs) shall be given more powers, authority, responsibilities, and resources. The process of decentralization shall proceed from the National Government to the LGUs.**

**(b) It is also the policy of the State to ensure the accountability of LGUs through the institution of effective mechanisms of recall, initiative and referendum.**

**(c) It is likewise the policy of the State to require all national government agencies and offices (NGOs) to conduct periodic consultations with appropriate LGUs, nongovernmental organizations (NGOs) and people's organizations, and other concerned sectors of the community before any project or program is implemented in their respective jurisdictions.**

**(d) Every LGU shall exercise the powers expressly granted, those necessarily implied therefrom, as well as powers necessary, appropriate, or incidental for its efficient and effective governance, and those which are essential to the promotion of the general welfare. Within their respective territorial jurisdictions, LGUs shall ensure and support, among other things, the preservation and enrichment of culture, promote health and safety, enhance the right of the people to a balanced ecology, encourage and support the development of appropriate and self-reliant scientific and technological capabilities, improve public morals, enhance economic prosperity and social justice, promote full employment among their residents, maintain peace and order, and preserve the comfort and convenience of their inhabitants.**

**ARTICLE 4. Scope of Application. — These Rules shall apply to the following:**

**(a) All provinces, cities, municipalities, barangays, and such other political subdivisions as may be created by law;**

**(b) All LGUs in the Autonomous Region in Muslim Mindanao and other autonomous political units as may be created by law, until such time that they shall have enacted their own local government code; and**

(c) NGAs and other government instrumentalities including government-owned and -controlled corporations (GOCCs) to the extent provided in the Code.

**ARTICLE 5. Rules of Interpretation.** — In the interpretation of the provisions of the Code, the following rules shall apply:

(a) The general welfare provisions, any provision on the powers of an LGU, and any question regarding the devolution of powers shall be liberally interpreted and resolved in their favor of the LGU.

(b) Any fair and reasonable doubt on the powers of LGUs shall be liberally interpreted and resolved in their favor; and in cases involving lower and higher level LGUs, in favor of the lower level LGU.

(c) Rights and obligations existing on the date of effectivity of the Code and arising out of contracts or any other source of prestation involving an LGU shall be governed by the original terms and conditions of said contracts or the law in force at the time such rights were vested.

(d) In the resolution of controversies arising under the Code where no legal provision or jurisprudence applies, the customs and traditions in the place where the controversies take place may be resorted to.

(e) In case of doubt, any tax ordinance or revenue measure shall be construed strictly against the LGU enacting it, and liberally in favor of the taxpayer. Any tax exemption, incentive, or relief granted by any LGU pursuant to the provisions of the Code shall be construed strictly against the person claiming it.

## **RULE II**

**Creation, Conversion, Division, Merger, Abolition,  
and Alteration of Boundaries of Local Government Units**

**ARTICLE 6. Common Provisions.** — (a) Authority to create LGUs — An LGU may be created, converted, divided, merged, abolished, or its boundaries substantially altered either by Act of Congress, in the case of a province, city, municipality, or any other political subdivision, or by ordinance passed by the sangguniang panlalawigan or sangguniang panlungsod concerned, in the case of a barangay located within its territorial jurisdiction, subject to such limitations and requirements prescribed in this Rule.

Notwithstanding the population requirement, the Congress may create barangays in indigenous cultural communities to enhance the delivery of basic services in said areas and in the municipalities within the Metropolitan Manila Area (MMA).

(b) Creation or conversion —

**(1) The creation of an LGU or its conversion from one level to another shall be based on the following verifiable indicators of viability and projected capacity to provide services:**

**(i) Income — which must be sufficient, based on acceptable standards, to provide for all essential government facilities and services and special functions commensurate to the size of its population, as expected of the LGU. The income shall be based on 1991 constant prices, as determined by the Department of Finance (DOF).**

**(ii) Population — which shall be the total number of inhabitants within the territorial jurisdiction of the LGU.**

**(iii) Land area — which must be contiguous, unless it comprises two (2) or more islands or is separated by an LGU independent of the others; properly identified by metes and bounds with technical descriptions; and sufficient to provide for such basic services and facilities to meet the requirements of its populace.**

**(2) Compliance with the foregoing indicators shall be attested by:**

**(i) The Secretary of Finance as to the income requirement in the case of provinces and cities, and the provincial treasurer in the case of municipalities;**

**(ii) The Administrator of the National Statistics Office (NSO) as to the population requirement; and**

**(iii) The Director of the Lands Management Bureau (LMB) of the Department of Environment and Natural Resources (DENR) as to the land area requirement.**

**(c) Division or merger — Division or merger of existing LGUs shall comply with the same requirements for their creation. Such division or merger shall not reduce the income, population, or land area of the original LGU or LGUs to less than the prescribed minimum requirements and that their income classification shall not fall below their current income classification prior to the division or merger.**

**(d) Abolition — An LGU may be abolished when its income, population, or land area has been irreversibly reduced during the immediately preceding three (3) consecutive years to less than the requirements for its creation, as certified by DOF, in the case of income; by NSO, in the case of population; and by LMB, in the case of land area. The law or ordinance abolishing an LGU shall specify the province, city, municipality, or barangay to which an LGU sought to be abolished will be merged with.**

**(e) Updating of income classification — The income classification of LGUs shall be updated by DOF within six (6) months from the effectivity of the Code to reflect the changes in the financial position resulting from the increased revenues.**

**(f) Plebiscite — (1) No creation, conversion, division, merger, abolition, or substantial alteration of boundaries of LGUs shall take effect unless approved by a majority of the votes cast in a plebiscite called for the purpose in the LGU or LGUs directly affected. The plebiscite shall be conducted by the Commission on Elections (COMELEC) within one hundred twenty (120) days from the effectivity of the law or ordinance prescribing such action, unless said law or ordinance fixes another date.**

**(2) The COMELEC shall conduct an intensive information campaign in the LGUs concerned at least twenty (20) days prior to the plebiscite, in the case of provinces, cities, and municipalities; and ten (10) days, in the case of barangays. The COMELEC may seek the assistance of national and local government officials, mass media, NGOs, and other interested parties.**

**(g) Beginning of corporate existence — When a new LGU is created, its corporate existence shall commence upon the election and qualification of its chief executive and a majority of the members of its sanggunian, unless some other time is fixed therefore by the law or ordinance creating it.**

**ARTICLE 7. Selection and Transfer of Local Government Site, Offices, and Facilities. — (a) The seat of government of an LGU from where governmental and corporate services are delivered shall be at the site designated by the law or ordinance creating the LGU.**

**(b) In the case of a province, the site shall be within its capital town or city.**

**(c) In selecting the site, factors relating to geographical centrality, accessibility, availability of transportation and communication facilities, drainage and sanitation, development and economic progress, and other relevant considerations shall be taken into account.**

**(d) When subsequent to the establishment of the government site conditions and developments in the LGU have significantly changed, the sanggunian may, after public hearing and by a vote of two-thirds (2/3) of all its members, transfer the government site to a location best suited to present needs and anticipated future development and progress. No transfer shall be made outside the territorial boundaries of the LGU concerned. The old site, together with the improvements thereon, may be disposed of by sale or lease or converted to such other use as the sanggunian may deem beneficial to the LGU and its inhabitants.**

**(e) Local government offices and facilities shall not be transferred, relocated, or converted to other uses unless public hearings are first conducted for the purpose and the concurrence of a majority of all the members of the sanggunian is obtained.**

**ARTICLE 8. Government Centers. — (a) Every province, city, and municipality shall endeavor to establish a government center where offices, agencies, or branches of the National Government, LGUs or GOCCs may, as far as practicable, be located.**

**(b) The LGU shall take into account its existing facilities and those of NGAs in designating such government center.**

**(c) Construction of buildings in the government center shall conform with the overall physical and architectural plans and motif of the government center, as approved by the sanggunian concerned.**

**(d) The National Government, LGU, or GOCC concerned shall bear the expenses for the construction of its own buildings and facilities in the government center.**

**ARTICLE 9. Provinces. — (a) Requisites for creation — A province shall not be created unless the following requisites on income and either population or land area are present:**

**(1) Income — An average annual income of not less than Twenty Million Pesos (P20,000,000.00) for the immediately preceding two (2) consecutive years based on 1991 constant prices, as certified by DOF. The average annual income shall include the income accruing to the general fund, exclusive of special funds, special accounts, transfers, and nonrecurring income; and**

**(2) Population or land area — Population which shall not be less than two hundred fifty thousand (250,000) inhabitants, as certified by NSO; or land area which must be contiguous with an area of at least two thousand (2,000) square kilometers, as certified by LMB. The territory need not be contiguous if it comprises two (2) or more islands or is separated by a chartered city or cities which do not contribute to the income of the province. The land area requirement shall not apply where the proposed province is composed of one (1) or more islands. The territorial jurisdiction of a province sought to be created shall be properly identified by metes and bounds.**

**The creation of a new province shall not reduce the land area, population, and income of the original LGU or LGUs at the time of said creation to less than the prescribed minimum requirements. All expenses incidental to the creation shall be borne by the petitioners.**

**(b) Procedure for creation —**

**(1) Petition — Interested municipalities or component shall submit the petition, in the form of a resolution, of their respective sanggunians requesting the creation of a new city to the Congress, and furnish copies thereof to the sangguniang panlalawigan of the original province or provinces.**

**(2) Comments on petition — The sangguniang panlalawigan of the original province or provinces shall submit to the Congress its comments and recommendations on the petition for creation of the proposed province.**

**(3) Documents to support petition — The following documents shall be attached to the petition for creation:**

**(i) Certification by DOF that the average annual income of the proposed province meets the minimum income requirement and that its creation will not reduce the income based on 1991 constant prices, of the original LGU or LGUs to less than the prescribed minimum;**

**(ii) Certification by the NSO as to population of the proposed province and that its creation will not**

reduce the population of the original LGUs to less than the prescribed minimum;

(iii) Certification by LMB that the land area of the proposed province meets the minimum land area requirement and that its creation will not reduce the land area of the original LGU or LGUs to less than the prescribed minimum;

(iv) Map of the original LGU or LGUs, indicating the areas to be created into a province. The map shall be prepared by the provincial, city, or district engineer and shall clearly indicate the road network within the proposed province; and

(v) Such other information that the petitioners may deem relevant for consideration in the petition.

All costs incurred in the production of the required documents shall be borne by the petitioning LGUs.

(4) Plebiscite —

(i) Upon the effectivity of the law creating a province, the COMELEC shall conduct a plebiscite in the LGU or LGUs directly affected within one hundred twenty (120) days or within the period specified in the law.

(ii) The COMELEC shall conduct an intensive information campaign in the LGUs concerned at least twenty (20) days prior to the plebiscite. For this purpose, the COMELEC may seek the assistance of national and local government officials, mass media, NGOs, and other interested parties.

(c) Beginning of corporate existence — When a province is created, its corporate existence shall commence upon the election and qualification of its governor and a majority of the members of its sanggunian unless some other time is fixed therefore by the law creating it.

**ARTICLE 10. Status of Existing Subprovinces. — (a) The existing subprovinces of Biliran in the province of Leyte, and Guimaras in the province of Iloilo, shall automatically be converted into regular provinces upon approval by a majority of the votes cast in a plebiscite to be held in the said subprovince and the original provinces directly affected which shall be conducted by the COMELEC simultaneously with the national elections on May 11, 1992.**

(b) The new legislative districts created as a result of such conversion shall continue to be represented in the Congress by the duly elected representatives of the original districts out of which the new provinces or districts were created until their own representatives shall have been elected in the next regular congressional elections and have qualified.

(c) The incumbent elective officials of the subprovinces converted into regular provinces shall continue to hold office until June 30, 1992. Any vacancy occurring in the offices occupied by said incumbents, or resulting from expiration of their terms of office in case of a negative vote in the

plebiscite results, shall be filled by appointment by the President.

(d) The appointees shall hold office until their successors shall have been elected in the regular local elections following the plebiscite and have qualified.

(e) After effectivity of such conversion, the President shall appoint the governor, vice governor and other members of the sangguniang panlalawigan if none has yet been appointed, all of whom shall likewise hold office until their successors shall have been elected in the next regular local elections and have qualified.

(f) All qualified appointive officials and employees in the career service of the subprovinces at the time of their conversion into regular provinces shall continue in office in accordance with civil service law, rules and regulations.

**ARTICLE 11. Cities. — (a) Requisites for creation — A city shall not be created unless the following requisites on income and either population or land area are present:**

**(1) Income — An average annual income of not less than Twenty Million Pesos (P20,000,000.00), for the immediately preceding two (2) consecutive years based on 1991 constant prices, as certified by DOF. The average annual income shall include the income accruing to the general fund, exclusive of special funds, special accounts, transfers, and nonrecurring income; and**

**(2) Population or land area — Population which shall not be less than one hundred fifty thousand (150,000) inhabitants, as certified by the NSO; or land area which must be contiguous with an area of at least one hundred (100) square kilometers, as certified by LMB. The territory need not be contiguous if it comprises two (2) or more islands or is separated by a chartered city or cities which do not contribute to the income of the province. The land area requirement shall not apply where the proposed city is composed of one (1) or more islands. The territorial jurisdiction of a city sought to be created shall be properly identified by metes and bounds.**

The creation of a new city shall not reduce the land area, population, and income of the original LGU or LGUs at the time of said creation to less than the prescribed minimum requirements. All expenses incidental to the creation shall be borne by the petitioners.

**(b) Procedure for creation —**

**(1) Petition — Interested municipalities or barangays shall submit the petition, in the form of a resolution, of their respective sanggunians requesting the creation of a new city to the Congress, and furnish copies thereof to the sangguniang panlalawigan or sangguniang panlungsod of the LGUs concerned.**

**(2) Comments on petition — The sangguniang panlalawigan or sangguniang panlungsod shall submit to the Congress its comments and recommendations on the petition for creation of the city.**

**(3) Documents to support petition — The following documents shall be attached to the petition for creation:**

**(i) Certification by DOF that the average annual income of the proposed city meets the minimum income requirement and that its creation will not reduce the income based on 1991 constant prices, of the original LGU or LGUs to less than the prescribed minimum;**

**(ii) Certification by NSO as to population of the proposed city and that its creation will not reduce the population of the original LGUs to less than the prescribed minimum;**

**(iii) Certification by LMB that the land area of the proposed city meets the minimum land area requirement and that its creation will not reduce the land area of the original LGU or LGUs to less than the prescribed minimum;**

**(iv) Map of the original LGU or LGUs, indicating the areas to be created into a city. The map shall be prepared by the provincial, city, or district engineer as the case may be and shall clearly indicate the road network within the proposed city;**

**(v) Certification by LMB that disposable and alienable public lands are available in the area to be created into a city sufficient to meet its growing population and the following purposes:**

‣ **Government center site of not less than ten thousand (10,000) square meters which shall include the city hall site and those of other government buildings;**

‣ **Market site of not less than ten thousand (10,000) square meters, located out of view of the city hall, schools, plaza, and cemetery and near but not along a provincial road, railroad station, navigable river, or sea;**

‣ **Plaza or park of not less than ten thousand (10,000) square meters located preferably in front of the city hall;**

‣ **School site of not less than ten thousand (10,000) square meters, in well-drained location that conforms with the requirements prescribed by public school authorities; and**

‣ **Cemetery site of not less than five thousand (5,000) square meters for every ten thousand (10,000) population which conforms with the requirements prescribed by the health authorities;**

**(vi) Number and nature of existing and commercial establishments in the territory of the proposed city as certified by NSO;**

**(vii) Sources of potable water supply for the inhabitants as certified by the Local Water Utilities Administration (LWEI) or the Metropolitan Waterworks and Sewerage System (MWSS), as the case may be;**

(viii) Facilities, plans, and site for sewerage, garbage and waste disposal as certified by the local engineer; and

(ix) Such other information that the petitioners may deem relevant for consideration in the petition.

All costs incurred in the production of the required documents shall be borne by the petitioning LGUs.

(4) Plebiscite —

(i) Upon the effectivity of the law creating a city, the COMELEC shall conduct a plebiscite in the LGUs directly affected within one hundred twenty (120) days or within the period specified in the law.

(ii) The COMELEC shall conduct an intensive information campaign in the LGUs concerned at least twenty (20) days prior to the plebiscite. For this purpose, the COMELEC may seek the assistance of national and local government officials, mass media, NGOs, and other interested parties.

(c) Beginning of corporate existence. — When a city is created, its corporate existence shall commence upon the election and qualification of its mayor and a majority of the members of its sanggunian, unless some other time is fixed therefore by the law creating it.

**ARTICLE 12. Conversion of a Component City Into a Highly-Urbanized City. — (a) Requisites for conversion — A component city shall not be converted into a highly-urbanized city unless the following requisites are present:**

(1) **Income — latest annual income of not less than Fifty Million Pesos (P50,000,000.00) based on 1991 constant prices, as certified by the city treasurer. The annual income shall include the income accruing to the general fund, exclusive of special funds, transfers, and non-recurring income; and**

(2) **Population — which shall not be less than two hundred thousand (200,000) inhabitants, as certified by NSO.**

(b) **Procedure for conversion —**

(1) **Resolution — The interested component city shall submit to the Office of the President a resolution of its sanggunian adopted by a majority of all its members in a meeting duly called for the purpose, and approved and endorsed by the city mayor. Said resolution shall be accompanied by certifications as to income and population.**

(2) **Declaration of conversion — Within thirty (30) days from receipt of such resolution, the President shall, after verifying that the income and population requirements have been met, declare the component city as highly-urbanized.**

(3) **Plebiscite — Within one hundred twenty (120) days from the declaration of the President or as**

specified in the declaration, the COMELEC shall conduct a plebiscite in the city proposed to be converted. Such plebiscite shall be preceded by a comprehensive information campaign to be conducted by the Comelec with the assistance of national and local government officials, media, NGOs, and other interested parties.

**(c) Effect of Conversion —**

The conversion of a component city into a highly-urbanized city shall make it independent of the province where it is geographically located.

**ARTICLE 13. Municipalities. — (a) Requisites for Creation —** A municipality shall not be created unless the following requisites are present:

**(i) Income —** An average annual income of not less than Two Million Five Hundred Thousand Pesos (P2,500,000.00), for the immediately preceding two (2) consecutive years based on 1991 constant prices, as certified by the provincial treasurer. The average annual income shall include the income accruing to the general fund, exclusive of special funds, special accounts, transfers, and nonrecurring income;

**(ii) Population —** which shall not be less than twenty five thousand (25,000) inhabitants, as certified by NSO; and

**(iii) Land area —** which must be contiguous with an area of at least fifty (50) square kilometers, as certified by LMB. The territory need not be contiguous if it comprises two (2) or more islands. The requirement on land area shall not apply where the proposed municipality is composed of one (1) or more islands. The territorial jurisdiction of a municipality sought to be created shall be properly identified by metes and bounds.

The creation of a new municipality shall not reduce the land area, population, and income of the original LGU or LGUs at the time of said creation to less than the prescribed minimum requirements. All expenses incidental to the creation shall be borne by the petitioners.

**(b) Procedure for creation —**

**(1) Petition —** Interested barangays shall submit the petition, in the form of a resolution, of their respective sanggunians requesting the creation of a new municipality to the Congress, and furnish copies thereof to the sangguniang panlalawigan, sangguniang panlungsod, or sangguniang bayan of the LGUs concerned.

**(2) Comments on petition —** The sangguniang panlungsod or sangguniang bayan, together with the sangguniang panlalawigan, shall submit to the Congress its comments and recommendations on the petition for creation of the municipality.

**(3) Documents to support petition — The following documents shall be attached to the petition for creation:**

**(i) Certification by the provincial treasurer, in the case of municipalities and component cities, and the city treasurer, in the case of highly-urbanized cities, that the average annual income of the proposed municipality meets the minimum income requirement and that its creation will not reduce the income, based on 1991 constant prices, of the original LGU or LGUs to less than the prescribed minimum;**

**(ii) Certification by NSO as to population of the proposed municipality and that its creation will not reduce the population of the original LGU or LGUs to less than the prescribed minimum;**

**(iii) Certification by the LMB that the land area of the proposed municipality meets the minimum land area requirement and that its creation will not reduce the land area of the original LGU or LGUs to less than the prescribed minimum;**

**(iv) Map of the original LGU or LGUs, indicating the areas to be created into a municipality. The map shall be prepared by the provincial, city, or district engineer as the case may be and shall clearly indicate the road network within the proposed city;**

**(v) Certification by LMB that disposable and alienable public lands are available in the area to be created into a municipality sufficient to meet its growing population and the following purposes:**

**‡ Government center site of not less than five thousand (5,000) square meters which shall include the municipal hall site and those of other government buildings;**

**‡ Market site of not less than five thousand (5,000) square meters, located out of view of the municipal hall, schools, plaza, and cemetery and near but not along a provincial road, railroad station, navigable river, or sea;**

**‡ Plaza or park of not less than five thousand (5,000) square meters located preferably in front of the municipal hall;**

**‡ School site of not less than five thousand (5,000) square meters, in well-drained location that conforms with the requirements prescribed by public school authorities; and**

**‡ Cemetery site of not less than five thousand (5,000) square meters for every ten thousand (10,000) population which conforms with the requirements prescribed by health authorities.**

**(vi) Number and nature of existing industrial and commercial establishments in the territory of the proposed municipality as certified by NSO;**

**(vii) Sources of potable water supply for the inhabitants as certified by LWUA or MWSS, as the case may be;**

**(viii) Facilities, plans, and site for sewerage, garbage and waste disposal as certified by the local engineer; and**

**(ix) Such other information that the petitioners may deem relevant for consideration in the petition.**

**All costs incurred in the production of the required documents shall be borne by the petitioning LGUs.**

**(4) Plebiscite —**

**(i) Upon the effectivity of the law creating a municipality, the COMELEC shall conduct a plebiscite in the LGUs directly affected within one hundred twenty (120) days or within the period specified in the law.**

**(ii) The COMELEC shall conduct an intensive information campaign in the LGUs concerned at least twenty (20) days prior to the plebiscite. For this purpose, the COMELEC may seek the assistance of national and local government officials, mass media, NGOS, and other interested parties.**

**(c) Beginning of corporate existence. — When a municipality is created, its corporate existence shall commence upon the election and qualification of its mayor and a majority of the members of its sanggunian, unless some other time is fixed therefore by the law creating it.**

**ARTICLE 14. Barangays. — (a) Creation of barangays by the sangguniang panlalawigan shall require prior recommendation of the sangguniang bayan.**

**(b) New barangays in the municipalities within MMA shall be created only by Act of Congress, subject to the limitations and requirements prescribed in this Article.**

**(c) Notwithstanding the population requirement, a barangay may be created in the indigenous cultural communities by Act of Congress upon recommendation of the LGU or LGUs where the cultural community is located.**

**(d) A barangay shall not be created unless the following requisites are present:**

**(1) Population — which shall not be less than two thousand (2,000) inhabitants, except in municipalities and cities within MMA and other metropolitan political subdivisions as may be created by law, or in highly-urbanized cities where such territory shall have a population of at least five thousand (5,000) inhabitants, as certified by NSO. The creation of a barangay shall not reduce the population of the original barangay or barangays to less than the prescribed minimum.**

**(2) Land area — which must be contiguous, unless comprised by two (2) or more islands. The**

territorial jurisdiction of a barangay sought to be created shall be properly identified by metes and bounds or by more or less permanent natural boundaries.

All expenses incidental to the creation shall be borne by the petitioners.

**(e) Procedure for creation —**

**(1) Petition —** A written petition of a majority of the registered voters residing in the area sought to be created or resolutions of the sangguniang barangays desiring to be merged, as the case may be, shall be presented to the sangguniang panlalawigan, upon recommendation of the sangguniang bayan concerned, or to the sangguniang panlungsod, for appropriate action.

In the case of municipalities within MMA, a similar petition or resolution shall be presented to the Congress, upon recommendation of the sangguniang bayan concerned.

**(2) Documents to support petition —** In addition to the petition or resolution, the following shall be submitted:

**(i) Certification by NSO as to the population of the proposed barangay and that its creation will not reduce the population of the original barangay or barangays to less than the prescribed minimum.**

**(ii) Map of the original barangay or barangays indicating the areas to be created into a new barangay and technical description certified by LMB or city or municipal assessor, as the case may be.**

All costs incurred in the production of the required documents shall be borne by the petitioning LGUs.

**(3) Comments on petition —** The presiding officer of the sangguniang bayan shall require the sangguniang barangay of the original barangay or barangays to submit their comments on the proposed creation within twenty (20) days after receipt of said petition or resolution which shall serve as basis for recommending appropriate action thereon to the sangguniang panlalawigan.

**(4) Action on petition —** The sangguniang panlalawigan or sangguniang panlungsod shall, within fifteen (15) days from submission of the petition and other required supporting documents, take action granting or denying the petition.

**(i) The ordinance granting the petition creating a new barangay shall be approved by two-thirds (2/3) of all the members of the sangguniang panlalawigan or sangguniang panlungsod.**

The ordinance shall properly identify by metes and bounds or by natural boundaries, the territorial jurisdiction of the new barangay. The ordinance shall likewise fix the date of the plebiscite to be conducted by the COMELEC in the area or areas directly affected to ratify the creation of the new barangay.

(ii) A denial shall be in the form of a resolution stating clearly the facts and reasons for such denial.

(5) Submission of ordinance to the COMELEC — Within thirty (30) days before the plebiscite, the secretary to the sangguniang panlalawigan or sangguniang panlungsod shall furnish the COMELEC with a signed official copy of the ordinance creating the barangay.

(6) Conduct of information campaign — The COMELEC shall conduct an intensive information campaign in the LGUs concerned at least ten (10) days prior to the plebiscite. For this purpose, the COMELEC may seek the assistance of national and local government officials, mass media, NGOs, and other interested parties.

(7) Submission of plebiscite results — At least seven (7) days after the conduct of the plebiscite, the city or municipality concerned shall submit the Certificates of Canvass of Votes Cast, Statement of Affirmative and Negative Votes, Abstentions Cast in every voting center as well as the provincial or city ordinance creating the barangay to the COMELEC and DILG central office for inclusion in the Official Masterlist of Barangays.

(f) Beginning of corporate existence — When a barangay is created, its corporate existence shall commence upon the election and qualification of its punong barangay and a majority of the members of its sanggunian unless some other time is fixed therefore by the law or ordinance creating it.

(g) Financial requirement — The financial requirements of the barangays created by LGUs after the effectivity of the Code shall be the responsibility of the LGU concerned.

(h) Consolidation plan of barangays — Based on the criteria prescribed in this Article, the governor or city mayor may prepare a consolidation plan for barangays within his territorial jurisdiction. The said plan shall be submitted to the sangguniang panlalawigan or sangguniang panlungsod for appropriate action.

In the case of municipalities within MMA and other metropolitan political subdivisions as may be created by law, the barangay consolidation plan shall be prepared and approved by the sangguniang bayan concerned.

### **RULE III**

#### **Settlement of Boundary Disputes**

**ARTICLE 15. Definition and Policy.** — There is a boundary dispute when a portion or the whole of the

territorial area of an LGU is claimed by two or more LGUs. Boundary disputes between or among LGUs shall, as much as possible, be settled amicably.

**ARTICLE 16. Jurisdictional Responsibility.** — Boundary disputes shall be referred for settlement to the following:

(a) Sangguniang panlungsod or sangguniang bayan for disputes involving two (2) or more barangays in the same city or municipality, as the case may be;

(b) Sangguniang panlalawigan, for those involving two (2) or more municipalities within the same province;

(c) Jointly, to the sanggunians of provinces concerned, for those involving component cities or municipalities of different provinces; or

(d) Jointly, to the respective sanggunians, for those involving a component city or municipality and a highly-urbanized city; or two (2) or more highly-urbanized cities.

**ARTICLE 17. Procedures for Settling Boundary Disputes.** — The following procedures shall govern the settlement of boundary disputes:

(a) Filing of petition — The sanggunian concerned may initiate action by filing a petition, in the form of a resolution, with the sanggunian having jurisdiction over the dispute.

(b) Contents of petition — The petition shall state the grounds, reasons or justifications therefore.

(c) Documents attached to petition — The petition shall be accompanied by:

(1) Duly authenticated copy of the law or statute creating the LGU or any other document showing proof of creation of the LGU;

(2) Provincial, city, municipal, or barangay map, as the case may be, duly certified by the LMB;

(3) Technical description of the boundaries of the LGUs concerned;

(4) Written certification of the provincial, city, or municipal assessor, as the case may be, as to territorial jurisdiction over the disputed area according to records in custody;

(5) Written declarations or sworn statements of the people residing in the disputed area; and

(6) Such other documents or information as may be required by the sanggunian hearing the dispute.

(d) Answer of adverse party — Upon receipt by the sanggunian concerned of the petition together with the required documents, the LGU or LGUs complained against shall be furnished copies thereof

and shall be given fifteen (15) working days within which to file their answers.

(e) **Hearing** — Within five (5) working days after receipt of the answer of the adverse party, the sanggunian shall hear the case and allow the parties concerned to present their respective evidences.

(f) **Joint hearing** — When two or more sanggunians jointly hear a case, they may sit en banc or designate their respective representatives. Where representatives are designated, there shall be an equal number of representatives from each sanggunian. They shall elect from among themselves a presiding officer and a secretary. In case of disagreement, selection shall be by drawing lot.

(g) **Failure to settle** — In the event the sanggunian fails to amicably settle the dispute within sixty (60) days from the date such dispute was referred thereto, it shall issue a certification to that effect and copies thereof shall be furnished the parties concerned.

(h) **Decision** — Within sixty (60) days from the date the certification was issued, the dispute shall be formally tried and decided by the sanggunian concerned. Copies of the decision shall, within fifteen (15) days from the promulgation thereof, be furnished the parties concerned, DILG, local assessor, COMELEC, NSO, and other NGAs concerned.

(i) **Appeal** — Within the time and manner prescribed by the Rules of Court, any party may elevate the decision of the sanggunian concerned to the proper Regional Trial Court having jurisdiction over the dispute by filing therewith the appropriate pleading, stating among others, the nature of the dispute, the decision of the sanggunian concerned and the reasons for appealing therefrom. The Regional Trial Court shall decide the case within one (1) year from the filing thereof. Decisions on boundary disputes promulgated jointly by two (2) or more sangguniang panlalawigans shall be heard by the Regional Trial Court of the province which first took cognizance of the dispute.

**ARTICLE 18. Maintenance of Status Quo.** — Pending final resolution of the dispute, the status of the affected area prior to the dispute shall be maintained and continued for all purposes.

**ARTICLE 19. Official Custodian.** — The DILG shall be the official custodian of copies of all documents on boundary disputes of LGUs.

#### **RULE IV**

**Naming of Local Government Units,  
Public Places, Streets, and Structures**

**ARTICLE 20. Naming by the Sangguniang Panlalawigan.** — The sangguniang panlalawigan, in consultation with the National Historical Institute (NHI), referred to as the Philippine Historical Commission in the Code, may change the name of the following within its territorial jurisdiction:

(a) **Component cities and municipalities, upon the recommendation of the sangguniang panlungsod or sangguniang bayan, as the case may be;**

- (b) Provincial roads, streets, avenues, boulevards, thoroughfares, and bridges;**
- (c) Provincial public vocational or technical schools and other post-secondary and tertiary schools;**
  
- (d) Provincial hospitals, health centers, and other health facilities; and**
  
- (e) Any other public place or building owned by the province.**

**ARTICLE 21. Naming by the Sanggunians of Highly-Urbanized Cities and Independent Component Cities. — The sanggunians of highly-urbanized cities and component cities whose charters prohibit their voters from voting for provincial elective officials, hereinafter referred to as independent component cities may, in consultation with NHI, change the name of the following within their respective territorial jurisdictions:**

- (a) City barangays, upon the recommendation of the sangguniang barangay;**
  
- (b) City and barangay roads, streets, avenues, boulevards, thoroughfares, and bridges;**
  
- (c) City public elementary, secondary, and vocational or technical schools, community colleges, and non-chartered colleges;**
  
- (d) City hospitals, health centers, and other health facilities; and**
  
- (e) Any other public place or building owned by the city.**

**ARTICLE 22. Naming by the Sanggunians of Component Cities and Municipalities. — The sanggunians of component cities and municipalities may, in consultation with the NHI, change the name of the following within their respective territorial jurisdictions:**

- (a) City and municipal barangays, upon the recommendation of the sangguniang barangay;**
  
- (b) City, municipal, and barangay roads, streets, avenues, boulevards, thoroughfares, and bridges;**
  
- (c) City and municipal public elementary, secondary, and vocational or technical schools, post-secondary and other tertiary schools;**
  
- (d) City and municipal hospitals, health centers, and other public health facilities; and**
  
- (e) Any other public place or building owned by the city or municipality.**

**ARTICLE 23. Guidelines and Limitations. — (a) No name of LGUs, public places, streets, and structures with historical, cultural, or ethnic significance shall be changed, unless by unanimous vote of the sanggunian and in consultation with NHI.**

**(b) No change in name of an LGU shall be effective unless ratified in a plebiscite called for the purpose.**

**(c) Naming shall be subject to the following conditions:**

**(1) Naming after a living person shall not be allowed;**

**(2) A change in name shall be made only for a justifiable reason;**

**(3) Any change shall not be made more than once every ten (10) years;**

**(4) A change in name of a local public school shall be made only upon the recommendation of the local school board;**

**(5) A change in name of local public hospitals, health centers, and other health facilities shall be made only upon the recommendation of the local health board;**

**(6) The whole length of a street shall have only one name; and**

**(7) The name of a family in a particular community whose members significantly contributed to the welfare of the Filipino people may be used;**

**(d) The Office of the President, the representative of the legislative district concerned, and the Postal Services Office shall be notified of any change in name of LGUs, public places, streets, and structures.**

#### **RULE V**

##### **Basic Services and Facilities**

**ARTICLE 24. Devolution. — (a) Consistent with local autonomy and decentralization, the provision for the delivery of basic services and facilities shall be devolved from the National Government to provinces, cities, municipalities, and barangays so that each LGU shall be responsible for a minimum set of services and facilities in accordance with established national policies, guidelines, and standards.**

**(b) For purposes of this Rule, devolution shall mean the transfer of power and authority from the National Government to LGUs to enable them to perform specific functions and responsibilities.**

**(c) Any subsequent change in national policies, guidelines, and standards shall be subject to prior consultation with LGUs.**

**ARTICLE 25. Responsibility for Delivery of Basic Services and Facilities. — The LGUs shall, in addition to their existing functions and responsibilities, provide basic services and facilities devolved to them covering, but not limited to, the following:**

## **Barangay**

- (a) Agricultural support services through a distribution system for agriculture and fishery inputs and the operation of agricultural and fishery produce collection and buying stations;**
- (b) Health and social welfare services, through maintenance of barangay health and daycare centers;**
- (c) Services and facilities related to general hygiene and sanitation, beautification, and solid waste collection;**
- (d) Administration and maintenance of the Katarungang Pambarangay;**
- (e) Maintenance of barangay roads and bridges and water supply systems;**
- (f) Infrastructure facilities such as multipurpose hall, multipurpose pavement, plaza, sports center, and other similar facilities;**
- (g) Information and reading center; and**
- (h) Satellite public market, where viable.**

## **Municipality**

- (a) Agriculture and fishery extension and on-site research through:**
  - (1) dispersal of livelihood and poultry, fingerlings, and other seeding materials for agriculture;**
  - (2) establishment and maintenance of seed farms for palay, corn, and vegetables; medicinal plant gardens; seedling nurseries for fruit trees, coconuts, and other trees or crops; and demonstration farms;**
  - (3) Enforcement of standards for quality control of copra and improvement and development of local distribution channels, preferably through cooperatives;**
  - (4) Maintenance and operation of interbarangay irrigation system;**
  - (5) Implementation of water and soil resource utilization and conservation projects; and**
  - (6) Enforcement of fishery laws in municipal waters, including conservation of mangroves.**
- (b) In accordance with national policies and subject to supervision, control, and review of DENR, implementation of community-based forestry projects through:**
  - (1) Integrated social forestry programs and similar projects;**

**(2) Management and control of communal forests with an area not exceeding fifty (50) square kilometers; and**

**(3) Establishment of tree parks, greenbelts, and similar forest development projects.**

**(c) Subject to the provisions of Rule XXIII on local health boards and in accordance with the standards and criteria of the Department of Health (DOH), provision of health services through:**

**(1) Implementation of programs and projects on primary health care, maternal and child care, and communicable and non-communicable disease control services;**

**(2) Access to secondary and tertiary health services; and**

**(3) Purchase of medicines, medical supplies, and equipment needed to carry out the devolved health services.**

**(d) Provision of social welfare services through:**

**(1) Programs and projects for the welfare of the youth and children, family and community, women, the elderly, and the disabled;**

**(2) Community-based rehabilitation programs for vagrants, beggars, street children, scavengers, juvenile delinquents, and victims of drug abuse;**

**(3) Livelihood and other pro-poor projects;**

**(4) Nutrition services; and**

**(5) Family planning services.**

**(e) Provision of information services through investment and job placement information systems, tax and marketing information systems, and maintenance of a public library;**

**(f) Provision of solid waste disposal or environmental management systems and services or facilities related to general hygiene and sanitation;**

**(g) Construction and maintenance of infrastructure facilities funded by the municipality to serve the needs of the residents including, but not limited to:**

**(1) Municipal roads and bridges;**

**(2) School buildings and other facilities for public elementary and secondary schools;**

- (3) Clinics, health centers, and other health facilities necessary to carry out health services;**
  - (4) Communal irrigation, small water impounding projects, and other similar projects;**
  - (5) Fish ports;**
  - (6) Artesian wells, spring development, rainwater collectors, and water supply systems;**
  - (7) Seawalls, dikes, drainage and sewerage, and flood control;**
  - (8) Traffic signals and road signs; and**
  - (9) Other similar facilities.**
  
  - (h) Construction, maintenance, and operation of municipal public markets, slaughterhouses, and other economic enterprises;**
  - (i) Construction, maintenance, and operation of municipal cemeteries;**
  - (j) Construction, maintenance, and operation of tourism facilities and other tourist attractions, including acquisition of equipment, regulation and supervision of business concessions, and security services for such facilities; and**
  - (k) Provision of sites for police and fire stations and substations and municipal jail.**
- Province**
- (a) Agricultural extension and on-site research services and facilities through:**
    - (1) Prevention and control of plant and animal pests and diseases;**
    - (2) Establishment and maintenance of dairy farms, livestock markets, animal breeding stations, and artificial insemination centers;**
    - (3) Assistance in the organization of farmer's and fishermen's cooperatives and other collective organizations; and**
    - (4) Transfer of appropriate technology.**
  - (b) Industrial research and development services, as well as transfer of appropriate technology;**
  - (c) Pursuant to national policies and subject to supervision, control, and review of DENR, enforcement of forestry laws limited to community-based forestry projects, pollution control law, small-scale mining law, and other laws on the protection of the environment; and mini-hydroelectric projects for local purposes;**

**(d) Subject to the provision of Rule XXIII on local health boards, health services which include hospitals and other tertiary health services;**

**(e) Social welfare services which include programs and projects on rebel returnees and evacuees, relief operations, and population development services;**

**(f) Construction and maintenance of provincial buildings, provincial jails, freedom parks and public assembly areas, and other similar facilities;**

**(g) Construction and maintenance of infrastructure facilities funded by the province to serve the needs of the residents including, but not limited to:**

**(1) Provincial roads and bridges;**

**(2) Intermunicipal waterworks, drainage, and sewerage, flood control, and irrigation systems;**

**(3) Reclamation projects; and**

**(4) Other similar facilities.**

**(h) Planning and implementation of the programs and projects for low-cost housing and other mass dwellings, except those funded by the Social Security System, Government Service Insurance System, and the Home Development Mutual Fund. National funds for these programs and projects shall be equitably allocated to the regions in proportion to the ratio of the homeless to the population;**

**(i) Provision for investment support services, including access to credit financing;**

**(j) Upgrading and modernization of tax information and collection services through the use of computer hardware and software and other means;**

**(k) Provision for intermunicipal telecommunications services, subject to national policy guidelines and standards; and**

**(l) Planning and implementation of tourism development and promotion programs.**

**City**

**All services and facilities provided by the municipality and the province and, in addition thereto, the following:**

**(a) Adequate communication and transportation facilities; and**

**(b) Support services and facilities for education, police, and fire protection.**

**ARTICLE 26. Exceptions.** — Public works and infrastructure projects and other facilities, programs, and services funded by the National Government under the annual General Appropriations Act, other special laws, and pertinent executive orders, and those wholly or partially funded from foreign sources, are not covered by the devolution of basic services and facilities under this Rule, except in those cases where the LGU concerned is duly designated as the implementing agency for such projects, facilities, programs, and services.

**ARTICLE 27. Specification and Testing of Materials and Procurement Systems.** — The designs, plans, specifications, testing of materials, and procurement of equipment and materials from both foreign and local sources necessary for the provision of basic services and facilities shall be undertaken by the LGU based on national policies, standards, and guidelines.

**ARTICLE 28. Period of Devolution.** — The NGAs concerned shall devolve to LGUs the responsibility for the provision of basic services and facilities enumerated in this Rule within six (6) months after the effectivity of the Code on January 1, 1992.

**ARTICLE 29. Funding.** — Basic services and facilities shall be funded from the share of LGU in the proceeds of national taxes, other local revenues, and funding support from the National Government and its instrumentalities including GOCCs, tasked by law to establish and maintain such services or facilities. Any available fund or resource of LGUs shall first be allocated for the provision of basic services and facilities before using such fund or resource for other purposes, unless otherwise provided under these Rules.

**ARTICLE 30. Commercialization and Privatization.** — (a) LGUs may, by ordinance, sell, lease, encumber, or otherwise dispose of public economic enterprises owned by them in their proprietary capacity to ensure active participation of the private sector in local governance.

(b) Without prejudice to the social attributes of basic services and facilities, LGUs may tap the private sector in the delivery of basic services and facilities.

(c) Reasonable costs may be charged by the private sector concerned for the operation and management of economic enterprises for the delivery of basic services and facilities.

(d) The guidelines issued by DILG in its Circular No. 90-104 dated December 3, 1990 (Annex A) may initially serve as bases for determining the nature and scope of such services and facilities of LGU that could be assigned to the private sector.

(e) The DILG shall formulate an accreditation scheme for the private sector, and a system for cost recovery and privatization of local public enterprises.

**ARTICLE 31. Augmentation Scheme.** — NGAS affected by devolution or the next higher LGU may augment basic services and facilities assigned to a lower LGU. Standards and guidelines for basic services and facilities prescribed by NGAs shall be the bases for determining non-availability or inadequacy of such services and facilities in an LGU.

In the event an LGU cannot continually support the salaries of devolved personnel, maintain the operation of transferred assets, or finance the adequate delivery of basic services and facilities, the President may, upon request of the LGU concerned, direct the appropriate NGA to provide financial, technical, or other form of assistance. Such assistance shall be extended at no extra cost on the part of the LGU.

#### **RULE VI**

#### **Eminent Domain**

**ARTICLE 32. When Exercised.** — (a) An LGU may, through its chief executive and acting pursuant to an ordinance, exercise the power of eminent domain for public use, purpose, or welfare of the poor and the landless, upon payment of just compensation, pursuant to the provisions of the Constitution and pertinent laws.

(b) The power of eminent domain may not be exercised unless a valid and definite offer has been previously made to the owner, and such offer was not accepted.

**ARTICLE 33. Public Use, Purpose, or Welfare.** — The following shall, among others, be considered as public use, purpose, or welfare:

(a) Socialized housing;

(b) Construction or extension of roads, streets, sidewalks, viaducts, bridges, ferries, levees, wharves, or piers;

(c) Construction or improvement of public buildings;

(d) Establishment of parks, playgrounds, or plazas;

(e) Establishment of market places;

(f) Construction of artesian wells or water supply systems;

(g) Establishment of cemeteries or crematories;

(h) Establishment of drainage systems, cesspools, or sewerage systems;

(i) Construction of irrigation canals or dams;

(j) Establishment of nurseries, health centers, or hospitals;

(k) Establishment of abattoirs; and

**(l) Building of research, breeding, or dispersal centers for animals.**

**ARTICLE 34. Prerequisites.** — In acquiring private property for public use or purpose, LGU shall first establish the suitability of the property to be acquired for the use intended, then proceed to obtain from the proper authorities the necessary locational clearance and other requirements imposed under existing laws, rules and regulations.

**ARTICLE 35. Offer to Buy and Contract of Sale.** — (a) The offer to buy private property for public use or purpose shall be in writing. It shall specify the property sought to be acquired, the reasons for its acquisition, and the price offered.

**(b) If the owner or owners accept the offer in its entirety, a contract of sale shall be executed and payment forthwith made.**

**(c) If the owner or owners are willing to sell their property but at a price higher than that offered to them, the local chief executive shall call them to a conference for the purpose of reaching an agreement on the selling price. The chairman of the appropriation or finance committee of the sanggunian, or in his absence, any member of the sanggunian duly chosen as its representative, shall participate in the conference. When an agreement is reached by the parties, a contract of sale shall be drawn and executed.**

**(d) The contract of sale shall be supported by the following documents:**

**(1) Resolution of the sanggunian authorizing the local chief executive to enter into a contract of sale. The resolution shall specify the terms and conditions to be embodied in the contract;**

**(2) Ordinance appropriating the amount specified in the contract; and**

**(3) Certification of the local treasurer as to availability of funds together with a statement that such fund shall not be disbursed or spent for any purpose other than to pay for the purchase of the property involved.**

**ARTICLE 36. Expropriation Proceedings.** — (a) If the LGU fails to acquire a private property for public use, purpose, or welfare through purchase, LGU may expropriate said property through a resolution of the sanggunian authorizing its chief executive to initiate expropriation proceedings.

**(b) The local chief executive shall cause the provincial, city, or municipal attorney concerned or, in his absence, the provincial or city prosecutor, to file expropriation proceedings in the proper court in accordance with the Rules of Court and other pertinent laws.**

**(c) The LGU may immediately take possession of the property upon the filing of expropriation proceedings and upon making a deposit with the proper court of at least fifteen percent (15%) of the fair market value of the property based on the current tax declaration of the property to be expropriated.**

**ARTICLE 37. Payment.** — The amount to be paid for the expropriated property shall be determined by the proper court, based on the fair market value at the time of the taking of the property.

#### **RULE VII**

#### **Reclassification of Agricultural Lands**

**ARTICLE 38. Authority to Reclassify Agricultural Lands.** — (a) A city or municipality may reclassify agricultural lands through an ordinance enacted by the sanggunian after conducting public hearings for the purpose provided that there exists an approved zoning ordinance implementing its comprehensive land use plan.

(b) Agricultural lands may be classified in the following cases:

(1) When land ceases to be economically feasible and sound for agricultural purposes as determined by the Department of Agriculture; or

(2) Where the land shall have substantially greater economic value for residential, commercial, or industrial purposes as determined by the sanggunian.

**ARTICLE 39. Limitations.** — (a) Reclassification shall be limited to the following percentage of the total agricultural land area at the time of the passage of the ordinance:

(1) For highly-urbanized and independent component cities, fifteen percent (15%);

(2) For component cities and first to third class municipalities, ten percent (10%); and

(3) For fourth to sixth class municipalities, five percent (5%).

(b) Agricultural lands distributed to agrarian reform beneficiaries pursuant to Republic Act No. 6657, otherwise known as the Comprehensive Agrarian Reform Law, shall not be affected by the reclassification. Conversion of such lands into other purposes shall be governed by Sec. 65 of said law.

(c) The city or municipality shall provide mechanisms for the preservation and protection of the tenurial rights of agrarian reform beneficiaries as provided under RA 3844, otherwise known as Agricultural Land Reform Code, as amended, and other applicable laws in the reclassification of agricultural lands not yet distributed under RA 6657.

(d) Nothing in this Rule shall be construed as repealing, amending, or modifying in any manner the provisions of RA 6657.

**ARTICLE 40. Reclassification in Excess of Percentage Limitation.** — The President may, when public interest so requires and upon recommendation of the National Economic and Development

Authority (NEDA), authorize a city or municipality to reclassify lands in excess of the percentage limitation set in the immediately preceding article. Recommendation of NEDA shall be based on the requirements for food production, human settlements, ecological considerations, and other relevant factors in the city or municipality.

**ARTICLE 41. Comprehensive Land Use Plans.** — (a) Subject to applicable laws, rules and regulations, cities and municipalities shall continue to prepare their respective comprehensive land use plans enacted through zoning ordinances. The requirements for food production, human settlements, ecological balance, and industrial expansion shall be considered in the preparation of such plans.

(b) The comprehensive land use plan shall be the primary and dominant basis for future use of local resources and for reclassification of agricultural lands.

(c) The sangguniang panlalawigan shall review the comprehensive land use plans and zoning ordinances of component cities and municipalities and shall adopt comprehensive provincial land use plan, primarily based on the revised plans.

**ARTICLE 42. Approval of Reclassification.** — When approval of an NGA is required for reclassification, such approval shall not be unreasonably withheld. Failure to act on a proper and complete application for reclassification within three months from receipt of the same shall be deemed as approval thereof.

#### **RULE VIII**

##### **Closure and Opening of Roads or Parks**

**ARTICLE 43. Authority to Close or Open.** — An LGU may, through an ordinance, permanently or temporarily close or open any road, alley, park, or square within its jurisdiction.

**ARTICLE 44. Permanent Closure.** — (a) No permanent closure of any local road, street, alley, park, or square shall be affected unless there exists a compelling reason or sufficient justification therefore such as, but not limited to, change in land use, establishment of infrastructure facilities, projects, or such other justifiable reasons as public welfare may require.

(b) When necessary, an adequate substitute for the public facility that is subject to closure shall be provided. No freedom park shall be closed permanently without provision for its transfer or relocation to a new site.

(c) No such way or place or any part thereof shall be permanently closed without making provisions for the maintenance of public safety therein.

(d) A property permanently withdrawn from public use may be used or conveyed for any purpose for which other real property belonging to LGU may be lawfully used or conveyed.

(e) The ordinance authorizing permanent closure must be approved by at least two-thirds (2/3) of all

members of the sanggunian. Public hearings shall first be conducted before any ordinance authorizing permanent closure of any local roads, alley, park, or square is enacted. Notices of such hearings and copies of the proposed ordinance shall be posted for a minimum period of three (3) consecutive weeks in conspicuous places in the provincial capitol, or in the city, municipal, or barangay hall of LGU and within the vicinity of the street or park proposed to be closed.

**ARTICLE 45. Temporary closure.** — (a) Any national or local road, alley, park, or square may be temporarily closed during actual emergency or fiesta celebrations, public rallies, agricultural or industrial fairs, or undertaking of public works and highways, telecommunications, and waterworks projects, the duration of which shall be specified by the local chief executive concerned in a written order, as follows:

(1) During fiesta celebrations — for a period not exceeding nine (9) days;

(2) During agricultural or industrial fairs or expositions — for a period as may be determined to be necessary and reasonable;

(3) When public works projects or activities are being undertaken for a period as may be determined necessary for the safety, security, health, or welfare of the public or when such closure is necessary to facilitate completion of the projects or activities.

(b) An LGU may temporarily close and regulate the use of any local street, road, thoroughfare, or public place where shopping malls, Sunday markets, flea or night markets, or shopping areas may be established and where goods, merchandise, foodstuff, commodities, or articles of commerce may be sold and dispensed to the general public.

(c) No national or local road, alley, park, or square shall be temporarily closed for athletic, cultural, or civic activities not officially sponsored, recognized, or approved by the LGU.

#### **RULE IX**

##### **Corporate Powers and Corporate Seal**

**ARTICLE 46. Corporate Powers.** — Every LGU, as a corporation, shall exercise the following powers:

(a) To have continuous succession in its corporate name;

(b) To sue and be sued;

(c) To have and use a corporate seal;

(d) To acquire and convey real or personal property;

(e) To enter into contracts; and

**(f) To exercise such other powers as are granted to corporations subject to the limitations provided under the Code and other applicable laws.**

**ARTICLE 47. How Exercised. — (a) Unless otherwise provided in the Code, no contract may be entered into by the local chief executive in behalf of an LGU without prior authorization by the sanggunian. A legible copy of such contract shall be posted at a conspicuous place in the provincial capitol, or in the city, municipal, or barangay hall.**

**(b) LGUs shall enjoy full autonomy in the exercise of their proprietary functions and in the management of their economic enterprises, subject to the limitations provided in the Code and other applicable laws.**

**(c) An LGU shall duly register in its name all its acquired real property and shall notify the Commission on Audit (COA) of such registration.**

**ARTICLE 48. Corporate Seal. — LGUs may modify, change, or continue using their existing corporate seals. Newly established LGUs or those without corporate seals may create their own corporate seals in consultation with NHI, and shall register such seals with DILG. Any change of corporate seal shall also be registered with DILG.**

#### **RULE X**

##### **Authority to Negotiate and Secure Grants**

**ARTICLE 49. Extent of Authority. — Local chief executive may, upon authority of the sanggunian, negotiate and secure financial grants or donations in kind, in support of the basic services and facilities enumerated under Rule V of these Rules, from local or foreign assistance agencies without necessity of securing clearance, or approval therefore from any NGA or from any higher LGU. In cases where the projects financed by such grants or assistance affect national security, prior clearance shall be secured by the LGU from the NGA concerned. If the NGA fails to act on the request for clearance within thirty (30) days from receipt thereof, such request shall be deemed approved.**

**ARTICLE 50. Monitoring System. — Within thirty (30) days after the approval of these Rules, the NEDA shall, in coordination with DILG and other NGAs concerned, design and formulate a clearing and monitoring system to:**

**(a) Assist LGUs and the granting institutions in the expeditious submission and approval of project proposals, respectively;**

**(b) Assist LGUs and the granting institutions in the monitoring of project status and progress;**

**(c) Ensure the granting institutions that no project shall be doubly funded by other institutions; and**

**(d) Ensure submission of satisfactory project status reports to the granting institutions in compliance with grant agreements.**

**ARTICLE 51. Directory and Quarterly Information. — (a) The NEDA shall annually provide a directory of all local and foreign granting institutions which shall contain the thrusts and priorities of such institutions and guidelines on application for grants as well as other relevant information.**

**(b) The NEDA and all other NGAs concerned shall provide quarterly information to all LGUs on unutilized balances of granting institutions.**

**ARTICLE 52. Report. — The local chief executive shall, within thirty (30) days upon approval of the grant agreement or deed of donation, report the nature, amount, and terms of such assistance to both Houses of Congress and the President, through DILG.**

#### **RULE XI**

#### **National-Local Government Relations**

**ARTICLE 53. National Government Supervision and Coordination. — (a) The President shall exercise general supervision over LGUs to ensure that their acts are within the scope of their prescribed powers and functions.**

**The President shall exercise supervisory authority directly over provinces, highly-urbanized cities, and independent component cities; through the province with respect to component cities and municipalities; and through the city and municipality with respect to barangays.**

**In exercising general supervision over LGUs the President shall be assisted primarily by DILG, unless otherwise provided in the Code or elsewhere in these Rules and other applicable laws.**

**(b) The President may, upon request of LGU concerned, direct the appropriate NGA to provide financial, technical, or other forms of assistance to LGU.**

**ARTICLE 54. Mandatory Consultations. — (a) All NGAs shall conduct periodic consultations with appropriate LGUs, people's organizations, NGOs, and other concerned sectors of the community before any project or program is implemented in their respective jurisdictions.**

**(b) NGAs or GOCCs authorizing or involved in planning and implementation of any project or program that may cause pollution, climatic change, depletion of non-renewable resources, loss of cropland, rangeland, or forest cover, and extinction of animal or plant species shall consult with LGUs, NGOs, and other sectors concerned and explain the goals and objectives of the project or program, its impact upon the people and the community in terms of environmental or ecological balance, and the measures that will be undertaken to prevent or minimize the adverse effects thereof.**

**ARTICLE 55. Coordination with LGUs. — (a) NGAs with project implementation functions shall coordinate with one another and with LGUs concerned in the discharge of these functions. They shall ensure the participation of LGUs both in the planning and implementation of said national projects.**

(b) NGAs and GOCCs with field units or branches in a province, city, or municipality shall furnish the local chief executive concerned, for his information and guidance, monthly reports, including duly certified budgetary allocations and expenditures.

**ARTICLE 56. Relationship of Local Chief Executive with National Functionaries Stationed in LGUs. —**

(a) The local chief executives may call upon any national official or employee stationed in or assigned to an LGU to advise and regularly report to him on matters affecting LGUs and make recommendations thereon; or to coordinate in the formulation and implementation of all plans, programs, and projects.

(b) When appropriate, the local chief executive may initiate an administrative or judicial action against any National Government official or employee who may have committed an offense in the performance of his official duties while stationed or assigned in the LGU concerned.

(c) The local chief executive shall inform the NGA concerned if any services have adverse effects on the lives of the citizen that is foreseen or is being felt and to submit proposals intended to prevent or mitigate the same preferably before project implementation.

**ARTICLE 57. Relations with the Philippine National Police. —** The extent of operational supervision and control of local chief executives over the police force, fire protection unit, and jail management personnel assigned in their respective jurisdiction shall be governed by the provisions of RA 6975, otherwise known as The Department of the Interior and Local Government Act of 1990, and the rules and regulations issued pursuant thereto (Annex B).

**ARTICLE 58. Prior Approval or Clearance on Regular and Recurring Transactions. —** Six (6) months after the effectivity of the Code, prior approval of or clearance from NGAs shall no longer be required and recurring transactions and activities of LGUs.

## **RULE XII**

### **Inter-Local Government Relations**

**ARTICLE 59. General Supervision of the Province Over Component Cities and Municipalities. —** (a) The province, through its governor, shall exercise supervisory authority over component cities and municipalities within its territorial jurisdiction to ensure that they act within the scope of their prescribed powers and functions. Highly-urbanized cities and independent component cities shall be independent of the province.

(b) The scope of supervision by the province over component cities and municipalities shall include, but not limited to, the following:

(1) The governor shall review executive orders issued by the mayor of the component city or municipality, subject to the concurrence of the sangguniang panlalawigan, except as otherwise provided under the Constitution and special statutes. If the governor and the sangguniang panlalawigan fail to act on said executive orders within thirty (30) days from receipt thereof, the

same shall be deemed consistent with law and therefore valid.

(2) The sangguniang panlalawigan shall review all approved city or municipal ordinances and resolutions approving the development plans and public investment programs formulated by the city or municipal development councils.

(3) The sangguniang panlalawigan shall review the ordinance authorizing annual or supplemental appropriations of component cities and municipalities in the same manner and within the same period prescribed for the review of other ordinances of the LGU.

(4) The governor shall visit component cities and municipalities of the province at least once every six (6) months to fully understand their problems and conditions, listen and give appropriate counsel to local officials and inhabitants, inform the officials and inhabitants of component cities and municipalities of general laws and ordinances which especially concern them, and conduct visits and inspections to the end that the governance of the province shall improve the quality of life of the inhabitants.

(5) The governor shall coordinate plans, measures, and developmental activities with component cities and municipalities as well as NGAs concerned to:

(i) Formulate peace and order plan of the province in coordination with mayors of component cities and municipalities and the National Police Commission;

(ii) Adopt adequate measures to safeguard and conserve land, mineral, marine, forest, and other resources of the province, in coordination with mayors of component cities and municipalities;

(iii) Coordinate efforts of component cities and municipalities in the national or regional palaro or sports development activities; and

(iv) Call conventions, conferences, seminars, or meetings of any elective and appointive officials of the province and component cities and municipalities.

(6) The proceeds of the basic real property tax, including interest thereon, and proceeds from the use, lease or disposition, sale or redemption of property acquired at a public auction shall be shared by the province, municipality, and barangay in the manner prescribed in Rule XXXI of these Rules.

(7) The province shall share its collections from the tax on sand, gravel, and other quarry resources with its component city and municipality, and the barangay where said resources are extracted.

**ARTICLE 60. General Supervision of Cities and Municipalities Over Barangays.** — (a) The city and municipality, through the city and municipal mayor, shall exercise supervisory authority over every barangay in their respective territorial jurisdictions to ensure that they act within the scope of their assigned powers and functions.

**(b) The scope of supervision by the city and municipality over their barangays shall include, but not limited to, the following:**

**(1) The city or municipal mayor shall review all executive orders promulgated by the punong barangay within his jurisdiction, subject to the concurrence of the sangguniang panlungsod or sangguniang bayan, except as otherwise provided under the Constitution and special statutes.**

**(2) The sangguniang panlungsod or sangguniang bayan concerned shall review all barangay ordinances to determine whether or not such ordinances are consistent with law.**

**(3) The city or municipal mayor shall visit and inspect his barangays at least once every six (6) months to fully understand the problems and conditions therein, listen and give appropriate counsel to barangay officials and inhabitants, and inform them of general laws and ordinances which especially concern them, and conduct visits and inspections to the end that the governance of the city or municipality will improve the quality of life of the inhabitants.**

**(4) Cities or municipalities shall provide an annual aid of not less than One Thousand Pesos (P1,000.00) per barangay.**

**(5) Cities or municipalities shall coordinate with their barangays in the adoption of complementary development plans and programs for a more effective solution of problems or concerns affecting the LGU.**

**(6) The sangguniang panlungsod or the sangguniang bayan shall provide for group insurance or additional insurance coverage for barangay officials, including members of barangay tanod brigades and other service units, with public or private insurance companies when finances of the city or municipality allow said coverage.**

**(7) The proceeds of the basic real property tax, including interest thereon, and proceeds from the use, lease or disposition, sale or redemption of property acquired at public auction by the city or municipality shall be shared with their barangays in the manner prescribed under these Rules.**

**ARTICLE 61. Inter-Local Government Loans, Grants, Subsidies and Other Cooperative Undertakings.**

**— (a) Provinces, cities, and municipalities may, upon approval of a majority of all members of the sanggunian concerned and in amounts not exceeding their surplus funds, extend loans, grants, or subsidies to other LGUs under such terms and conditions as may be agreed upon by the contracting parties.**

**(b) LGUs may, through appropriate ordinances, group themselves, consolidate or coordinate their efforts, sources, and resources for purposes commonly beneficial to them. In support of such undertakings, LGUs may, upon approval by the sanggunian concerned after public hearing conducted for the purpose, contribute funds, real estate, equipment, and other kinds of property and appoint or assign personnel under such terms and conditions as may be agreed upon by the participating LGUs through a Memorandum of Agreement.**

**(c) LGUs may, upon approval of their respective sanggunians, jointly or severally contract loans, credits and other forms of indebtedness for purposes mutually beneficial to them.**

**(d) The procedures in contracting inter-local government loans, credits and other forms of indebtedness as well as other cooperative undertakings are as follows:**

**(1) The local chief executive, in consultation with the local development council (LDC), shall identify the programs, projects, and activities that may be considered;**

**(2) The local chief executive shall negotiate with the prospective LGU partner or partners on the terms and conditions of the agreement to be embodied in a Memorandum of Agreement.**

**(3) The local chief executives concerned may organize a team to negotiate the terms and conditions of the joint loan. The final terms and conditions shall be subject to the approval of the said local chief executives.**

**(4) The local chief executives concerned shall submit the Memorandum of Agreement to their respective sanggunians for approval and authority to enter into inter-local government cooperative undertaking or joint loan or credit. In the case of cooperative undertakings, the sanggunian shall conduct as many public hearings as may be required to obtain the views and opinions of the affected sectors.**

**(5) The loan agreement shall be signed jointly by the local chief executives concerned.**

**(6) Within ten (10) days from signing of the loan agreement, the local chief executives concerned shall formally submit a copy of the approved loan agreement to their respective sanggunians.**

#### **RULE XIII**

**Local Government Relations With People's Organizations, Nongovernmental Organizations, and the Private Sector**

**ARTICLE 62. Role of People's Organizations, Nongovernmental Organizations and the Private Sector.**

**— LGUs shall promote the establishment and operation of people's organizations, NGOs, and the private sector, to make them active partners in the pursuit of local autonomy. For this purpose, people's organizations, NGOs, and the private sector shall be directly involved in the following plans, programs, projects, or activities of LGUs:**

**(a) Local special bodies;**

**(b) Delivery of basic services and facilities;**

**(c) Joint ventures and cooperative programs or undertakings;**

- (d) Financial and other forms of assistance;**
- (e) Preferential treatment for organizations and cooperatives of marginal fishermen;**
- (f) Preferential treatment for cooperatives development; and**
- (g) Financing, construction, maintenance, operation, and management of infrastructure projects.**

**ARTICLE 63. Local Special Bodies. — (a) Local Development Councils — The duly designated representatives of accredited people's organizations, NGOs, and the private sector operating in the provinces, cities, municipalities, or barangays shall sit as members in the provincial, city, municipal, or barangay development councils, as the case may be. The number of NGO representatives in each LDC shall not be less than one-fourth (1/4) of the total membership of the fully organized council.**

**The local chief executive shall undertake the necessary information campaign to ensure participation of all NGOs operating within his territorial jurisdiction.**

**(b) Local Prequalification, Bids and Awards Committees — Two (2) representatives of people's organizations or NGOs that are represented in the LDC concerned, to be chosen by the organizations themselves, and a practicing certified public accountant from the private sector, to be designated by the local chapter of the Philippine Institute of Certified Public Accountant, if any, shall sit as members of the provincial, city, and municipal prequalification, bids and awards committees (PBACs).**

**(c) Local Health Boards — A representative from NGOs or the private sector involved in health services in the province, city, and municipality shall sit as member of the provincial, city or municipal health boards, respectively.**

**(d) Local School Boards — The representatives of NGOs or the private sector who shall sit as members of the local school boards are as follows:**

**(1) Provincial school board — the duly elected president of the provincial federation of parents-teachers associations, the duly elected representative of teachers' organizations in the province, and the duly elected representative of the non-academic personnel of public schools in the province;**

**(2) City school board — the duly elected president of the city federation of parents-teachers associations, the duly elected representative of teachers' organizations in the city, and the duly elected representative of the non-academic personnel of public schools in the city;**

**(3) Municipal school board — the duly elected president of the municipal federation of parents-teachers associations, the duly elected representative of the teachers' organizations in the municipality, and the duly elected representative of the non-academic personnel of the public schools in the municipality;**

**(e) Local Peace and Order Councils — The representatives of people's organizations or NGOs in the**

local peace and order councils shall be the same as those provided under Presidential EO 309, series of 1988, as amended, and the implementing rules and regulations issued pursuant thereto (Annex B).

(f) **People's Law Enforcement Boards** — The representatives of people's organizations or NGOs who sit as members of the boards shall be the same as those provided under RA 6975, and the rules and regulations issued pursuant thereto.

**ARTICLE 64. Procedures and Guidelines for Selection of Representatives of People's Organizations, Nongovernmental Organizations, or the Private Sector in Local Special Bodies.** — (a) **Call for application** — Within thirty (30) days from the approval of these Rules and thereafter, within thirty (30) days from the organization of the newly elected sanggunian, each sanggunian concerned shall call all community-based people's organizations or NGOs, including business and professional groups, and other similar aggrupations to apply with the LGU concerned for accreditation for membership in the local special bodies. The application shall include a duly approved board resolution of the people's organizations, NGOs or the private sector concerned, certificate of registration, list of officers, accomplishments, and financial data of the organization;

(b) **Accreditation** — The sanggunian concerned shall accredit the organizations based on the following criteria:

(1) **Registration** with either the Securities and Exchange Commission, Cooperatives Development Authority, Department of Labor and Employment, Department of Social Welfare and Development, or any recognized NGA that accredits people's organizations, NGOs, or the private sector. If not formally registered, the said organizations may be recognized by the sanggunian for purposes only of meeting the minimum requirements for membership of such organizations in local special bodies;

(2) **Organizational purpose and objectives** include community organization and development, institution-building, local enterprise development, livelihood development, capability-building, and similar developmental objectives and considerations;

(3) **Community-based** with project development and implementation track record of at least one (1) year;

(4) **Reliability** as evidenced by the preparation of annual reports and conduct of annual meetings duly certified by the board secretary of the organization; and

(5) In the case of PBACs, the organization or any of its members shall have no conflict of interest in the awarding of infrastructure or other projects.

(c) **Completion of the accreditation process** — The sanggunian shall complete the accreditation process within sixty (60) days from the promulgation of these Rules or within the same period from the organization of the newly elected sanggunian.

(d) **Meeting to choose representatives of people's organizations, NGOs, or the private sector** —

Within fifteen (15) days after the accreditation process, the DILG field officer assigned in the LGU shall call all accredited people's organizations, NGOs, or the private sector to a meeting where these organizations shall choose from among themselves which people's organizations, NGOs or private sector will be represented in the local special bodies. The selected people's organizations, NGOs or private sector shall then designate their principal and alternate representatives who are residents of the LGU concerned. In no case shall an organization or a representative thereof be a member of more than one local special body within a province, city, or municipality.

(e) Term of office of selected representatives — The term of office of a selected representative shall be coterminous with that of the local chief executive concerned. Should a vacancy arise, the selected people's organizations, NGOs, or the private sector shall designate a replacement for the unexpired term.

**ARTICLE 65. Delivery of Basic Services and Facilities.** — LGUs may, by ordinance, sell, lease, encumber, or otherwise dispose of public economic enterprises owned by them in their proprietary capacity to the private sector to ensure their active participation in local governance.

**ARTICLE 66. Joint Ventures and Cooperative Programs or Undertakings.** — LGUs may enter into joint ventures and such other cooperative arrangements with people's organizations, NGOs or the private sector, to engage in the delivery of certain basic services; capability-building and livelihood projects; develop local enterprises designed to improve productivity and income; diversify agriculture; spur rural industrialization; promote ecological balance; and enhance the economic and social well-being of the people.

**ARTICLE 67. Financial and Other Forms of Assistance.** — An LGU may, through its chief executive and with the concurrence of the sanggunian concerned, provide assistance, financial or otherwise, to people's organizations, NGOs, or the private sector for economic, socially-oriented, environmental, or cultural projects to be implemented within its territorial jurisdiction. An LGU may likewise grant tax exemptions, tax relief and other tax incentives to the said organizations as provided in these Rules.

**ARTICLE 68. Preferential Treatment for Organizations and Cooperatives of Marginal Fishermen.** — (a) The duly registered organizations and cooperatives of marginal fishermen shall have preferential right in the grant by the sanggunian to erect fish corrals, oyster, mussel or aquatic beds or bangus fry areas, within a definite zone of the municipal waters.

(b) The sanggunian may grant the privilege to gather, take or catch bangus fry, prawn fry or kawag-kawag or fry of other species and fish from the municipal waters by nets, traps or other fishing gears to marginal fishermen free of any rental, fee, charge, or any other imposition whatsoever.

**ARTICLE 69. Preferential Treatment for Cooperatives.** — Upon approval by a majority vote of all its members, the sangguniang panlungsod or sangguniang bayan may grant a franchise to any person, partnership, corporation, or cooperative to establish, construct, operate and maintain ferries, wharves, markets or slaughterhouses, or such other similar activities within the city or municipality as may be allowed by applicable laws. Cooperatives shall be given preference in the grant of

franchises as contemplated in this Article.

**ARTICLE 70. Financing, Construction, Maintenance, Operation, and Management of Infrastructure Projects by the Private Sector.** — LGUs may enter into a contract with any duly prequalified individual contractor for the financing, construction, operation, and maintenance of any financially viable infrastructure facilities, under the build-operate-and-transfer (B-O-T) agreement, subject to the applicable provisions of RA 6957 authorizing the financing, construction, operation, and maintenance of infrastructure projects by the private sector and the rules and regulations issued thereunder and such other terms and conditions as may be agreed upon by the contracting parties.

#### **RULE XIV**

##### **Common Provisions for Elective Local Officials**

**ARTICLE 71. Local Officials.** — The elective officials of provinces, cities, municipalities, and barangays are the following:

##### **Provinces**

- (a) governor;
- (b) vice governor; and
- (c) members of the sangguniang panlalawigan.

##### **Cities**

- (a) city mayor;
- (b) city vice mayor; and
- (c) members of the sangguniang panlungsod.

##### **Municipalities**

- (a) municipal mayor;
- (b) municipal vice mayor; and
- (c) members of the sangguniang bayan.

##### **Barangays**

- (a) punong barangay;
- (b) members of the sangguniang barangay; and
- (c) members of the sangguniang kabataan.

**ARTICLE 72. Qualifications.** — All elective local officials shall possess the following qualifications:

- (a) A citizen of the Philippines;

**(b) A registered voter in the province, city, municipality, or barangay where he intends to be elected or, in the case of a member of the sangguniang panlalawigan, sangguniang panlungsod, or sangguniang bayan, the district where he intends to be elected;**

**(c) A resident of the LGU concerned for at least one (1) year immediately preceding the day of the election;**

**(d) Able to read and write Filipino or any other Philippine language or dialect;**

**(e) Candidates for the position of governor, vice governor, or member of the sangguniang panlalawigan, or city mayor, vice mayor, or member of the sangguniang panlungsod of highly-urbanized cities must be at least twenty-three (23) years of age on election day;**

**(f) Candidates for the position of mayor or vice mayor of independent component cities, component cities, or municipalities must be at least twenty-one (21) years of age on election day;**

**(g) Candidates for the position of member of the sangguniang panlungsod or sangguniang bayan must be at least eighteen (18) years of age on election day;**

**(h) Candidates for the position of punong barangay or member of the sangguniang barangay must be at least eighteen (18) years of age on election day; and**

**(i) Candidates for the position of member of the sangguniang kabataan must be at least fifteen (15) years of age but not more than twenty-one (21) years of age on election day.**

**ARTICLE 73. Disqualifications. — The following persons shall be disqualified from running for any elective local position:**

**(a) Those sentenced by final judgment for an offense involving moral turpitude or for an offense punishable by one (1) year or more imprisonment, within two (2) years after serving sentence;**

**(b) Those removed from office as a result of an administrative case;**

**(c) Those convicted by final judgment for violating the oath of allegiance to the Republic of the Philippines;**

**(d) Those with dual citizenship;**

**(e) Fugitives from justice in criminal or nonpolitical cases here or abroad. Fugitive from justice refers to a person who has been convicted by final judgment.**

**(f) Permanent residents in a foreign country or those who have acquired the right to reside abroad and continue to avail of the same right after the effectivity of the Code; and**

**(g) The insane or the feeble-minded.**

**ARTICLE 74. Manner of Election. — (a) The governor, vice governor, city mayor, city vice mayor, municipal mayor, municipal vice mayor, and punong barangay shall be elected at large in their respective LGUs by the qualified voters therein. The sangguniang kabataan chairman for each barangay shall be elected by the registered voters of the katipunan ng kabataan, as provided in Rule XXVII of these Rules.**

**(b) The regular members of the sangguniang panlalawigan, sangguniang panlungsod, and sangguniang bayan shall be elected by district, as may be provided by law. Sangguniang barangay members shall be elected at large.**

**(c) There shall be one (1) sectoral representative from the women, one (1) from the workers, and one (1) from any of the following sectors; the urban poor, indigenous cultural communities, disabled persons, or any other sector as may be determined by the sanggunian concerned within ninety (90) days prior to the holding of the next local elections, as may be provided by law. The COMELEC shall promulgate rules and regulations to effectively provide for the election of such sectoral representatives.**

**ARTICLE 75. Date of Election. — Unless otherwise provided by law, the elections for local officials shall be held every three (3) years on the second Monday of May starting on the second Monday of May 1992 except for the barangay officials which shall be on the second Monday of May, 1994 and sangguniang kabataan officials which shall be one hundred twenty days (120) after the second Monday of May, 1994.**

**ARTICLE 76. Term of Office. — (a) The term office of all elective local officials shall be three (3) years, starting from noon of June 30, 1992 or such date as may be provided by law except that of elective barangay officials, which shall begin after the regular elections for barangay officials on the second Monday of May, 1994.**

**(b) No elective local official shall serve for more than three (3) consecutive terms in the same position. Voluntary renunciation of the office for any length of time shall not be considered as an interruption in the continuity of service for the full term for which the elective official concerned was elected.**

**ARTICLE 77. Compensation and Benefits. — (a) Compensation —**

**(1) Upon effectivity of the Code, an elective local official shall receive a minimum monthly compensation corresponding to the salary grade as prescribed under RA 6758, otherwise known as the Salary Standardization Law, and the implementing guidelines issued thereunder, as follows:**

**Provinces —**

- (i) governor SG-30**
- (ii) vice governor SG-28**
- (iii) members of the sangguniang panlalawigan SG-27**

**Cities —**

- (i) city mayor SG-30**
- (ii) city vice mayor highly-urbanized cities SG-28**  
**component cities SG-26**
- (iii) members of the sangguniang panlungsod**  
**highly-urbanized cities SG-27**  
**component cities SG-25**

**Municipalities —**

- (i) municipal mayor within MMA SG-28**  
**outside MMA SG-27**
- (ii) municipal vice mayor within MMA SG-26**  
**outside MMA SG-25**
- (iii) members of the sangguniang bayan**  
**within MMA SG-25**  
**outside MMA SG-24**

**(2) The ex officio members in the sangguniang panlalawigan shall receive their authorized salaries and emoluments from the component city or municipality where they are representing their respective ligas or federations. The province shall appropriate funds for the additional allowances of said members such that their total compensation shall be equivalent to the compensation actually received by their elective counterparts in the sangguniang panlalawigan.**

**(3) Any compensation beyond the minimum of the authorized salary grade shall be determined by the sanggunian concerned provided that the increase in compensation of elective local officials shall take effect only after the terms of office of those approving such increase shall have expired and provided further, that said increase shall not exceed the budgetary limitation on personal services and provided finally, that such compensation shall not be higher than the maximum fixed for their positions provided under applicable laws or rules and regulations issued thereunder.**

**(4) Notwithstanding the prohibition under the immediately preceding subparagraph (3), elective local officials may, during their tenure, be allowed to receive the minimum rate of the salary grade prescribed in this Article.**

**(5) Elective barangay officials shall receive honoraria, allowances, and such other emoluments as may be authorized by law or city, municipal or barangay ordinance in accordance with the provisions of these Rules, but in no case shall it be less than One Thousand Pesos (P1,000.000) per month for the punong barangay and Six Hundred Pesos (P600.00) per month for the members of the**

sangguniang barangay, subject to budgetary limitations prescribed in Rule XXXIV of these Rules.

**(b) Benefits —**

**(1) Elective local officials shall be entitled to the same leave privileges those enjoyed by appointive local officials, including the cumulation and commutation thereof.**

**(2) Elective barangay officials shall:**

**(i) Be entitled to a Christmas bonus of at least One Thousand Pesos (P1,000.00) each, the funds for which shall be taken from the general fund of the barangay or from such other funds appropriated by the National Government for the purpose;**

**(ii) Be entitled, during their incumbency, to insurance coverage which shall include, but not limited to temporary and permanent disability, double indemnity, accident insurance, death and burial benefits, in accordance with RA 6942 entitled An Act Increasing the Insurance Benefits of Local Government Officials and Providing Funds therefor.**

**The Government Service Insurance System shall establish and administer an appropriate system under which the punong barangay, the members of the sangguniang barangay, the barangay secretary, the barangay treasurer, and the members of the barangay tanod shall enjoy insurance coverage as provided in the immediately preceding paragraph. For this purpose, the Government Service Insurance System shall undertake an actual study, issue rules and regulations, determine the premiums payable, and recommend to the Congress the amount of appropriations needed to support the system. The amount needed for the implementation of the said insurance system shall be included in the annual General Appropriations Act.**

**(iii) Be entitled to free medical care including subsistence, medicines, and medical attendance in any government hospital or institution. Hospital care shall include surgery or surgical expenses, medicines, x-rays, laboratory fees, and other hospital expenses;**

**In case of extreme urgency where there is no available government hospital or institution, the elective barangay official may submit himself for immediate medical attendance to the nearest private clinic, hospital or institution and the expenses not exceeding Five Thousand Pesos (P5,000.00) that may be incurred therein shall be chargeable against the funds of the barangay concerned;**

**(iv) Be exempted during their incumbency from paying tuition and matriculation fees for their legitimate dependent children attending state colleges or universities. He may likewise avail of such educational benefits in a state college or university located within the province or city to which the barangay belongs; and**

**(v) Be entitled to appropriate civil service eligibility on the basis of the number of years of service to the barangay, pursuant to the rules and regulations issued by the CSC.**

**(3) Elective barangay officials shall have preference in appointments to any government position or in any GOCC, including its subsidiaries, after their tenure of office, subject to the requisite qualifications as CSC may prescribe.**

**(4) The sangguniang kabataan officials shall have the same privileges enjoyed by other sangguniang barangay officials under the Code, subject to such requirements and limitations provided in these Rules. During their incumbency, sangguniang kabataan officials shall be exempt from payment of tuition and matriculation fees. The said officials shall enroll in the state college or university within or nearest their area of jurisdiction to qualify for the privilege.**

**ARTICLE 78. Prohibition Against Withholding of Benefits. — Willful and malicious withholding of any of the benefits accorded to barangay officials under this Rule shall be punished with suspension or dismissal from office of the official or employee responsible therefore.**

**ARTICLE 79. Residence and Office. — During their incumbency,**

**(a) Governors shall have his official residence in the capital town or capital city of the province.**

**(b) All other provincial elective officials shall hold office in the provincial capital provided that upon resolution of the sangguniang panlalawigan, said officials may hold office in any component city or municipality within the province for a period of not more than seven (7) days for any given month.**

**(c) City and municipal mayors shall hold office in their respective city and municipal halls.**

**ARTICLE 80. Prohibition on Appointment to Other Public Office. — No elective local official shall be eligible for appointment or designation in any capacity to any public office or position during his tenure.**

**Unless otherwise allowed by law or by the primary functions of his position, no elective local official shall hold any other office or employment in the government or any subdivision, agency or instrumentality thereof, including GOCCs, or in any of their subsidiaries.**

**ARTICLE 81. Appointment of Candidates Who Lost in an Election. — Except for losing candidates in barangay elections, no candidate who lost in any election shall, within one (1) year after such election, be appointed to any office in the government or any GOCCs or in any of their subsidiaries.**

**ARTICLE 82. Resignation. — (a) Resignations of elective local officials shall be deemed effective only upon acceptance by the following authorities:**

**(1) By the President, in the case of governors and vice governors, mayors and vice mayors of highly-urbanized cities, independent component cities, and municipalities within MMA and other metropolitan political subdivisions as may be created by law;**

**(2) By the governor, in the case of municipal mayors, municipal vice mayors, mayors and vice mayors**

of component cities;

(3) By the sanggunian concerned, in the case of sangguniang members; and

(4) By the city or municipal mayor, in the case of barangay officials.

(b) The DILG shall be furnished copies of the resignation letters of elective local officials, together with the action taken by the authorities concerned.

(c) The resignation shall be deemed accepted if not acted upon by the authority concerned within fifteen (15) working days from receipt thereof.

(d) Irrevocable resignations by sanggunian members shall be deemed accepted upon presentation before an open session of the sanggunian concerned and duly entered in its records. This provision shall not apply to sanggunian members who are subject to recall elections or to cases where existing laws prescribe the manner of acting upon such resignations.

**ARTICLE 83. Vacancies and Succession of Elective Local Officials. — (a) What constitutes permanent vacancy — A permanent vacancy arises when an elective local official fills a higher vacant office, refuses to assume office, fails to qualify, dies, is removed from office, voluntarily resigns, or is otherwise permanently incapacitated to discharge the functions of his office.**

**(b) Permanent vacancies in the offices of the governor, vice governor, mayor and vice mayor —**

**(1) If a permanent vacancy occurs in the office of the governor or mayor, the vice governor or vice mayor concerned shall ipso facto become the governor or mayor. If a permanent vacancy occurs in the offices of the governor, vice governor, mayor, or vice mayor, the highest ranking sanggunian member or, in case of his permanent inability, the second highest ranking sanggunian member, shall ipso facto become the governor, vice governor, mayor or vice mayor, as the case may be. Subsequent vacancies in the said office shall be filled automatically by the other sanggunian members according to their ranking as defined in this Article.**

**(2) Permanent vacancy in the office of the punong barangay — If a permanent vacancy occurs in the office of the punong barangay, the highest ranking sangguniang barangay member or, in case of his permanent inability, the second highest ranking sanggunian member, shall ipso facto become the punong barangay.**

**(3) Resolution of ties — A tie between or among the highest ranking sangguniang members shall be resolved by drawing of lot.**

**(4) Term of successors — The successors as defined in this Article shall serve only the unexpired terms of their predecessors.**

**(5) Ranking in the sanggunian for purposes of succession — Ranking in the sanggunian shall be**

determined on the basis of the proportion of votes obtained by each winning candidate to the total number of registered voters in each district in the immediately preceding local elections. For this purpose, the COMELEC shall, within sixty (60) days from the last local elections, prepare a ranking of sanggunian members.

**(c) Permanent vacancies in the sanggunian —**

**(1) Permanent vacancies not covered by automatic succession —** Permanent vacancies in the sanggunian where automatic successions do not apply shall be filled by appointment in the following manner:

**(i) By the President, through the Executive Secretary, in the case of the sangguniang panlalawigan, the sangguniang panlungsod of highly-urbanized cities and independent component cities, and the sangguniang bayan of municipalities within MMA and other metropolitan political subdivisions as may be created by law;**

**(ii) By the governor, in the case of the sangguniang panlungsod of component cities and the sangguniang bayan;**

**(iii) By the city or municipal mayor, in the case of the sangguniang barangay, upon the recommendation of the sangguniang barangay concerned.**

**(2) Eligible appointee —**

**(i) Except for the sangguniang barangay, only the nominee of the political party under which the sanggunian member concerned has been elected and whose elevation to the position next higher in rank created the last vacancy in the sanggunian shall be appointed in the manner provided in this Article. The appointee shall come from the same political party as that of the sanggunian member who caused the vacancy and shall serve the unexpired term of the vacant office.**

**(ii) For appointments made in accordance with the immediately preceding subparagraph (i), the appointing authority shall see to it that a certificate of membership of the appointee and nomination from the highest official of the political party concerned are conditions sine qua non, and any appointment without such certification and nomination shall be null and void ab initio and shall be a ground for administrative action against the official responsible therefore.**

**(3) Permanent vacancy caused by a sanggunian member not belonging to any political party. —** In case the permanent vacancy is caused by a sanggunian member who does not belong to any political party, the local chief executive shall, upon recommendation of the sanggunian concerned, appoint a person who possesses all the qualifications and none of the disqualifications for the position, to fill the vacancy.

**(4) Vacancy in the representation of the youth and the liga ng mga barangay in the sanggunian. —** In case of vacancy in the representation of the youth and the liga ng mga barangay in the sanggunian,

the vice president or the official next-in-rank of the pederasyon ng mga sangguniang kabataan and the local chapter of the liga ng mga barangay concerned shall automatically fill up said vacancy.

**(d) Temporary vacancy in the office of the local chief executive. —**

**(1) Temporary incapacity —** When the governor, city or municipal mayor, or punong barangay is temporarily incapacitated to perform his duties for physical or legal reasons such as, but not limited to, leave of absence, travel abroad, and suspension from office, the vice governor, city or municipal vice mayor, or the highest ranking sangguniang barangay member shall automatically exercise the powers and perform the duties and functions of the local chief executive concerned, except the power to appoint, suspend, or dismiss employees which can only be exercised if the period of temporary incapacity exceeds thirty (30) working days.

**(2) Termination of temporary incapacity —** Temporary incapacity shall terminate upon submission to the appropriate sanggunian of a written declaration by the local chief executive concerned that he has reported back to office. In cases where the temporary incapacity is due to legal causes, the local chief executive concerned shall also submit necessary documents showing that said legal causes no longer exist.

**(3) Temporary vacancy due to local travel —**

**(i)** When the incumbent local chief executive is traveling within the country but outside his territorial jurisdiction for a period not exceeding three (3) consecutive days, he may designate in writing the officer-in-charge of the office of the local chief executive. Such authorization shall specify the powers and functions that the local official concerned shall exercise in the absence of the local chief executive except the power to appoint, suspend or dismiss employees.

**(ii)** In the event that the local chief executive concerned fails or refuses to issue such authorization, the vice governor, the city or municipal vice mayor, as the case may be, shall have the right to assume the powers, duties, and functions of the said office on the fourth (4th) day of absence of the said local chief executive, subject to the limitations provided in the immediately preceding subparagraph (i).

**(iii)** Except as provided in this Article, the local chief executive shall in no case authorize any local official to assume the powers, duties, and functions of the office, other than the vice governor, the city or municipal vice mayor, or the highest ranking sangguniang barangay member, as the case may be.

**ARTICLE 84. Leaves of Absence. — (a)** Leaves of absence of elective local officials shall be approved as follows:

**(1)** Leaves of absence of governors and mayors of highly-urbanized cities, independent component cities, and municipalities within MMA, shall be approved by the President or his duly authorized representative;

**(2) Leaves of absence of vice governors or city or municipal vice mayors shall be approved by the local chief executive concerned;**

**(3) Leaves of absence of the members of the sanggunian and appointive employees therein shall be approved by the vice governor or city or municipal vice mayor concerned;**

**(4) Leaves of absence of mayors of component cities or municipalities shall be approved by the governor;**

**(5) Leaves of absence of punong barangays shall be approved by the city or municipal mayor; and**

**(6) Leaves of absence of sangguniang barangay members shall be approved by the punong barangay.**

**(b) Whenever the application for leave of absence is not acted upon within five (5) working days after receipt thereof, such application shall be deemed approved.**

#### **RULE XV**

##### **Powers, Duties, and Functions of Local Chief Executives**

**ARTICLE 85. Powers, Duties, and Functions of the Governor. — (a) The governor, as the chief executive of the province, shall exercise such powers and perform such duties and functions as provided by the Code and other applicable laws.**

**(b) For efficient, effective and economical governance the purpose of which is the general welfare of the province and its inhabitants pursuant to Sec. 16 of the Code, the governor shall:**

**(1) Exercise general supervision and control over all programs, projects, services, and activities of the province, and in this connection, shall:**

**(i) Determine the guidelines of provincial policies and be responsible to the sangguniang panlalawigan for the program of government;**

**(ii) Direct the formulation of the provincial development plan, with the assistance of the provincial development council, and upon approval thereof by the sangguniang panlalawigan, implement the same;**

**(iii) Present the program of government and propose policies and projects for the consideration of the sangguniang panlalawigan at the opening of the regular session of the sangguniang panlalawigan every calendar year and as often as may be deemed necessary as the general welfare of the inhabitants and the needs of the provincial government may require;**

**(iv) Initiate and propose legislative measures to the sangguniang panlalawigan, and as often as may be deemed necessary, provide such information and data needed or requested by said sanggunian in**

the performance of its legislative functions;

(v) Appoint all officials and employees whose salaries and wages are wholly or mainly paid out of provincial funds and whose appointments are not otherwise provided in the Code, as well as those he may be authorized by law to appoint;

(vi) Represent the province in all its business transactions and sign in its behalf all bonds, contracts, and obligations, and such other documents upon authority of the sangguniang panlalawigan or pursuant to law or ordinance;

(vii) Carry out such emergency measures as may be necessary during and in the aftermath of man-made and natural disasters and calamities;

(viii) Determine the time, manner, and place of payment of salaries or wages of the officials and employees of the province, in accordance with law or ordinance;

(ix) Allocate and assign office space to provincial and other officials and employees who, by law or ordinance, are entitled to such space in the provincial capitol and other buildings owned or leased by the province;

(x) Ensure that all executive officials and employees of the province faithfully discharge their duties and functions as provided by law and the Code, and cause to be instituted administrative or judicial proceedings against any official or employee of the province who may have committed an offense in the performance of his official duties;

(xi) Examine the books, records and other documents of all offices, officials, agents or employees of the province and, in aid of his executive powers and authority, require all national officials and employees stationed in the province to make available to him such books, records, and other documents in their custody, except those classified by law as confidential;

(xii) Furnish copies of executive orders issued by him to the Office of the President within seventy-two (72) hours after their issuance;

(xiii) Visit component cities and municipalities of the province at least once every six (6) months to deepen his understanding of problems and conditions, listen and give appropriate counsel to local officials and inhabitants, inform the officials and inhabitants of component cities and municipalities of general laws and ordinances which especially concern them, and otherwise conduct visits and inspections to ensure that the governance of the province will improve the quality of life of the inhabitants;

(xiv) Act on leave applications of officials and employees appointed by him and the commutation of the monetary value of leave credits in accordance with law;

(xv) Authorize official trips of provincial officials and employees outside of the province for a period

not exceeding thirty (30) days;

(xvi) Call upon any national official or employee stationed in or assigned to the province to advise him on matters affecting the province and to make recommendations thereon; coordinate with said official or employee in the formulation and implementation of plans, programs, and projects; and when appropriate, initiate an administrative or judicial action against a national government official or employee who may have committed an offense in the performance of his official duties while stationed in or assigned to the province;

(xvii) Authorize payment for medical care, necessary transportation, subsistence, hospital or medical fees of provincial officials and employees who are injured while in the performance of their official duties and functions, subject to availability of funds,

(xviii) Represent the province in inter-provincial or regional sports councils or committees, and coordinate the efforts of component cities or municipalities in the national or regional palaro or sports development activities;

(xix) Conduct an annual palarong panlalawigan, which shall feature traditional sports and disciplines included in national and international games, in coordination with the Department of Education, Culture and Sports; and

(xx) Submit to the Office of the President the following reports: an annual report containing a summary of all matters pertinent to the management, administration and development of the province and all information and data relative to its political, social and economic conditions; and supplemental reports when unexpected events and situations arise at any time during the year, particularly when man-made or natural disasters or calamities affect the general welfare of the province, region, or country;

(2) Enforce all laws and ordinances relative to the governance of the province and the exercise of the appropriate corporate powers provided in Rule IX of these Rules, implement all approved policies, programs, projects, services, and activities of the province and, in addition to the foregoing, shall:

(i) Ensure that the acts of the component cities and municipalities of the province and of their officials and employees are within the scope of their prescribed powers, duties, and functions;

(ii) Call conventions, conference, seminars, or meetings of any elective and appointive officials of the province and its component cities and municipalities, including national officials and employees stationed in or assigned to the province, at such time and place and on such subject as he may deem important for the promotion of the general welfare of the province and its inhabitants;

(iii) Issue such executive orders for the faithful and appropriate enforcement and execution of laws and ordinances;

(iv) Be entitled to carry the necessary firearm within his territorial jurisdiction;

**(v) In coordination with the mayors of component cities and municipalities and the National Police Commission, formulate the peace and order plan of the province and upon its approval, implement the same in accordance with RA 6975; and**

**(vi) Call upon the appropriate national law enforcement agencies to suppress disorder, riot, lawless violence, rebellion, or sedition or to apprehend violators of the law when public interest so requires, and the police forces of the component city or municipality where the disorder or violation is happening are inadequate to cope with the situation or the violators;**

**(3) Initiate and maximize the generation of resources and revenues, and apply the same to the implementation of development plans, program objectives and priorities as provided in Rule XXX of these Rules, particularly those resources and revenues programmed for agro-industrial development and countrywide growth and progress and, relative thereto, shall:**

**(i) Require each head of an officer or department to prepare and submit an estimate or appropriations for the ensuing calendar year, in accordance with the budget preparation process in Rule XXXIV of these Rules;**

**(ii) Prepare and submit to the sanggunian for approval the executive and supplemental budgets of the province for the ensuing calendar year in the manner provided in Rule XXXIV of these Rules;**

**(iii) Ensure that all taxes and other revenues of the province are collected, and that provincial funds are applied to the payment of expenses and settlement of obligations of the province, in accordance with law or ordinance;**

**(iv) Issue licenses and permits and suspend or revoke the same for any violation of the conditions upon which said licenses or permits had been issued, pursuant to law or ordinance;**

**(v) Adopt adequate measures to safeguard and conserve land, mineral, marine, forest and other resources of the province, in coordination with the mayors of component cities and municipalities; provide efficient and effective property and supply management in the province; and protect the funds, credits, rights, and other properties of the province; and**

**(vi) Institute or cause to be instituted administrative or judicial proceedings for violation of ordinances in the collection of taxes, fees or charges, and for the recovery of funds and property; and cause the province to be defended against all suits to ensure that its interests, resources and rights shall be adequately protected.**

**(4) Ensure the delivery of basic services and the provision of adequate facilities as provided in Rule V of these Rules, and in addition thereto, shall:**

**(i) Ensure that the construction and repair of roads and highways funded by the National Government shall, as far as practicable, be carried out in a spatially contiguous manner and in**

coordination with the construction and repair of the roads and bridges of the province and of its component cities and municipalities; and,

(ii) Coordinate the implementation of technical services by national offices for the province and its component cities and municipalities, including public works and infrastructure programs of the provincial government and its component cities and municipalities.

(5) Exercise such other powers and perform such other duties and functions as may be prescribed by law or ordinance.

**ARTICLE 86. Powers, Duties, and Functions of the City Mayor.** — (a) The city mayor, as chief executive of the city, shall exercise such powers and perform such duties and functions as provided by the Code and other applicable laws.

(b) For efficient, effective and economical governance the purpose of which is the general welfare of the city and its inhabitants pursuant to Sec. 16 of the Code, the city mayor shall:

(1) Exercise general supervision and control over all programs, projects, services, and activities of the city, and this connection, shall:

(i) Determine the guidelines of city policies and be responsible to the sangguniang panlungsod for the program of government;

(ii) Direct the formulation of the city development plan, with the assistance of the city development council, and upon approval thereof by the sangguniang panlungsod, implement the same;

(iii) Present the program of government and propose policies and projects for the consideration of the sangguniang panlungsod at the opening of the regular session of the sangguniang panlungsod every calendar year and as often as the general welfare of the inhabitants and the needs to the city may require;

(iv) Initiate and propose legislative measures to the sangguniang panlungsod and as often as may be deemed necessary, provide such information and data needed or requested by said sanggunian in the performance of its legislative functions;

(v) Appoint all officials and employees whose salaries and wages are wholly or mainly paid out of city funds as whose appointments are not otherwise provided under the Code, as well as those he may be authorized by law to appoint;

(vi) Represent the city in all its business transactions and sign in its behalf all bonds, contracts, and obligations, and such other documents upon authority of the sangguniang panlungsod or pursuant to law or ordinance;

(vii) Carry out such emergency as may be necessary during and in the aftermath of man-made and

natural disasters or calamities;

(viii) Determine the time, manner, and place of payment of salaries or wages of the officials and employees of the city, in accordance with law or ordinance;

(ix) Allocate and assign office space to city and other officials and employees who, by law or ordinance, are entitled to such space in the city hall and other buildings owned or leased by the city;

(x) Ensure that all executive officials and employees of the city faithfully discharge their duties and functions as provided by law and the Code, and cause to be instituted administrative or judicial proceedings against any official or employee of the city who may have committed an offense in the performance of his official duties;

(xi) Examine the books, records and other documents of all offices, officials, agents, or employees of the city and, in aid of his executive powers and authority, require all national officials and employees stationed in or assigned to the city to make available to him such books, records, and other documents in their custody, except those classified by law as confidential;

(xii) Furnish copies of executive orders issued by him, to the governor in the case of component city mayors, to the Office of the President in the case of highly-urbanized city mayors, and to their respective metropolitan council chairmen in the case of mayors of cities within MMA and other metropolitan political subdivisions as may be created by law, within seventy-two (72) hours after their issuance;

(xiii) Visit barangays of the city at least once every six (6) months to deepen his understanding of problems and conditions, listen and give appropriate counsel to local officials and inhabitants, inform the barangay officials and inhabitants of general laws and ordinances which especially concern them, and otherwise conduct visits and inspections to ensure that the governance of the city will improve the quality of life of the inhabitants;

(xiv) Act on leave applications of officials and employees appointed by him and the commutation of the monetary value of their leave credits in accordance with law;

(xv) Authorize official trips of city officials and employees outside of the city for a period not exceeding thirty (30) days;

(xvi) Call upon any national official or employee stationed in or assigned to the city to advise him on matters affecting the city and to make recommendations thereon; coordinate with said official or employee in the formulation and implementation of plans, programs and projects; and, when appropriate, initiate an administrative or judicial action against a National Government official or employee who may have committed an offense in the performance of his official duties while stationed in or assigned to the city;

(xvii) Authorize payment for medical care, necessary transportation, subsistence, hospital, or medical

fees of city officials and employees who are injured while in the performance of their official duties and functions, subject to availability of funds;

(xviii) Solemnize marriages, any provision of law to the contrary notwithstanding;

(xix) Conduct an annual palarong panlungsod, which shall feature traditional sports and disciplines included in national and international games, in coordination with the Department of Education, Culture and Sports; and

(xx) Submit to the governor, in the case of component cities; to the Office of the President, in the case of highly-urbanized cities; to the Metropolitan Manila Council chairman and to the Office of the President, in the case of cities of the MMA and other metropolitan political subdivisions as may be created by law, the following reports: an annual report containing a summary of all matters pertinent to the management, administration and development of the city and all information and data relative to its political, social and economic conditions; and supplemental reports when unexpected events and situations arise at any time during the year, particularly when unexpected events and situations arise at any time during the year, particularly when man-made or natural disasters or calamities affect the general welfare of the country, region, province, or city.

(2) Enforce all laws and ordinances relative to the governance of the city and in the exercise of the appropriate corporate powers provided in Rule IX of these Rules, implement all approved policies, programs, projects, services, and activities of the city and, in addition thereto, shall:

(i) Ensure that the acts of the city's barangays and of their officials and employees are within the scope of their prescribed powers, duties, and functions;

(ii) Call conventions, conferences, seminars, or meetings of any elective and appointive officials of the city, including provincial officials and national officials and employees stationed in or assigned to the city, at such time and place and on such subject as he may deem important for the promotion of the general welfare of LGU and its inhabitants;

(iii) Issue such executive orders for the faithful and appropriate enforcement and execution of laws and ordinances;

(iv) Be entitled to carry the necessary firearm within his territorial jurisdiction;

(v) Act as the deputized representative of the National Police Commission, formulate the peace and order plan of the city and upon its approval, implement the same; and as such representative, exercise general and operational control and supervision over the local police forces in the city, in accordance with RA 6975; and

(vi) Call upon the appropriate law enforcement agencies to suppress disorder, riot, lawless violence, rebellion, or sedition, or to apprehend violators of the law when public interest so requires and the city police forces are inadequate to cope with the situation or the violators.

**(3) Initiate and maximize the generation of resources and revenues, and apply the same to the implementation of development plans, program objectives and priorities as provided in Sec. 18 of the Code, particularly those resources and revenues programmed for agro-industrial development countryside growth and progress and, relative thereto, shall:**

**(i) Require each head of an office or department to prepare and submit an estimate of appropriations for the ensuing calendar year, in accordance with the budget preparations process under Rule XXXIV of these Rules;**

**(ii) Prepare and submit to the sanggunian for approval the executive and supplemental budgets of the city for the ensuing calendar year in the manner provided for under Rule XXXIV of these Rules;**

**(iii) Ensure that all taxes and other revenues of the city are collected, and that city funds are applied to the payment of expenses and settlement of obligations of the city, in accordance with law or ordinance;**

**(iv) Issue licenses and permits and suspend or revoke the same for any violation of the conditions upon which said licenses or permits had been issued, pursuant to law or ordinance;**

**(v) Issue permits, without need of approval therefore from any national agency, for the holding of activities for any charitable or welfare purpose, excluding prohibited games of chance or shows contrary to law, public policy and public morals;**

**(vi) Require owners of illegally constructed houses, buildings, or other structures to obtain the necessary permit, subject to such fines and penalties as may be imposed by law or ordinance, or to make necessary changes in the construction of the same when said construction violates any law or ordinance, or to order the demolition or removal of said house, building, or structure within the period prescribed by law or ordinance;**

**(vii) Adopt adequate measures to safeguard and conserve land, mineral, marine, forest, and other resources of the city; provide efficient and effective property and supply management in the city; and protect the funds, credits, rights, and other property of the city; and**

**(viii) Institute or cause to be instituted administrative or judicial proceedings for violation of ordinances in the collection of taxes, fees, or charges, and for the recovery of funds and property; and to cause the city to be defended against all suits to ensure that its interests, resources, and rights shall be adequately protected.**

**(4) Ensure the delivery of basic services and the provision of adequate facilities as provided in Rule V of these Rules, in addition thereto, shall:**

**(i) Ensure that the construction and repair of roads and highways funded by the National Government shall, as far as practicable, be carried out in a spatially contiguous manner and in coordination with the construction and repair of the roads and bridges of the city, and in the case of**

component cities, of the city and of the province; and

(ii) Coordinate the implementation of technical services, including public works and infrastructure programs, rendered by NGAs in the case of highly urbanized and independent component cities, and by national and provincial offices in the case of component cities.

(5) Exercise such other powers and perform such other duties and functions as may be prescribed by law or ordinance.

**ARTICLE 87. Powers, Duties, and Functions of the Municipal Mayor.** — (a) The municipal mayor, as the chief executive of the municipal government, shall exercise such powers and perform such duties and functions as provided by the Code and other applicable laws.

(b) For efficient, effective and economical governance the purpose of which is the general welfare of the municipality and its inhabitants pursuant to Sec. 16 of the Code, the municipal mayor shall:

(1) Exercise general supervision and control over all programs, projects, services, and activities of the municipality, and in this connection, shall:

(i) Determine the guidelines of municipal policies and be responsible to the sangguniang bayan for the program of government;

(ii) Direct the formulation of the municipal development plan, with the assistance of the municipal development council, and upon approval thereof by the sangguniang bayan, implement the same;

(iii) At the opening of the regular session of the sangguniang bayan for every calendar year and, as may be deemed necessary, present the program of government and propose policies and projects for the consideration of the sangguniang bayan as the general welfare of the inhabitants and the needs of the municipal government may require;

(iv) Initiate and propose legislative measures to the sangguniang bayan and, from time to time as the situation may require, provide such information and data needed or requested by said sanggunian in the performance of its legislative functions;

(v) Appoint all officials and employees whose salaries and wages are wholly or mainly paid out of municipal funds and whose appointments are not otherwise provided for in the Code, as well as those he may be authorized by law to appoint;

(vi) Upon authorization by the sangguniang bayan, represent the municipality in all its business transactions and sign on its behalf all bonds, contracts, and obligations, and such other documents made pursuant to law or ordinance;

(vii) Carry out such emergency measures as may be necessary during and if the aftermath of man-made and natural disasters and calamities;

**(viii) Determine, according to law or ordinance, the time, manner and place of payment of salaries or wages of the officials and employees of the municipality;**

**(ix) Allocate and assign office space to municipal and other officials and employees who, by law or ordinance, are entitled to such space in the municipal hall and other buildings owned or leased by the municipality;**

**(x) Ensure that all executive officials and employees of the municipality faithfully discharge their duties and functions as provided by law and the Code, and cause to be instituted administrative or judicial proceedings against any official or employee of the municipality who may have committed an offense in the performance of his official duties;**

**(xi) Examine the books, records and other documents of all offices, officials, agents employees of the municipality and in aid of his executive powers and authority, require all national officials and employees stationed in or assigned to the municipality to make available to him such books, records, and other documents in their custody, except those classified by law as confidential;**

**(xii) Furnish copies of executive orders issued by him to the governor within seventy-two (72) hours after their issuance provided that municipalities of MMA and that of any metropolitan political subdivision, as may be created by law, shall furnish copies of said executive orders to the metropolitan authority council chairman and to the Office of the President;**

**(xiii) Visit barangays of the municipality at least once every six (6) months to deepen his understanding of problems and conditions therein, listen and give appropriate counsel to local officials and inhabitants, inform the barangay officials and inhabitants of general laws and ordinances which especially concern them, and otherwise conduct visits and inspections to the end that the governance of the municipality will improve the quality of the life of the inhabitants;**

**(xiv) Act on leave applications of officials and employees appointed by him and the commutation of the monetary value of leave credits according law;**

**(xv) Authorize official trips outside of the municipality of municipal officials and employees for a period not exceeding thirty (30) days;**

**(xvi) Call upon any national official or employee stationed in or assigned to the municipality to advise him on matters affecting the municipality and to make recommendations thereon, or to coordinate in the formulation and implementation of plans, programs and projects, and when appropriate, initiate an administrative or judicial action against national government official or employee who may have committed an offense in the performance of his official duties while stationed in or assigned to the municipality concerned;**

**(xvii) Subject to availability of funds, authorize payment of medical care, necessary transportation, subsistence, hospital or medical fees of municipal officials and employees who are injured while in**

the performance of their official duties and functions;

(xviii) Solemnize marriages, any provision of law to the contrary notwithstanding;

(xix) Conduct a palamong bayan, in coordination with the Department of Education, Culture and Sports, as annual activity which shall feature traditional sports and disciplines included in national and international games; and

(xx) Submit to the provincial governor the following reports: an annual report containing a summary of all matters pertaining to the management, administration and development of the municipality and all information and data relative to its political, social and economic conditions; and supplemental reports when unexpected events and situations arise at any time during the year, particularly when man-made or natural disasters or calamities affect the general welfare of the municipality, province, region or country. Mayors of municipalities of the MMA and other metropolitan political subdivisions, as may be created by law, shall submit said reports to their respective metropolitan council chairmen and to the Office of the President.

(2) Enforce all laws and ordinances relative to the governance of the municipality and the exercise of its corporate powers provided in Rule IX of these Rules, implement all approved policies, programs, projects, services and activities of the municipality and, in addition, shall:

(i) Ensure that the acts of the municipality's barangays and of their officials and employees are within the scope of their prescribed powers, functions, duties and responsibilities;

(ii) Call conventions, conferences, seminars or meetings of any elective and appointive officials of the municipality, including provincial officials and national officials and employees stationed in or assigned to the municipality at such time and place and on such subject as he may deem important for the promotion of the general welfare of the municipality and its inhabitants;

(iii) Issue such executive orders as are necessary for the proper enforcement and execution of laws and ordinances;

(iv) Be entitled to carry the necessary firearm within his territorial jurisdiction;

(v) Act as the deputized representative of the National Police Commission, formulate the peace and order plan of the municipality and upon its approval, implement the same and exercise general and operational control and supervision over the local police forces in the municipality in accordance with RA 6975;

(vi) Call upon the appropriate law enforcement agencies to suppress disorder, riot, lawless violence, rebellion or sedition or to apprehend violators of the law when public interest so requires, and the municipal police forces are inadequate to cope with the situation or the violators.

(3) Initiate and maximize the generation of resources and revenues, and apply the same to the

implementation of development plans, program objectives and priorities as provided under these Rules, particularly those resources and revenues programmed for agro-industrial development and countrywide growth and progress, and relative thereto, shall:

(i) Require each head of an office or department to prepare and submit an estimate of appropriations for the ensuing calendar year, in accordance with the budget preparation process in Rule XXXIV of these Rules;

(ii) Prepare and submit to the sanggunian for approval the executive and supplemental budgets of the municipality for the ensuing calendar year in the manner provided in Rule XXXIV of these Rules;

(iii) Ensure that all taxes and other revenues of the municipality are collected, and that municipal funds are applied in accordance with law or ordinance to the payment of expenses and settlement of obligations of the municipality;

(iv) Issue licenses and permits and suspend or revoke the same for any violation of the conditions upon which said licenses or permits had been issued, pursuant to law or ordinance;

(v) Issue permits, without need of approval therefore from any NGA, for the holding of activities for any charitable or welfare purpose, excluding prohibited games of chance or shows contrary to law, public policy and public morals;

(vi) Require owners of illegally constructed houses, buildings, or other structures to obtain the necessary permit, subject to such fines and penalties as may be imposed by law or ordinance, or to make necessary changes in the construction of the same when said construction violates any law or ordinance, or to order the demolition or removal of said house, building, or structure within the period prescribed by law or ordinance;

(vii) Adopt adequate measures to safeguard and conserve land, mineral, marine, forest, and other resources of the municipality; provide efficient and effective supply and property management in the municipality; and protect the funds, credits, rights and other properties of the municipality; and

(viii) Institute or cause to be instituted administrative or judicial proceedings for violation of ordinances in the collection of taxes, fees or charges, and for the recovery of funds and property; and cause the municipality to be defended against all suits to ensure that its interests, resources and rights shall be adequately protected.

(4) Ensure the delivery of basic services and the provision of adequate facilities as provided in Rule V of these Rules and, in addition thereto, shall:

(i) Ensure that the construction and repair of roads and highways funded by the National Government shall, as far as practicable, be carried out in a spatially contiguous manner and in coordination with the construction and repair of the roads and bridges of the municipality and the province; and

**(ii) Coordinate the implementation of technical services rendered by national and provincial offices, including the public works and infrastructure programs in the municipality.**

**(5) Exercise such other powers and perform such other duties and functions as may be prescribed by law or ordinance.**

**ARTICLE 88. Powers, Duties, and Functions of the Punong Barangay. — (a) The punong barangay, as the chief executive of the barangay, shall exercise such powers and perform such duties and functions, as provided by the Code and other laws.**

**(b) For efficient, effective and economical governance, the purpose of which is the general welfare of the barangay and its inhabitants pursuant to Sec. 16 of the Code, the punong barangay shall:**

**(1) Enforce all laws and ordinances which are applicable within the barangay;**

**(2) Negotiate, enter into, and sign contracts for and in behalf of the barangay, upon authorization of the sangguniang barangay;**

**(3) Maintain public order in the barangay and, in pursuance thereof, assist the city or municipal mayor and the sanggunian members in the performance of their duties and functions;**

**(4) Call and preside over the sessions of the sangguniang barangay and the barangay assembly, and vote only to break a tie;**

**(5) Upon approval by a majority of all the members of the sangguniang barangay, appoint or replace the barangay treasurer, the barangay secretary, and other appointive barangay officials;**

**(6) Organize and lead an emergency group whenever the same may be necessary for the maintenance of peace and order or on occasions of emergency or calamity within the barangay;**

**(7) In coordination with the barangay development council, prepare the annual executive and supplemental budgets of the barangay;**

**(8) Approve vouchers relating to the disbursement of barangay funds;**

**(9) Enforce laws and regulations relating to pollution control and protection of the environment;**

**(10) Administer the operation of the katarungang pambarangay in accordance with the provisions of the Code;**

**(11) Exercise general supervision over the activities of the sangguniang kabataan;**

**(12) Ensure the delivery of basic services as mandated in Rule V of these Rules;**

**(13) Conduct an annual palarong barangay which shall feature traditional sports and disciplines included in national and international games, in coordination with the Department of Education, Culture and Sports;**

**(14) Promote the general welfare of the barangay; and**

**(15) Exercise such other powers and perform such other duties and functions as may be prescribed by law of ordinance.**

**(c) In the performance of his peace and order functions, the punong barangay shall be entitled to possess and carry the necessary firearm within his territorial jurisdiction, subject to appropriate rules and regulations.**

#### **RULE XVI**

#### **Powers, Duties, and Functions of Vice Governors, City and Municipal Vice Mayors**

**ARTICLE 89. Powers, Duties, and Functions of the Vice Governor. — The vice governor shall:**

**(a) Be the presiding officer of the sangguniang panlalawigan and sign all warrants drawn on the provincial treasury for all expenditures appropriated for the operation of the sangguniang panlalawigan;**

**(b) Appoint all officials and employees of the sangguniang panlalawigan, except those whose manner of appointment is specifically provided under these Rules, subject to civil service law, rules and regulations;**

**(c) Assume the office of the governor for the unexpired term of the latter in the event of permanent vacancy as provided under these Rules; and**

**(d) Exercise the powers and perform the duties and functions of the governor in cases of temporary vacancy as provided under these Rules.**

**ARTICLE 90. Powers, Duties, and Functions of the City Vice Mayor. — The city vice mayor shall:**

**(a) Be the presiding officer of the sangguniang panlungsod and sign all warrants drawn on the city treasury for all expenditures appropriated for the operation of the sangguniang bayan;**

**(b) Appoint all officials and employees of the sangguniang bayan, except those whose manner of appointment is specifically provided under these Rules, subject to civil service law, rules and regulations;**

**(c) Assume the office of the city mayor for the unexpired term of the latter in the event of permanent**

vacancy as provided under these Rules.

**ARTICLE 91. Powers, Duties, and Functions of the Municipal Vice Mayor. — The municipal vice mayor shall:**

**(a) Be the presiding officer of the sangguniang bayan and sign all warrants drawn on the municipal treasury for all expenditures appropriated for the operation of the sangguniang bayan;**

**(b) Appoint all officials and employees of the sangguniang bayan, except those whose manner of appointment is specifically provided under these Rules, subject to civil service law, rules and regulations;**

**(c) Assume the office of the municipal mayor for the unexpired term of the latter in the event of permanent vacancy as provided under these Rules; and**

**(d) Exercise the powers and perform the duties and functions of the municipal mayor in cases of temporary vacancy as provided under these Rules.**

#### **RULE XVII**

##### **Local Legislative Bodies and Local Legislation**

**ARTICLE 92. Local Legislative Bodies. — Local legislative power shall be exercised by the following legislative bodies of the LGUs:**

**(a) Sangguniang panlalawigan for the province;**

**(b) Sangguniang panlungsod for the city;**

**(c) Sangguniang bayan for the municipality; and**

**(d) Sangguniang barangay for the barangay.**

**ARTICLE 93. Composition. — (a) Sangguniang panlalawigan —**

**(1) The sangguniang panlalawigan shall be composed of the vice governor as the presiding officer, the regular sangguniang members, the president of the provincial chapter of the liga ng mga barangay, the president of the panlalawigang pederasyon ng mga sangguniang kabataan, the president of the provincial federation of sanggunian members of municipalities and component cities, and the sectoral representatives, as members.**

**(2) There shall be one (1) sectoral representative from the women, one (1) from the workers, and one (1) from any of the following sectors: the urban poor, indigenous cultural communities, disabled persons, or any other sector as may be determined by the sanggunian concerned within ninety (90) days prior to the holding of the next local elections, as may be provided by law.**

**(b) Sangguniang panlungsod —**

**(1) The sangguniang panlungsod shall be composed of the city vice mayor as the presiding officer, the regular sangguniang members, the president of the city chapter of the liga ng mga barangay, the president of the panlungsod na pederasyon ng mga sangguniang kabataan, and the sectoral representatives, as members.**

**(2) There shall be one (1) sectoral representative from the women, one (1) from the workers, and one (1) from any of the following sectors: the urban poor, indigenous cultural communities, disabled persons, or any other sector as may be determined by the sanggunian concerned within ninety (90) days prior to the holding of the next local elections, as may be provided by law.**

**(c) Sangguniang bayan —**

**(1) The sangguniang bayan shall be composed of the municipal vice mayor as presiding officer, the regular sanggunian members, the president of the municipal chapter of the liga ng mga barangay, the president of the pambayang pederasyon ng mga sangguniang kabataan, and the sectoral representatives, as members.**

**(2) There shall be one (1) sectoral representative from the women, one (1) from the workers, and one (1) from any of the following sectors: the urban poor, indigenous cultural communities, disabled persons, or any other sector as may be determined by the sanggunian concerned within ninety (90) days prior to the holding of the next local elections, as may be provided by law.**

**(d) Sangguniang barangay — The sangguniang barangay shall be composed of the punong barangay as presiding officer, and the seven (7) regular sangguniang barangay members elected at large, and sangguniang kabataan chairman, as members.**

**ARTICLE 94. Manner of Election and Number of Elective Sanggunian Members. — (a) Sangguniang panlalawigan —**

**(1) For provinces with two (2) or more legislative districts, the elective members of the sangguniang panlalawigan shall be elected by legislative districts. For this purpose, they shall be apportioned equitably provided that if equal division is not possible, the remaining member or members shall be elected in the district or districts with the greater number of population or, if they be the same, with the greater number of voters; and provided further, that if a legislative district comprises an independent component city such that an equal distribution of sanggunian members does not result in equitable apportionment on the basis of population of the province, the COMELEC shall allocate the number among the districts in proportion to the population or constituencies voting for the members of the sangguniang panlalawigan.**

**(2) For provinces with only one (1) representative district, the COMELEC shall divide the members into to (2) districts for purposes of provincial representation as nearly as practicable according to the**

number of inhabitants. Each district comprising a compact, contiguous and adjacent territory, and the number of elective members of their respective sanggunians shall be equitably apportioned between the districts in accordance with the standard or formula provided in the immediately preceding subparagraph (1).

(3) First and second class provinces shall each have ten (10) elective members; third and fourth class provinces, eight (8); and fifth and sixth class provinces, six (6) to be elected at large by the qualified voters therein.

**(b) Sangguniang panlungsod —**

(1) For purposes of the regular elections on May 11, 1992, elective members of the sangguniang panlungsod shall be elected at large in accordance with existing laws. Beginning with the regular elections in 1995, said members shall be elected by district.

(2) The number and election of elective members of the sangguniang panlungsod in the MMA, City of Cebu, City of Davao and any other city with two (2) or more legislative districts shall continue to be governed by the provisions of Sections 2 and 3 of RA 6636, as amended, to wit:

"Sec. 2. Metro Manila Area. — . . . the City of Manila, Quezon City and the City of Caloocan shall have six (6) councilors for each of their representative districts who shall be residents thereof to be elected by the qualified voters therein. The City of Pasay ... which comprises a representative district, shall have twelve (12) councilors ... to be elected at large by the qualified voters of the said city . . ."

"Sec. 3. Other Cities. — . . . The City of Cebu, City of Davao, and any other city with more than one representative district shall have eight (8) councilors for each district who shall be residents thereof to be elected by the qualified voters therein, provided that the cities of Cagayan de Oro, Zamboanga, Bacolod, Iloilo and other cities comprising a representative district shall have twelve (12) councilors each and all other cities shall have ten (10) councilors each to be elected at large by the qualified voters of the said cities provided that in no case shall the present number of councilors according to their charters be reduced."

**(c) Sangguniang bayan —**

(1) For purposes of the regular elections on May 11, 1992, elective members of the sangguniang bayan shall be elected at large in accordance with RA 6636. Beginning with the regular elections in 1995, they shall be elected by district.

(2) The number and election of elective members of the sangguniang bayan of the municipalities in the MMA shall be governed by the provisions of Sec. 2 of RA 6636, as amended, to wit:

"Sec. 2. Metro Manila Area. — . . . The municipalities of Makati, Parañaque, Pasig, Marikina, and Valenzuela, each of which comprises a representative district, shall have twelve (12) councilors each to be elected at large by the qualified voters of the said . . . municipalities. All the other municipalities within the Metropolitan Manila Area shall have ten (10) councilors each, with the

exception of the municipality of Pateros which shall have eight (8) councilors, to be elected at large by their respective qualified voters."

(3) All municipalities shall have eight members to be elected at large by the qualified voters therein.

(d) Sangguniang barangay —

(1) The sangguniang barangay members shall be elected at large in their respective barangays by the qualified voters therein.

(2) The sangguniang kabataan chairman for each barangay shall be elected by the registered voters of the katipunan ng kabataan, as provided in Rule XXVII of these Rules.

**ARTICLE 95. Manner of Election of Sectoral Representatives in the Sanggunian.** — The COMELEC shall promulgate rules and regulations to effectively provide for the election of sectoral representatives in the sangguniang panlalawigan, sangguniang panlungsod, and sangguniang bayan.

**ARTICLE 96. Term of Office.** — The term of office of sanggunian members is provided under Rule XIV of these Rules.

**ARTICLE 97. Compensation and Other Benefits.** — Compensation and other benefits of sanggunian members are provided in Rule XIV of these Rules.

**ARTICLE 98. Powers, Duties, and Functions of the Sangguniang Panlalawigan.** — (a) The sangguniang panlalawigan, as the legislative body of the province, shall enact ordinances, approve resolutions and appropriate funds for the general welfare of the province and its inhabitants pursuant to Sec. 16 of the Code and in the proper exercise of the corporate powers of the province as provided in Rule IX of these Rules, and shall:

(1) Approve ordinances and pass resolutions necessary for an efficient and effective provincial government and shall:

(i) Review all ordinances approved by the sanggunians of component cities and municipalities and executive orders issued by the mayors of said component units to determine whether these are within the scope of the prescribed powers of the sanggunian and of the mayor;

(ii) Maintain peace and order by enacting measures to prevent and suppress lawlessness, disorder, riot, violence, rebellion, or sedition and impose penalties for the violation of said ordinances;

(iii) Approve ordinances imposing imprisonment not exceeding one (1) year or a fine not exceeding Five Thousand Pesos (P5,000.00) or both imprisonment and fine at the discretion of the court, for violation of a provincial ordinance;

(iv) Adopt measures to protect the inhabitants of the province from the harmful effects of man-made

or natural disasters and calamities, and to provide relief services and assistance for victims during and in the aftermath of said disasters and calamities and their return to productive livelihood following said events;

(v) Enact ordinances intended to prevent, suppress and impose appropriate penalties for habitual drunkenness in public places, vagrancy, mendicancy, prostitution, establishment and maintenance of houses of ill repute, gambling and other prohibited games of chance, fraudulent devices and ways to obtain money or property, drug addiction, maintenance of drug dens, drug pushing, juvenile delinquency, the printing, distribution or exhibition of obscene or pornographic materials or publications, and such other activities inimical to the welfare and morals of the inhabitants of the province;

(vi) Protect the environment and impose appropriate penalties for acts which endanger the environment, such as dynamite fishing and other forms of destructive fishing, illegal logging and smuggling of logs, smuggling of natural resources products and of endangered species of flora and fauna, slash and burn farming, and such other activities which result in pollution, acceleration of eutrophication of rivers and lakes, or of ecological imbalance;

(vii) Subject to the provisions of the Code and applicable laws, determine the powers and duties of officials and employees of the province;

(viii) Determine the positions and the salaries, wages, allowances and other emoluments and benefits of officials and employees paid wholly or mainly from provincial funds and provide for expenditures necessary for the proper conduct of programs, projects, services, and activities of the provincial government;

(ix) Authorize the payment of compensation to a qualified person not in the government service who fills up a temporary vacancy, or grant honorarium to any qualified official or employee designated to fill a temporary vacancy in a concurrent capacity, at the rate authorized by law;

(x) Provide a mechanism and the appropriate funds therefore, to ensure the safety and protection of all provincial government property, public documents, or records such as those relating to property inventory, land ownership, records of births, marriages, deaths, assessments, taxation, accounts, business permits, and such other records and documents of public interest in the offices and departments of the provincial government; and

(xi) When the finances of the provincial government allow, provide for additional allowances and other benefits to judges, prosecutors, public elementary and high school teachers, and other national government officials stationed or assigned to the province.

(2) Generate and maximize the use of resources and revenues for the development plans, program objectives and priorities of the province as provided in Sec. 18 of the Code, with particular attention to agro-industrial development and countrywide growth and progress and relative thereto, shall:

**(i) Enact the annual and supplemental appropriations of the provincial government and appropriate funds for specific programs, projects, services and activities of the province, or for other purposes not contrary to law, in order to promote the general welfare of the province and its inhabitants;**

**(ii) Subject to the provisions of Book II of the Code and applicable laws and upon the majority vote of the members of the sangguniang panlalawigan, enact ordinances levying taxes, fees and charges, prescribing the rates thereof for general and specific purposes, and granting tax exemptions, incentives or reliefs;**

**(iii) Subject to the provisions of Book II of the Code and applicable laws and upon a majority vote of all the members of the sangguniang panlalawigan, authorize the provincial governor to negotiate and contract loans and other forms of indebtedness;**

**(iv) Subject to the provisions of Book II of the Code and applicable laws and upon a majority vote of all the members of the sangguniang panlalawigan, enact ordinances authorizing the floating of bonds or other instruments of indebtedness, for the purpose of raising funds to finance development projects;**

**(v) Appropriate funds for the construction and maintenance or the rental of buildings for the use of the province; and upon a majority vote of all the members of the sangguniang panlalawigan, authorize the provincial governor to lease to private parties such public buildings held in a propriety capacity, subject to applicable laws, rules and regulations;**

**(vi) Prescribe reasonable limits and restraints on the use of property within the jurisdiction of the province;**

**(vii) Review the comprehensive land use plans and zoning ordinances of component cities and municipalities and adopt a comprehensive provincial land use plan, subject to applicable laws; and**

**(viii) Adopt measures to enhance the full implementation of the national agrarian reform program in coordination with the Department of Agrarian Reform;**

**(3) Subject to the provisions of Book II of the Code, grant franchises, approve the issuance of permits or licenses, or enact ordinances levying taxes, fees and charges upon such conditions and for such purposes intended to promote the general welfare of the inhabitants of the province, and pursuant to this legislative authority, shall:**

**(i) Fix and impose reasonable fees and charges for all services rendered by the provincial government to private persons or entities; and**

**(ii) Regulate and fix the license fees for such activities as provided under the Code.**

**(4) Approve ordinances which shall ensure the efficient and effective delivery of the basic services and facilities as provided under Rule V of these Rules, and, in addition to said services and facilities,**

shall:

(i) Adopt measures and safeguards against pollution and for the preservation of the natural ecosystem in the province, in consonance with approved standards on human settlements and environmental sanitation;

(ii) Subject to applicable laws, facilitate or provide for the establishment and maintenance of a waterworks systems or district waterworks for supplying water to inhabitants of component cities and municipalities;

(iii) Subject to the availability of funds and to applicable laws, rules and regulations, provide for the establishment and operation of vocational and technical schools and similar post-secondary institutions; and, with the approval of the Department of Education, Culture and Sports and subject to existing laws on tuition fees, fix reasonable tuition fees and other school charges in educational institutions supported by the provincial government;

(iv) Establish a scholarship fund for the poor but deserving students in schools located within its jurisdiction or for students residing within the province;

(v) Approve measures and adopt quarantine regulations to prevent the introduction and spread of diseases within its territorial jurisdiction;

(vi) Provide for the care of paupers, the aged, the disabled, the sick, persons of unsound mind, abandoned minors, abused children, juvenile delinquents, drug dependents, and other needy and disadvantaged persons, particularly children and youth below eighteen (18) years of age; subject to availability of funds, establish and support the operation of centers and facilities for said needy and disadvantaged persons; and facilitate efforts to promote the welfare of families below the poverty threshold, the disadvantaged, and the exploited;

(vii) Establish and provide for the maintenance and improvement of jails and detention centers, institute a sound jail management program, and appropriate funds for the subsistence of detainees and convicted prisoners in the province;

(viii) Establish a provincial council whose purpose is the promotion of culture and the arts, coordinate with government agencies and non-governmental organizations and, subject to the availability of funds, appropriate funds for the support and development of the same;

(ix) Establish a provincial council for the elderly which shall formulate policies and adopt measures mutually beneficial to the elderly and to the province; and subject to the availability of funds, appropriate funds to support programs and projects for the elderly; and provide incentives for NGOs to support the programs and projects of the elderly; and

(5) Exercise such other powers and perform such other duties and functions as may be prescribed by law or ordinance.

**ARTICLE 99. Powers, Duties, and Functions of the Sangguniang Panlungsod. — (a) The sangguniang panlungsod, as the legislative body of the city, shall enact ordinances, approve resolutions and appropriate funds for the general welfare of the city and its inhabitants pursuant to Sec. 16 of the Code and in the proper exercise of the corporate powers of the city as provided in Rule IX of these Rules, and shall:**

**(1) Approve ordinances and pass resolutions necessary for an efficient and effective city government, and relative thereto, shall:**

**(i) Review all ordinances approved by the sangguniang barangay and executive orders issued by the punong barangay to determine whether these are within the scope of the prescribed powers of the sanggunian and of the punong barangay;**

**(ii) Maintain peace and order by enacting measures to prevent and suppress lawlessness, disorder, riot, violence, rebellion or sedition and impose penalties for the violation of said ordinances;**

**(iii) Approve ordinances imposing imprisonment not exceeding one (1) year or a fine not exceeding Five Thousand Pesos (P5,000.00) or both imprisonment and fine at the discretion of the court, for violation of a city ordinance;**

**(iv) Adopt measures to protect the inhabitants of the city from the harmful effects of man-made or natural disasters and calamities, and to provide relief services and assistance for victims during and in the aftermath of said disasters or calamities and their return to productive livelihood following said events;**

**(v) Enact ordinances intended to prevent, suppress and impose appropriate penalties for habitual drunkenness in public places, vagrancy, mendicancy, prostitution, establishment and maintenance of houses of ill repute, gambling and other prohibited games of chance, fraudulent devices and ways to obtain money or property, drug addiction, maintenance of drug dens, drug pushing, juvenile delinquency, the printing, distribution or exhibition of obscene or pornographic materials or publications, and such other activities inimical to the welfare and morals of the inhabitants of the city;**

**(vi) Protect the environment and impose appropriate penalties for acts which endanger the environment, such as dynamite fishing and other forms of destructive fishing, illegal logging and smuggling of logs, smuggling of natural resources products and of endangered species of flora and fauna, slash and burn farming, and such other activities which result in pollution, acceleration of eutrophication of rivers and lakes, or of ecological imbalance;**

**(vii) Subject to the provisions of the Code and applicable laws, determine the powers and duties of officials and employees of the city;**

**(viii) Determine the positions and the salaries, wages, allowances and other emoluments and**

benefits of officials and employees paid wholly or mainly from city funds and provide for expenditures necessary for the proper conduct of programs, projects, services, and activities of the city government;

(ix) Authorize the payment of compensation to a qualified person not in the government service who fills up a temporary vacancy or grant honorarium to any qualified official or employee designated to fill a temporary vacancy in a concurrent capacity, at the rate authorized by law;

(x) Provide a mechanism and the appropriate funds therefore, to ensure the safety and protection of all city government property, public documents, or records such as those relating to property inventory, land ownership, records of births, marriages, deaths, assessments, taxation, accounts, business permits, and such other records and documents of public interest in the offices and departments of the city government;

(xi) When the finances of the city government allow, provide for additional allowances and other benefits to judges, prosecutors, public elementary and high school teachers, and other national government officials stationed in or assigned to the city;

(xii) Provide legal assistance to barangay officials who, in the performance of their official duties or on the occasion thereof, have to initiate judicial proceedings or defend themselves against legal action; and

(xiii) Provide group insurance or additional insurance coverage for all barangay officials, including members of barangay tanod brigades and other service units, with public or private insurance companies, when the finances of the city government allow said coverage;

(2) Generate and maximize the use of resources and revenues for the development plans, program objectives and priorities of the city as provided in Sec. 18 of the Code, with particular attention to agro-industrial development and citywide growth and progress, and relative thereto, shall:

(i) Approve the annual and supplemental budgets of the city government and appropriate funds for specific programs, projects, services and activities of the city, or for other purposes not contrary to law, in order to promote the general welfare of the city and its inhabitants;

(ii) Subject to the provisions of Book II of the Code and applicable laws and upon a majority vote of all the members of the sangguniang panlungsod, enact ordinances levying taxes, fees and charges, prescribing the rates thereof for general and specific purposes, and granting tax exemptions, incentives or reliefs;

(iii) Subject to the provisions of Book II of the Code and upon a majority vote of all the members of the sangguniang panlungsod, authorize the city mayor to negotiate and contract loans and other forms of indebtedness;

(iv) Subject to the provisions of Book II of the Code and applicable laws and upon a majority vote of

all the members of the sangguniang panlungsod, enact ordinances authorizing the floating of bonds or other instruments of indebtedness, for the purpose of raising funds to finance development projects;

(v) Appropriate funds for the construction and maintenance or the rental of buildings for the use of the city; and, upon a majority vote of all the members of the sangguniang panlungsod, authorize the city mayor to lease to private parties such public buildings held in a propriety capacity, subject to existing laws, rules and regulations;

(vi) Prescribe reasonable limits and restraints on the use of property within the jurisdiction of the city;

(vii) Adopt a comprehensive land use plan for the city provided that in the case of component cities, the formulation, adoption or modification of said plan shall be in coordination with the approved provincial comprehensive land use plan;

(viii) Reclassify agricultural lands within the jurisdiction of the city, subject to the provisions of Rule VII of these Rules;

(ix) Enact integrated zoning ordinances in consonance with the approved comprehensive land use plan, subject to existing laws, rules and regulations; establish fire limits or zones, particularly in populous centers; and regulate the construction, repair or modification of buildings within said fire limits or zones in accordance with the provisions of the Fire Code;

(x) Subject to national law, process and approve subdivision plans for residential, commercial, or industrial purposes and other development purposes, and to collect processing fees and other charges, the proceeds of which shall accrue entirely to the city provided that where approval of an NGA is required, said approval shall not be withheld for more than thirty (30) days from receipt of the application. Failure to act on the application within the said period shall be deemed as approval thereof;

(xi) Subject to the provisions of Book II of the Code, grant the exclusive privilege of constructing fish corrals or fish pens, or the taking or catching of bangus fry, prawn fry or kawag-kawag, or fry of any species or fish within the city waters;

(xii) With the concurrence of at least two-thirds (2/3) of all the members of the sangguniang panlungsod, grant tax exemptions, incentives or reliefs to entities engaged in community growth-inducing industries, subject to the provisions of Chapter 5, Title I, Book II of the Code;

(xiii) Grant loans or provide grants to other LGUs or to national, provincial, and city charitable, benevolent or educational institutions provided that said institutions are operated and maintained within the city;

(xiv) Regulate the numbering of residential, commercial and other buildings; and

**(xv) Regulate the inspection, weighing and measuring of articles of commerce.**

**(3) Subject to the provisions of Book II of the Code, enact ordinances granting franchises and authorizing the issuance of permits or licenses, upon such conditions and for such purposes intended to promote the general welfare of the inhabitants of the city and pursuant to this legislative authority shall:**

**(i) Fix and impose reasonable fees and charges for all services rendered by the city government to private persons or entities;**

**(ii) Regulate or fix license fees for any business or practice of profession within the city and the conditions under which the license for said business or practice of profession may be revoked and enact ordinances levying taxes thereon;**

**(iii) Provide for and set the terms and conditions under which public utilities owned by the city shall be operated by the city government, and prescribe the conditions under which the same may be leased to private persons or entities, preferably cooperatives;**

**(iv) Regulate the display of and fix the license fees for signs, signboards, or billboards at the place or places where the profession or business advertised thereby is, in whole or in part, conducted;**

**(v) Any law to the contrary notwithstanding, authorize and license the establishment, operation, and maintenance of cockpits, and regulate cockfighting and commercial breeding of gamecocks provided that existing rights should not be prejudiced;**

**(vi) Subject to the guidelines prescribed by the Department of Transportation and Communications, regulate the operation of tricycles and grant franchises for the operation thereof within the territorial jurisdiction of the city; and**

**(vii) Upon approval by a majority vote of all the members of the sangguniang panlungsod: grant a franchise to any person, partnership, corporation, or cooperative to do business within the city; establish, construct, operate and maintain ferries, wharves, markets or slaughterhouses; or undertake such other activities within the city as may be allowed by applicable laws provided that cooperatives shall be given preference in the grant of such a franchise.**

**(4) Regulate activities relative to the use of land, buildings and structures within the city in order to promote the general welfare and for said purpose shall:**

**(i) Declare, prevent or abate any nuisance;**

**(ii) Require that buildings and the premises thereof and any land within the city be kept and maintained in a sanitary condition; impose penalties for any violation thereof; or, upon failure to comply with said requirement, have the work done at expense of the owner, administrator or tenant**

concerned; or require the filing up of any land or premises to a grade necessary for proper sanitation;

(iii) Regulate the disposal of clinical and other wastes from hospitals, clinics and other similar establishments;

(iv) Regulate the establishment, operation and maintenance of cafes, restaurants, beerhouses, hotels, motels, inns, pension houses, lodging houses, and other similar establishments, including tourist guides and transports;

(v) Regulate the sale, giving away or dispensing of any intoxicating malt, vino, mixed or fermented liquors at any retail outlet;

(vi) Regulate the establishment and provide for the inspection of steam boilers or any heating device in buildings and the storage of inflammable and highly combustible materials within the city;

(vii) Regulate the establishment, operation, and maintenance of any entertainment or amusement facilities, including theatrical performances, circuses, billiard pools, public dancing schools, public dance halls, sauna baths, massage parlors, and other places for entertainment or amusement; regulate such other events or activities for amusement or entertainment, particularly those which tend to disturb the community or annoy the inhabitants, or require the suspension or suppression of the same; or, prohibit certain forms of amusement or entertainment in order to protect the social and moral welfare of the community;

(viii) Provide for the impounding of stray animals; regulate the keeping of animals in homes or as part of a business, and the slaughter, sale or disposition of the same; and adopt measures to prevent and penalize cruelty to animals; and,

(ix) Regulate the establishment, operation and maintenance of funeral parlors and the burial or cremation of the dead, subject to applicable laws, rules and regulations.

(5) Approve ordinances which shall ensure the efficient and effective delivery of the basic services and facilities as provided in Rule V of these Rules, and in addition to said services and facilities, shall:

(i) Provide for the establishment, maintenance, protection, and conservation of communal forests and watersheds, tree parks, greenbelts, mangroves, and other similar forest development projects;

(ii) Establish markets, slaughterhouses or animal corrals and authorize the operation thereof by the city government; and regulate the construction and operation of private markets, talipapas, or other similar buildings and structures;

(iii) Authorize the establishment, maintenance, and operation by the city government of ferries, wharves, and other structures intended to accelerate productivity related to marine and seashore or offshore activities;

**(iv) Regulate the preparation and sale of meat, poultry, fish, vegetables, fruits, fresh dairy products, and other foodstuffs for public consumption;**

**(v) Regulate the use of streets, avenues, alleys, sidewalks, bridges, parks and other public places and approve the construction, improvement, repair and maintenance of the same; establish bus and vehicle stops and terminals or regulate the use of the same by privately-owned vehicles which serve the public; regulate garages and the operation of conveyances for hire; designate stands to be occupied by public vehicles when not in use; regulate the putting up of signs, signposts, awnings and awning posts on the streets; and provide for the lighting, cleaning and sprinkling of streets and public places;**

**(vi) Regulate traffic on all streets and bridges; prohibit encroachments or obstacles thereon and, when necessary in the interest of public welfare, authorize the removal of encroachments and illegal constructions in public places;**

**(vii) Subject to applicable laws, establish and provide for the maintenance, repair, and operation of an efficient waterworks system to supply water for the inhabitants and to purify the source of water supply; regulate the construction, maintenance, repair and use of hydrants, pumps, cisterns and reservoirs; protect the purity and quantity of the water supply of the city and, for this purpose, extend the coverage of appropriate ordinances over all territory within the drainage area of said water supply and within one hundred (100) meters of the reservoir, conduit, canal, aqueduct, pumping station, or watershed used in connection with the water service; and regulate the consumption, use or wastage of water and fix and collect charges therefore;**

**(viii) Regulate the drilling and excavation of the ground for the laying of water, gas, sewer, and other pipes and the construction, repair and maintenance of public drains, sewers, cesspools, tunnels and similar structures; regulate the placing of poles and the use of crosswalks, curbs, and gutters; adopt measures to ensure public safety against open canals, manholes, live wires and other similar hazards to life and property; and regulate the construction and use of private water closets, privies, and other similar structures in buildings and homes;**

**(ix) Regulate the placing, stringing, attaching, installing, repair and construction of all gas mains, electric, telegraph and telephone wires, conduits, meters and other apparatus; and provide for the correction, condemnation or removal of the same when found to be dangerous, defective, or otherwise hazardous to the welfare of the inhabitants;**

**(x) Subject to availability of funds and to applicable laws, rules and regulations, establish and provide for the operation of vocational and technical schools and similar post-secondary institutions and, with the approval of the Department of Education, Culture and Sports and subject to existing law on tuition fees, fix and collect reasonable tuition fees and other school charges in education institutions supported by the city;**

**(xi) Establish a scholarship fund for poor but deserving students in schools located within its**

jurisdiction or for students residing within the city;

(xii) Approve measures and adopt quarantine regulations to prevent the introduction and spread of diseases;

(xiii) Provide for an efficient and effective system of solid waste and garbage collection and disposal; prohibit littering and placing or throwing of garbage, refuse and other filths and wastes;

(xiv) Provide for the care of the disabled, the aged, the sick, paupers, persons of unsound mind, abandoned minors, juvenile delinquents, drug dependents, abuse children, and other needy and disadvantaged persons, particularly children and youth below eighteen (18) years of age; and, subject to availability of funds, establish and provide for the operation of centers and facilities for them;

(xv) Establish and provide for the maintenance and improvement of jails and detention centers, institute a sound jail management program, and appropriate funds for the subsistence of detainees and convicted prisoners in the city;

(xvi) Establish a city council whose purpose is the promotion of culture and the arts, coordinate with NGAs and NGOs and, subject to availability of funds, appropriate funds for the support and development of the same; and

(xvii) Establish a city council for the elderly which shall formulate policies and adopt measures mutually beneficial to the elderly and to the community; provide incentives for NGOs, subject to the availability of funds, appropriate funds to support programs and projects for the benefit of the elderly; and

(6) Exercise such other powers and perform such other duties and functions as may be prescribed by law or ordinance.

**ARTICLE 100. Powers, Duties, and Functions of the Sangguniang Bayan. — (a) The sangguniang bayan, as the legislative body of the municipality, shall enact ordinances, approve resolutions and appropriate funds for the general welfare of the municipality and its inhabitants pursuant to Sec. 16 of the Code and in the proper exercise of the corporate powers of the municipality as provided in Rule IX of these Rules, and shall:**

**(1) Approve ordinances and pass resolutions necessary for an efficient and effective municipal governance, and relative thereto, shall:**

**(i) Review all ordinances approved by the sangguniang barangay and executive orders issued by the punong barangay to determine whether these are within the scope of the prescribed powers of the sanggunian and of the punong barangay;**

**(ii) Maintain peace and order by enacting measures to prevent and suppress lawlessness, disorder,**

riot, violence, rebellion or sedition and impose penalties for the violation of said ordinances;

(iv) Adopt measures to protect the inhabitants of the municipality from the harmful effects of man-made or natural disasters and calamities and to provide relief services and assistance for victims during and in the aftermath of said disasters or calamities and their return to productive livelihood following said events;

(v) Enact ordinances intended to prevent, suppress and impose appropriate penalties for habitual drunkenness in public places, vagrancy, mendicancy, prostitution, establishment and maintenance of houses of ill repute, gambling and other prohibited games of chance, fraudulent devices and ways to obtain money or property, drug addiction, maintenance of drug dens, drug pushing, juvenile delinquency, the printing, distribution or exhibition of obscene or pornographic materials of publications, and such other activities inimical to the welfare and morals of the inhabitants of the municipality;

(vi) Protect the environment and impose appropriate penalties for acts which endanger the environment, such as dynamite fishing and other forms of destructive fishing, illegal logging and smuggling of logs, smuggling of natural resources products and of endangered species of flora and fauna, slash and burn farming, and such other activities which result in pollution, acceleration of eutrophication of rivers and lakes, or of ecological imbalance;

(vii) Subject to the provisions of the Code and applicable laws, determine the powers and duties of officials and employees of the municipality;

(viii) Determine the positions and the salaries, wages, allowances and other emoluments and benefits of officials and employees paid wholly or mainly from municipal funds and provide for expenditures necessary for the proper conduct of programs, projects, services, and activities of the municipal government;

(ix) Authorize the payment of compensation to a qualified person not in the government service who fills up a temporary vacancy or grant honorarium to any qualified official or employee designated to fill a temporary vacancy in a concurrent capacity, at the rate authorized by law;

(x) Provide a mechanism and the appropriate funds therefore, to ensure the safety and protection of all municipal government property, public documents, or records such as those relating to property inventory, land ownership, records of births, marriages, deaths, assessments, taxation, accounts, business permits, and such other records and documents of public interest in the offices and departments of the municipal government;

(xi) When the finances of the municipality allow, provide for additional allowances and other benefits to judges, prosecutors, public elementary and high school teachers, and other national government officials stationed in or assigned to the municipality;

(xii) Provide legal assistance to barangay officials who, in the performance of their official duties or

on the occasion thereof, have to initiate judicial proceedings or defend themselves against legal action; and

(xiii) Provide group insurance or additional insurance coverage for barangay officials, including members of barangay tanod brigades and other service units, with public or private insurance companies, when the finances of the municipal government allow said coverage.

(2) Generate and maximize the use of resources and revenues for the development plans, program objectives and priorities for the municipality as provided in Sec. 18 of the Code with particular attention to agro-industrial development and countryside growth and progress, and relative thereto, shall:

(i) Approve the annual and supplemental budgets of the municipal government and appropriate funds for specific programs, projects, services and activities of the municipality, or for other purposes not contrary to law, in order to promote the general welfare of the municipality and its inhabitants;

(ii) Subject to the provisions of Book II of the Code and applicable laws and upon the majority vote of all the members of the sangguniang bayan, enact ordinances levying taxes, fees and charges, prescribing the rates thereof for general and specific purposes, and granting tax exemptions, incentives or reliefs;

(iii) Subject to the provisions of Book II of the Code and upon a majority vote of all the members of the sangguniang bayan, authorize the municipal mayor to negotiate and contract loans and other forms of indebtedness;

(iv) Subject to the provisions of Book II of the Code and applicable laws and upon a majority vote of all the members of the sangguniang bayan, enact ordinances authorizing the floatation of bonds or other instruments of indebtedness, for the purpose of raising funds to finance development projects;

(v) Appropriate funds for the construction and maintenance or the rental of buildings for the use of the municipality and, upon a majority vote of all the members of the sangguniang bayan, authorize the municipal mayor to lease to private parties such public buildings held in the propriety capacity, subject to existing laws, rules and regulations;

(vi) Prescribe reasonable limits and restraints on the use of property within the jurisdiction of the municipality;

(vii) Adopt a comprehensive land use plan for the municipality provided that the formulation, adoption, or modification of said plan shall be in coordination with the approved provincial comprehensive land use plan;

(viii) Reclassify agricultural lands within the jurisdiction of the municipality, subject to the provisions of Rule VII of these Rules;

**(ix) Enact integrated zoning ordinances in consonance with the approved comprehensive land use plan, subject to existing laws, rules and regulations; establish fire limits or zones, particularly in populous centers; and regulate the construction, repair or modification of buildings within the said fire limits or zones in accordance with the provisions of the Fire Code;**

**(x) Subject to national law, process and approve subdivision plans for residential, commercial, or industrial purposes and other development purposes, and collect processing fees and other charges, the proceeds of which shall accrue entirely to the municipality provided that where approval by a national agency or office is required, said approval shall not be withheld for more than thirty (30) days from receipt of the application. Failure to act on the application within the period stated above shall be deemed as approval thereof;**

**(xi) Subject to the provisions of Book II of the Code, grant the exclusive privilege of constructing fish corrals or fish pens, or taking or catching of bangus fry, prawn fry or kawag-kawag or fry of any species or fish within the municipal waters;**

**(xii) With the concurrence of at least two-thirds (2/3) of all the members of the sangguniang bayan, grant tax exemptions, incentives or reliefs to entities engaged in community growth-inducing industries, subject to the provisions of Chapter 5, Title I Book II of the Code;**

**(xiii) Grant loans or provide grants to another LGUs or to national, provincial, and municipal charitable, benevolent or educational institutions provided that said institutions are operated and maintained within the municipality;**

**(xiv) Regulate the numbering of residential, commercial and other buildings; and,**

**(xv) Regulate the inspection, weighing and measuring of articles of commerce.**

**(3) Subject to the provisions of Book II of the Code, grant franchises, enact ordinances authorizing the issuance of permits or licenses, or enact ordinances levying taxes, fees and charges upon such conditions and for such purposes intended to promote the general welfare of the inhabitants of the municipality, and pursuant to this legislative authority shall:**

**(i) Fix and impose reasonable fees and charges for all services rendered by the municipal government to private persons or entities;**

**(ii) Regulate any business, occupation, or practice of profession or calling which does not require government examination within the municipality and the conditions under which the license for said business or practice of profession may be issued or revoked;**

**(iii) Prescribe the terms and conditions under which public utilities owned by the municipality shall be operated by the municipal government or leased to private persons or entities, preferably cooperatives;**

**(iv) Regulate the display of and fix the license fees for signs, signboards, or billboards at the place or places where the profession or business advertised thereby is, in whole or in part, conducted;**

**(v) Any law to the contrary notwithstanding, authorize and license the establishment, operation, and maintenance of cockpits, and regulate cockfighting and commercial breeding of gamecocks provided that existing rights should not be prejudiced;**

**(vi) Subject to the guidelines prescribed by the Department of Transportation and Communications, regulate the operation of tricycles and grant franchises for the operation thereof within the territorial jurisdiction of the municipality;**

**(vii) Upon approval by a majority vote of all the members of the sangguniang bayan, grant a franchise to any person, partnership, corporation, or cooperative to establish, construct, operate and maintain ferries, wharves, markets or slaughterhouses, or such other similar activities within the municipality as may be allowed by applicable laws provided that cooperatives shall be given preference in the grant of such a franchise.**

**(4) Regulate activities relative to the use of land, buildings, and structures within the municipality in order to promote the general welfare and for said purpose shall:**

**(i) Declare, prevent or abate any nuisance;**

**(ii) Require that buildings and the premises thereof and any land within the municipality be kept and maintained in a sanitary condition; impose penalties for any violation thereof, or upon failure to comply with said requirement, have the work done and require the owner, administrator or tenant concerned to pay the expenses of the same; or require the filling up of any land or premises to a grade necessary for proper sanitation;**

**(iii) Regulate the disposal of clinical and other wastes from hospitals, clinics and other similar establishments;**

**(iv) Regulate the establishment, operation and maintenance of cafes, restaurants, beerhouses, hotels, motels, inns, pension houses, lodging houses, and other similar establishments, including tourist guides and transports;**

**(v) Regulate the sale, giving away or dispensing of any intoxicating malt, vino, mixed or fermented liquors at any retail outlet;**

**(vi) Regulate the establishment and provide for the inspection of steam boilers or any heating device in buildings and the storage of inflammable and highly combustible materials within the municipality;**

**(vii) Regulate the establishment, operation, and maintenance of entertainment or amusement**

facilities, including theatrical performances, circuses, billiard pools, public dancing schools, public dance halls, sauna baths, massage parlors, and other places of entertainment or amusement; regulate such other events or activities for amusement or entertainment, particularly those which tend to disturb the community or annoy the inhabitants, or require the suspension or suppression of the same; or, prohibit certain forms of amusement or entertainment in order to protect the social and moral welfare of the community;

(viii) Provide for the impounding of stray animals; regulate the keeping of animals in homes or as part of a business, and the slaughter, sale or disposition of the same; and adopt measures to prevent and penalize cruelty to animals; and

(ix) Regulate the establishment, operation, and maintenance of funeral parlors and the burial or cremation of the dead, subject to applicable laws, rules and regulations.

(5) Approve ordinances which shall ensure the efficient and effective delivery of the basic services and facilities as provided in Rule V of these Rules, and in addition to said services and facilities, shall:

(i) Provide for the establishment, maintenance, protection, and conservation of communal forests and watersheds, tree parks, greenbelts, mangroves, and other similar forest development projects;

(ii) Establish markets, slaughterhouses, or animal corrals and authorize the operation thereof, and regulate the construction and operation of private markets, talipapas, or other similar buildings and structures;

(iii) Authorize the establishment, maintenance and operation of ferries, wharves, and other structures, and marine and seashore or offshore activities intended to accelerate productivity;

(iv) Regulate the preparation and sale of meat, poultry, fish, vegetables, fruits, fresh dairy products, and other foodstuffs for public consumption;

(v) Regulate the use of streets, avenues, alleys, sidewalks, bridges, parks and other public places and approve the construction, improvement, repair and maintenance of the same; establish bus and vehicle stops and terminals or regulate the use of the same by privately-owned vehicles which serve the public; regulate garages and the operation of conveyances for hire; designate stands to be occupied by public vehicles when not in use; regulate the putting up of signs, signposts, awnings and awning posts on the streets; and provide for the lighting, cleaning and sprinkling of streets and public places;

(vi) Regulate traffic on all streets and bridges, prohibit the putting up of encroachments or obstacles thereon, and when necessary in the interest of public welfare, authorize the removal of encroachments and illegal constructions in public places;

(vii) Subject to applicable laws, provide for the establishment, operation, maintenance, and repair of an efficient waterworks system to supply water for the inhabitants; regulate the construction,

**maintenance, repair and use of hydrants, pumps, cisterns and reservoirs; protect the purity and quantity of the water supply of the municipality and, for this purpose, extend the coverage of appropriate ordinances over all territory within the drainage area of said water supply and within one hundred (100) meters of the reservoir, conduit, canal, aqueduct, pumping station, or watershed used in connection with the water service; and regulate the consumption, use or wastage of water;**

**(viii) Regulate the drilling and excavation of the ground for the laying of water, gas, sewer, and other pipes, and the construction, repair and maintenance of public drains, sewers, cesspools, tunnels and similar structures; regulate the placing of poles and the use of crosswalks, curbs, and gutters; adopt measures to ensure public safety against open canals, manholes, live wires and other similar hazards to life and property; and, regulate the construction and use of private water closets, privies and other similar structures in buildings and homes;**

**(ix) Regulate the placing, stringing, attaching, installing, repair and construction of all gas mains, electric, telegraph and telephone wires, conduits, meters and other apparatus; and, provide for the correction, condemnation, or removal of the same when found to be dangerous, defective or otherwise hazardous to the welfare of the inhabitants;**

**(x) Subject to the availability of funds and to applicable laws, rules and regulations, establish and provide for the operation of vocational and technical schools and similar post-secondary institutions and with the approval of the Department of Education, Culture and Sports, fix and collect reasonable fees and other school charges on said institutions, subject to existing laws on tuition fees;**

**(xi) Establish a scholarship fund for poor but deserving students residing within the municipality in schools located within its jurisdiction;**

**(xii) Approve measures and adopt quarantine regulations to prevent the introduction and spread of diseases;**

**(xiii) Provide for an efficient and effective system of solid waste and garbage collection and disposal and prohibit littering and the placing or throwing of garbage, refuse and other filth and wastes;**

**(xiv) Provide for the care of paupers, the aged, the disabled, the sick, persons of unsound mind, abandoned minors, juvenile delinquents, drug dependents, abused children and other needy and disadvantaged persons, particularly children and youth below eighteen (18) years of age and, subject to availability of funds, establish and provide for the operation of centers and facilities for said persons;**

**(xv) Establish and provide for the maintenance and improvement of jails and detention centers, institute sound jail management programs, and appropriate funds for the subsistence of detainees and convicted prisoners in the municipality;**

**(xvi) Establish a municipal council whose purpose is the promotion of culture and the arts, coordinate with the NGAs and NGOs and, subject to the availability of funds, appropriate funds for the support**

and development of the same; and

(xvii) Establish a municipal council for the elderly which shall formulate policies and adopt measures mutually beneficial to the elderly and to the community; provide incentives for NGOs and, subject to availability of funds, appropriate funds to support programs and projects for the benefit of the elderly; and

(6) Exercise such other powers and perform such other duties and functions as may be prescribed by law of ordinance.

**ARTICLE 101. Powers, Duties, and Functions of the Sangguniang Barangay. — (a) The sangguniang barangay, as the legislative body of the barangay, shall:**

(1) Enact ordinances as may be necessary to discharge the responsibilities conferred upon it by law or ordinance and to promote the general welfare of the inhabitants therein;

(2) Enact tax and revenue ordinances, subject to the limitations imposed in the Code;

(3) Enact annual and supplemental budgets in accordance with the provisions of these Rules;

(4) Provide for the construction and maintenance of barangay facilities and other public works projects chargeable to the general fund of the barangay or such other funds actually available for the purpose;

(5) Submit to the sangguniang panlungsod or sangguniang bayan such suggestions or recommendations as it may see fit for the improvement of the barangay or for the welfare of the inhabitants thereof;

(6) Assist in the establishment, organization, and promotion of cooperative enterprises that will improve the economic condition and well-being of the residents;

(7) Regulate the use of multi-purpose halls, multi-purpose pavements, grain or copra dryers, patios and other post-harvest facilities, barangay waterworks, barangay markets, parking areas or other similar facilities constructed with government funds with the jurisdiction of the barangay and charge reasonable fees for the use thereof;

(8) Solicit or accept monies, materials and voluntary labor for specific public works and cooperative enterprises of the barangay from residents, landowners, producers and merchants in the barangay; monies from grants-in-aid, subsidies, contributions, and revenues made available to the barangays from national, provincial, city or municipal funds; and monies from other private agencies and individuals provided that monies or properties donated by private agencies and individuals for specific purposes shall accrue to the barangay as trust fund;

(9) Solicit or accept, in any or all the foregoing public works and cooperative enterprises, such

cooperation as is made available by national, provincial, city, or municipal agencies established by law to render financial, technical, and advisory assistance to barangays and to barangay residents provided that in soliciting or accepting such cooperation, the sangguniang barangay need not pledge any sum of money for expenditure in excess of amounts currently in the barangay treasury or encumbered for other purposes;

(10) Provide compensation, reasonable allowances, or per diem as well as travel expenses for sangguniang barangay members and other barangay officials, subject to the budgetary limitations prescribed under Title Five, Book II of the Code provided that no increase in the compensation or honoraria of the sangguniang barangay members shall take effect until after the expiration of the full term of all members of the sangguniang barangay approving such increase;

(11) Hold fund-raising activities for barangay projects without the need of securing permits from any national or local office or agency. The proceeds from such activities shall be tax-exempt and shall accrue to the general fund of the barangay provided that in the appropriation thereof, the specific purpose for which such fund-raising activity has been shall be first satisfied and provided further, that no fund-raising activities shall be held within a period of sixty (60) days immediately preceding and after a national or local election, recall, referendum, or plebiscite and provided finally, that said fund-raising activities shall comply with national policy standards and regulations on morals, health, and safety of the persons participating therein. The sangguniang barangay, through the punong barangay, shall render a public accounting of the funds raised at the completion of the project for which the fund-raising activity was undertaken;

(12) Authorize the punong barangay to enter into contracts in behalf of the barangay, subject to the provisions of the Code;

(13) Authorize the barangay treasurer to make direct purchases in an amount not exceeding One Thousand Pesos (P1,000.00) at any one time for the ordinary and essential administrative needs of the barangay;

In the exercise of this power, the sangguniang barangay shall observe the applicable guidelines on government procurement of supplies issued by COA.

(14) Prescribe fines in amounts not exceeding One Thousand Pesos (P1,000.00) for violation of barangay ordinances;

(15) Provide for the administrative needs of the lupong tagapamayapa and the pangkat ng tagapagkasundo;

(16) Provide for the organization of community brigades, barangay tanod, or community service units as may be necessary;

(17) Organize regular lectures, programs, or fora on community problems such as sanitation, nutrition, literacy, and drug abuse, and convene assemblies to encourage citizen participation in

**government;**

**(18) Adopt measures to prevent and control the proliferation of squatters and mendicants in the barangay;**

**(19) Provide for the proper development and welfare of children in the barangay by promoting and supporting activities for the protection and total development of children, particularly those below seven (7) years of age;**

**(20) Adopt measures towards the prevention and eradication of drug abuse, child abuse, and juvenile delinquency;**

**(21) Initiate the establishment of a barangay high school, whenever feasible, in accordance with law;**

**(22) Provide for the establishment of a non-formal education center in the barangay whenever feasible, in coordination with the Department of Education, Culture and Sports;**

**(23) Provide for the delivery of basic services; and**

**(24) Exercise such other powers and perform such other duties and functions as may be prescribed by law or ordinance.**

**ARTICLE 102. Presiding Officer. — (a) The vice governor shall be the presiding officer of the sangguniang panlalawigan; the city vice mayor, of the sangguniang panlungsod; the municipal vice mayor, of the sangguniang bayan; and the punong barangay, of the sangguniang barangay.**

**(b) The presiding officer shall vote only to break a tie.**

**(c) In the event of the inability of the regular presiding officer to preside at a sanggunian session, the members present and constituting a quorum shall elect from among themselves a temporary presiding officer. He shall certify within ten (10) days from the passage of ordinances enacted and resolutions adopted by the sanggunian in the session over which he temporarily presided.**

**ARTICLE 103. Internal Rules of Procedure. — (a) On the first regular session following the election of its members and within ninety (90) days thereafter, the sanggunian concerned shall adopt or update its existing rules of procedure.**

**(b) The rules of procedure shall provide for the following:**

**(1) The organization of the sanggunian and the election of its officers, as well as the creation of standing committees which shall include among others, the committees on appropriations, women and family, human rights, youth and sports development, environmental protection, and cooperatives; the general jurisdiction of each committee; and the election of the chairman and members of each committee provided the sectoral representatives shall automatically chair the**

committee corresponding to their sectoral group. The president of the local chapters of the liga ng mga barangay in provincial, city, or municipal level shall likewise automatically chair the committee on barangay affairs or its equivalent.

(2) The order and calendar of business for each session;

(3) The legislative process;

(4) The parliamentary procedures which include the conduct of members during the sessions;

(5) The discipline of members for disorderly behavior and absences without justifiable causes for four (4) consecutive sessions, for which they may be censured, reprimanded, or excluded from the session, suspended for not more than sixty (60) days, or expelled provided that the penalty of suspension or expulsion shall require the concurrence of at least two-thirds (2/3) vote of all the sanggunian members and provided further that a member convicted by final judgment to imprisonment of at least one (1) year for any crime involving moral turpitude shall be automatically expelled from the sanggunian; and

(6) Such other rules as the sanggunian may adopt.

**ARTICLE 104. Full Disclosure of Financial and Business Interests of Sanggunian Members.** — (a) Every sanggunian members shall, upon assumption to office, make a full disclosure of his business and financial interests. He shall also disclose any business, financial, or professional relationship or any relation by affinity or consanguinity within the fourth civil degree, which he may have with any person, firm, or entity affected by any ordinance or resolution under consideration by the sanggunian of which he is a member, which relationship may result in conflict of interest. Such relationship shall include:

(1) Ownership of stock, capital, or investment in the entity or firm to which the ordinance or resolution may relate; and

(2) Contracts or agreements with any person or entity which the ordinance or resolution under consideration may effect.

In the absence of a specific constitutional or statutory provision applicable to this situation, conflict of interest refers in general to one where it may be reasonably deduced that a member of a sanggunian may not act in the public interest due to some private, pecuniary, or other personal considerations that may tend to affect his judgment to the prejudice to the service of the public.

(b) The disclosure required under this Rule shall be made in writing and submitted to the secretary of the sanggunian or the secretary of the committee of which he is a member. The disclosure shall, in all cases, form part of the record of the proceedings and shall be made in the following manner:

**(1) Disclosure shall be made before the member participates in the deliberations on the ordinance or resolution under consideration provided that if the member did not participate during the deliberations, the disclosure shall be made before voting on the ordinance or resolution on second and third readings; and**

**(2) Disclosure shall be made when a member takes a position or makes a privilege speech on a matter that may affect the business interest, financial connection, or professional relationship described in this Article.**

**ARTICLE 105. Sessions. — (a) The sessions of the sanggunian may either be regular or special.**

**(1) Regular sessions — On the first day of the session immediately following the election of its members, the sanggunian shall, by resolution, fix the day, time, and place of its regular sessions. The minimum number of regular sessions shall be once a week for the sangguniang panlungsod, and sangguniang bayan, and twice a month for the sangguniang barangay.**

**(2) Special sessions —**

**(i) When public interest so demands, special sessions may be called by the local chief executive or by a majority of the members of the sanggunian.**

**(ii) A written notice to the sanggunian members stating the date, time and purpose of the meeting shall be served personally or left with a member of his household at his usual place of residence at least twenty-four (24) hours before the special session is held.**

**(iii) Unless otherwise agrees upon by two-thirds (2/3) vote of the members present, there being a quorum, no other matter may be considered at a special session except those stated in the notice.**

**(b) All sanggunian sessions shall be open to the public unless a closed door session is ordered by an affirmative vote of a majority of the members present, there being a quorum, in the public interest or for reasons of security, decency, or morality. No two (2) sessions, whether regular or special, may be held in a single day.**

**(c) Each sanggunian shall keep a journal and record of its proceedings which may be published upon resolution of the sanggunian concerned.**

**ARTICLE 106. Quorum. — (a) A majority of all the members of the sanggunian who have been elected and qualified shall constitute a quorum to transact official business.**

**(b) Should a question of quorum be raised during a session, the presiding officer shall immediately proceed to call the roll of the members and thereafter announce the results.**

**(c) Where there is no quorum, the presiding officer may declare a recess until such time as a quorum is constituted, or a majority of the members present may adjourn from day to day and may compel**

the immediate attendance of any member absent without justifiable cause by designating a member of the sanggunian, to be assisted by a member or members of the police force assigned in the territorial jurisdiction of the LGU concerned, to arrest the absent member and present him at the session.

(d) If there is still no quorum despite the enforcement of the immediately preceding subsection, no business shall be transacted. The presiding officer, upon proper motion duly approved by the members present, shall then declare the session adjourned for lack of quorum.

**ARTICLE 107. Ordinances and Resolutions.** — The following rules shall govern the enactment of ordinances and resolutions:

(a) Legislative actions of a general and permanent character shall be enacted in the form of ordinances, while those which are of temporary character shall be passed in the form of resolutions. Matters relating to proprietary functions and to private concerns shall also be acted upon by resolution.

(b) Proposed ordinances and resolutions shall be in writing and shall contain an assigned number, a title or caption, an enacting or ordaining clause, and the date of its proposed effectivity. In addition, every proposed ordinance shall be accompanied by a brief explanatory note containing the justification for its approval. It shall be signed by the author or authors and submitted to the secretary to the sanggunian who shall report the same to the sanggunian at its next meeting.

(c) A resolution shall be enacted in the same manner prescribed for an ordinance, except that it need not go through a third reading for its final consideration unless decided otherwise by a majority of all the sanggunian members.

(d) No ordinance or resolution shall be considered on second reading in any regular meeting unless it has been reported out by the proper committee to which it was referred or certified as urgent by the local chief executive.

(e) Any legislative matter duly certified by the local chief executive as urgent, whether or not it is included in the calendar of business, may be presented and considered by the body at the same meeting without need of suspending the rules.

(f) The secretary to the sanggunian of the province, city or municipality shall prepare copies of the proposed ordinance or resolution in the form it was passed on second reading, and shall distribute to each sanggunian member a copy thereof, except that a measure certified by the local chief executive concerned as urgent may be submitted for final voting immediately after debate or amendment during the second reading.

(g) No ordinance or resolution passed by the sanggunian in a regular or special session duly called for the purpose shall be valid unless approved by a majority of the members present, there being a quorum. Any ordinance or resolution authorizing or directing the payment of money or creating

liability, shall require the affirmative vote of a majority of all the sanggunian members for its passage.

(h) Upon the passage of all ordinances and resolutions directing the payment of money or creating liability, and at the request of any member, of any resolution or motion, the sanggunian shall record the ayes and nays. Each approved ordinance or resolution shall be stamped with the seal of the sanggunian and recorded in a book kept for the purpose.

**ARTICLE 108. Approval of Ordinances.** — (a) Every ordinance enacted by the sanggunian shall be present to the local chief executive. If the local chief executive concerned approves the same, he shall affix his signature on each and every page thereof; otherwise, he shall veto it and return the same with his objections to the sanggunian, which may proceed to reconsider the same. The sanggunian concerned may override the veto of the local chief executive by two-thirds (2/3) vote of all its members thereby making the ordinance or resolution effective for all legal intents and purposes.

(b) The veto shall be communicated by the local chief executive concerned to the sanggunian within fifteen (15) days in the case of a province, and ten (10) days in the case of a city or a municipality; otherwise, the ordinance shall be deemed approved as if he had signed it.

(c) Ordinances enacted by the sangguniang barangay shall, upon approval by a majority of all its members, be signed by the punong barangay.

**ARTICLE 109. Veto Power of the Local Chief Executive.** — (a) The local chief executive may veto any ordinance of the sangguniang panlalawigan, sangguniang panlungsod, or sangguniang bayan on the ground that it is ultra vires or prejudicial to the public welfare, stating his reasons therefore in writing.

(b) The local chief executive, except the punong barangay shall have the power to veto any particular item or items of an appropriations ordinance, an ordinance or resolution adopting a local development plan and public investment program or an ordinance directing the payment of money or creating liability. In such a case, the veto shall not affect the item or items which are not objected to. The vetoed item or items shall not take effect unless the sanggunian overrides the veto in the manner as provided in the immediately preceding Article; otherwise, the item or items in the appropriations ordinance of the previous year corresponding to those vetoed, if any, shall be deemed reenacted.

(c) The local chief executive may veto an ordinance or resolution only once. The sanggunian may override the veto of the local chief executive concerned by two-thirds (2/3) vote of all its members, thereby making the ordinance effective even without the approval of the local chief executive concerned.

**ARTICLE 110. Review of Component City and Municipal Ordinances or Resolutions by the Sangguniang Panlalawigan.** — (a) Within (3) days after approval, the secretary to the sangguniang

panlungsod or sangguniang bayan shall transmit to the sangguniang panlalawigan for review, copies of approved ordinances and resolutions approving and adopting the local development plans and public investment programs formulated by the local development councils.

(b) Within thirty (30) days after receipt of copies of such ordinances and resolutions, the sangguniang panlalawigan shall examine the documents or transmit them to the provincial attorney, or if there be none, to the provincial prosecutor for prompt examination. The provincial attorney or provincial prosecutor shall, within a period of ten (10) days from the receipt of the documents, inform the sangguniang panlalawigan in writing of his comments or recommendations which may be considered by the sangguniang panlalawigan in making its decision.

(c) If the sangguniang panlalawigan finds that such an ordinance or resolution is beyond the power conferred upon the sangguniang panlungsod or sangguniang bayan concerned, it shall declare such ordinance or resolution invalid in whole or in part. The sangguniang panlalawigan shall enter its action in the minutes and shall advise the corresponding city or municipal authorities of the action it has taken.

(d) If no action has been taken by the sangguniang panlalawigan within thirty (30) days after submission of such an ordinance or resolution, the same shall be presumed consistent with the law and, therefore, valid.

**ARTICLE 111. Review of Barangay Ordinances by the Sangguniang Panlungsod or Sangguniang Bayan.**

— (a) Within ten (10) days after its enactment, the sangguniang barangay shall furnish copies of all barangay ordinances to the sangguniang panlungsod or sangguniang bayan concerned for review as to whether the ordinance is consistent with law and city or municipal ordinances.

(b) If the sangguniang panlungsod or sangguniang bayan, as the case may be, fails to take action on barangay ordinances within thirty (30) days from receipt thereof, the same shall be deemed approved.

(c) If the sangguniang panlungsod or sangguniang bayan, as the case may be, finds the barangay ordinances inconsistent with law or city or municipal ordinances, the sanggunian concerned shall, within thirty (30) days from receipt thereof, return the same with its comments and recommendations to the sangguniang barangay concerned for adjustment, amendment or modification; in which case, the effectivity of the barangay ordinance is suspended until such time as the revision called for is effected.

**ARTICLE 112. Enforcement of Ordinances or Resolutions After Disapproval by Reviewing Authority.** —

Any attempt to enforce any disapproved ordinance or resolution adopting the local development plan and public investment program. After disapproval by the local chief executive or by the reviewing authority shall be sufficient ground for the suspension or dismissal of the official or employee concerned.

**ARTICLE 113. Effectivity of Ordinances and Resolutions.** — Unless otherwise stated in the ordinance

or resolution approving the local development plan and public investment program, the same shall take effect after ten (10) days from the date a copy thereof is posted in a bulletin board at the entrance of the provincial capitol or city, municipal, or barangay hall, as the case may be, and in at least two (2) other conspicuous places in the LGU concerned.

**ARTICLE 114. Posting and Publication of Ordinance with Penal Sanctions.** — (a) Ordinances with penal sanctions shall be posted at conspicuous places in the provincial capitol, or city, municipal or barangay hall, as the case may be, for a minimum period of three (3) consecutive weeks. Such ordinances shall also be published in a newspaper of general circulation, where available, within the territorial jurisdiction of the LGU concerned, except in the case of barangay ordinances. Unless otherwise provided therein, said ordinances shall take effect on the day following its publication, or at the end of the period of posting, whichever occurs later.

(b) Any public officer or employee who violates an ordinance may be meted administrative disciplinary action, without prejudice to the filing of the appropriate civil or criminal action.

(c) The secretary to the sanggunian concerned shall transmit official copies of such ordinances to the chief executive officer of the Official Gazette within seven (7) days following the approval of said ordinance for publication. The Official Gazette may publish ordinances with penal sanctions for archival and reference purposes.

#### **RULE XVIII**

##### **Appointive Local Officials**

**ARTICLE 115. Appointive Provincial Officials.** — (a) The mandatory appointive provincial officials are as follows:

- (1) secretary to the sangguniang panlalawigan;
- (2) provincial treasurer;
- (3) provincial assessor;
- (4) provincial accountant;
- (5) provincial budget officer;
- (6) provincial planning and development coordinator;
- (7) provincial engineer;
- (8) provincial health officer;
- (9) provincial administrator;
- (10) provincial legal officer;
- (11) provincial agriculturist;
- (12) provincial social welfare and development officer;
- (13) provincial veterinarian; and
- (14) provincial general services officer.

(b) In addition thereto, the governor may appoint the following officials:

- (1) provincial environment and natural resources officer;**
- (2) provincial architect;**
- (3) provincial information officer;**
- (4) provincial cooperatives officer; and**
- (5) provincial population officer.**

The appointment of provincial population officer shall be optional in the province provided that provinces which have existing population offices shall continue to maintain such offices for a period of five (5) years from the date of the effectivity of the Code after which, said offices shall become optional.

**ARTICLE 116. Appointive City Officials. — (a) The mandatory appointive city officials are as follows:**

- (1) secretary to the sangguniang panlungsod;**
- (2) city treasurer;**
- (3) city assessor;**
- (4) city accountant;**
- (5) city budget officer;**
- (6) city planning and development coordinator;**
- (7) city engineer;**
- (8) city health officer;**
- (9) city civil registrar;**
- (10) city administrator;**
- (11) city legal officer;**
- (12) city veterinarian;**
- (13) city social welfare and development officer; and**
- (14) city general services officer.**

**(b) In addition thereto, the city mayor may appoint the following officials:**

- (1) city architect;**
- (2) city information officer;**
- (3) city agriculturist;**
- (4) city population officer;**
- (5) city environment and natural resources officer; and**
- (6) city cooperatives officer.**

The appointment of city population officer shall be optional in the city provided that cities which have existing population offices shall continue to maintain such offices for a period of five (5) years from the date of the effectivity of the Code after which, said offices shall become optional.

**ARTICLE 117. Appointive Municipal Officials. — (a) The mandatory appointive municipal officials are as follows:**

- (1) secretary to the sangguniang bayan;**
- (2) municipal treasurer;**
- (3) municipal assessor;**
- (4) municipal accountant;**
- (5) municipal budget officer;**
- (6) municipal planning and development coordinator;**
- (7) municipal engineer/building official;**
- (8) municipal health officer; and**
- (9) municipal civil registrar.**

**(b) In addition thereto, the municipal mayor may appoint the following officials:**

- (1) municipal administrator;**
- (2) municipal legal officer;**
- (3) municipal agriculturist;**
- (4) municipal environment and natural resources officer,**
- (5) municipal social welfare and development officer;**
- (6) municipal architect; and**
- (7) municipal information officer.**

**ARTICLE 118. Appointive Barangay Officials. — (a) The mandatory appointive barangay officials are as follows:**

- (1) barangay secretary; and**
- (2) barangay treasurer.**

**ARTICLE 119. Appointment of Appointive Local Officials. — (a) Unless otherwise provided in this Rule, heads of offices and departments in the LGUs shall be appointed by the local chief executive concerned with the concurrence of a majority of all the members of the sanggunian, subject to civil service laws, rules and regulations.**

**(b) The sanggunian concerned shall act on the appointment within fifteen (15) days from the date of its submission; otherwise, the same shall be deemed confirmed.**

**(c) The term of office of the local administrator, local legal officer, and local information officer is coterminous with that of their appointing authority.**

**ARTICLE 120. Other Local Government Offices. — The sanggunian may:**

- (a) Maintain existing offices not mentioned in this Rule;**
- (b) Create such other offices as may be necessary to carry out the purposes of the LGU; or**

**(c) Consolidate the functions of any office with those of another in the interest of efficiency and economy.**

**ARTICLE 121. Residency Requirement. — The requirement for an appointive local official to be a resident of the LGU concerned shall be construed to mean as actual residence in the locality for at least six (6) months immediately preceding his appointment.**

**ARTICLE 122. Qualifications, Powers, and Duties of Appointive Local Officials. —**

**(a) The secretary to the sanggunian. —**

**(1) The secretary to the sanggunian shall be a career official with rank and salary equal to a head of office or department.**

**(2) No person shall be appointed secretary to the sanggunian unless he is a citizen of the Philippines, a resident of the LGU concerned, of good moral character, a holder of a college degree, preferably in law, commerce, or public administration from a recognized college or university, and a holder of a first grade civil service eligibility or its equivalent.**

**(3) The secretary to the sanggunian shall take charge of the office of the secretary to the sanggunian and shall:**

**(i) Attend meetings of the sanggunian and keep a journal of its proceedings;**

**(ii) Keep the seal of the LGU and affix the same with his signature to all ordinances, resolutions, and other official acts of the sanggunian and present the same to the presiding officer for his signature;**

**(iii) Forward to the governor or mayor, as the case may be, for approval, copies of ordinances enacted by the sanggunian and duly certified by the presiding officer;**

**(iv) Transmit to the sangguniang panlungsod or sangguniang bayan concerned, in the case of the sangguniang barangay, and to the sangguniang panlalawigan concerned, in the case of the sangguniang panlungsod of component cities or sangguniang bayan, copies of duly approved ordinances;**

**(v) Furnish, upon request of any interested party, certified copies of records of public character in his custody, upon payment to the local treasurer of such fees as may be prescribed by ordinance;**

**(vi) Record in a book kept for the purpose, all ordinances and resolutions enacted or adopted by the sanggunian, with the dates of passage and publication thereof;**

**(vii) Keep his office and all non-confidential records therein open to the public during the usual business hours;**

**(viii) Translate into the dialect used by a majority of the inhabitants all ordinances and resolutions**

immediately after their approval, and cause the publication thereof, together with the original version in the manner provided in Rule XVII of these Rules;

(ix) Take custody of the local archives and, where applicable, the local library and annually account for the same; and

(x) Exercise such other powers and perform such other duties and functions as may be prescribed by law or ordinance relative to his position.

(xi) In the case of the barangay secretary, he shall keep custody of all records of the sangguniang barangay and the barangay assembly meetings; prepare and keep the minutes of all meetings of the sangguniang barangay and the barangay assembly; prepare a list of members of the barangay assembly, and have the same posted in conspicuous places within the barangay; assist in the preparation of all necessary forms for the conduct of barangay elections, initiatives, referenda or plebiscites, in coordination with the COMELEC; assist the municipal civil registrar in the registration of births, deaths, and marriages; keep an updated record of all inhabitants of the barangay containing the following items of information: name, address, place and date of birth, sex, civil status, citizenship, occupation, and such other items of information as may be prescribed by law or ordinance; submit a report on the actual number of barangay residents as often as may be required by the sangguniang barangay; and exercise such other powers and perform such other duties and functions as may be prescribed by law or ordinance.

(b) The Treasurer —

(1) The provincial, city, and municipal treasurers shall be appointed by the Secretary of Finance from a list of at least three (3) ranking eligible recommendees of the governor or mayor, as the case may be, subject to civil service law, rules and regulations.

(2) No person shall be appointed treasurer unless he is a citizen of the Philippines, a resident of the LGU concerned, of good moral character, a holder of a college degree, preferably in commerce, public administration or law from a recognized college or university, and a holder of a first grade civil service eligibility or its equivalent. He must have acquired experience in treasury or accounting service for at least five (5) years in the case of the provincial or city treasurer, and three (3) years in the case of the municipal treasurer.

(3) The treasurer shall be under the administrative supervision of the governor or mayor, as the case may be, to whom he shall report regularly on the tax collection efforts in the LGU.

(4) The treasurer shall take charge of the treasury office, perform the duties provided under Book II of the Code, and shall:

(i) Advise the governor or mayor, as the case may be, the sanggunian, and other local and national government officials concerned regarding disposition of local government funds, and on such other matters relative to public finance;

- (ii) Take custody of, and exercise proper management of the funds of the LGU concerned;**
- (iii) Take charge of the disbursement of all and such other funds the custody of which may be entrusted to him by law or other competent authority;**
- (iv) Inspect private commercial and industrial establishments within the jurisdiction of the LGU concerned in relation to the implementation of tax ordinances, pursuant to the provisions under Book II of the Code;**
- (v) Maintain and update the tax information system of the LGU;**
- (vi) In the case of the provincial treasurer, exercise technical supervision over all treasury offices of component cities and municipalities; and**
- (vii) Exercise such other powers and perform such other duties and functions as may be prescribed by law or ordinance.**
- (viii) In the case of the barangay treasurer, he shall keep custody of barangay funds and properties; collect and issue official receipts for taxes, fees, contributions, monies, materials, and all other resources accruing to the barangay treasury and deposit the same in the account of the barangay as provided under Title Five, Book II of the Code; disburse funds in accordance with the financial procedures provided in the Code; submit to the punong barangay a statement covering the actual and estimates of income and expenditures for the preceding and ensuing calendar years, respectively, subject to the provisions of Title Five, Book II of the Code; render a written accounting report of all barangay funds and property under his custody at the end of each calendar year, and ensure that such report shall be made available to the members of the barangay assembly and other government agencies concerned; certify as to the availability of funds whenever necessary; plan and attend to the rural postal circuit within his jurisdiction; and exercise such other powers and perform such other duties and functions as may be prescribed by law or ordinance.**
- (5) An assistant treasurer may be appointed by the Secretary of Finance from a list of at least three (3) ranking, eligible recommendees of the governor or mayor, as the case may be, subject to civil service law, rules and regulations.**

**No person shall be appointed assistant treasurer unless he is a citizen of the Philippines, a resident of the LGU concerned, of good moral character, a holder of a college degree preferably in commerce, public administration, or law from a recognized college or university, and a holder of first grade civil service eligibility or its equivalent. He must have acquired at least five (5) years experience in the treasury or accounting service in the case of the provincial or city assistant treasurer, and three (3) years in the case of the municipal assistant treasurer.**

**The assistant treasurer shall assist the treasurer and perform such duties as the latter may assign to him. He shall have authority to administer oaths concerning notices and notifications to those**

delinquent in the payment of the real property tax and concerning official matters relating to the accounts of the treasurer or otherwise arising in the offices of the treasurer and the assessor.

The position of assistant treasurer, while considered optional under the code, shall be maintained by the LGU concerned if occupied by a person holding a permanent appointment.

**(c) The Assessor —**

**(1) No person shall be appointed assessor unless he is a citizen of the Philippines, a resident of the LGU concerned, of good moral character, a holder of a college degree preferably in civil or mechanical engineering, commerce, or any other related course from a recognized college or university, and a holder of a first grade civil service eligibility or its equivalent. He must have acquired experience in real property assessment work or in any related field for at least five (5) years in the case of the provincial or city assessor, and three (3) years in the case of the municipal assessor.**

**(2) The assessor shall take charge of the assessor's office, perform the duties provided under Book II of the Code, and shall:**

**(i) Ensure that all laws and policies governing the appraisal and assessment of real properties for taxation purposes are properly executed;**

**(ii) Initiate, review, and recommend changes in policies and objectives, plans and programs, techniques, procedures, and practices in the valuation and assessment of real properties for taxation purposes;**

**(iii) Establish a systematic method of real property assessment;**

**(iv) Install and maintain a real property identification and accounting system;**

**(v) Prepare, install, and maintain a system of tax mapping, showing graphically all property subject to assessment and gather all data concerning the same;**

**(vi) Conduct frequent physical surveys to verify and determine as to whether or not all real properties within the province are properly listed in the assessment rolls;**

**(vii) Exercise the functions of appraisal and assessment primarily for taxation purposes of all real properties in the LGU concerned;**

**(viii) Prepare a schedule of fair market values for the different classes of real properties, in accordance with Title Two, Book II of the Code;**

**(ix) Issue, upon request of any interested party, certified copies of assessment records of real property and all other records relative to its assessment, upon payment of a service charge or fee to**

the treasurer;

(x) Submit every semester a report of all assessments, as well as cancellations and modifications of assessments, to the local chief executive and the sanggunian concerned;

(xi) In the case of the assessor of a component city or municipality, attend personally or through an authorized representative all sessions of the local board of assessment appeals whenever his assessment is the subject of the appeal, and present or submit any information or record in his possession as may be required by the said board;

(xii) In the case of the provincial assessor, exercise technical supervision and visitorial functions over all component city and municipal assessors, coordinate with component city or municipal assessors in the conduct of tax mapping operations and all other assessment activities, and provide all forms of assistance therefore. Upon full provision by the competent city or municipality concerned for its assessor's office of the minimum personnel, equipment, and funding requirements as may be prescribed by the Secretary of Finance, such functions shall be delegated to the city or municipal assessor; and

(xiii) Exercise such other powers and perform such other duties and functions as may be prescribed by law or ordinance.

(3) All incumbent assessors holding permanent appointment shall continue in office without need of further appointment. The local chief executive may exercise his power to appoint the assessor only when vacancy occurs.

(4) An assistant assessor may be appointed by the local chief executive, subject to civil service law, rules, and regulations. No person shall be appointed assistant assessor unless he is a citizen of the Philippines, a resident of the LGU concerned, of good moral character, a holder of a college degree preferably in civil or mechanical engineering, commerce, or any related course from a recognized college or university, and a holder of a first grade civil service eligibility or its equivalent. He must have acquired experience in assessment or in any related field for at least three (3) years in the case of the provincial or city assistant assessor, and one (1) year in the case of the municipal assistant assessor.

The assistant assessor shall assist the assessor and perform such other duties as the latter may assign to him. He shall have the authority to administer oaths on all declarations of real property for purposes of assessment.

All incumbent assistant assessors holding permanent appointments shall continue in office without need of further appointment. The local chief executive may exercise his power to appoint the assistant assessor only when vacancy occurs.

(d) The Accountant —

**(1) No person shall be appointed accountant unless he is a citizen of the Philippines, a resident of the LGU concerned, of good moral character, and a certified public accountant. He must have acquired experience in the treasury or accounting service for at least five (5) years in the case of the provincial or city accountant, and three (3) years in the case of the municipal accountant.**

**(2) The accountant shall take charge of both the accounting and internal audit services of the LGU concerned and shall:**

**(i) Install and maintain an internal audit system in the LGU concerned;**

**(ii) Prepare and submit financial statements to the governor or mayor, as the case may be, and to the sanggunian concerned;**

**(iii) Apprise the sanggunian and other local government officials on the financial condition and operations of the LGU concerned;**

**(iv) Certify to the availability of budgetary allotment to which expenditures and obligations may be properly charged;**

**(v) Review supporting documents before preparation of vouchers to determine completeness requirements;**

**(vi) Prepare statements of cash advances, liquidation, salaries, allowances, reimbursements and remittances pertaining to the LGU;**

**(vii) Prepare statements of journal vouchers and liquidation of the same and other adjustments related thereto;**

**(viii) Post individual disbursements to the subsidiary ledger and index cards;**

**(ix) Maintain individual ledgers for officials and employees of the LGU pertaining to payrolls and deductions;**

**(x) Record and post in index cards details of purchased furniture, fixtures, and equipment, including disposal thereof; if any;**

**(xi) Account for all issued requests for obligations and maintain and keep all records and reports related thereto;**

**(xii) Prepare journals and the analysis of obligations and maintain and keep all records and reports related thereto; and**

**(xiii) Exercise such other powers and perform such other duties and functions as may be provided by law or ordinance.**

**(3) The incumbent chief accountant in the office of the treasurer shall be given preference in the appointment to the position of accountant, subject to civil service law, rules and regulations.**

**(e) The Budget Officer —**

**(1) No person shall be appointed budget officer unless he is a citizen of the Philippines, a resident of the LGU concerned, of good moral character, a holder of a college degree preferably in accounting, economics, public administration, or any related course from a recognized college or university, and a holder of a first grade civil service eligibility or its equivalent. He must have acquired experience in government budgeting or in any related field for at least five (5) years in the case of the provincial or city budget officer, and at least three (3) years in the case of the municipal budget officer.**

**(2) The budget officer shall take charge of the budget office and shall:**

**(i) Prepare forms, orders, and circulars embodying instructions on budgetary and appropriation matters for the signature of the governor or mayor, as the case may be;**

**(ii) Review and consolidate the budget proposals of different offices and departments of the LGU;**

**(iii) Assist the governor or mayor, as the case may be, in the preparation of the budget and during budget hearings;**

**(iv) Study and evaluate budgetary implications of proposed legislation and submit comments and recommendations thereon;**

**(v) Submit periodic budgetary reports to DBM;**

**(vi) Coordinate with the treasurer, accountant, and the planning and development coordinator for the purpose of budgeting;**

**(vii) Assist the sanggunian concerned in reviewing the approved budgets of component LGUs;**

**(viii) Coordinate with the planning and development coordinator in the formulation of the development plan of the LGU; and**

**(ix) Exercise such other powers and perform such other duties and functions as may be prescribed by law or ordinance.**

**(3) The appropriations for personal services of the budget officer provided under the budget of the DBM shall, upon effectivity of the Code, be transferred to the LGU concerned. Thereafter, the appropriations for personal services of the budget officer shall be provided in full in the budget of the LGU.**

**(f) The Planning and Development Coordinator —**

**(1) No person shall be appointed planning and development coordinator unless he is a citizen of the Philippines, a resident of the LGU concerned, of good moral character, a holder of a college degree preferably in urban planning, development studies, economics, public administration, or any related course from a recognized college or university, and a holder of a first grade civil service eligibility or its equivalent. He must have acquired experience in development planning or in any related field for at least five (5) years in the case of the provincial or city planning and development coordinator, and three (3) years in the case of the municipal planning and development coordinator.**

**(2) The planning and development coordinator shall take charge of the planning and development office and shall:**

**(i) Formulate integrated economic, social, physical, and other development plans and policies for consideration of the local government development council;**

**(ii) Conduct continuing studies, researches, and training programs necessary to evolve plans and programs for implementation;**

**(iii) Integrate and coordinate all sectoral plans and studies undertaken by the different functional groups or agencies;**

**(iv) Monitor and evaluate the implementation of the different development programs, projects, and activities in the LGU concerned in accordance with the approved development plan;**

**(v) Prepare comprehensive plans and other development planning documents for the consideration of the LDC;**

**(vi) Analyze the income and expenditure patterns, and formulate and recommend fiscal plans and policies for consideration of the finance committee of the LGU concerned as provided under Title Five, Book II of the Code;**

**(vii) Promote people participation in development planning within the LGU concerned;**

**(ix) Exercise such other powers and perform such other functions and duties as may be prescribed by law or ordinance.**

**(g) The Engineer —**

**(1) No person shall be appointed engineer unless he is a citizen of the Philippines, a resident of the LGU concerned, of good moral character, and a licensed civil engineer. He must have acquired experience in the practice of his profession for at least five (5) years in the case of the provincial or city engineer, and three (3) years in the case of the municipal engineer.**

**(2) The engineer shall take charge of the engineering office and shall:**

**(i) Initiate, review and recommend changes in policies and objectives, plans and programs, techniques, procedures and practices in infrastructure development and public works in general of the LGU concerned;**

**(ii) Advise the governor or mayor, as the case may be, on infrastructure, public works, and other engineering matters;**

**(iii) Administer, coordinate, supervise, and control the construction, maintenance, improvement, and repair of roads, bridges, and other engineering and public works projects of the LGU concerned;**

**(iv) Provide engineering services to the LGU concerned, including investigation and survey, engineering designs, feasibility studies, and project management;**

**(v) In the case of the provincial engineer, exercise technical supervision over all engineering offices of component cities and municipalities; and**

**(vi) Exercise such other powers and perform such other duties and functions as may be prescribed by law or ordinance.**

**(h) The Health Officer —**

**(1) No person shall be appointed health officer unless he is a citizen of the Philippines, a resident of the LGU concerned, of good moral character, and a licensed medical practitioner. He must have acquired experience in the practice of his profession for at least five (5) years in the case of the provincial or city health officer, and three (3) years in the case of the municipal health officer.**

**(2) The health officer shall take charge of the office on health and shall:**

**(i) Take charge of the office on health services, supervise the personnel and staff of said office, formulate program implementation guidelines and rules and regulations for the operation of the said office for the approval of the governor or mayor, as the case may be, in order to assist him in the efficient, effective, and economical implementation of a health services program geared to implementation of health-related projects and activities;**

**(ii) Formulate measures for the consideration of the sanggunian and provide technical assistance and support to the governor or mayor, as the case may be, in carrying out activities to ensure the delivery of basic services and provision of adequate facilities relative to health services provided in Rule V of these Rules;**

**(iii) Develop plans and strategies on health programs and projects, and implement them upon approval thereof by the governor or mayor as the case may be;**

- (iv) Formulate and implement policies, plans, programs and projects to promote the health of the people in the LGU concerned;**
- (v) Advise the governor or mayor, as the case may be, and the sanggunian on matters pertaining to health;**
- (vi) Execute and enforce all laws, ordinances, and regulations relating to public health;**
- (vii) Recommend to the sanggunian, through the local health board, the passage of such ordinances as he may deem necessary for the preservation of public health;**
- (viii) Recommend the prosecution of any violation of sanitary laws, ordinances, or regulations;**
- (ix) Direct the sanitary inspectors to inspect all business establishments selling food items or providing accommodations such as hotels, motels, lodging houses, pension houses, and the like, in accordance with the Sanitation Code;**
- (x) Conduct health information campaigns and render health intelligence services;**
- (xi) Coordinate with other government agencies and NGO's involved in the promotion and delivery of health services;**
- (xii) In the case of the provincial health officer, exercise general supervision over health officers of competent cities and municipalities;**
- (xiii) Be in the frontline of the delivery of health services, particularly during and in the aftermath of man-made and natural disasters and calamities; and**
- (xiv) Exercise such other powers and perform such other duties and functions as may be prescribed by law or ordinance.**

**(i) The Civil Registrar —**

**(1) No person shall be appointed civil registrar unless he is a citizen of the Philippines, a resident of the LGU concerned, of good moral character, a holder of a college degree from a recognized college or university, and a holder of a first grade civil service eligibility or its equivalent. He must have acquired experience in civil registry work for at least five (5) years in the case of the city civil registrar and three (3) years in the case of the municipal civil registrar.**

**(2) The civil registrar shall be responsible for the civil registration program in the LGU concerned, pursuant to the Civil Registry Law, the Civil Code, and other pertinent laws, rules and regulations issued to implement them.**

**(3) The Civil Registrar shall take charge of the office of the civil registry and shall:**

**(i) Develop plans and strategies on civil registry programs and projects and implement them upon approval thereof by the governor or mayor, as the case may be;**

**(ii) Accept all registrable documents and judicial decrees affecting the civil status of persons;**

**(iii) File, keep, and preserve in a secure place the books required by law;**

**(iv) Transcribe and enter immediately upon receipt all registrable documents and judicial decrees affecting the civil status of persons in the appropriate civil registry books;**

**(v) Transmit to the Office of the Civil Registrar-General, within the prescribed period, duplicate copies of registered documents required by law;**

**(vi) Issue certified transcripts or copies of any certificate or registered documents upon payment of the prescribed fees to the treasurer;**

**(vii) Receive applications for the issuance of a marriage license and, after determining that the requirements and supporting certificates and publication thereof for the prescribed period have been complied with, issue the license upon payment of the authorized fee to the treasurer;**

**(viii) Coordinate with the NSO in conducting educational campaigns for vital registration and assist in the preparation of demographic and other statistics for the LGU concerned; and**

**(ix) Exercise such other powers and perform such other duties and functions as may be prescribed by law or ordinance.**

**(j) The Administrator —**

**(1) No person shall be appointed administrator unless he is a citizen of the Philippines, a resident of the LGU concerned, of good moral character, a holder of a college degree preferably in public administration, law, or any other related course from a recognized college or university, and a holder of a first grade civil service eligibility or its equivalent. He must have acquired experience in management and administration work for at least five (5) years in the case of the provincial or city administrator, and three (3) years in the case of the municipal administrator.**

**(2) The administrator shall take charge of the office of the administrator and shall:**

**(i) Develop plans and strategies on management and programs and projects and implement them upon approval thereof by the governor or mayor, as the case may be;**

**(ii) Assist in coordinating the work of all the officials of the LGU under the supervision, direction, and control of the governor or mayor, and for this purpose, he may convene the chiefs of offices and other officials of the LGU;**

**(iii) Establish and maintain a sound personnel program for the LGU designed to promote career development and uphold the merit principle in the local government service;**

**(iv) Conduct a continuing organizational development of the LGU with the end in view of instituting effective administrative reforms;**

**(v) Be in the frontline of the delivery of administrative support services, particularly those related to situations during and in the aftermath of man-made and natural disasters and calamities;**

**(vi) Recommend to the sanggunian and advise the governor and mayor, as the case may be, on all other matters relative to the management and administration of the LGU; and**

**(vii) Exercise such other powers and perform such other duties and functions as may be prescribed by law or ordinance.**

**(k) The Legal Officer —**

**(1) No person shall be appointed legal officer unless he is a citizen of the Philippines, a resident of the LGU concerned, of good moral character, and a member of the Philippine Bar. He must have practiced his profession for at least five (5) years in the case of the provincial or city legal officer, and three (3) years in the case of the municipal legal officer.**

**(2) The legal officer, as chief legal counsel of the LGU, shall take charge of the office of legal services and shall:**

**(i) Formulate measures for the consideration of the sanggunian and provide legal assistance and support to the governor or mayor, as the case may be, in carrying out the delivery of basic services and provisions of adequate facilities as provided in Rule V of these Rules;**

**(ii) Develop plans and strategies on programs and projects related to legal services and implement upon approval thereof by the governor or mayor, as the case may be;**

**(iii) Represent the LGU in all civil actions and special proceedings wherein the LGU or any official thereof, in his official capacity, is a party; provided that, in actions or proceedings where a component city or municipality is a party adverse to the provincial government or to another component city or municipality, a special legal officer may be employed to represent the adverse party;**

**(iv) When required by the governor, mayor, or sanggunian, draft ordinances, contracts, bonds, leases, and other instruments involving any interest of the LGU; and provide comments and recommendations on any instruments already drawn;**

**(v) Render his opinion in writing on any question of law when requested to do so by the governor,**

mayor, or sanggunian;

(vi) Investigate or cause to be investigated any local official or employee for administrative neglect or misconduct in office, and recommend appropriate action to the governor, mayor, or sanggunian, as the case may be;

(vii) Investigate or cause to be investigated any person, firm, or corporation holding any franchise or exercising any public privilege for failure to comply with any term or condition in the grant of such franchise or privilege, and recommend appropriate action to the governor, mayor, or sanggunian, as the case may be;

(viii) When directed by the governor, mayor, or sanggunian, initiate and prosecute in the interest of the LGU concerned any civil action on any bond, lease, or other contract upon any breach or violation thereof;

(ix) Review and submit recommendations on ordinances approved and executive orders issued by component LGUs;

(x) Recommend measures to the sanggunian and advise the governor or mayor, as the case may be, on all other matters related to upholding the rule of law;

(xi) Be in the frontline of protecting human rights and prosecuting any violations thereof, particularly those which occur during and in the aftermath of man-made or natural disasters or calamities; and

(xii) Exercise such other powers and perform such other duties and functions as may be prescribed by law or ordinance.

(l) The Agriculturist —

(1) No person shall be appointed agriculturist unless he is a citizen of the Philippines, a resident of the LGU concerned, of good moral character, a holder of a college degree in agriculture or any related course from a recognized college or university, and a holder of a first grade civil service eligibility or its equivalent. He must have practiced his profession in agriculture or acquired experience in a related field for at least five (5) years in the case of the provincial and city agriculturist, and three (3) years in the case of the municipal agriculturist.

(2) The agriculturist shall take charge of the office for agricultural services, and shall:

(i) Formulate measures for the approval of the sanggunian and provide technical assistance and support to the governor or mayor, as the case may be, in carrying out said measures to ensure the delivery of basic services and provision of adequate facilities relative to agricultural services as provided in Rule V of these Rules;

(ii) Develop plans and strategies on agricultural programs and projects and implement them upon

approval thereof by the governor or mayor, as the case may be;

(iii) Ensure that maximum assistance and access to resources in the production, processing and marketing of agricultural and aquacultural and marine products are extended to farmers, fishermen and local entrepreneurs;

(iv) Conduct or cause to be conducted location-specific agricultural researches and assist in making available the appropriate technology arising out of, and disseminate information on, basic research on crops, prevention and control of plant diseases and pests, and other agricultural matters which will maximize productivity;

(v) Assist the governor or mayor, as the case may be, in the establishment and extension services of demonstration farms or aquaculture and marine products;

(vi) Enforce rules and regulations relating to agriculture and aquaculture;

(vii) Coordinate with NGAs and NGOs which promote agricultural productivity through appropriate technology compatible with environmental integrity;

(viii) Be in the frontline of delivery of basic agricultural services, particularly those needed for the survival of the inhabitants during and in the aftermath of man-made and natural disasters;

(ix) Recommend to the sanggunian and advise the governor or mayor, as the case may be, on all other matters related to agriculture and aquaculture which will improve the livelihood and living conditions of the inhabitants; and

(x) Exercise such other powers and perform such other duties and functions as may be prescribed by law or ordinance.

(m) The Social Welfare and Development Officer —

(1) No person shall be appointed social welfare and development officer unless he is a citizen of the Philippines, a resident of the LGU concerned, of good moral character, a duly licensed social worker or a holder of a college degree preferably in sociology or any other related course from a recognized college or university, and a holder of a first grade civil service eligibility or its equivalent. He must have acquired experience in the practice of social work for at least five (5) years in the case of the provincial or city social welfare and development officer, and three (3) years in the case of the municipal social welfare and development officer.

(2) The social welfare and development officer shall take charge of the office on social welfare and development services and shall:

(i) Formulate measures for the approval of the sanggunian and provide technical assistance and support to the governor or mayor, as the case may be, in carrying out measures to ensure the

**delivery of basic services and provision of adequate facilities relative to social welfare and development services as provided in Rule V of these Rules;**

**(ii) Develop plans and strategies on social welfare programs and projects and implement them upon approval thereof by the governor or mayor, as the case may be;**

**(iii) Identify the basic needs of the needy, the disadvantaged and the impoverished and develop and implement appropriate measures to alleviate their problems and improve their living conditions;**

**(iv) Provide relief and appropriate crisis intervention for victims of abuse and exploitation and recommend appropriate measures to deter further abuse and exploitation;**

**(v) Assist the governor or mayor, as the case may be, in implementing the barangay program for the total development and protection of children up to six (6) years of age;**

**(vi) Facilitate the implementation of welfare programs for the disabled, the elderly, and victims of drug addiction, the rehabilitation of prisoners and parolees, the prevention of juvenile delinquency and such other activities which would eliminate or minimize the ill-effects of poverty;**

**(vii) Initiate and support youth welfare programs that will enhance the role of the youth in nation-building;**

**(viii) Coordinate with government agencies and NGOs which have for their purpose the promotion and protection of all needy, disadvantaged, underprivileged or impoverished groups or individuals, particularly those identified to be vulnerable and high-risk to exploitation, abuse and neglect;**

**(ix) Be in the frontline of service delivery, particularly those concerning immediate relief and assistance during and in the aftermath of man-made and natural disaster and calamities;**

**(x) Recommend to the sanggunian and advise the governor or mayor, as the case may be, on all other matters related to social welfare and development services which will improve the livelihood and living conditions of the inhabitants; and**

**(xi) Exercise such other powers and perform such other duties and functions as may be prescribed by law or ordinance.**

**(n) The Environment and Natural Resources Officer —**

**(1) No person shall be appointed environment and natural resources officer unless he is a citizen of the Philippines, a resident of the LGU concerned, of good moral character, a holder of a college degree preferably in environment, forestry, agriculture or any related course from a recognized college or university, and a holder of a first grade civil service eligibility or its equivalent. He must have acquired experience in environmental and natural resources management, conservation, and utilization, for at least five (5) years in the case of the provincial or city environment and natural**

resources officer, and three (3) years in the case of the municipal environment and natural resources officer.

**(2) The environment and natural resources officer shall take charge of the office on environment and natural resources and shall:**

**(i) Formulate measures for the consideration of the sanggunian and provide technical assistance and support to the governor or mayor, as the case may be, in carrying out measures to ensure the delivery of basic services and provision of adequate facilities relative to environment and natural resources services as provided in Rule V of these Rules;**

**(ii) Develop plans and strategies on environment and natural resources programs and projects and implement them upon approval thereof by the governor or mayor, as the case may be;**

**(iii) Establish, maintain, protect and preserve communal forests, watersheds, tree parks, mangroves, greenbelts and similar forest projects and commercial forest, like industrial tree farms and agro-forestry projects;**

**(iv) Provide extension services to beneficiaries of forest development projects and technical, financial and infrastructure assistance;**

**(v) Manage and maintain seed banks and produce seedlings for forests and tree parks;**

**(vi) Provide extension services to beneficiaries of forest development projects and render assistance to natural resources-related conservation and utilization activities consistent with ecological balance;**

**(vii) Promote small-scale mining and utilization of mineral resources, particularly mining of gold;**

**(viii) Coordinate with government agencies and NGOs in the implementation of measures to prevent and control land, air, and water pollution with the assistance of the DENR;**

**(ix) Be in the frontline of the delivery of services concerning the environment and natural resources, particularly in the renewal and rehabilitation of the environment during and in the aftermath of man-made and natural calamities and disasters;**

**(x) Recommend to the sanggunian and advise the governor or mayor, as the case may be, on all matters relative to the protection, conservation, maximum utilization, application of appropriate technology, and other matters related to the environment and natural resources; and**

**(xi) Exercise such other powers and perform such other duties and functions as may be prescribed by law or ordinance.**

**(o) The Architect —**

**(1) No person shall be appointed architect unless he is a citizen of the Philippines, a resident of the LGU concerned, of good moral character, and a duly licensed architect. He must have practiced his profession for at least five (5) years in the case of the provincial or city architect, and three (3) years in the case of the municipal architect.**

**(2) The architect shall take charge of the office on architectural planning and design and shall:**

**(i) Formulate measures for the consideration of the sanggunian and provide technical assistance and support to the governor or mayor, as the case may be, in carrying out measures to ensure the delivery of basic services and provision of adequate facilities relative to architectural planning and design as provided in Rule V of these Rules;**

**(ii) Develop plans and strategies on architectural planning and design programs and projects and implement them upon approval thereof by the governor or mayor, as the case may be;**

**(iii) Prepare and recommend for consideration of the sanggunian the architectural plan and design for the LGU or a part thereof, including the renewal of slums and blighted areas, land reclamation activities, the greening of land, and appropriate planning of marine and foreshore areas;**

**(iv) Review and recommend for appropriate action of the sanggunian, governor or mayor, as the case may be, the architectural plans and design submitted by governmental and non-governmental entities or individuals, particularly those for undeveloped, underdeveloped, and poorly-designed areas;**

**(v) Coordinate with government and non-government entities and individuals involved in the aesthetics and the maximum utilization of land and water within the jurisdiction of the LGU, compatible with environmental integrity and ecological balance;**

**(vi) Be in the frontline of the delivery of services involving architectural planning and design, particularly those related to the redesigning of spatial distribution of basic facilities and physical structures during and in the aftermath of man-made and natural calamities and disasters;**

**(vii) Recommend to the sanggunian and advise the governor or mayor, as the case may be, on all other matters relative to the architectural planning and design as it relates to the total socioeconomic development of the LGU; and**

**(viii) Exercise such other powers and perform such other duties and functions as may be prescribed by law or ordinance.**

**(p) The Information Officer —**

**(1) No person shall be appointed information officer unless he is a citizen of the Philippines, a resident of the LGU concerned, of good moral character, a holder of a college degree, preferably in**

journalism, mass communication or any related course from a recognized college or university, and a holder of a first grade civil service eligibility or its equivalent. He must have experience in writing articles and research papers, or in writing for print, television or broadcast media of at least three (3) years in the case of the provincial or city information officer, and at least one (1) year in the case of municipal information officer.

**(2) The information officer shall take charge of the office on public information and shall:**

**(i) Formulate measures for the consideration of the sanggunian and provide technical assistance and support to the governor or mayor, as the case may be, in providing information and research data required for the delivery of basic services and provision of adequate facilities so that the public becomes aware of said services and may fully avail of the same;**

**(ii) Develop plans and strategies on programs and projects related to public information and, implement them upon approval thereof by the governor or mayor, as the case may be;**

**(iii) Provide relevant, adequate, and timely information to the LGU and its residents;**

**(iv) Furnish information and data on LGUs to NGAs, as may be required by law or ordinance, including those on NGOs;**

**(v) Maintain effective liaison with various sectors of the community on matters and issues that affect the livelihood and the quality of life of the inhabitants and encourage support for programs of the local and national government;**

**(vi) Be in the frontline in providing information during and in the aftermath of man-made and natural calamities and disasters, with special attention to the victims thereof, to help minimize injuries and casualties during and after the emergency, and to accelerate relief and rehabilitation;**

**(vii) Recommend to the sanggunian and advise the governor or mayor, as the case may be, on all matters relative to public information and research data as it relates to the total socioeconomic development of the LGU; and**

**(viii) Exercise such other powers and perform such other duties and functions as may be prescribed by law or ordinance.**

**(q) The Cooperatives Officer —**

**(1) No person shall be appointed cooperatives officer unless he is a citizen of the Philippines, a resident of the LGU concerned, of good moral character, a holder of a college degree, preferably in business administration with special training in cooperatives or any related course from a recognized college or university, and a holder of a first grade civil service eligibility or its equivalent. He must have experience in cooperatives organization and management of at least five (5) years in the case of the provincial or city cooperatives officer, and three (3) years in the case of the provincial or city**

cooperatives officer, and three (3) years in the case of municipal cooperatives officer.

(2) The cooperatives officer shall take charge of the office for the development of cooperatives and shall:

(i) Formulate measures for consideration of the sanggunian, and provide technical assistance and support to the governor or mayor, as the case may be, in carrying out measures to ensure the delivery of basic services and provision of facilities through the development of cooperatives, and providing access to such services and facilities;

(ii) Develop plans and strategies on cooperatives programs and projects and, implement them upon approval thereof by the governor or mayor, as the case may be;

(iii) Assist in the organization of cooperatives;

(iv) Provide technical and other forms of assistance to existing cooperatives to enhance their viability as an economic enterprise and social organization;

(v) Assist cooperatives in establishing linkages with NGAs and NGOs involved in the promotion and integration of the concept of cooperatives in the livelihood of the people and other community activities;

(vi) Be in the frontline of cooperatives organization, rehabilitation or viability-enhancement, particularly during and in the aftermath of man-made and natural calamities and disasters, to aid in their survival and, if necessary, subsequent rehabilitation;

(vii) Recommend to the sanggunian, and advise the governor or mayor, as the case may be, on all other matters relative to cooperatives development and viability-enhancement which will improve the livelihood and quality of life of the inhabitants; and

(viii) Exercise such other powers and perform such other duties and functions as may be prescribed by law or ordinance.

(r) The Population Officer —

(1) No person shall be appointed population officer unless he is a citizen of the Philippines, a resident of the LGU concerned, of good moral character, a holder of a college degree with specialized training in population development from a recognized college or university, and a holder of a first grade civil service eligibility or its equivalent. He must have experience in the implementation of programs on population development or responsible parenthood for at least five (5) years in the case of the provincial or city population officer and three (3) years in the case of the municipal population officer.

(2) The population officer shall take charge of the office on population development and shall:

**(i) Formulate measures for the consideration of the sanggunian and provide technical assistance and support to the governor or mayor, as the case may be, in carrying out measures to ensure the delivery of basic services and provision of adequate facilities relative to the integration of population development principles and in providing access to said services and facilities;**

**(ii) Develop plans and strategies and upon approval thereof by the governor or mayor, as the case may be, implement the same, particularly those concerning the integration of population development principles and methods in programs and projects which the governor or mayor is empowered to implement and which the sanggunian is empowered to provide under the Code;**

**(iii) Assist the governor or mayor, as the case may be, in the implementation of the constitutional provisions relative to population development and the promotion of responsible parenthood;**

**(iv) Establish and maintain an updated data bank for program operations, development, planning and an educational program to ensure the people's participation in and understanding of population development;**

**(v) Implement appropriate training programs responsive to the cultural heritage of the inhabitants; and**

**(vi) Exercise such other powers and perform such other duties and functions as may be prescribed by law or ordinance.**

**(s) The Veterinarian —**

**(1) No person shall be appointed veterinarian unless he is a citizen of the Philippines, a resident of the LGU concerned, of good moral character, and a licensed doctor of veterinary medicine. He must have practised his profession for at least three (3) years in the case of provincial or city veterinarian and at least one (1) year in the case of the municipal veterinarian.**

**(2) The veterinarian shall take charge of the office for veterinary services and shall:**

**(i) Formulate measures for consideration of the sanggunian, and provide technical assistance and support to the governor or mayor, as the case may be, in carrying out measures to ensure the delivery of basic services and provision of adequate facilities pursuant to Rule V of these Rules;**

**(ii) Develop plans and strategies on veterinary-related activities and implement them upon approval thereof by the governor or mayor, as the case may be;**

**(iii) Advise the governor or mayor, as the case may be, on all matters pertaining to the slaughter of animals for human consumption and the regulation of slaughterhouses;**

**(iv) Regulate the keeping of domestic animals;**

**(v) Regulate and inspect poultry, milk and dairy products for public consumption;**

**(vi) Enforce all laws and regulations for the prevention of cruelty to animals;**

**(vii) Take necessary measures to eradicate, prevent, or cure all forms of animal diseases;**

**(viii) Be in the frontline of veterinary related activities, such as is in the outbreak of highly-contagious and deadly diseases, and in situations resulting in the depletion of animals for work and human consumption, particularly those arising from the aftermath of man-made and natural calamities and disasters;**

**(ix) Recommend to the sanggunian and advise the governor or mayor, as the case may be, on all other matters relative to veterinary services which will increase the number and improve the quality of livestock, poultry and other domestic animals used for work or human consumption; and**

**(x) Exercise such other powers and perform such other duties and functions as may be prescribed by law or ordinance.**

**(t) The General Services Officer —**

**(1) No person shall be appointed general services officer unless he is a citizen of the Philippines, a resident of the LGU concerned, of good moral character, a holder of a college degree on public administration, business administration and management from a recognized college or university, and a holder of a first grade civil service eligibility or its equivalent. He must have acquired experience in general services, including management of supply, property, solid waste disposal, and general services officer, of at least five (5) years in the case of the provincial or city general services officer, and at least three (3) years in the case of the municipal general services officer.**

**(2) The general services officer shall take charge of the office on general services and shall:**

**(i) Formulate measures for the consideration of the sanggunian and provide technical assistance and support to the governor or mayor, as the case may be, in carrying out measures to ensure the delivery of basic services and provision of adequate facilities pursuant to Rule V of these Rules and which require general services expertise and technical support services;**

**(ii) Develop plans and strategies on general services supportive of the welfare of the inhabitants and implement them upon approval thereof by the governor or mayor, as the case may be;**

**(iii) Take custody of and be accountable for all properties, real or personal, owned by the LGU and those granted to it in the form of donation, reparation, assistance and counterpart of joint projects;**

**(iv) With the approval of the governor or mayor, as the case may be, assign building or land space to local officials or other public officials, who by law, are entitled to such space;**

**(v) Recommend to the governor or mayor, as the case may be, the reasonable rental rates for local government properties, whether real or personal, which will be leased to public or private entities by the LGU;**

**(vi) Recommend to the governor or mayor, as the case may be, reasonable rental rates of private properties which may be leased for the official use of the LGU;**

**(vii) Maintain and supervise janitorial, security, landscaping and other related services in all public buildings and other real property, whether owned or leased by the LGU;**

**(viii) Collate and disseminate information regarding prices, shipping, and other costs of supplies and other items commonly used by the LGU;**

**(ix) Perform archival and record management with respect to records of offices and departments of the LGU;**

**(x) Perform all other functions pertaining to supply and property management heretofore performed by the treasurer; and enforce policies on records creation, maintenance, and disposal;**

**(xi) Be in the frontline of general services related activities, such as the possible or imminent destruction or damage to records, supplies, properties, and structures and the orderly and sanitary clearing up of waste materials or debris, particularly during and in the aftermath of man-made and natural calamities and disasters;**

**(xii) Recommend to the sanggunian and advise the governor or mayor, as the case may be, on all other matters relative to general services; and**

**(xiii) Exercise such other powers and perform such other duties and functions as may be prescribed by law or ordinance.**

**ARTICLE 123. Resignations. — Resignation of appointive local officials and employees must be in writing and shall be deemed effective upon acceptance by the local chief executive concerned. In the case of the provincial, city, and municipal treasurers, and their respective assistants, their resignations shall be deemed effective upon acceptance by the Secretary of Finance.**

#### **RULE XIX**

#### **Disciplinary Actions**

**ARTICLE 124. Grounds for Disciplinary Actions. — (a) An elective local official may be censured, reprimanded, suspended, or removed from office after due notice and hearing on any of the following grounds:**

**(1) Disloyalty to the Republic of the Philippines;**

**(2) Culpable violation of the Constitution;**

**(3) Dishonesty, oppression, misconduct in office, gross negligence, or dereliction of duty;**

**(4) Commission of any offense involving moral turpitude or an offense punishable by at least prison mayor which is from six (6) years and one (1) day to twelve (12) years imprisonment;**

**(5) Abuse of authority;**

**(6) Unauthorized absence for fifteen (15) consecutive working days, in the case of local chief executives and four (4) consecutive sessions in case of members of the sangguniang panlalawigan, sangguniang panlungsod, sangguniang bayan, and sangguniang barangay;**

**(7) Application for, or acquisition of, foreign citizenship or residence or the status of an immigrant of another country; and**

**(8) Such other grounds as may be provided by the Code; RA 6713; RA 3019; Administrative Code of 1987; the Revised Penal Code and all other applicable general and special laws.**

**(b) An elective local official may be removed from office on the grounds enumerated in paragraph (a) of this Article by order of the proper court or the disciplining authority whichever first acquires jurisdiction to the exclusion of the other.**

**ARTICLE 125. Form and Filing of Administrative Complaints. — A verified complaint against any erring elective local official shall be prepared and filed as follows:**

**(a) Against any elective official of a province, a highly-urbanized city, a component city, a municipality within MMA, an independent component city, before the Office of the President;**

**(b) Against any elective official of a municipality, before the sangguniang panlalawigan whose decision may be appealed to the Office of the President.**

**(c) Against any elective barangay official, before the sangguniang panlungsod or sangguniang bayan concerned whose decision shall be final and executory.**

**Copies of the complaints shall be furnished the office of the governor, in the case of component cities and municipalities, and in all cases, the DILG.**

**ARTICLE 126. Hearings. — (a) Within seven (7) days after the administrative complaint is filed, the Office of the President or the sanggunian concerned, as the case may be, shall require the respondent to submit his verified answer within fifteen (15) days from receipt thereof, and commence the investigation of the case within ten (10) days after receipt of such answer of the respondent.**

**(1) Unreasonable failure of the respondent to file his verified answer within fifteen (15) days from receipt of the complaint shall be considered a waiver of his rights to present evidence in his behalf.**

**(2) Unreasonable failure to commence the investigation within the prescribed period by the person or persons assigned to investigate shall be a ground for disciplinary action.**

**(b) When the respondent is an elective official of a province or highly-urbanized city, such hearing and investigation shall be conducted in the place where he renders or holds office. For all other elective local officials, the venue shall be the place where the sanggunian concerned is located.**

**(c) No investigation shall be held within ninety (90) days immediately prior to any local elections, and no preventive suspension shall be imposed within the same period. If preventive suspension has been imposed prior to the 90-day period immediately preceding local elections, it shall be deemed automatically lifted upon the start of the said period.**

**ARTICLE 127. Preventive Suspension. — (a) Preventive suspension may be imposed:**

**(1) By the President, if the respondent is an elective official of a province, a highly-urbanized city, an independent component city or a municipality within MMA;**

**(2) By the governor, if the respondent is an elective official of a component city or municipality;**

**(3) By the mayor, if the respondent is an elective official of the barangay.**

**(b) Preventive suspension may be imposed at any time after the issues are joined, when the evidence of guilt is strong, and given the gravity of the offense, there is great probability that the continuance in office of the respondent could influence the witnesses or pose a threat to the safety and integrity of the records and evidence.**

**(c) Any single preventive suspension of an elective local official shall not extend beyond sixty (60) days.**

**(d) In the event that several administrative cases are filed against an elective local official, he cannot be placed under preventive suspension for more than ninety (90) days within a single year on the same ground or grounds existing and known at the time of the first suspension.**

**(e) Upon expiration of the preventive suspension, the suspended elective local official shall be deemed reinstated in office without prejudice to the continuation of the proceedings against him, which shall be terminated within one hundred twenty (120) days from the time he was formally notified of the case against him. If the delay in the proceedings of the case is due to his fault, neglect, or request, other than the appeal duly filed, the duration of such delay shall be counted in computing the time of termination of the case.**

**(f) Any abuse of the exercise of the power of preventive suspension shall be penalized as abuse of authority.**

**ARTICLE 128. Salary of Respondent Pending Suspension. — The respondent elective local official who is under preventive suspension shall receive no salary or compensation during such suspension. Upon subsequent exoneration and reinstatement, however, he shall be paid his full salary or compensation including other emoluments accruing during his suspension.**

**ARTICLE 129. Rights of Respondent. — The respondent shall be accorded full opportunity to appear and defend himself in person or by counsel, to confront and cross-examine the witnesses against him, and to require the attendance of witnesses and the production of documentary evidence in his favor through the compulsory process of subpoena or subpoena duces tecum.**

**ARTICLE 130. Investigation and Decision. — (a) The investigation of the case shall be terminated within ninety (90) days from the start thereof. Unreasonable failure to complete the investigation after same period of ninety (90) days by the person or persons assigned to investigate shall be a ground for disciplinary action.**

**(b) Within thirty (30) days after the end of the investigation, the Office of the President or the sanggunian concerned shall render a written decision stating clearly and distinctly the facts and reasons for such decision. Copies of decision shall be immediately furnished the respondent and all interested parties. In case of failure of the sanggunian concerned to render a decision on the resolution recommended on the investigation within thirty (30) days after the end of the investigation, the recommended resolution shall be considered the decision.**

**(c) The penalty of suspension shall not exceed the unexpired term of the respondent or a period of six (6) months for every administrative offense, nor shall said penalty be a bar to the candidacy of the respondent so suspended as long as he meets the qualifications required for the office.**

**(d) The penalty of removal from office shall be considered a bar to the candidacy of the respondent for any elective position.**

**ARTICLE 131. Administrative Appeals. — Decisions in administrative cases may, within thirty (30) days from receipt thereof, be appealed to the following:**

**(a) The sangguniang panlalawigan, in the case of decisions of the sangguniang panlungsod of component cities and the sangguniang bayan; and**

**(b) The Office of the President, in the case of decisions of the sangguniang panlalawigan, the sangguniang panlungsod of highly-urbanized cities and independent component cities, and the sangguniang bayan of municipalities within MMA.**

**Decisions of the Office of the President shall be final and executory.**

**(c) If no appeal is made within thirty (30) days from receipt of the decision, the decision shall become final and executory.**

**ARTICLE 132. Execution Pending Appeal. — An appeal shall not prevent a decision from becoming final or executory. The respondent shall be considered as having been placed under preventive suspension during the pendency of an appeal. In the event the appeal results in an exoneration, he shall be paid his salary and such other emoluments accruing during the pendency of the appeal.**

#### **RULE XX**

##### **Local Initiative and Referendum**

**ARTICLE 133. Local Initiative Defined. — Local initiative is the legal process whereby the registered voters of an LGU may directly propose, enact, or amend any ordinance through an election called for the purpose.**

**ARTICLE 134. Who may Exercise. — The power of initiative may be exercised by all the registered voters of provinces, cities, municipalities, or barangays, and metropolitan political subdivisions as may be created by law.**

**ARTICLE 135. Procedure in Local Initiative. — (a) The exercise of the power of initiative shall commence with the filing of a petition with the sanggunian concerned.**

**(b) Not less than one thousand (1,000) registered voters in case of provinces and cities; one hundred (100) in case of municipalities, and fifty (50) in case of barangays, may file a petition with the sanggunian concerned proposing the adoption, enactment, repeal, or amendment of an ordinance.**

**(c) If no favorable action thereon is taken by the sanggunian concerned within thirty (30) days from the presentation of the petition, the proponents, through their duly authorized and registered representatives, may invoke their power of initiative, giving notice thereof to the sanggunian concerned.**

**ARTICLE 136. Petition. — A petition is a written instrument containing the proposition and the required number of signatories in the form to be prescribed by the COMELEC.**

**A petition shall state the following:**

**(a) Contents or text of the proposed ordinance sought to be enacted, approved or rejected, amended or repealed, as the case may be;**

**(b) The proposition;**

**(c) The reasons therefore;**

**(d) That it is not one of the limitations provided in Article 150 of this Rule;**

**(e) Signatures of the petitioners or registered voters;**

**(f) A formal designation of their duly authorized representatives;**

**(g) An abstract or summary proposition in not more than one hundred (100) words which shall be legibly written or printed at the top of every page of the petition.**

**ARTICLE 137. The Proposition. — (a) The proposition is the measure proposed by the voters.**

**(b) The proposition shall be numbered serially starting from Roman Numeral I.**

**(c) Two (2) or more propositions may be submitted in an initiative.**

**(d) The COMELEC or its designated representative shall extend assistance in the formulation of the proposition.**

**ARTICLE 138. Copies of Petition and Notice. — (a) If the subject of the initiative is a provincial ordinance, the proponents shall furnish the provincial election supervisor sufficient number of copies of the petition and notice for distribution to the election registrars in the province.**

**(b) If the subject is a city ordinance, the proponents shall furnish the election registrar sufficient number of copies of the petition and notice for distribution to the barangays within the city.**

**(c) If the subject is a municipal ordinance, the proponents shall furnish the provincial election registrar sufficient number of copies of the petition and notice for distribution to the barangays in the municipality.**

**(d) If the subject is a barangay ordinance, the proponents shall furnish the provincial election registrar sufficient number of copies of the petition and notice.**

**(e) The proponents shall likewise furnish copies of the petition and notice to the COMELEC in Manila, through its executive director and its Election Records and Statistics Department.**

**ARTICLE 139. Posting. — Upon receipt of the petition and notice, all election officers concerned shall cause copies thereof to be posted conspicuously in public places in the LGU concerned, together with a notice of the dates of signing in accordance with the following article.**

**ARTICLE 140. Schedule of Signing of Petition. — Upon receipt of the notice and petition, the election officer in the LGU concerned shall schedule the signing of the petition in the LGU.**

**The collection of signatures shall commence on the first Saturday and Sunday following receipt thereof, and every Saturday and Sunday thereafter for a period of ninety (90) days for provinces and cities, sixty (60) days for municipalities, and thirty (30) days for barangays.**

Signing may also be done on weekdays in the office of the proper election registrar.

**ARTICLE 141. Signature Stations.** — Stations for collecting signatures may be established in as many places as may be warranted and as far as practicable, in public school buildings nearest the residence of the voters. For this purpose, the election registrar may cluster existing precincts into signature stations at a ratio of one (1) signature station for every ten (10) precincts.

Each signature station shall be under the supervision of a public school teacher designated by the election registrar.

**ARTICLE 142. Procedure for Signing of Petition.** — On any of the days scheduled for the signing of the petition, any registered voter in an LGU concerned, may assign the petition. The petition shall be signed before the election registrar, or his designated representatives, in the presence of a representative of the proponent and a representative of the sanggunian concerned, in a public place in the LGU concerned.

The signatures of the voters shall be affixed on the form prescribed by the COMELEC. Each voter shall affix his signature over his printed name and address. All illiterate or disabled voter, who is currently registered as such, shall be assisted by a person of his confidence. The election registrar shall have custody of all the forms used during the signing.

**ARTICLE 143. Verification of Signatures.** — The election registrar or his representative shall, during the period of signing, verify the genuineness and authenticity of the signatures by referring to the book of voters, voter's affidavits and voters' identification cards used in the immediately preceding election. The election registrar shall cancel any signature on the ground that it is forged or falsified, or that the signatory is not a registered voter, or that the signature of the voter appears more than once in the same or other forms. The determination by the election registrar of the genuineness and authenticity of the signatures shall be final.

**ARTICLE 144. Certification of Number of Registered Voters.** — Upon receipt of a copy of the notice referred to in Article 139 of this Rule, the Election Records and Statistics Department of the COMELEC shall certify to the total number of registered voters in the constituency to which the initiative pertains, and immediately, send the certification to the highest local election officer of the LGUs affected. For initiatives on local laws before the 1992 general elections, the said Election Records and Statistics Department shall, wherever proper, use as basis the registration records for the January 18, 1988 local elections. Thereafter, the basis shall be the registration records of the general and local elections immediately preceding the initiative.

Upon receipt of the certification from the Election Records and Statistics Department, the regional election directors, provincial election supervisor, or election registrar, as the case may be, shall post a copy of the certification on the bulletin board of his office.

**ARTICLE 145. Number of Signatures Required.** — (a) A local initiative affecting an ordinance passed

by the sanggunian of a province or a city is deemed validly initiated if the petition therefore is signed by at least ten percent (10%) of the registered voters in the province or city, of which every legislative district must be represented by at least three percent (3%) of the registered voters therein. If the province or city is composed of only one legislative district, at least each municipality in the province or each barangay in a city must be represented by at least three percent (3%) of the registered voters therein.

(b) An initiative on municipal ordinance shall be deemed validly initiated if the petition therefore is signed by at least ten percent (10%) of the registered voters in the municipality, of which every barangay must be represented by at least three percent (3%) of the registered voters therein.

(c) An initiative on a barangay ordinance is deemed validly initiated if signed by at least ten percent (10%) of the registered voters in said barangay.

**ARTICLE 146. Determination of Percentage and Certification, and Action by the COMELEC.** — Upon the lapse of the period for collecting signatures, the COMELEC, through its office in the LGU concerned, shall determine and certify whether or not the required number of signatures has been obtained. Failure to obtain the required number defeats the proposition. Within fifteen (15) days from receipt of the certification, the COMELEC shall act on the findings of sufficiency or insufficiency of the petition for initiative.

**ARTICLE 147. Call for Initiative by the COMELEC.** — If the required number of signatures is obtained, the COMELEC shall set a date for the initiative during which the proposition shall be submitted to the registered voters in the LGU concerned for their approval within sixty (60) days from the date of certification by the COMELEC in case of provinces and cities, forty-five (45) days in case of municipalities, and thirty (30) days in case of barangays. The initiative shall then be held on the date set, after which the results thereof shall be certified and proclaimed by the COMELEC.

**ARTICLE 148. Effectivity of Local Propositions.** — If the proposition is approved by a majority of the votes cast, it shall take effect fifteen (15) days after certification by the COMELEC as if affirmative action thereon had been made by the local chief executive and the sanggunian concerned.

If the proposition fails to obtain the required number of votes, the proposition is considered defeated.

**ARTICLE 149. Limitations on Local Initiative.** — (a) The power of local initiative shall not be exercised more than once a year.

(b) An initiative shall extend only to subjects or matters which are within the legal powers of the sanggunians to enact.

(c) If at any time before the initiative is held, the sanggunian concerned adopts in toto the proposition presented and the local chief executive approves the same, the initiative shall be cancelled. Those against such action may, if they so desire, apply for initiative in the manner

provided in this Rule.

**ARTICLE 150. Local Referendum Defined.** — Local referendum is the legal process whereby the registered voters of LGUs may approve, amend, or reject any ordinance enacted by the sanggunian through an election held for the purpose.

**ARTICLE 151. Procedure in Local Referendum.** — (a) Any sanggunian may submit to the registered voters of any province, city, municipality, and barangay for approval or rejection any ordinance or resolution duly enacted or approved by said sanggunian.

(b) The local referendum shall be held under the control and direction of the COMELEC within sixty (60) days in the case of a province or a city, forty-five (45) days in case of a municipality, and thirty (30) days in case of a barangay. The COMELEC shall certify and proclaim the results of the said referendum.

(c) The manner of securing the required number of signatures and other requisites for local referendum shall be the same as those for local initiative.

**ARTICLE 152. Limitations Upon Sanggunian.** — Any proposition or ordinance approved through the system of initiative and referendum shall not be repealed, modified or amended by the sanggunian concerned within six (6) months from the date of approval thereof. Such proposition or ordinance may, however, be amended, modified or repealed by the sanggunian three (3) years thereafter by a vote of three-fourths (3/4) of all its members provided that in case of barangays, the period shall be eighteen (18) months after the approval thereof.

**ARTICLE 153. Authority of Courts.** — Nothing in this Rule shall prevent or preclude the proper courts from declaring null and void any proposition or ordinance approved in accordance with this Rule for violation of the Constitution or want of capacity of the sanggunian concerned to enact the said measure.

## **RULE XXI**

### **Recall**

**ARTICLE 154. By Whom Exercised.** — The power of recall for loss of confidence shall be exercised by the registered voters of an LGU to which the elective local official subject to such recall belongs.

**ARTICLE 155. Who May Be Recalled.** — Any elective provincial, city, municipal or barangay official may be recalled for loss of confidence in the manner prescribed in this rule provided that no recall may be instituted against said elective local official who has been the subject of a previous recall election held during the same term of office.

**ARTICLE 156. Preparatory Recall Assembly.** — There shall be a preparatory recall assembly in every province, city, legislative district, and municipality which shall be composed of the following:

**(1) Province — all mayors, vice-mayors and sanggunian members of component cities and municipalities;**

**(2) City — all punong barangay and sangguniang barangay members of the city;**

**(3) Legislative District — all elective barangay officials of the district; and**

**(4) Municipality — all punong barangay and sangguniang barangay members of the municipality.**

**ARTICLE 157. Recall Procedures. — (a) Recall may be initiated by the preparatory recall assembly or by the registered voters of the LGU to which the elective local official subject to such recall belongs.**

**(b) Recall of any elective provincial, city, municipal or barangay official may also be validly initiated upon petition of at least twenty-five percent (25%) of the total number of registered voters in an LGU concerned during the election in which the elective local official sought to be recalled was elected.**

**(c) A majority of all the preparatory recall assembly members may convene in session in a public place and initiate a recall proceeding against any elective local official in the LGU concerned. Recall of provincial, city or municipal officials shall be validly initiated through a resolution adopted by a majority of all the members of the preparatory recall assembly concerned during its session called for the purpose.**

**(d) A written petition for recall duly signed before the election registrar or his representative, and in the presence of a representative of the petitioner and a representative of the official sought to be recalled, and in a public place in the province, city, municipality or barangay, as the case may be, shall be filed with the COMELEC through its office in the LGU concerned. The COMELEC or its duly authorized representative shall cause the publication of the petition in a public and conspicuous place for a period of not less than ten (10) days nor more than twenty (20) days, for the purpose of verifying the authenticity and genuineness of the petition and the required percentage of voters.**

**(e) Upon the lapse of the period for publication of the petition, the COMELEC or its duly authorized representative shall announce the acceptance of candidates to the position and thereafter prepare the list of candidates which shall include the name of the official sought to be recalled.**

**ARTICLE 158. Election on Recall. — Upon filing of a valid resolution or petition for recall with the appropriate local office of the COMELEC, the COMELEC or its duly authorized representative shall set the date of the election on recall, which shall not be later than thirty (30) days after the filing of the resolution or petition for recall in the case of the elective barangay, city or municipal officials, and forty-five (45) days in the case of provincial officials. The official or officials sought to be recalled shall automatically be considered as duly registered candidate or candidates to the pertinent positions and, like other candidates, shall be entitled to be voted upon.**

**ARTICLE 159. Effectivity. — The recall of an elective local official shall be effective only upon the election and proclamation of a successor in the person of the candidate receiving the highest number**

of votes cast during the election on recall. Should the official sought to be recalled receive the highest number of votes, confidence in him is thereby affirmed, and he shall continue in office.

**ARTICLE 160. Prohibition from Resignation.** — The elective local official sought to be recalled shall not be allowed to resign while the recall process is in progress.

**ARTICLE 161. Limitations.** — Any elective local official may be the subject of a recall election only once during his term of office for loss of confidence. No recall shall take place within one (1) year from the date of the official's assumption to office or one (1) year immediately preceding a regular local election.

**ARTICLE 162. Expenses Incident to Recall Election.** — All expenses incidental to recall elections shall be borne by the COMELEC. For this purpose, there shall be included in the annual General Appropriations Act a contingency fund at the disposal of the COMELEC for the conduct of recall elections.

#### **RULE XXII**

#### **Human Resource Management and Development**

**ARTICLE 163. Organizational Structure and Staffing Pattern.** — Every LGU shall design and implement its own organizational structure and staffing pattern taking into consideration its priority needs, service requirements, and financial capabilities consistent with the principles on simplicity, efficiency, economy, effectiveness, dynamism, and public accountability, subject to the minimum standards and guidelines prescribed therefore by CSC.

**ARTICLE 164. Responsibility for Human Resource Management and Development; Applicable Laws.** — (a) An LGU may reorganize through the sanggunian its present organizational structure or alter its present staffing pattern in accordance with laws pertinent to government reorganization and implementing rules and regulations issued thereunder.

(b) The local chief executive shall be responsible for human resource management and development in his LGU and shall take all personnel actions in accordance with the constitutional provisions on civil service, pertinent laws, rules and regulations, including such policies, guidelines, and standards as CSC may prescribe. For this purposes, the local chief executive may avail of the services of the Local Government Academy and other learning institutions.

(c) The presiding officer of the sanggunian shall, where applicable, be responsible for human resource management and development and shall take all personnel actions in accordance with civil service law, rules and regulations.

(d) The local chief executive may employ emergency or casual employees or laborers paid on a daily wage or piecework basis and hired through job orders for local projects authorized by the sanggunian concerned, without need of approval or attestation by CSC provided that the period of employment of emergency or casual laborers shall not exceed six (6) months.

**ARTICLE 165. Recruitment and Selection.** — Opportunity for employment in an LGU shall be open to all qualified candidates. Utmost effort shall be exerted to attract the best qualified to enter the local government service. Employees shall be selected on the basis of merit and fitness.

**ARTICLE 166. Personnel Selection Board.** — (a) There shall be established in every province, city or municipality a personnel selection board to assist the local chief executive or, where applicable, the presiding officer of the sanggunian, in the judicious and objective selection of personnel for employment as well as for promotion.

(b) The personnel selection board shall be composed of the local chief executive or his duly authorized representative as chairman, and members to be determined by resolution of the sanggunian concerned in accordance with pertinent civil service law, rules and regulations. A representative of CSC, if any, and the local human resource management officer or his equivalent in the LGU concerned, shall be ex officio members of the board.

(c) The personnel selection board shall formulate screening procedures and shall adopt criteria for evaluating candidates for employment or promotion in the first and second levels of the local government career service.

(d) The personnel selection board shall formulate screening policies on employee welfare in accordance with civil service law, rules and regulations.

**ARTICLE 167. Public Notice of Vacancy.** — Whenever a local chief executive decides to fill a vacant career position, notices of vacancy shall be posted in at least three (3) conspicuous public places for a period of not less than fifteen (15) days and published once in a newspaper of general circulation in the LGU concerned.

**ARTICLE 168. Appointments.** — (a) Appointments to positions in LGUs, except those classified by law or competent authority as policy determining, primarily confidential, or highly technical in nature, shall be made only according to merit and fitness to be determined, as far as practicable, by competitive examinations.

(b) The local chief executive concerned or, where applicable, the presiding officer of the sanggunian shall be the appointing authority of all officials and employees paid wholly or partially out of local government funds except as otherwise provided by law or these Rules.

(c) Appointments to the career service shall either be permanent or temporary:

(1) A permanent appointment shall be issued to a person who meets all the requirements for the position to which he is appointed, including the appropriate eligibility prescribed by law or regulations.

(2) In the absence of a qualified civil service eligible and whenever public interest so requires to fill a

vacancy, a temporary appointment shall be issued to a person who meets all the requirements for the position to which he is being appointed except the possession of the appropriate civil service eligibility. Such temporary appointment shall not exceed twelve (12) months but may be terminated sooner if a qualified eligible becomes available.

**(d) A contractual appointment shall be issued only under the following circumstances or conditions:**

**(1) The proposed appointee undertakes a specific work or project to be completed within a limited period not to exceed one (1) year;**

**(2) The proposed appointee has a special or technical skill not available in the employing LGU;**

**(3) The proposed appointee performs or accomplishes his work under his own responsibility with minimum direction and supervision from the hiring LGU.**

**(4) In the case of aliens, a contractual appointment may be extended only if it can be shown that there is no Filipino expert available within the region as certified by the appointing authority.**

**(5) Due to the temporary nature of contractual appointment, the high quality of expertise desired, the difficulty of recruitment, or the time constraint for the completion of the assigned tasks, personnel hired on a contractual basis may be paid a higher compensation than that given to employees occupying similar positions or performing substantially the same duties and responsibilities but not more than the ceiling fixed by the appropriate authority; and**

**(6) At least two (2) copies of a duly accomplished Position Description Form shall be forwarded to the appropriate NGA before the employment contract is finalized. A certification stating the reason for resorting to contractual employment shall also be submitted.**

**(e) All appointments shall be made in such form, content and supporting documentation as CSC may prescribe.**

**(f) Except as otherwise provided by law, appointments shall be submitted to CSC for attestation within thirty (30) days from the date of issuance thereof; otherwise said appointments shall become ineffective after the lapse of thirty (30) days.**

**(g) Appointments of those who do not meet the appropriate eligibility and required qualifications shall not be made, except in cases allowed by civil service law, rules and regulations.**

**(h) An appointment issued in accordance with applicable laws, rules and regulations shall take effect immediately upon its issuance by the appointing authority, and if the appointee has assumed the duties of the position, he shall be entitled to receive his salary at once without awaiting the attestation of his appointment by CSC.**

(i) The appointing authority shall be liable for the payment of the salary of the appointee for actual services rendered if the appointment is disapproved because the appointing authority issued it in willful violation of applicable laws, rules and regulations thereby making the appointment unlawful.

(j) No person shall be appointed in the local government career service if he is related within the fourth civil degree of consanguinity or affinity to the appointing or recommending authority.

**ARTICLE 169. Promotions.** — (a) Promotions in the local government career service shall be made in accordance with civil service law, rules and regulations.

(b) No promotion shall be made unless recommended by the personnel selection board.

**ARTICLE 170. Compensation.** — (a) Compensation of local officials and employees shall be determined by the sanggunian concerned, subject to the budgetary limitations on personal services provided in Rule XXXIV of these Rules and other applicable laws.

(b) Barangay elective officials shall receive honoraria, allowances and such other emoluments as may be authorized by law, or city, municipal or barangay ordinance, in accordance with the provisions of the Code, but in no case shall it be less than One Thousand Pesos (P1,000.00) per month for the punong barangay and Six Hundred Pesos (P600.00) per month for the sangguniang barangay members provided that the annual appropriations for personal services shall be subject to the budgetary limitations prescribed in Rule XXXIV of these Rules.

(c) No elective or appointive local official or employee shall receive additional, double, or indirect compensation, unless specifically authorized by law, nor accept without the consent of the Congress, any present, emoluments, office, or title of any kind from any foreign government. Pensions or gratuities shall not be considered as additional, double or indirect compensation.

**ARTICLE 171. Working Hours and Attendance.** — (a) All appointive local officials and employees are required to render not less than the official hours of work prescribed by law.

(b) When the interest of public service so requires, the local chief executive may extend the daily hours of work of any or all the officials or employees in his LGU, or require them to work on Saturdays, Sundays and Holidays. Overtime shall be paid for such additional hours rendered, subject to availability of funds and applicable laws.

(c) The local chief executive shall require a daily record of attendance of personnel under him to be kept in the proper forms prescribed by CSC. A record shall also be made for each day of all absences from duty of any local official or employee for any cause and the duration thereof; and

(d) Elective local officials need not be required to keep a daily record of attendance but their absences shall be properly recorded.

**ARTICLE 172. Leave Privilege.** — Elective local officials shall be entitled to the same leave privileges

and such other leave privileges as the law may provide, subject to standards set by CSC, as those enjoyed by appointive local officials, including cumulation and commutation thereof, as follows:

(a) **Vacation Leave.** — After six (6) months of continuous and satisfactory service, officials and employees of an LGU shall be entitled to fifteen (15) days of vacation leave with full pay for each year of service. Such leave shall be computed exclusive of Saturdays, Sundays, and Holidays. Local government personnel shall be encouraged to take an annual five (5) days vacation leave if he has at least a total of ten (10) days vacation leave credits earned during the year.

(b) **Sick Leave.** — Officials and employees of an LGU shall also be entitled to fifteen (15) days sick leave with full pay for each year of service. Such leave shall be computed exclusive of Saturdays, Sundays, and Holidays.

(c) **Maternity Leave.** — In addition to vacation and sick leave privileges, a married woman in the service of an LGU shall be entitled to maternity leave of sixty (60) days with pay, subject to the following provisions:

(1) An official or employee shall be entitled to full pay if she has rendered two or more years of continuous service.

(2) An official or employee shall be entitled to one-half pay if she has rendered less than two (2) years of continuous service.

**ARTICLE 173. Permission to Leave Station.** — (a) All appointive local officials going on official travel shall apply and secure written permission from their respective local chief executives before departure. The application shall specify the reasons for such travel and the permission shall be given or withheld based on considerations of public interest, financial capability of the LGU concerned, and urgency of the travel. Should the local chief executive concerned fail to act on such application within four (4) working days from receipt thereof, it shall be deemed approved.

(b) Mayors of component cities and municipalities shall secure the permission of the governor concerned for any travel outside of the province.

(c) Local government officials traveling abroad shall notify their respective sanggunians provided that when the period of travel extends to more than three (3) months, during periods of emergency or crisis, or when the travel involves the use of public funds, permission from the Office of the President shall be secured.

(d) Field officers of NGAs assigned in provinces, cities, and municipalities shall not leave their official stations without giving prior written notice to the local chief executive concerned. Such notice shall state the duration of travel and the name of the officer whom he shall designate to act for and in his behalf during his absence.

**ARTICLE 174. Grievances.** — There shall be established in every LGU a grievance committee to inquire

into, act upon, resolve, or settle complaints and grievances presented by local government employees.

**ARTICLE 175. Statements of Assets and Liabilities. — (a) Officials and employees of LGUs except those who serve in an honorary capacity, laborers, and casual or temporary workers, shall file:**

- (1) sworn statements of assets, liabilities and net worth;**
- (2) lists of relatives within the fourth civil degree of consanguinity or affinity in government service;**
- (3) financial and business interests; and**
- (4) personal data sheets as required by law.**

**ARTICLE 176. Oath of Office. — All elective and appointive local officials and employees shall, upon assumption to office, subscribe to an oath or affirmation of office in the prescribed form. The oath or affirmation of office shall be filed with the office of the local chief executive concerned. A copy of the oath or affirmation of office shall be preserved in the individual personal record file under the custody of the personnel office, division, or section, as the case may be, of the LGU concerned.**

**ARTICLE 177. Practice of Profession. — (a) All governors, city and municipal mayors are prohibited from practicing their profession or engaging in any occupation other than the exercise of their functions as local chief executives.**

**(b) Sanggunian members may practice their professions, engage in any occupation, or teach in schools except during session hours provided that sanggunian members who are also members of the Bar shall not:**

- (1) Appear as counsel before any court in any civil case wherein an LGU or any office, agency, or instrumentality of the government is the adverse party;**
- (2) Appear as counsel in any criminal case wherein an officer or employee of the national or local government is accused of an offense committed in relation to his office;**
- (3) Collect any fee for their appearance in administrative proceedings involving the LGU of which he is an official; and**
- (4) Use property and personnel of the government except when the sanggunian member concerned in defending the interest of the government.**

**(c) Doctors of medicine may practice their profession even during official hours of work only on occasions of emergency provided that the officials concerned do not derive monetary compensation therefrom.**

**ARTICLE 178. Partisan Political Activity. — (a) No local official or employee in the career service shall:**

- (1) Engage directly or indirectly in any partisan political activity;**
- (2) Take part in any election, initiative, referendum, plebiscite, or recall, except to vote;**
- (3) Use his official authority or influence to cause the performance of any political activity by any person or body.**

**(b) The local official or employee may, however, express his views on current issues, or mention the names of certain candidates for public office whom he supports.**

**(c) Elective local officials may take part in partisan political and electoral activities but it shall be unlawful for them to solicit contributions from their subordinates or subject these subordinates to any of the prohibited acts under the Omnibus Election Code, as amended.**

**ARTICLE 179. Prohibited Business and Pecuniary Interest. — (a) It shall be unlawful for any local government official or employee whether directly or indirectly, to:**

**(1) Engage in any business transaction with the LGU in which he is an official or employee or over which he has the power of supervision, or with any of its authorized boards, officials, agents, or attorneys, whereby money is to be paid, or property or any other thing of value is to be transferred, directly or indirectly, out of the resources of LGU to such person or firm;**

**(2) Hold such interests in any cockpit or other games licensed by LGUs;**

**(3) Purchase any real estate or other property forfeited in favor of an LGU for unpaid taxes or assessment, or by virtue of a legal process at the instance of the said LGU;**

**(4) Be a surety for any person contracting or doing business with an LGU for which a surety is required; and**

**(5) Possess or use any public property of an LGU for private purposes.**

**(b) All other prohibitions governing the conduct of national public officers relating to prohibited business and pecuniary interest so provided in RA 6713, otherwise known as the Code of Conduct and Ethical Standards for Public Officials and Employees, and other laws, rules and regulations shall also be applicable to local government officials and employees.**

**ARTICLE 180. Penalty for Engaging in Prohibited Business Transactions or Possessing Illegal Pecuniary Interest. — Any local official and any person or persons dealing with him who violate the prohibitions provided under Article 180 of this Rule, shall be punished with imprisonment of not less than six (6) months and one (1) day but not exceeding six (6) years, or a fine of not less than Three**

Thousand Pesos (P3,000.00) but not more than Ten Thousand Pesos (P10,000.00), or both such imprisonment and fine, at the discretion of the court.

**RULE XXIII**

**Local Special Bodies**

**ARTICLE 181. Local Special Bodies.** — There shall be organized in the LGU concerned the following local special bodies:

- (a) Local Development Councils;
- (b) Local Prequalification, Bids and Awards Committees;
- (c) Local School Boards;
- (d) Local Health Boards;
- (e) Local Peace and Order Councils; and
- (f) People's Law Enforcement Boards.

**ARTICLE 182. Local Development Councils.** — Every LGU shall have a comprehensive multi-sectoral development plan to be initiated by the LDC concerned and approved by its sanggunian. For this purpose, the provincial, city, municipal, or barangay development council, shall assist the corresponding sanggunian in setting the direction of economic and social development, and coordinating development efforts within its territorial jurisdiction.

(a) **Composition.** —

(1) The provincial development council shall be headed by the governor and shall be composed of the following members:

- (i) All mayors of component cities and municipalities;
- (ii) The chairman of the committee on appropriations of the sangguniang panlalawigan;
- (iii) The congressman or his representative; and
- (iv) Representatives of NGOs operating in the province, who shall constitute not less than one-fourth (1/4) of the members of the fully organized council.

(2) The city or municipal development council shall be headed by the mayor and shall be composed of the following members:

- (i) All punong barangays in the city or municipality;
- (ii) The chairman of the committee on appropriations of the sangguniang panlungsod or sangguniang bayan concerned;

**(iii) The congressman or his representative; and**

**(iv) Representatives of NGOs operating in the city or municipality, as the case may be, who shall constitute not less than one-fourth (1/4) of the members of the fully organized council.**

**(3) The barangay development council shall be headed by the punong barangay and shall be composed of the following members:**

**(i) Members of the sangguniang barangay;**

**(ii) Representatives of NGOs operating in the barangay, who shall constitute not less than one fourth (1/4) of the members of the fully organized council.**

**(iii) A representative of the congressman.**

**(4) The LDC may call upon any local or national official in the LGU to assist in the formulation of the development plans and public investment programs of the said LGU.**

**(b) Representation of NGOs — Within a period of sixty (60) days from organization of LDCs, NGOs shall choose from among themselves their representatives to said LDCs. The sanggunian concerned shall accredit NGOs, subject to such criteria as provided in Rule XIII of these Rules.**

**(c) Reconstitution of LDCs — Upon effectivity of these Rules, all existing LDCs organized under EO 319, series of 1988, as amended, shall be reconstituted in accordance with this Rule.**

**(d) Functions of LDCs —**

**(1) The provincial, city, and municipal development councils shall perform the following functions:**

**(i) Formulate long-term, medium-term, and annual socioeconomic development plans and policies;**

**(ii) Formulate medium-term and annual public investment programs;**

**(iii) Evaluate and prioritize socioeconomic development programs and projects;**

**(iv) Formulate local investment incentives to promote the inflow and direction of private investment capital;**

**(v) Coordinate, monitor, and evaluate the implementation of development programs and projects; and**

**(vi) Perform such other functions as may be provided by law or component authority.**

**(2) The barangay development council shall perform the following functions:**

- (i) Mobilize people's participation in local development efforts;**
- (ii) Prepare barangay development plans based on local requirements;**
- (iii) Monitor and evaluate the implementation of national or local programs and projects; and**
- (iv) Perform such other functions as may be provided by law or component authority.**

**(e) Meetings — The LDCs shall meet at least once every six (6) months or as often as may be necessary.**

**(f) Executive Committee — The provincial, city, municipal, or barangay development council shall, by resolution and within three (3) months from the date of reorganization of the LDC, create an executive committee to represent and act in behalf of the LDC when it is not in session.**

**(1) Composition —**

**(i) The executive committee of the provincial development council shall be composed of the governor as chairman, the representative of the component city and municipal mayors to be chosen from among themselves, the chairman of the committee on appropriations of the sangguniang panlalawigan, the president of the provincial liga ng mga barangay, and a representative of NGOs that are represented in the LDC, as members.**

**(ii) The executive committee of the city or municipal development council shall be composed of the mayor as chairman, the chairman of the committee on appropriations of the sangguniang panlungsod or sangguniang bayan, the president of the city or municipal liga ng mga barangay, and a representative of NGOs that are represented in the LDC, as members.**

**(iii) The executive committee of the barangay development council shall be composed of the punong barangay as chairman, a representative of the sangguniang barangay to be chosen from among its members, and a representative of NGOs that are represented in the LDC, as members.**

**(2) Powers and Functions — The executive committee shall exercise and perform the following powers and functions:**

- (i) Ensure that the decisions of the LDC are faithfully carried out and implemented;**
- (ii) Act on matters that need immediate attention and action of the LDC;**
- (iii) Formulate policies, plans, and programs based on the objectives and priorities set by the LDC; and**
- (iv) Take final action on matters that may be authorized by the LDC except the approval of local**

development plans and annual investment plans.

**(3) Meetings —** The executive committee shall hold its meetings at least once a month. Special meetings may be called by the chairman or by a majority of its members.

**(g) Sectoral and Functional Committees —**

**(1)** The LDCs may form sectoral or functional committees to assist them in the performance of their functions.

**(2)** To ensure policy coordination and uniformity in operational directions, the sectoral and functional committees shall directly establish linkages with NGAs and such sectoral or functional committees organized by the government for development, investment and consultative purposes.

**(3)** Consistent with national policies and standards, the sectoral or functional committees shall:

**(i)** Provide the LDC with data and information essential to the formulation of plans, programs, and activities;

**(ii)** Define sectoral or functional objectives, set targets, and identify programs, projects, and activities for the particular sector or function;

**(iii)** Collate and analyze information and statistics and conduct related studies;

**(iv)** Conduct public hearings on vital issues affecting the sector or function;

**(v)** Coordinate planning, programming, and implementation of programs, projects, and activities within each sector;

**(vi)** Monitor and evaluate programs and projects; and

**(vii)** Perform such other functions as may be assigned by the LDC.

**(h) Participation of LDC Members in Sectoral or Functional Committees —** Each member of the LDC shall, as far as practicable, participate in at least one sectoral or functional committee.

**(i) Secretariat —** There shall be constituted for each LDC a secretariat responsible for providing technical and administrative support, documenting proceedings, preparing reports; and providing such other assistance as may be required by the LDC. The LDC may avail of the services of any NGO or educational or research institution for this purpose.

The secretariat of the provincial, city, and municipal development councils shall be headed by their respective local planning and development coordinators.

The secretariat of the barangay development council shall be headed by the barangay secretary who shall be assisted by the city or municipal planning and development coordinator concerned.

**(j) Relation of LDCs to the Sanggunian and the Regional Development Council —**

**(1) The policies, programs, and projects proposed by the LDCs shall be submitted to the sanggunian concerned for appropriate action.**

**(2) The local development plan approved by the sanggunian shall be integrated into the development plan of the next higher LDC.**

**(3) Approved development plans of provinces, highly-urbanized cities, and independent component cities shall be submitted to the regional development council, which shall be integrated into the regional development plan for submission to NEDA, in accordance with applicable laws, rules and regulations.**

**(k) Local Development Planning Process — The DILG shall, in coordination and consultation with NEDA and the leagues of LGUs, formulate the operational guidelines of the local development planning process.**

**(l) Budget Information — The DBM shall furnish LDCs information on financial resources and budgetary allocations applicable to their respective jurisdictions to guide them in their planning functions.**

**ARTICLE 183. A Local Prequalification, Bids and Awards Committee. — (a) Creation and Composition — There shall be created in every province, city, and municipality a PBAC which shall be primarily responsible for the conduct of prequalification of contractors, bidding, evaluation of bids, and the recommendation of awards concerning local infrastructure projects. The governor, city or municipal mayor shall act as chairman with the following as members:**

**(1) The chairman of the appropriations committee of the sanggunian;**

**(2) A representative of the minority party in the sanggunian, if any, or if there be none, one (1) chosen by the sanggunian from among its members;**

**(3) The local treasurer;**

**(4) Two (2) representatives of NGOs that are represented in the LDC concerned, to be chosen by the organizations themselves; and**

**(5) Any practicing certified public accountant, from the private sector, to be designated by the local chapter of the Philippine Institute of Certified Public Accountants, if any.**

**Representatives of COA shall observe the proceedings of the PBAC and shall certify that the rules and**

procedure for prequalification, bids and awards have been complied with.

**(b) Agenda and Meetings —**

**(1) The agenda and other information relevant to the meetings of the PBAC shall be deliberated upon by the committee at least one (1) week before the holding of such meetings.**

**(2) All meetings of the PBAC shall be held in the provincial capitol or the city or municipal hall. The minutes of such meetings of the committee and any decision made therein shall be duly recorded, posted at conspicuous places in the provincial capitol or the city or municipal hall, and delivered by the most expedient means to elective local officials concerned.**

**(c) Technical Committee —**

**(1) A technical committee shall be created in every province, city, and municipality to provide technical assistance to PBACs. It shall be composed of the local engineer, the local planning and development coordinator, and such other officials designated by the local PBAC.**

**(2) The chairman of the technical committee shall be designated by the local PBAC and shall attend its meetings in order to present the reports and recommendations of the said technical committee.**

**ARTICLE 184. Local School Boards. — (a) Creation and Composition — There shall be established in every province, city or municipality a provincial, city or municipal school board, respectively, in accordance with the following:**

**(1) The provincial school board shall be composed of the governor and the division superintendent of schools as co-chairmen; the chairman of the education committee of sangguniang panlalawigan, the provincial treasurer, the representative of the pederasyon ng mga sangguniang kabataan in the sangguniang panlalawigan, the duly elected president of the provincial federation of parents-teachers associations, the duly elected representative of the teachers' organizations in the province, and the duly elected representative of the non-academic personnel of public schools in the province, as members;**

**(2) The city school board shall be composed of the city mayor and the city superintendent of schools as co-chairmen; the chairman of the committee on education of the sangguniang panlungsod, the city treasurer, the representative of pederasyon ng mga sangguniang kabataan in the sangguniang panlungsod, the duly elected president of the city federation of parents-teachers associations, the duly elected representative of the teachers' organizations in the city, and the duly elected representative of the non-academic personnel of public schools in the city, as members; and**

**(3) The municipal school board shall be composed of the municipal mayor and the district supervisor of schools as co-chairmen; the chairman of the committee on education of the sangguniang bayan, the municipal treasurer, the representative of the pederasyon ng mga sangguniang kabataan in the sangguniang bayan, the duly elected president of the municipal federation of parents-teachers**

associations, the duly elected representative of the teachers' organization in the municipality, and the duly elected representative of the non-academic personnel of public schools in the municipality, as members.

In the event that a province or city has two (2) or more school superintendents, and in the event that a municipality has two (2) or more district supervisors, the co-chairman of the local school board shall be determined as follows:

(i) The Department of Education, Culture and Sports (DECS) shall designate the co-chairman for the provincial and city school boards; and

(ii) The division superintendent of schools shall designate the district supervisor who shall serve as co-chairman of the municipal school board.

(b) Functions — The provincial, city or municipal school board shall:

(1) Determine, in accordance with the criteria set by DECS, the annual supplemental budgetary needs for the operation and maintenance of public schools within the province, city, or municipality, as the case may be, and the supplementary local cost of meeting such needs, which shall be reflected in the form of an annual school board budget corresponding to its share of the proceeds of the special levy on real property constituting the special education fund and such other sources of revenue as the Code and other laws or ordinances may provide;

(2) Authorize the provincial, city, or municipal treasurer, as the case may be, to disburse funds from the special education fund pursuant to the budget prepared in accordance with applicable existing rules and regulations;

(3) Serve as advisory committee to the sanggunian concerned on educational matters such as, but not limited to, the necessity for and the uses of local appropriations for educational purposes; and

(4) Recommend changes in the names of public schools within the territorial jurisdiction of the LGU for enactment by the sanggunian concerned.

(c) Consultation — The DECS shall consult the local school board on the appointment of division superintendents, district supervisors, school principals, and other school officials.

(d) Prohibition from Delegation — The performance of the duties and responsibilities of the officials mentioned in paragraph (a) of this Article in their respective local school boards shall not be delegated.

(e) Meetings and Quorum —

(1) The local school board shall meet at least once a month or as often as may be necessary.

**(2) Any of the co-chairmen may call a meeting. A majority of all its members shall constitute a quorum. When both co-chairmen are present in a meeting, the local chief executive concerned, as a matter of protocol, shall be given preference to preside over the meeting.**

**(f) Budget — The division superintendent, city superintendent, or district supervisor, as the case may be, shall prepare the budget of the school board concerned. Such budget shall be supported by programs, projects and activities of the school board for the ensuing fiscal year. A majority of all the members shall be necessary to approve the budget.**

**The annual school board shall give priority to the following:**

**(1) Construction, repair and maintenance of school buildings and other facilities of public elementary and secondary schools;**

**(2) Establishment and maintenance of extension classes when necessary; and**

**(3) Holding of sports activities at the division, district, municipal, and barangay levels.**

**(g) Special Education Fund — The proceeds from the additional one percent (1%) tax on real property accruing to the Special Education Fund (SEF) shall be automatically released to the local school boards provided that in case of provinces, the proceeds shall be divided equally between the provincial and municipal school boards and provided further, that the proceeds shall be allocated in accordance with Article 327 of Rule XXXI of these Rules, as determined by the local school boards.**

**(h) Compensation and Remuneration —**

**The co-chairmen and members of the provincial, city, or municipal school board shall perform their duties as such without compensation or remuneration. Members thereof shall be entitled to necessary traveling expenses and allowances chargeable against the funds of the local school board concerned.**

**ARTICLE 185. Local Health Boards. — (a) Creation and Composition — There shall be established in every province, city, or municipality a local health board composed of the following:**

**(1) The provincial health board shall be headed by the governor as chairman, the provincial health officer as vice chairman, and the chairman of the committee on health of the sanggunian panlalawigan, a representative from the private sector or NGO involved in health services, and a representative of the DOH in the province, as members;**

**(2) The city health board shall be headed by the city mayor as chairman, the city health officer as vice chairman, and the chairman of the committee on health of the sangguniang panlungsod, a representative from the private sector or NGO involved in health services, and a representative of the DOH in the city, as members;**

**(3) The municipal health board shall be headed by the municipal mayor as chairman, the municipal health officer as vice chairman, and the chairman of the committee on health of the sangguniang bayan, a representative from the private sector or NGO involved in health services and a representative of the DOH in the municipality, as members.**

**(b) Functions — The provincial, city, and municipal health boards shall:**

**(1) Propose to the sanggunian concerned, in accordance with the standards and criteria set by DOH, annual budgetary allocations for the operation and maintenance of health facilities and services within the province, city, or municipality, as the case may be;**

**(2) Serve as an advisory committee to the sanggunian concerned on health matters such as, but not limited to, the necessity for, and application of local appropriations for public health purposes; and**

**(3) Create committees which shall advise, local health agencies on matters such as, but not limited to, technical and administrative standards of DOH, personnel selection and promotion, bids and awards, grievances and complaints, personnel discipline, budget review, operations review and similar functions.**

**(c) Meetings and Quorum —**

**(1) The board shall meet at least once a month or as often as may be necessary.**

**(2) A majority of the members of the board shall constitute a quorum, but the chairman or the vice chairman must be present during meetings where budgetary proposals are being prepared or considered. The affirmative vote of a majority of the members shall be necessary to approve such proposals.**

**(d) Compensation and Remuneration — The chairman, vice chairman, and members of the provincial, city, or municipal health boards shall perform their duties as such without compensation or remuneration. Members thereof who are not government officials or employees shall be entitled to necessary traveling expenses and allowances chargeable against the funds of the local health board concerned, subject to existing accounting and auditing rules and regulations.**

**(e) Direct supervision and control of DOH over local health operations — In cases of epidemics, pestilence, and other widespread public health dangers, the Secretary of Health may, upon the direction of the President and in consultation with the LGU concerned, temporarily assume direct supervision and control over health operations in any LGU for the duration of the emergency, but in no case exceeding a cumulative period of six (6) months. With the concurrence of the LGU concerned, the period for such direct national control and supervision may be further extended.**

**ARTICLE 186. Local Peace and Order Councils. — There shall be established in every province, city, and municipality a local peace and order council pursuant to EO No. 309, series of 1988, as amended (Annex C). The local peace and order councils shall have the same composition and functions as**

those prescribed by said executive order.

**ARTICLE 187. People's Law Enforcement Boards.** — There shall be established in the LGU concerned a people's law enforcement board (PLEB) pursuant to the pertinent provisions of RA 6975 (Annex D). The PLEBs shall have the same composition and functions as those prescribed by said law.

**ARTICLE 188. Membership of NGOs.** — Membership of NGOs in local special bodies shall be determined in accordance with Rule XIII of these Rules.

#### **RULE XXIV**

##### **Annual Reports**

**ARTICLE 189. Submission.** — On or before March 31 of each year, every local chief executive shall submit an annual report to the sanggunian concerned on the socioeconomic, political and peace and order conditions, and other matters concerning the LGU, which shall cover the immediately preceding calendar year. A copy of the report shall be forwarded to DILG. Component cities and municipalities shall likewise provide the sangguniang panlalawigan concerned copies of their respective annual reports.

**ARTICLE 190. Contents of the Report.** — The annual report shall be comprehensive in scope and, as much as possible, be prepared in accordance with the following form and contents:

(a) **Message** — contains important local policies, programs, and activities of the LGU concerned; the status of their implementation; and other relevant information that affects the lives and welfare of its inhabitants. It may also contain information on what the populace may expect for the coming year or years. This portion of the report may be signed solely by the local chief executive or jointly with the sanggunian members concerned.

(b) **Executive Summary** — contains the significant results of local government operations of the year under review.

(c) **Brief Description of the LGU** — provides information on the LGU's socioeconomic and demographic profile; political and peace and order conditions; general and sectoral development objectives; physical framework plans; land use plans; and other related information.

(d) **Organization and Management** — identifies the offices and personnel of the LGU, including a description of their functions, duties, and responsibilities; and describes the role of each office and key personnel. For each office, the report of accomplishments shall be focused on the delivery of basic services and facilities. Physical accomplishments may be stated in terms of the number of people served, revenues collected, and kilometers of roads constructed or maintained. In all cases, physical results correspond with financial expenditures. These reports may include a comparative statement showing actual accomplishment versus target.

(e) **Budget Performance and Financial Statements** — report on the results of the budgetary and

financial transactions of the LGU for the preceding year. Such data shall include an analysis of performance versus approved budget, disbursements, and cash balances; comparative data for the year preceding the year under review; revenue-expenditure pattern for three (3) to five (5) years; efficiency and effectiveness of the LGU in the delivery of basic services vis-a-vis budgetary expenditures on a sectoral and per capita basis; and financial statements duly certified by COA.

(f) **Plans, Programs, and Accomplishment** — describe in narrative and pictorial manner the major plans and programs of the LGU and its accomplishments during the year under review. Presentation is performance-oriented indicating types of services delivered and projects undertaken in the social or economic fields.

(g) **Local Legislation** — contains the report of the sanggunian in the exercise of its legislative powers such as budget approval, concurrence with the appointments made by the local chief executive, passage of significant ordinances and resolutions, and results of oversight and review functions.

(h) **Plans and Programs for the Ensuing Year** — describe the visions, directions, plans, and budgetary thrusts of the LGU for the coming year.

**ARTICLE 191. Distribution and Evaluation of Reports.** — (a) Two (2) copies of the annual reports shall be submitted to the central and regional offices of DILG which shall evaluate these annual reports and use the same for the development and recommendation of integrated and comprehensive technical assistance packages for LGUs.

(b) Component cities and municipalities shall likewise submit to the sangguniang panlalawigan copies of their annual reports. Submission shall be done formally in a sanggunian session called for the purpose of receiving and reviewing such reports. This occasion may be used by the province to assist the component LGUs in identifying and defining problems, issues and concerns, development assistance requirements, and possible formulation of interlocal linkages for consideration of the governor.

**ARTICLE 192. Special Reports.** — Whenever necessary, all local chief executives may submit special reports to the Secretary of DILG on any unusual or unexpected events and occurrences in their localities particularly if such information deals with internal security or promotes intergovernmental relations.

#### **RULE XXV**

#### **Barangay Assembly**

**ARTICLE 193. Composition.** — There shall be a barangay assembly in every barangay composed of all persons who are:

- (a) actual residents of the barangay for at least six (6) months;
- (b) fifteen (15) years of age or over;
- (c) citizens of the Philippines; and

**(d) duly registered in the list of barangay assembly members.**

**ARTICLE 194. Meetings. — (a) The barangay assembly shall meet at least twice a year and discuss the semestral report of the sangguniang barangay concerning its activities and finances as well as problems affecting the barangay or of at least four (4) members of the sangguniang barangay, or upon written petition of at least five percent (5%) of the assembly members which shall be submitted to, and favorably acted upon, by the punong barangay.**

**(b) A written notice to all barangay assembly members stating the date, time, venue, and purpose of the meeting shall be posted in three (3) conspicuous places within the barangay one (1) week prior to the meeting except on matters involving public safety or security, in which case notice within a reasonable time shall be sufficient.**

**(c) The punong barangay, or in his absence, the sangguniang barangay member acting as punong barangay, or any assembly member selected during the meeting, shall act as presiding officer in the meetings of the assembly.**

**(d) The barangay secretary, or in his absence, any member designated by the presiding officer to act as secretary, shall discharge the duties of secretary of the barangay assembly.**

**ARTICLE 195. Powers of the Barangay Assembly. — The barangay assembly shall:**

**(a) Initiate legislative processes by recommending to the sangguniang barangay the adoption of measures for the welfare of the barangay and the city or municipality concerned;**

**(b) Decide on the adoption of initiative as a legal process whereby the registered voters of the barangay may directly propose, enact, or amend any ordinance; and**

**(c) Hear and pass upon the semestral report of the sangguniang barangay concerning its activities and finances.**

#### **RULE XXVI**

#### **Katarungang Pambarangay**

**ARTICLE 196. Lupong Tagapamayapa. — There shall be created in each barangay a lupong tagapamayapa composed of the punong barangay as chairman and ten (10) to twenty (20) members. The lupon shall be constituted every three (3) years.**

**ARTICLE 197. Pangkat ng Tagapagkasundo. — There shall be constituted for each dispute brought before the lupon a conciliation panel to be known as the pangkat ng tagapagkasundo consisting of three (3) members who shall be chosen by the parties to the dispute from the list of members of the lupon.**

**ARTICLE 198. Economic or Other Incentives. — The DILG shall provide a system of granting economic**

or other incentives to the lupon or pangkat members who adequately demonstrate the ability to judiciously and expeditiously resolve cases referred to them.

**ARTICLE 199. Penalty for Refusal or Failure of Any Party or Witness to Appear before the Lupon or Pangkat. —** Refusal or willful failure of any party or witness to appear before the lupon or pangkat in compliance with summons issued pursuant to this Rule may be punished by the city or municipal court as for indirect contempt of court upon application filed therewith by the lupon chairman, the pangkat chairman, or by any of the contending parties. Such refusal or willful failure to appear shall be reflected in the records of the lupon secretary or in the minutes of the pangkat secretary and shall bar the complainant who fails to appear, from seeking judicial recourse for the same course of action, and the respondent who refuses to appear, from filing any counterclaim arising out of, or necessarily connected with the complaint.

**ARTICLE 200. Responsibility of the City or Municipal Mayor. —** The city or municipal mayor, as the case may be, shall be responsible for the efficient and effective implementation of the katarungang pambarangay.

**ARTICLE 201. Implementing Rules and Regulations. —** The Secretary of Justice shall promulgate the rules and regulations to implement this Rule which shall form part of these Rules.

#### **RULE XXVII**

#### **Sangguniang Kabataan**

**ARTICLE 202. Katipunan ng Kabataan. — (a) Organization and Purpose —** There shall be an assembly of youth in every barangay, to be known as katipunan ng kabataan, whose primary objective is to enhance the social, political, economic, cultural, intellectual, moral, spiritual, and physical development of the youth of the country.

**(b) Composition —** The katipunan ng kabataan shall be composed of all Filipino citizens actually residing in the barangay for at least six (6) months, who are at least fifteen (15) but not more than twenty-one (21) years of age, and who are duly registered in the sanggunian ng kabataan or in the official barangay list in the custody of the barangay secretary.

**(c) Meetings —** The katipunan ng kabataan shall meet at least once every three (3) months, or at the call of the chairman of the sangguniang kabataan or upon written petition of at least one-twentieth (1/20) of its members to decide on important issues affecting the youth of the barangay.

**(d) Rights and Duties of Members —** Every member of the katipunan ng kabataan is eligible to vote and be elected in the sangguniang kabataan elections and participate in the programs, projects, and activities of the barangay as may be adopted by the sangguniang kabataan or the sangguniang barangay, unless otherwise provided in the Code and other applicable laws.

**ARTICLE 203. Sangguniang Kabataan. — (a) Organization and Composition —**

**(1) There shall be in every barangay a sangguniang kabataan composed of a chairman, seven (7) members, a secretary, and a treasurer.**

**(2) The chairman and the seven (7) members shall be elected at large by the registered members of the katipunan ng kabataan.**

**(3) The secretary and the treasurer shall be appointed by the chairman from among the members of the sangguniang kabataan, subject to their concurrence.**

**(b) Powers and Functions — The sangguniang kabataan shall:**

**(1) Promulgate resolutions necessary to carry out the objectives of the youth in the barangay in accordance with applicable provisions of the Code;**

**(2) Initiate programs designed to enhance the social, political, economic, cultural, intellectual, moral, spiritual, and physical development of the members;**

**(3) Hold fund-raising activities, the proceeds of which shall be tax-exempt and shall accrue to the general fund of the sangguniang kabataan provided that, in the appropriation thereof, the specific purpose for which such activity has been held shall be first satisfied;**

**(4) Create such bodies or committees as it may be deemed necessary to effectively carry out its programs and activities;**

**(5) Submit annual and end-of-term reports to the sangguniang barangay on their projects and activities for the survival and development of the youth in the barangay;**

**(6) Consult and coordinate with all youth organizations in the barangay for policy formulation and program implementation;**

**(7) Coordinate with the Presidential Council for Youth Affairs (PCYA) and other NGAs concerned for the implementation of youth development projects and programs at the national level; and**

**(8) Exercise such other powers and perform such other duties and functions as the sangguniang barangay may determine or delegate or as may be prescribed by law or ordinance.**

**(c) Meetings and Quorum — The sangguniang kabataan shall meet regularly once a month on the date, time, and place to be fixed by the said sanggunian. Special meetings may be called by the sangguniang kabataan chairman or any three (3) of its members by giving a written notice to all members of the date, time, place, and agenda of the meetings at least one (1) day in advance. Notices of regular or special meetings shall be furnished the punong barangay and the members of the sangguniang barangay. A majority of the members of the sangguniang kabataan shall constitute a quorum.**

**(d) Qualifications of Elective Members — An elective official of the sangguniang kabataan must be:**

**(1) A citizen of the Philippines;**

**(2) A qualified voter of the katipunan ng kabataan;**

**(3) A resident in the barangay for at least one (1) year immediately prior to election;**

**(4) At least fifteen (15) years but not more than twenty one (21) years of age on the day of his election;**

**(5) Able to read and write Filipino, any Philippine language or dialect, or English; and**

**(6) Such elective official must not have been convicted of any crime involving moral turpitude.**

**(e) Elections and Term of Office — (1) The first elections for the sangguniang kabataan to be conducted under the Code shall be held on June 11, 1992. The members to be elected shall serve from June 30, 1992 to September 30, 1994.**

**(2) The regular elections for the sangguniang kabataan members shall be held one hundred twenty (120) days after the barangay elections in 1994 and the succeeding election shall be held every three (3) years thereafter. The regular term of office of the sangguniang kabataan members shall be three (3) years, unless sooner removed for cause as provided by law, permanently incapacitated, die, or resign from office.**

**(3) The sangguniang kabataan chairman and members will hold office for a period of three (3) years unless sooner removed for cause as provided by law, permanently incapacitated, die or resign from office.**

**(4) A sangguniang kabataan official who, during his term of office, shall have passed the age of twenty-one (21) years shall be allowed to serve the remaining portion of the term for which he was elected.**

**(5) The conduct and administration of the elections for sangguniang kabataan members shall be governed by the rules promulgated by the COMELEC. These Rules shall be supplementary in character.**

**(f) Powers and Duties of the Chairman — The registered voters of the katipunan ng kabataan shall elect the chairman of the sangguniang kabataan who shall:**

**(1) Serve automatically as ex officio member of the sangguniang barangay upon his assumption to office. As an ex officio member, he shall exercise the same powers, discharged the same duties and functions and enjoy the same privileges as the regular sangguniang barangay members, and shall be the chairman of the committee on youth and sports development in the said sanggunian;**

- (2) Serve as member of the barangay development council; and**
  - (3) Represent the sangguniang kabataan in the pederasyon ng mga sangguniang kabataan;**
  - (4) Call and preside over all meetings of the katipunan ng kabataan and the sangguniang kabataan;**
  - (5) Implement policies, programs, and projects within his jurisdiction in coordination with the sangguniang barangay;**
  - (6) Exercise general supervision over the affairs and activities of the sangguniang kabataan and the official conduct of its members, and such other officers of the sangguniang kabataan within his jurisdiction;**
  - (7) Appoint with the concurrence of the sangguniang kabataan from among the members of the sangguniang kabataan, the secretary and the treasurer, and such other officers as may be deemed necessary; and**
  - (8) Exercise such other powers and perform such other duties and functions as may be prescribed by law or ordinance;**
- (g) Duties of the Secretary — The sangguniang kabataan secretary shall:**
- (1) Keep all records of the katipunan ng kabataan and sangguniang kabataan;**
  - (2) Prepare and keep the minutes of all meetings of the katipunan ng kabataan and sangguniang kabataan;**
  - (3) Prepare all forms necessary for the conduct of registrations, elections, initiatives, referenda, or plebiscites, in coordination with the barangay secretary and the COMELEC; and**
  - (4) Perform such other duties and discharge such other functions as the chairman of the sangguniang kabataan may prescribe or direct.**
- (h) Duties of the Treasurer — The sangguniang kabataan treasurer shall:**
- (1) Take custody of all sangguniang kabataan property and funds not otherwise deposited with the city or municipal treasurer;**
  - (2) Collect and receive contributions, monies, materials, and all other resources intended for the sangguniang kabataan and the katipunan ng kabataan;**
  - (3) Disburse funds in accordance with an approved budget of the sangguniang kabataan;**
  - (4) Certify to the availability of funds whenever necessary;**

**(5) Submit to the sangguniang kabataan and to the sangguniang barangay certified and detailed statements of actual income and expenditures at the end of every month; and**

**(6) Perform such other duties and discharge such other functions as the sangguniang kabataan chairman may direct.**

**(i) Privileges — The sangguniang kabataan chairman shall have the same privileges enjoyed by other sangguniang barangay officials under Rule XIV of these Rules, subject to such requirements and limitations provided in this Rule. During their incumbency, sangguniang kabataan officials shall be exempt from payment of tuition and matriculation fees while enrolled in public tertiary schools, including state colleges and universities. The National Government shall reimburse said college or university the amount of the tuition and matriculation fees provided that to qualify for the privilege, said officials shall enroll in the state college or university within or nearest their area of jurisdiction.**

**(j) Succession and Filing of Vacancies —**

**(1) In case a sangguniang kabataan chairman refuses to assume office, fails to qualify, is convicted of felony, voluntarily resigns, dies, is permanently incapacitated, is removed from office, or has been absent without leave for more than three (3) consecutive months, the sangguniang kabataan members who obtained the next highest number of votes in the election immediately preceding shall assume the office of the chairman for the unexpired portion of the term, and shall discharge the powers and duties, and enjoy the rights and privileges appurtenant to the office. In case the said member refuses to assume the position or fails to qualify, the sangguniang kabataan member obtaining the next highest number of votes shall assume the position of the chairman for the unexpired portion of the term.**

**(2) Where two (2) or more sangguniang kabataan members obtained the same next highest number of votes, the other sangguniang kabataan members shall conduct an election to choose the successor to the chairman from among the said members.**

**(3) After the vacancy shall have been filled, the sangguniang kabataan chairman shall call a special election to complete the membership of said sanggunian. The duly elected sangguniang kabataan member shall hold office for the unexpired portion of the term of the vacant seat.**

**(4) In case of suspension of the sangguniang kabataan chairman, the successor, as determined in paragraphs (2) and (3) above, shall assume the position during the period of such suspension.**

**ARTICLE 204. Pederasyon ng mga Sangguniang Kabataan — (a) Organization — There shall be an organization of all the pederasyon ng mga sangguniang kabataan to be known as follows:**

**(1) For municipalities, Pambayang Pederasyon ng Sangguniang Kabataan;**

**(2) For cities, Panlungsod na Pederasyon ng Sangguniang Kabataan;**

**(3) For provinces, Panlalawigang Pederasyon ng Sangguniang Kabataan;**

**(4) For special metropolitan political subdivisions, Pangmetropolitang Pederasyon ng Sangguniang Kabataan; and**

**(5) For the national level, Pambansang Pederasyon ng Sangguniang Kabataan.**

**(b) Election — The pederasyon ng mga sangguniang kabataan shall, at all levels, elect from among themselves the president, vice president and such other officers as may be necessary. Election of officer shall be held thirty (30) days after the sangguniang kabataan elections.**

**(c) Composition — The pederasyon ng mga sangguniang kabataan shall be organized in the following manner.**

**(1) The panlungsod and pambayang pederasyon shall be composed of the sangguniang kabataan chairmen of barangays in the city and municipality, respectively;**

**(2) The panlalawigan pederasyon shall be composed of presidents of the panlungsod and pambayang pederasyon;**

**(3) The pangmetropolitang pederasyon shall be composed of presidents of the panlungsod and pambayang pederasyon in special metropolitan political subdivisions.**

**(d) Pambansang Katipunan ng mga Sangguniang Kabataan — The elected presidents of the pederasyon at the provincial, highly urbanized city and metropolitan political subdivision levels shall constitute the pambansang katipunan ng mga sangguniang kabataan and shall hold elections for the pambansang katipunan thirty (30) days after the panlalawigan and pangmetropolitang pederasyon elections.**

**(e) Constitution and By-laws — The term of office, manner of election, removal, and suspension of pederasyon officers shall be governed by the constitution and by-laws of the pederasyon in conformity with the provisions of the Code and national policies on youth.**

**(f) Ex Officio Membership in the Sanggunian —**

**(1) A sangguniang kabataan chairman who is elected as pederasyon president during his tenure of office and upon certification as such by the COMELEC shall serve as ex officio member of the sangguniang panlalawigan, sangguniang panlungsod, and sangguniang bayan, as the case may be, without need of further appointment.**

**(2) The vice president of the pederasyon whose president has been elected as president of a higher pederasyon shall serve as ex-officio member of the sanggunian concerned without need of further appointment.**

**(3) The pederasyon president or vise president, as the case may be, shall be the chairman of the committee on youth and sports development of the sanggunian concerned.**

**(g) Membership in the Local School Board — The pederasyon ng mga sangguniang kabataan president shall serve as member of the local school board in the province, city, and municipality, as the case may be.**

**(h) Declaration of Vacancy — All seats reserved for the pederasyon ng mga sangguniang kabataan in the different sanggunians shall be deemed vacant until such time that the sangguniang kabataan chairmen shall have been elected and the respective pederasyon presidents shall have been selected.**

**(i) National Secretariat — The PCYA shall serve as the national secretariat of the pambansang pederasyon.**

**ARTICLE 205. Funds for the Elections of Sangguniang Kabataan. — (a) The amount pertaining to the ten percent (10%) allocation for the kabataang barangay as provided in Sec. 103 of BP 337 is hereby reappropriated for the purpose of funding the first election of the sangguniang kabataan to be held on June 11, 1992. The balance of such funds, if there be any after said elections, shall be administered by the PCYA for the purpose of training the newly elected sangguniang kabataan officials in the discharge of their functions.**

**(b) For the regular elections of the sangguniang kabataan, funds shall be taken from the ten percent (10%) of the barangay funds reserved for the sangguniang kabataan, as provided under these Rules.**

**ARTICLE 206. Kabataang Barangay Elections. — Elections for the kabataang barangay conducted under BP 337 at any time between January 1, 1988 and January 1, 1992 shall be considered as the first elections provided in the Code. The term of office of the kabataang barangay officials elected within the said period shall be extended correspondingly to coincide with the term of office of those elected under the Code.**

**ARTICLE 207. Training of Newly Elected Sangguniang Kabataan Officials. — (a) The PCYA shall, in coordination with the local chief executive concerned, administer a training program for the newly elected sangguniang kabataan officials with the following objectives:**

- (1) Develop their leadership abilities;**
- (2) Orient them on the pertinent provisions of these Rules, the Code and such other applicable laws, rules and regulations;**
- (3) Enhance their organizational and managerial skills;**
- (4) Increase their awareness and appreciation of such relevant concepts as unity, nationalism, peace,**

cooperation, service, concern for the environment, citizenship, and respect for the rule of law; and

(5) Evolve a sustained development training program for the youth in the LGU.

#### **RULE XXVIII**

##### **Linggo ng Kabataan**

**ARTICLE 208. Observance of Linggo ng Kabataan. — (a) Every province, city, municipality, and barangay shall, in coordination with the pederasyon ng mga sangguniang kabataan at all levels, conduct an annual activity to be known as the Linggo ng Kabataan on such date as shall be determined by the Office of the President.**

**(b) The observance of the Linggo ng Kabataan shall include the election of the counterparts of all elective and appointive local officials, as well as heads of NGAs stationed or assigned in the territorial jurisdiction of the LGU, among in-school and community youth residing in the LGU concerned from ages thirteen (13) to seventeen (17). During said week, they shall hold office as boy and girl officials and shall perform such duties and conduct such activities as may be provided in the ordinance enacted pursuant to this Rule.**

**ARTICLE 209. Linggo ng Kabataan Activities. — The pederasyon ng sangguniang kabataan shall conduct the following activities during the Linggo ng Kabataan:**

**(a) Commemoration of young Filipino heroes who made significant contributions to the development of the country or the locality;**

**(b) Recognition and awarding of outstanding youth organizations for their achievements and contributions to development; and**

**(c) Awareness campaign on environmental issues, sports festivals and competitions, cultural festivals, arts and skills exhibition, volunteer work, tour of historical places, and such youth-oriented activities as may be deemed relevant.**

#### **RULE XXIX**

##### **Leagues of Local Government Units and Federations of Other Elective Local Officials**

**ARTICLE 210. Liga ng mga Barangay. — (a) Organization and Purpose —**

**(1) There shall be an organization of all barangays, to be known as the liga ng mga barangay.**

**(2) The said liga shall be organized for the primary purpose of determining the representation of the liga in the sanggunian and for ventilating, articulating, and crystallizing issues affecting barangay government administration and securing, through proper and legal means, solutions thereto.**

**(b) Representation — Every barangay shall be represented in the liga by the punong barangay or, in his absence or incapacity, by a sanggunian member duly elected for the purpose among its members, who shall attend all meetings or deliberations called by the different chapters of the liga.**

**(c) Local Chapters and National Liga — The liga shall have chapters in the municipality, city, province, and metropolitan political subdivision.**

**(1) Municipal and City Chapters — The municipal and city chapters of the liga shall be composed of the barangay representatives of municipal and city barangays, respectively. The existing association of barangay councils in all municipalities and cities shall be recognized as municipal and city chapters of the liga, subject to the provisions of this Rule.**

**(2) Provincial Chapter — The duly elected presidents of municipal and component city chapters shall constitute the provincial chapter. The existing association of barangay councils in the province shall be recognized as provincial chapters of the liga, subject to the provisions of this Rule.**

**(3) Metropolitan Chapter — The duly elected presidents of the municipal chapters within MMA or such other metropolitan political subdivision as may be created by law, shall constitute the metropolitan chapter.**

**(4) National Liga ng mga Barangay — The duly elected presidents of highly urbanized city chapters, provincial chapters, and metropolitan chapters shall constitute the national liga ng mga barangay.**

**(d) Ex Officio Membership in the Sanggunian —**

**(1) The duly elected presidents of the liga at the municipality, city, and province, including component cities and municipalities within MMA, or any metropolitan political subdivision as may be created by law, shall serve as ex officio members of the sangguniang bayan, sangguniang panlungsod, and sangguniang panlalawigan, as the case may be.**

**(2) They shall serve as ex officio members of the sanggunian concerned only during their term of office as presidents of the liga chapters, which in no case shall go beyond the term of office of the sanggunian concerned.**

**(3) The incumbent presidents of the municipal, city, and provincial chapters of the liga shall continue to serve as ex officio members of the sanggunian concerned until the expiration of their term of office, unless sooner removed for cause.**

**(e) Powers, Functions and Duties of the Liga ng mga Barangay — The liga shall:**

**(1) Give priority to programs designed for the total development of the barangays and consonance with the policies, programs and projects of the National Government;**

**(2) Assist in the education of barangay residents for people's participation in local government**

administration in order to promote united and concerted action to achieve countrywide development goals;

(3) Supplement the efforts of government in creating gainful employment within the barangay;

(4) Adopt measures to promote the welfare of barangay officials;

(5) Serve as a forum of the barangays in order to forge linkages with NGAs and NGOs and thereby promote the social, economic, and economic well-being of the barangay; and

(6) Exercise such other powers and perform such other duties and functions which will bring about the stronger ties among barangays and promote the welfare of barangay inhabitants.

(f) Organizational Structure —

(1) The national liga and its local chapters shall directly elect their respective officers, namely: a president, vice president, and five (5) members of the board of directors. The board shall appoint its secretary and treasurer and create such other positions as it may deem necessary for the management of the chapter. Pending election of the presidents of the municipal, city, provincial, and metropolitan chapters of the liga, the incumbent presidents of the association of barangay councils in the municipality, city, province, and Metropolitan Manila shall continue to act as presidents of the corresponding liga chapters under this Rule.

(2) A secretary-general shall be elected from among the members of the national liga who shall be responsible for the overall operation of the liga. Pending election of a secretary-general under this rule, the incumbent president of the pambansang katipunan ng mga barangay shall act as the secretary-general. The incumbent members of the board of the pambansang katipunan ng mga barangay, headed by the secretary-general, who continue to be presidents of the respective chapters of the liga to which they belong, shall constitute a committee to exercise the powers and duties of the national liga and draft or amend the constitution and by-laws of the national liga to conform to the provisions of this Rule.

(3) The board of directors shall coordinate the activities of the various chapters of the liga.

(g) Constitution and By-Laws of the Liga —

(1) All other matters not provided under this Rule affecting the internal organization of the liga shall be governed by its constitution and by-laws, unless inconsistent with the Constitution and applicable laws, rules and regulations.

(2) The committee created in this Article shall formulate uniform constitution and by-laws applicable to the national liga and all local chapters. The committee shall convene the national liga to ratify the constitution and by-laws within six (6) months from issuance of these Rules.

**(3) Election of the first set of officers of the national liga and local chapters shall be held in accordance with the duly adopted constitution and by-laws within six (6) months from ratification by the barangay national assembly.**

**ARTICLE 211. League of Municipalities. — (a) There shall be an organization of all municipalities to be known as the league of municipalities. The existing municipal mayors league of the Philippines shall be recognized as the league of municipalities, subject to the provisions of this Rule.**

**(b) The league shall have the primary purpose of ventilating, articulating, and crystallizing issues affecting municipal government administration and securing, through proper and legal means, solutions thereto.**

**(c) Every municipality shall be represented in the league by the municipal mayor or, in his absence, by the vice mayor or sangguniang bayan member duly elected for the purpose by the members, who shall attend all meetings and participate in the deliberations of the league.**

**(d) The league shall form the following local chapters:**

**(1) Provincial chapters, composed of municipal mayors or their duly authorized representatives for all municipalities of every province; and**

**(2) Metropolitan chapters, composed of municipal mayors within MMA or other metropolitan political subdivisions as may be created by law.**

**The provincial and metropolitan chapters shall carry out the policies and instructions formulated by the national board of directors.**

**(e) All municipal mayors in every province and in Metropolitan Manila or a majority thereof shall, on the second Monday of June, 1992 following their election as mayors, initially convene in their capacity as representatives of their respective municipalities and elect their provincial and metropolitan chapter presidents and other officers from among themselves.**

**(f) A national board of directors shall be organized composed of all provincial and metropolitan chapter presidents. The national board shall be the policy governing body of the league whose primary functions consist of formulating general policies for attaining the purpose of the league and approving its annual budget.**

**ARTICLE 212. League of Cities. — (a) There shall be an organization of all cities to be known as the league of cities. The existing league of cities shall be recognized as the league of cities, subject to the provisions of this Rule.**

**(b) The league shall have the primary purpose of ventilating, articulating, and crystallizing issues affecting city government administration and securing, through proper and legal means, solutions thereto.**

**(c) Every city shall be represented in the league by the city mayor or, in his absence, by the vice mayor or sanggunian member duly elected for the purpose by the members, who shall attend all meetings and participate in the deliberations of the league.**

**(d) Component cities of province and highly-urbanized cities may form their respective local chapters.**

**(e) The national leagues shall be composed of the presidents of the chapter of highly-urbanized cities and the chapter of component cities of a province.**

**ARTICLE 213. League of Provinces. — (a) There shall be an organization of all provinces to be known as the league of provinces. The existing league of provincial governors shall be recognized as the league of provinces, subject to the provisions of this Rule.**

**(b) The league shall have the primary purpose of ventilating, articulating, and crystallizing issues affecting provincial and metropolitan government administration and securing, through proper and legal means, solutions thereto. For this purpose, the MMA and any metropolitan political subdivision as may be created by law shall be considered as separate provincial units of the league.**

**ARTICLE 214. Common Provisions for the Leagues of Municipalities, Cities, and Provinces. — (a) Powers and Functions — The leagues shall:**

**(1) Assist the National Government in the formulation and implementation of policies, programs and projects affecting LGUs;**

**(2) Promote local autonomy;**

**(3) Adopt measures for the promotion of the welfare of the LGU concerned and its officials and employees;**

**(4) Encourage people's participation in local government administration in order to promote united and concerted action for the attainment of countrywide development goals.**

**(5) Supplement the efforts of the National government in creating opportunities for gainful employment within the LGUs;**

**(6) Give priority to programs designed for the total development of LGUs in consonance with the policies, programs, and projects of the National Government;**

**(7) Serve as a forum for crystallizing and expressing ideas, seeking the necessary assistance of the National Government, and providing the private sector avenues for cooperation in the promotion of the welfare of LGUs; and**

**(8) Exercise such other powers and functions as the leagues may prescribe for the welfare of LGUs.**

**(b) Organizational Structure —** The leagues of municipalities, cities, and provinces shall elect their respective chapter-level and national-level boards of directors and sets of officers headed by the president. A secretary-general shall be chosen from among the national league members to manage the day-to-day operations and activities of the national league. The board of directors on the chapter or national level may create such other positions as may be deemed necessary for the management of the local chapters and of the national leagues. The national board of directors of the leagues of municipalities, cities, and provinces shall coordinate programs, projects, and activities of the local chapters and the national league.

The incumbent presidents of the leagues shall act as the concurrent secretary-general of their respective leagues until their successors shall have been elected and qualified.

**(c) Term of Office —** The term of office of all officers of the leagues in the local chapters and the national board of directors shall be coterminous with their term of office as municipal or city mayors or provincial governors, as the case may be.

**(d) Funding —**

**(1) Funds of the leagues and the liga ng mga barangay shall be sourced from:**

**(i) Contributions of members LGUs the amount of which shall be prescribed under the constitution and by-laws of the league. The membership fee and annual due shall be charged against any available fund of the LGU concerned.**

**(ii) Fund-raising projects and activities without the necessity of securing permits therefore provided that the proceeds from said fund-raising projects and activities shall be used primarily to fund projects for which such proceeds have been raised, subject to the pertinent provisions of the Code and the Omnibus Election Code, as amended; and**

**(iii) Other lawful sources of funds which shall be identified under the constitution and by-laws of the league.**

**(2) All funds of the league shall be deposited as trust funds in the name of the league and administered by its treasurer and shall be disbursed in accordance with the board of directors' resolutions, subject to pertinent accounting and auditing rules and regulations. The treasurer shall be bonded in an amount to be determined by the board of directors.**

The funds of a chapter shall be deposited as chapter funds and funds of the national league shall be deposited as national funds.

**(e) Constitution and By-Laws —**

**(1) The national board of directors shall promulgate and adopt the constitution and by-laws of the league immediately after the formal organization of the local chapters as provided in this Rule.**

**(2) The constitution and by-laws of the league shall be ratified by a majority of the members present there being a quorum in the general assembly to be called for the purpose.**

**(3) All other matters not provided under this Rule affecting the internal organization of the league shall be governed by its constitution and by-laws which shall conform to the provisions of the Constitution, the Code, and other applicable laws.**

**ARTICLE 215. Federations of Other Elective Local Officials. — (a) Organization — (1) Vice governors, vice mayors, sanggunian members of barangays, municipalities, component cities, highly-urbanized cities, and provinces, and other elective officials of LGUs, including those of MMA and any metropolitan political subdivision as may be created by law, may form their respective federations, subject to applicable provisions of this Rule;**

**(2) Sanggunian members of component cities and municipalities shall form a provincial federation and elect a board of directors and a set of officers headed by the president.**

**(3) The duly elected president of the provincial federation of sanggunian members of component cities and municipalities shall be an ex officio member of the sangguniang panlalawigan concerned and shall serve as such only during his term of office as president of the said federation, which in no case shall go beyond the term of office of the sangguniang panlalawigan concerned.**

**(b) Constitution and By-Laws — The federations shall adopt their respective constitutions and by-laws which shall govern their respective internal organizations and operations provided that said constitutions and by-laws conform to the provisions of the Constitution and applicable laws.**

**(c) Funding — The federations may derive their funds from contributions of their members or from fund-raising projects or activities. The LGU concerned may appropriate funds to support the federations organized in accordance with this Rule, subject to availability of funds.**

**ARTICLE 216. Assistance to the Leagues. — The DILG may extend technical and financial assistance and secretariat services to the leagues of LGUs and federations of other elective local officials upon request.**

#### **RULE XXX**

#### **Local Government Taxation**

#### **PART I**

#### **General Provisions**

**ARTICLE 217. Scope. — The following rules and regulations shall govern the exercise by provinces, cities, municipalities, and barangays of their taxing and other revenue-raising powers.**

**ARTICLE 218. Power to Create Sources of Revenue.** — Consistent with the basic policy of local autonomy, each LGU shall exercise its power to create its own sources of revenue and to levy taxes, fees, or charges, subject to the provisions of this Rule. Such taxes, fees, or charges shall accrue exclusively to the LGU.

**ARTICLE 219. Fundamental Principles.** — The following fundamental principles shall govern the exercise of the taxing and other revenue-raising powers of LGUs:

(a) Taxation shall be uniform in each LGU. The uniformity required is only within the territorial jurisdiction of a province, a city, a municipality, or a barangay;

(b) Taxes, fees, charges, or other impositions shall:

(1) Be equitable and based, as far as practicable, on the taxpayer's ability to pay;

(2) Be levied and collected only for public purposes;

(3) Not be unjust, excessive, oppressive, or confiscatory;

(4) Not be contrary to law, public policy, national economic policy, or in restraint of trade;

(c) Collection of local taxes, fees, charges, or other impositions shall in no case be let to any private person;

(d) The revenue collected pursuant to the provisions of this Rule shall insure solely to the benefit of, and be subject to disposition by, the LGU levying the tax, fee, charge, or other imposition unless otherwise specifically provided in this Rules; and

(e) Each LGU shall, as far as practicable, evolve a progressive system of taxation.

**ARTICLE 220. Definition of Terms.** — (a) Agricultural Product includes the yield of the soil, such as corn, rice, wheat, rye, hay, coconuts, sugarcane, tobacco, root crops, vegetables, fruits, flowers, and their by-products; ordinary salt; all kinds of fish; poultry; and livestock and animal products, whether in their original form or not.

The phrase whether in their original form or not refers to the transformation of said products by the farmer, fisherman, producer or owner through the application of processes to preserve or otherwise to prepare said products for the market.

To be considered an agricultural product whether in its original form or not, its transformation must have been undertaken by the farmer, fisherman, producer or owner.

Agricultural products as defined include those that have undergone not only simple but even sophisticated processes employing advanced technological means in packaging like dressed chicken or ground coffee in plastic bags or styropor or other packaging materials intended to process and

prepare the products for the market.

The term by-products shall mean those materials which in the cultivation or processing of an article remain over, and which are still of value and marketable, like copra cake from copra or molasses from sugar cane;

(b) Amusement is a pleasurable diversion and entertainment. It is synonymous to relaxation, avocation, pastime, or fun;

(c) Amusement Places include theaters, cinemas, concert halls, circuses and other places of amusement where one seeks admission to entertain oneself by seeing or viewing the show or performance;

(d) Business means trade or commercial activity regularly engaged in as a means of livelihood or with a view to profit;

(e) Banks and Other Financial Institutions include non-bank financial intermediaries, lending investors, finance and investment companies, pawnshops, money shops, insurance companies, stock markets, stock brokers and dealers in securities and foreign exchange, as defined under applicable law, or rules and regulations thereunder;

(f) Capital Investment is the capital which a person employs in any undertaking, or which he contributes to the capital of a partnership, corporation, or any other juridical entity or association in a particular taxing jurisdiction;

(g) Charges refers to pecuniary liability, as rents or fees against persons or property;

(h) Contractor includes persons, natural or juridical, not subject to professional tax under Article 229 of this Rule, whose activity consists essentially of the sale of all kind of 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 contractor or his employees.

As used in this Article, the term contractor shall include general engineering, general building and specialty contractors as defined under applicable laws; filling, demolition and salvage works contractors; proprietors or operators of mine drilling apparatus; proprietors or operators of dockyards; persons engaged in the installation of water system, 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; proprietors or operators of furniture shops and establishments for planing or surfacing and recutting of lumber, and sawmills under contract to saw or cut logs belonging to others; proprietors or operators of dry-cleaning or dyeing establishment, steam laundries, and laundries using washing machines; proprietors or owners of shops for the repair of any kind of mechanical and electrical devices, instruments, apparatus, or furniture and shoe repairing by machine or any mechanical

contrivance; proprietors or operators of establishments or lots for parking purposes; proprietors or operators of tailor shops, dress shops, milliners and hatters, beauty parlors, barbershops, massage clinics, sauna, Turkish and Swedish baths, slenderizing and body-building saloons and similar establishment; photographic studios; funeral parlors; proprietors or operators of hotels, motels, and lodging houses; proprietors or operators of arrastre and stevedoring, warehousing, or forwarding establishments, master plumbers, smiths, and house or sign painters; printers, bookbinders, lithographers; publishers except those engaged in the publication or printing of any newspaper, magazine, review or bulletin which appears at regular intervals with fixed prices for subscription and sale as which is not devoted principally to the publication of advertisements; business agents, private detective or watchman agencies, commercial and immigration brokers, and cinematographic film owners, lessors and distributors;

(i) Corporation includes partnerships, no matter how created or organized, joint-stock companies, joint accounts (cuentas en participacion), associations or insurance companies but does not include general professional partnerships and a joint venture or consortium formed for the purpose of undertaking construction projects or engaging in petroleum, coal, geothermal, and other energy operations or consortium agreement under a service contract with the government. General professional partnerships are partnerships formed by persons for the sole purpose of exercising their common profession, no part of the income of which is derived from engaging in any trade or business.

The term resident foreign when applied to a corporation means a foreign corporation not otherwise organized under the laws of the Philippines but engaged in trade or business within the Philippines;

(j) Countryside and Barangay Business Enterprise refers to any business entity, association, or cooperative registered under the provisions of RA 6810, otherwise known as Magna Carta For Countryside And Barangay Business Enterprises (Kalakalan 20);

(k) Dealer means one whose business is to buy and sell merchandise, goods and chattels as a merchant. He stands immediately between the producer or manufacturer and the consumers and depends for his profit not upon the labor he bestows upon his commodities but upon the skill and foresight with which he watches the market:

(l) Fee means a charge fixed by law or ordinance for the regulation or inspection of a business or activity. It shall also include charges fixed by law or agency for the services of a public officer in the discharge of his official duties;

(m) Franchise is a right or privilege, affected with public interest which is conferred upon private persons or corporations, under such terms and conditions as the government and its political subdivisions may impose in the interest of public welfare, security, and safety;

(n) Gross Sales or Receipts include the total amount of money or its equivalent representing the contract price, compensation or service fee, including the amount charged or materials supplied 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 sales, sales return, excise tax, and value added tax (VAT);

(o) **Manufacturer** includes every person who, by physical or chemical process, alters the exterior texture or form or inner substance of any raw materials or manufactured or partially manufactured product in such manner as to prepare it for special use or uses to which it could not have been put in its original condition, or who by any such process, alters the quality of any such raw material or manufactured or partially manufactured products so as to reduce it to marketable shape or prepare it for any of the use of industry, or who by any such process, combines any such raw material or manufactured or partially manufactured products with other materials or products of the same or of different kinds and in such manner that the finished products of such process or manufacture can be put to a special use or uses to which such raw material or manufactured or partially manufactured in their original condition could not have been put, and who in addition, alters such raw material or manufactured or partially manufactured products, or combines the same to produce such finished products for the purpose of their sale or distribution to others and not for his own use or consumption;

(p) **Marginal Farmer or Fisherman** refers to individual engaged in subsistence farming or fishing which shall be limited to the sale, barter or exchange of agricultural or marine products produced by himself and his immediate family, and whose annual net income from such farming or fishing does not exceed Fifty Thousand Pesos (P50,000.00) or the poverty line established by NEDA for the particular region or locality, whichever is higher;

(q) **Motor Vehicle** means any vehicle propelled by any power other than muscular power using the public roads, but excluding road rollers, trolley cars, street-sweepers, sprinklers, lawn mowers, bulldozers, graders, forklifts, amphibian trucks, and cranes if not used on public roads, vehicle which run only on rails or tracks, and tractors, trailers, and traction engines of all kinds used exclusively for agricultural purposes;

(r) **Municipal Waters** include not only streams lakes and tidal waters within the municipality, not being the subject of private ownership and not comprised within the national parks, public forest, timber lands, forest reserves or fishery reserves, but also marine waters included between two lines drawn perpendicularly to the general coastline from points where the boundary lines of the municipality or city touch the sea at low tide and a third line parallel with the general coastline and fifteen (15) kilometers from it. Where two (2) municipalities are so situated on the opposite shores that there is less than fifteen (15) kilometers of marine waters between them, the third line shall be equally distant from opposite shores of the respective municipalities;

(s) **Operator** includes the owner, manager, administrator, or any other person who operates or is responsible for the operation of a business establishment or undertaking;

(t) **Peddler** means any person who, either for himself or on commission, travels from place to place and sells his goods or offers to sell and deliver the same. Whether a peddler is a wholesale peddler or retail peddler of a particular commodity shall be determined from the definition of wholesale dealer

or retail dealer as provided in this Rule;

**(u) Persons mean every natural or juridical being, susceptible of rights and obligations or of being the subject to legal relations;**

**(v) Residents refer to natural persons who have their habitual residence in the province, city, or municipality where they exercise their civil rights and fulfill their civil obligations, and to juridical persons for which the law or any other provision creating or recognizing them fixes their residence in a particular province, city, or municipality. In the absence of such law, juridical persons are residents of the province, city or municipality where they have their legal residence or principal place of business or where they conduct their principal business or occupation;**

**(w) Retail means a sale where the purchaser buys the commodity for his own consumption, irrespective of the quantity of the commodity sold;**

**(x) Vessel includes every type of boat, craft, or other artificial contrivance used, or capable of being used, as a means of transportation on water;**

**(y) Wharfage means a fee assessed against the cargo of a vessel engaged in foreign or domestic trade based on quantity, weight, or measure received and/or discharged by vessel; and**

**(z) Wholesale means a sale where the purchaser buys or imports the commodities for resale to persons other than the end user regardless of the quantity of the transaction.**

**ARTICLE 221. Common Limitations on the Taxing and Other Revenue-Raising Powers of Local Government Units. — Unless otherwise provided in this Rule, the exercise of the taxing and other revenue-raising powers of provinces, cities, municipalities and barangays shall not extend to the levy of the following:**

**(a) Income tax, except when levied on banks and other financial institutions as provided in Article 233(f) of this Rule;**

**(b) Documentary stamp tax;**

**(c) Taxes on estates, inheritance, gifts, legacies and other acquisitions mortis causa, except as otherwise provided in Article 225 of this Rule;**

**(d) Customs duties, registration fees of vessel and wharfage on wharves, tonnage dues, and all other kinds of customs fee, charges and dues except wharfage on wharves constructed and maintained by the LGU concerned;**

**(e) Taxes, fee, and charges and other impositions upon goods carried into or out of, or passing through the territorial jurisdictions of LGUs in the guise of charges for wharfage, tolls for bridges or otherwise, or other taxes, fees or charges in any form whatsoever upon such goods or merchandise;**

- (f) Taxes, fee, or charges on agricultural and aquatic products when sold by marginal farmers or fishermen;**
- (g) Taxes on business enterprises certified by the Board of Investments as pioneer or non-pioneer for a period of six (6) and four (4) years, respectively, from the date of registration;**
- (h) Excise taxes on articles enumerated under the National Internal Revenue Code (NIRC), as amended, and taxes, fees or charges on petroleum products;**
- (i) Percentage or Value Added Tax (VAT) on sales, barter, or exchanges or similar transactions on goods or services, except as otherwise provided herein;**
- (j) Taxes on the gross receipts of transportation contractors and persons engaged in the transportation of passengers or freight by hire and common carriers by air, land or water, except on the operation and franchising of tricycles;**
- (k) Taxes on premiums paid by way of reinsurance or retrocession;**
- (l) Taxes, fees, or charges for the registration of motor vehicles and for the issuance of all kinds of licences or permits for the driving thereof, except tricycles;**
- (m) Taxes, fees, or other charges on Philippine products actually exported, except as otherwise provided in Article 233(c) of this Rule;**
- (n) Taxes, fees, or charges, on countryside and barangay business enterprises and cooperatives duly registered under RA 6810, and RA 6938, otherwise known as the Cooperatives Code of the Philippines, respectively; and**
- (o) Taxes, fees or charges of any kind on the National Government, its agencies and instrumentalities, and LGUs.**

**ARTICLE 222. Local Taxing Authority. — The power to impose a tax, fee, or charge or to generate revenue under the Code shall be exercised by the sanggunian of the LGU concerned through an appropriate tax ordinance or revenue measure.**

## **PART II**

### **Provinces**

**ARTICLE 223. Taxing and Other Revenue-Raising Powers of Provinces. Except as otherwise provided in this Rule, the province may levy only the taxes, fees and charges as herein provided for.**

**ARTICLE 224. Tax on Transfer or Real Property Ownership. — (a) The province may impose a tax on the sale, donation, barter, or on any other mode of transferring ownership or title of real property at**

the rate of not more than fifty percent (50%) of one percent (1%) of the total consideration involved in the acquisition of the property or of the fair market value in case the monetary consideration involved in the transfer is not substantial, whichever is higher. The sale, transfer, or other disposition of real property pursuant to RA 6657 shall be exempt from this tax.

The fair market value as used herein shall be that reflected in the prevailing schedule of fair market values enacted by the sanggunian concerned.

(b) For this purpose, the registrar of deeds of the province concerned shall, before registering any deed, require the presentation of the evidence of payment of this tax. The provincial assessor shall likewise make the same requirement before cancelling an old tax declaration and issuing a new one in place thereof. Notaries public shall furnish the provincial treasurer with a copy of any deed transferring ownership or title to any real property within thirty (30) days from the date of notarization.

It shall be the duty of the seller, donor, transferor, executor, or administrator to pay the tax herein imposed within sixty (60) days from the date of the execution of the deed or from the date of the property owner's death.

**ARTICLE 225. Tax on Business of Printing and Publication.** — The province may impose a tax on the business of persons engaged in the printing and/or publication of books, cards, posters, leaflets, handbills, certificates, receipts, pamphlets, and other printed materials of similar nature, at rate not exceeding fifty percent (50%) of one percent (1%) of the gross annual receipts for the preceding calendar year.

In the case of a newly started business, the tax shall not exceed one-twentieth (1/20) of one percent (1%) of the capital investment. In the succeeding calendar year, regardless of when business started to operate, the tax shall be based on the gross receipts for the preceding calendar year, or any fraction thereof as provided in this Rule.

The receipts from the printing and/or publishing of books or other reading materials prescribed by DECS as school texts or references shall be exempt from the tax herein imposed.

**ARTICLE 226. Franchise Tax.** — (a) Notwithstanding any exemption granted by any law or other special law, the province may impose a tax on businesses enjoying a franchise, at a rate not exceeding fifty percent (50%) of one percent (1%) of the gross annual receipts, which shall include both cash sales and sales on account realized during the preceding calendar year within its territorial jurisdiction, excluding the territorial limits of any city located in the province.

(b) The province shall not impose the tax on business enjoying franchise operating within the territorial jurisdiction of any city located within the province.

(c) The term businesses enjoying franchise shall not include holders of certificates of public convenience for the operation of public utility vehicles for reason that such certificates are not

considered as franchises.

**(d) In the case of a newly started business, the tax shall not exceed one twentieth (1/20) of one percent (1%) of the capital investment. In the succeeding calendar year, regardless of when the business started to operate, the tax shall be based on the gross receipts for the preceding calendar year, or any fraction thereof, as provided in this Article.**

**The capital investment to be used as basis of the tax of a newly started business as herein provided shall be determined in the following manner:**

**(1) In the locality where the principal office of the business is located, the paid-up-capital stated in the articles of incorporation, in case of corporations, or in any similar document in case of other types of business organizations or enterprises shall be considered as the capital investment.**

**(2) Where there is a branch or sales office which commences business operations during the same year as the principal office but which is located in another province or in a city outside the province, the paid-up capital referred to above shall be reduced by the amount of the capital investment made for the said branch or sales office which shall be taxable instead by the province or city where it is located.**

**(3) Where the newly started business is a branch or sales office commencing business operations at a year later than that of the principal office, capital investment shall mean the total funds invested in the branch or sales office.**

**ARTICLE 227. Tax on Sand, Gravel, and Other Quarry Resources. — (a) The province may levy and collect not more than ten percent (10%) of fair market value in the locality per cubic meter of ordinary stones, sand, gravel, earth, and other quarry resources, such as but not limited to marl, marble, granite, volcanic cinders, basalt, tuff and rock phosphate, extracted from public lands or from the beds of seas, lakes, rivers, streams, creeks, and other public waters within its territorial jurisdiction.**

**(b) The permit to extract sand, gravel, and other quarry resources shall be issued exclusively by the governor, pursuant to the ordinance of the sangguniang panlalawigan.**

**(c) The proceeds of the tax on sand, gravel, and other quarry resources shall be distributed as follows:**

**(1) Province — Thirty percent (30%)**

**(2) Component city or municipality where the sand, gravel and other quarry resources are extracted — Thirty percent (30%)**

**(3) Barangay where the sand, gravel, and other quarry resources are extracted Forty percent (40%)**

**ARTICLE 228. Professional Tax. — (a) The province may levy an annual professional tax on each person engaged in the exercise or practice of his profession requiring government examination at such amount and reasonable classification as the sangguniang panlalawigan may determine but shall in no case exceed Three Hundred Pesos (P300.00).**

**(b) Every person legally authorized to practice his profession shall pay the professional tax to the province where he practice his profession or where he maintains his principal office in case he practices his profession in several places, provided, however, that such person who has paid the corresponding professional tax shall be entitled to practice his profession in any part the Philippines without being subjected to any other national or local tax, license, or fee for the practice of such profession.**

**(c) Any individual or corporation employing a person subject to professional tax shall require payment by that person of the tax on his profession before employment and annually thereafter.**

**(d) The professional tax shall be payable annually, on or before the thirty-first (31st) day of January. Any person first beginning to practice a profession after the month of January must, however, pay the full tax before engaging therein. A line of profession does not become exempt even if conducted with some other profession for which the tax has been paid. Professionals exclusively employed in the government shall be exempt from the payment of this tax.**

**(e) Any person subject to the professional tax shall write in deeds, receipts, prescriptions, reports, books of account, plans and designs, surveys and maps, as the case may be, the number of the official receipt issued to him.**

**(f) The professionals subject to tax herein imposed are only those who have passed the bar examinations, or any board or other examinations conducted by the Professional Regulation Commission (PRC). For example, a lawyer who is also a Certified Public Accountant (CPA) must pay the professional tax imposed on lawyers and that fixed for CPAs, if he is to practice both professions.**

**For the purpose of collecting the tax, the provincial treasurer or his duly authorized representative shall require from such professionals their current annual registration cards issued by competent authority before accepting payment of their professional tax for the current year. The PRC shall likewise require the professionals presentation of proof of payment before registration of proof of payment before registration of professionals or renewal of their licenses.**

**ARTICLE 229. Amusement Tax. — (a) The province may levy an amusement tax to be collected from the proprietors, lessees, or operators of theaters, cinemas, concert halls, circuses, boxing stadia, and other places of amusement at a rate of not more than thirty percent (30%) of the gross receipts from admission fees.**

**(b) In the case of theaters or cinemas, the tax shall first be deducted and withheld by their proprietors, lessees, or operators and paid to the provincial treasurer before the gross receipts are divided between said proprietors, lessees, or operators and the distributors of the cinematographic films.**

(c) The holding of operas, concerts, dramas, recitals, paintings and art exhibitions, flower shows, musical programs, literary and oratorical presentations except pop, rock or similar concerts shall be exempted from the payment of the amusement tax, subject to the guidelines issued by DOF.

(d) The sangguniang panlalawigan may prescribe the time, manner, terms and conditions, including the issuance by proprietor, lessee, or operator of the theater or amusement place of admission tickets for the payment of tax. In case of fraud or failure to pay the tax the sangguniang panlalawigan may impose such surcharges, interests, and penalties as it may deem appropriate.

(e) The proceeds from the amusement tax shall be shared equally by the province and the municipality where such amusement places are located.

**ARTICLE 230. Annual Fixed Tax For Every Delivery Truck or Van of Manufacturers or Producers, Wholesalers of, Dealers or Retailers in, Certain Products. — (a) The province may levy an annual fixed tax for every truck, van, or any motor vehicle used by manufacturers, producers, wholesalers, dealers or retailers in the delivery or distribution of distilled spirits, fermented liquors, soft drinks, cigars and cigarettes, and other products as may be determined by the sangguniang panlalawigan, to sales outlets, or consumers, whether directly or indirectly, within the province in an amount not exceeding Five Hundred Pesos (P500.00).**

(b) The manufacturers, producers, wholesalers, dealers, and retailers referred to in the immediately preceding paragraph (a) hereof shall be exempt from the tax on peddlers prescribed in Article 233 (g) of this Rule.

### **PART III Municipalities**

**ARTICLE 231. Scope of Taxing and Other Revenue-Raising Powers of Municipalities. — Unless provided in this Rule, municipalities may levy taxes, fees, and charges not otherwise levied by the province.**

**ARTICLE 232. Tax on Business. — The municipality may impose taxes on the following businesses:**

(a) On manufacturers, assemblers, repackers, processors, brewers, distillers, rectifiers, and compounders of liquors, distilled spirits, and wines or manufacturers of any article of commerce of whatever kind or nature, in accordance with the following schedule:

**Gross Sales/Receipts Amount of  
For the Preceding Calendar Year Tax Per Annum**

**Less than P10,000.00 P165.00  
P10,000.00 or more but less than 15,000.00 220.00  
15,000.00 or more but less than 20,000.00 302.00**

20,000.00 or more but less than 30,000.00 440.00  
30,000.00 or more but less than 40,000.00 660.00  
40,000.00 or more but less than 50,000.00 825.00  
50,000.00 or more but less than 75,000.00 1,320.00

75,000.00 or more but less than 100,000.00 1,650.00  
100,000.00 or more but less than 150,000.00 2,200.00  
150,000.00 or more but less than 200,000.00 2,750.00  
200,000.00 or more but less than 300,000.00 3,850.00  
300,000.00 or more but less than 500,000.00 5,500.00  
500,000.00 or more but less than 750,000.00 8,000.00  
750,000.00 or more but less than 1,000,000.00 10,000.00  
1,000,000.00 or more but less than 2,000,000.00 13,750.00  
2,000,000.00 or more but less than 3,000,000.00 16,500.00  
3,000,000.00 or more but less than 4,000,000.00 19,800.00  
4,000,000.00 or more but less than 5,000,000.00 23,100.00  
5,000,000.00 or more but less than 6,500,000.00 24,375.00  
6,500,000.00 M or more at a rate not exceeding  
thirty seven and a half percent (37 ½%)  
of one percent (1%)

The preceding rates shall apply only to amount of domestic sales of manufacturers, assemblers, repackers, processors, brewers, distillers, rectifiers and compounders of liquors, distilled spirits, and wines or manufacturers of any article of commerce whatever kind or nature other than those enumerated in paragraph (c) of this Article.

(b) On wholesalers, distributors, or dealers in any article of commerce of whatever kind or nature in accordance with the following schedules:

Gross Sales/Receipts Amount of  
For the Preceding Calendar Year Tax Per Annum

Less than P1,000.00 P18.00  
P1,000.00 or more but less than 2,000.00 33.00  
2,000.00 or more but less than 3,000.00 50.00  
3,000.00 or more but less than 4,000.00 72.00  
4,000.00 or more but less than 5,000.00 100.00  
5,000.00 or more but less than 6,000.00 121.00  
6,000.00 or more but less than 7,000.00 143.00  
7,000.00 or more but less than 8,000.00 165.00  
8,000.00 or more but less than 10,000.00 187.00  
10,000.00 or more but less than 15,000.00 220.00  
15,000.00 or more but less than 20,000.00 275.00  
20,000.00 or more but less than 30,000.00 330.00

30,000.00 or more but less than 40,000.00 440.00  
40,000.00 or more but less than 50,000.00 660.00  
50,000.00 or more but less than 75,000.00 990.00  
75,000.00 or more but less than 100,000.00 1,320.00  
100,000.00 or more but less than 150,000.00 1,870.00  
150,000.00 or more but less than 200,000.00 2,420.00  
200,000.00 or more but less than 300,000.00 3,300.00  
300,000.00 or more but less than 500,000.00 4,400.00  
500,000.00 or more but less than 750,000.00 6,600.00  
750,000.00 or more but less than 1,000,000.00 8,800.00  
1,000,000.00 or more but less than 2,000,000.00 10,000.00  
P2,000,000.00 or more at a rate not exceeding fifty  
percent (50%) of one  
percent (1%)

The businesses enumerated in paragraph (a) above shall no longer be subject to the tax on wholesalers, distributors, or dealers provided in this Article.

(c) On exporters, and on manufacturers, millers, producers, wholesalers, distributors, dealers or retailers of essential commodities enumerated hereunder at a rate not exceeding one-half (1/2) of the rates prescribed in paragraphs (a), (b) and (d) of this Article:

(1) Rice and corn;

(2) Wheat or cassava flour, meat, dairy products, locally manufactured, processed or preserved food, sugar, salt and other agricultural, marine, and fresh water products, whether in their original state or not;

(3) Cooking oil and cooking gas;

(4) Laundry soap, detergents, and medicine;

(5) Agricultural implements, equipment and post-harvest facilities, fertilizers, pesticides, insecticides, herbicides, and other farm inputs;

(6) Poultry feeds and other animal feeds;

(7) School supplies; and

(8) Cement.

For purposes of this Article, the term exporters shall refer to those who are principally engaged in the business of exporting goods and merchandise, as well as manufacturers and producers whose goods or products are both sold domestically and abroad. The amount of export sales shall be excluded

from the total sales and shall be subject to the rates not exceeding one half (1/2) of the rates prescribed under paragraphs (a), (b) and (d) of this Article.

**(d) On retailers,**

**Gross Sales/Receipts Rate of Tax  
For the Preceding Year Per Annum**

**P400,000.00 or less 2%  
more than P400,000.00 1%**

The rate of two percent (2%) per annum shall be imposed on sales not exceeding Four Hundred Thousand Pesos (P400,000.00), while the rate of one percent (1%) per annum shall be imposed on sales in excess of the first Four Hundred Thousand Pesos (P400,000.00).

Barangays, however, shall have the exclusive power to levy taxes, as provided under Article 241 (a) of this Rule, on gross sales or receipts of the preceding calendar year of Fifty Thousand Pesos (P50,000.00) or less, in the case of cities, and Thirty Thousand Pesos (P30,000.00) or less, in the case of municipalities.

**(e) On contractors and other independent contractors, in accordance with the following schedule:**

**Gross Sales/Receipts Amount of  
For the Preceding Calendar Year Tax Per Annum**

**Less than P5,000.00 P27.50  
P5,000.00 or more but less than 10,000.00 61.60  
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 less than 50,000.00 550.00  
50,000.00 or more but less than 75,000.00 880.00  
75,000.00 or more but less than 100,000.00 1,320.00  
100,000.00 or more but less than 150,000.00 1,980.00  
150,000.00 or more but less than 200,000.00 2,640.00  
200,000.00 or more but less than 250,000.00 3,630.00  
250,000.00 or more but less than 300,000.00 4,620.00  
300,000.00 or more but less than 400,000.00 6,160.00  
400,000.00 or more but less than 500,000.00 8,250.00  
500,000.00 or more but less than 750,000.00 9,250.00  
750,000.00 or more but less than 1,000,000.00 10,250.00  
1,000,000.00 or more but 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%)

(f) On banks and other financial institutions, at rate not exceeding fifty percent (50%) of one percent (1%) on the gross receipts of the preceding calendar year derived from interest, commissions and discounts from lending activities, income from financial leasing, dividends, rentals on property and profit from exchange or sale of property, insurance premium.

All other income and receipts of banks and financial institutions not otherwise enumerated above shall be excluded from the taxing authority of the LGU concerned.

(g) On peddlers engaged in the sale of any merchandise or article of commerce, at a rate not exceeding Fifty Pesos (P50.00) per peddler annually.

Delivery trucks, vans, or motor vehicles used by manufacturers, producers, wholesalers, dealers or retailers enumerated in Article 231 of this Rule shall be exempt from the peddler's tax imposed in this Rule.

(h) On any business, not otherwise specified in the preceding paragraphs which the sanggunian concerned may deem proper to tax provided that on any business subject to the exercise tax, VAT, or percentage tax under the NIRC, as amended, the rate of tax shall not exceed two percent (2%) of gross sales or receipts of the preceding calendar year and provided further, that in line with existing national policy, any business engaged in the production, manufacture, refining, distribution or sale of oil, gasoline, and other petroleum products shall not be subject to any local tax imposed in this Article.

The sanggunian concerned may prescribe a schedule of graduated tax rates but in no case to exceed the rates prescribed in this Article.

**ARTICLE 233. 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 be 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.

**ARTICLE 234. Fees for Sealing and Licensing of Weights and Measures.** — (a) The municipality may levy fees for the sealing and licensing of weights and measures at such reasonable rates as shall be prescribed by the sangguniang bayan.

(b) The sangguniang bayan shall enact an appropriate ordinance prescribing the necessary regulations for the use of weights and measures which shall be in accordance with such guidelines as

may be prescribed by the Department of Science and Technology. The ordinance enacted for the purpose shall also prescribe the penalties for violations, fraudulent practices, and unlawful possession or use of instruments of weights and measures including the criminal penalty therefore in accordance with Article 280 of this Rule provided, however, that the sangguniang bayan concerned may authorize the municipal treasurer to settle an offense not involving the commission of fraud before a case therefore is filed in court, upon payment of a compromise penalty of not less than Two Hundred Pesos (P200.00).

(c) The ordinance of the sangguniang bayan may also embody such sanctions as may be deemed appropriate relative to the use of any weight or measure not properly sealed or licensed in accordance with paragraph (b) of this Article, such as the confiscation of said illegal weight or measure, or the revocation of the permit or license of the business, and/or the filing of appropriate charges against the owner or operator of the business.

**ARTICLE 235. Fishery Rentals, Fees, and Charges.** — (a) Municipalities shall have the exclusive authority to grant fishery privileges in the municipal waters and impose rentals, fees, or charges therefore in accordance with the provisions of this Article.

(b) The sangguniang bayan may:

(1) Grant fishery privileges to erect fish corrals, oyster, mussel, or other aquatic beds or bangus fry areas, within a definite zone of the municipal waters, as determined by the sangguniang bayan. The sangguniang bayan may require the conduct of a public bidding provided that duly registered organizations and cooperatives of marginal fishermen shall have the preferential right to such fishery privileges without being required to undergo the bidding and provided further that in the absence of such organizations and cooperatives or failure to exercise their preferential right, other parties may participate in the said public bidding in conformity with this provision.

(2) Grant the privilege to gather, take or catch bangus fry, prawn fry, or kawag-kawag or fry of other species and fish from the municipal waters by nets, traps or other fishing gears to marginal fishermen free of any rental, fee, charge, or any other imposition whatsoever.

(3) Issue licenses for the operation of fishing vessels of three (3) tons or less for which purpose the sangguniang bayan shall promulgate rules and regulations regarding the issuances of such licenses to qualified applicants under existing laws provided, however, that the sangguniang bayan concerned shall, by appropriate ordinance, penalize the use of explosives, noxious or poisonous substances, electricity, muro-ami, and other deleterious methods of fishing and prescribe a criminal penalty therefore in accordance with the provisions of this Rule and provided further that the sangguniang bayan concerned shall have the authority to prosecute any violation of the provisions of applicable fishery laws.

**ARTICLE 236. Rates of Tax in Municipalities Within the Metropolitan Manila Area.** — (a) The municipalities within MMA may levy the taxes on businesses enumerated in Article 233 of this Rule at rates which shall not exceed by fifty percent (50%) the maximum rates prescribed for said

businesses.

(b) The said municipalities within MMA, pursuant to Article 275 of this Rule, may levy and collect the taxes which may be imposed by the province under Article 225, 226, 227, 228, 229, 230 and 231 of this Rule at rates not exceeding those prescribed therein.

#### **PART IV**

##### **Cities**

**ARTICLE 237. Scope of Taxing and Other Revenue-Raising Powers of Cities. — The city may:**

(a) Levy and collect any of the taxes, fees, charges and other impositions that the province and the municipality may impose. The rates of taxes that the city may levy may exceed the maximum rates allowed for the province or municipality by not more than fifty percent (50%) except the rates of professional and amusement taxes; and

(b) Levy and collect a percentage tax on any business not otherwise specified under paragraphs (a) to (g), Article 233 of this Rule, at rates not exceeding three percent (3%) of the gross sales or receipts of the preceding calendar year.

**ARTICLE 238. Uniform Tax Rates. — The rates of the following taxes shall be uniform for the city and the province:**

(a) Professional tax under Article 229 of this Rule which shall not exceed Three Hundred Pesos (P300.00); and

(b) Amusement tax on paid admission under Article 230 of this Rule, the rate of which shall not be more than thirty percent (30%) of the gross receipts from admission fees.

**ARTICLE 239. Sharing of Tax on Sand, Gravel, and Other Quarry Resources. — The proceeds of the tax on sand, gravel and other quarry resources in highly-urbanized cities shall be distributed as follows:**

Highly urbanized city — Sixty percent (60%)

Barangay where the sand, gravel, and other quarry resources are extracted — Forty percent (40%)

#### **PART V**

##### **Barangays**

**ARTICLE 240. Scope of Taxing and Other Revenue-Raising Powers of Barangays. — The barangays may levy the following taxes, fees, and charges, which shall exclusively accrue to them.**

(a) Taxes on stores or retailers with fixed business establishments with gross sales or receipts of the preceding calendar year of Fifty Thousand Pesos (P50,000.00) or less, in the case of a barangay within

a city, and Thirty Thousand Pesos (P30,000.00) or less, in the case of a barangay within a municipality, at rates not exceeding one percent (1%) on such gross sales or receipts.

(b) Service fees or charges for services rendered in connection with the regulation or the use of barangay-owned properties or service facilities such as palay, copra, or tobacco dryers.

(c) Fee for the issuance of a barangay clearance for any business or activity located or conducted within the territorial jurisdiction of the barangay before the city or municipality may issue a license or permit to said business or activity.

The application for barangay clearance shall be acted upon within seven (7) working days from the filing thereof. In the event that a clearance is not issued or the application is denied within the said period, the city or municipality may issue the license or permit to the applicant.

The issuance of a barangay clearance shall not be required during CY 1992 in the case of existing businesses or activities applying only for renewal of their respective permits or licenses with the city or municipality concerned.

(d) Other fees and charges on:

(1) Commercial breeding of fighting cocks.

For purposes of imposing barangay fees and charges on the commercial breeding of fighting cocks, commercial breeding shall mean an annual sale of more than five (5) fighting cocks of a duly registered breeder.

(2) Cockfights and cockpits

(3) Places of recreation which charge admission fees.

Places of recreation shall include places of amusement where one seeks admission to entertain himself by seeing or viewing the show or performance or those where one amuses himself by direct participation.

(4) Billboards, signboards, neon signs, and outdoor advertisements at rates not less than the following:

(i) Billboards or signboards for advertisement of business, per square meter or fraction thereof:

Single-Faced — Ten Pesos (P10.00)

Double-Faced — Twenty Pesos (P20.00)

(ii) Billboards or signs for professionals, per square meter or fraction thereof: Eight Pesos (P8.00)

(iii) Billboards, signs, or advertisements for business and professions painted on any building or structures or otherwise separated or detached therefrom, per square meter thereof: Nine Pesos (P9.00)

(iv) Advertisement for business or professions by means of slides in movies payable by the advertisers: One Hundred Pesos (P100.00)

(v) Advertisements by means of vehicles, balloons, kites, etc. per day or fraction thereof: Forty Pesos (P40.00); per week or fraction thereof: Sixty Pesos (P60.00); and per month or fraction thereof: Eighty Pesos (P80.00).

For the use of electric or neon lights in billboards under items (i) to (iv) above, the amount of Ten Pesos (P10.00) per square meter or fraction thereof shall be imposed in addition to the above prescribed rates.

(vi) Signs, signboards, billboards, advertisements, including stickouts, streamers, lighted signs, and other electronic media, posters, privilege panels, stone signs, placards, price strips, buntings, and the like, belonging to manufacturers or producers or professionals, but displayed at the place where a business or profession is conducted, or displayed on delivery or other service and public utility vehicles, shall be exempt from such fees or charges provided in paragraphs (i) and (ii) above and other impositions that may be imposed by the barangay.

(vii) Privilege panels shall be subject to one half (1/2) of the rates herein prescribed.

(viii) For purposes of this Article, the new rates to be adopted by the barangay shall apply only to billboards, privilege panels, signs, and outdoor advertisements which shall be constructed or installed after the effectivity of the Code.

## **PART VI**

### **Special Provisions**

**ARTICLE 241. Retirement of Business.** — (a) Any person natural or juridical, subject to the tax on businesses under Article 233 of this Rule shall, upon termination of the business, submit a sworn statement of the gross sales or receipts for the calendar year.

For purposes hereof, termination shall mean that business operations are stopped completely. Any change in ownership, management and/or name of the business shall not constitute termination as contemplated in this Article. Unless stated otherwise, assumption of the business by any new owner or manager or registration of the same business under a new name will only be considered by the LGU concerned for record purposes in the course of the renewal of the permit or license to operate the business.

The local treasurer concerned shall see to it that the payment of taxes of a business is not avoided by

simulating the termination or retirement thereof. For this purpose, the following procedural guidelines shall be strictly observed:

(1) The local treasurer shall assign every application for the termination or retirement of business to an inspector in his office who shall go to the address of the business on record to verify if it is really no longer operating. If the inspector finds that the business is simply placed under a new name, manager and/or new owner, the local treasurer shall recommend to the mayor the disapproval of the application for the termination or retirement of said business. Accordingly, the business continues to become liable for the payment of all taxes, fees, and charges imposed thereon under existing local tax ordinances; and

(2) In the case of a new owner to whom the business was transferred by sale or other form of conveyance, said new owner shall be liable to pay the tax or fee for the transfer of the business to him if there is an existing ordinance prescribing such transfer tax.

(b) If it is found that the retirement or termination of the business is legitimate, and the tax due therefrom be less than the tax due for the current year based on the gross sales or receipts, the difference in the amount of the tax shall be paid before the business is considered officially retired or terminated.

(c) The permit issued to a business retiring or terminating its operations shall be surrendered to the local treasurer who shall forthwith cancel the same and record such cancellation in his books.

**ARTICLE 242. Related or Combined Businesses.** — (a) The conduct or operation of two or more related businesses provided in Article 233 of this Rule by any one person, natural or juridical, shall require the issuance of a separate permit or license to each business.

(b) If a person conducts or operates two (2) or more related businesses which are subject to the same rate of imposition, the tax shall be computed on the basis of the combined total gross sales or receipts of the said two (2) or more related businesses.

(c) If, however, the businesses operated by one person are governed by separate tax schedules or the rates of the taxes are different, the taxable gross sales or receipts of each business shall be reported independently and the tax thereon shall be computed on the basis of the appropriate schedule.

**ARTICLE 243. Situs of the Tax.** — (a) Definition of Terms —

(1) **Principal Office** — the head or main office of the business appearing in the pertinent documents submitted to the Securities and Exchange Commission, or the Department of Trade and Industry, or other appropriate agencies, as the case may be.

The city or municipality specifically mentioned in the articles of incorporation of official registration papers as being the official address of said principal office shall be considered as the situs thereof.

In case there is a transfer or relocation of the principal office to another city or municipality, it shall

be the duty of the owner, operator or manager of the business to give due notice of such transfer or relocation to the local chief executives of the cities or municipalities concerned within fifteen (15) days after such transfer or relocation is effected.

(2) **Branch or Sales Office** — a fixed place in a locality which conducts operations of the business as an extension of the principal office. Offices used only as display areas of the products where no stocks or items are stored for sale, although orders for the products may be received thereat, are not branch or sales offices as herein contemplated. A warehouse which accepts orders and/or issues sales invoices independent of a branch with sales office shall be considered as a sales office.

(3) **Warehouse** — a building utilized for the storage of products for sale and from which goods or merchandise are withdrawn for delivery to customers or dealers, or by persons acting in behalf of the business. A warehouse that does not accept orders and/or issue sales invoices as aforementioned shall not be considered a branch or sales office.

(4) **Plantation** — a tract of agricultural land planted to trees or seedlings whether fruit bearing or not, uniformly spaced or seeded by broadcast methods or normally arranged to allow highest production. For purposes of this Article, inland fishing ground shall be considered as plantation.

(5) **Experimental Farms** — agricultural land utilized by a business or corporation to conduct studies, tests, researches or experiments involving agricultural, agribusiness, marine, or aquatic, livestock, poultry, dairy and other similar products for the purpose of improving the quality and quantity of goods or products.

On-site sales of commercial quantity made in experimental farms shall be similarly imposed the corresponding tax under Article 233 and allocated in paragraph (b) of this Article.

**(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 the 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 along with the sales made by said principal office and the tax shall accrue to the city or municipality where said principal office is located.

(3) In cases where there is a factory, project office, plant or plantation in pursuit of business, thirty percent (30%) of all sales recorded in the principal office shall be taxable by the city or municipality where the principal office is located and seventy percent (70%) of all sales recorded in the principal office shall be taxable by the city or municipality where the factory, project office, plant or plantation is located. LGUs where only experimental farms are located shall not be entitled to the sales allocation provided in this subparagraph.

**(4) In case of a plantation located in a locality other than that where the factory is located, the seventy percent (70%) sales allocation shall be divided as follows:**

**(i) Sixty percent (60%) to the city or municipality where the factory is located; and**

**(ii) Forty percent (40%) to the city or municipality where the plantation is located.**

**(5) In cases where there are two (2) or more factories, project offices, plants or plantations located in different localities, the seventy percent (70%) sales allocation shall be prorated among the localities where such factories, project offices, plants, and plantations are located in proportion to their respective volumes of production during the period for which the tax is due. In the case of project offices of service and other independent contractors, the term production shall refer to the cost of projects actually undertaken during the tax period.**

**(6) The sales allocation in paragraph (b) hereof shall be applied irrespective of whether or not sales are made in the locality where the factory, project office, plant or plantation is located. In case of sales made by the factory, project office, plant or plantation, the sale shall be covered by subparagraphs (1) or (2) above.**

**(7) In case of manufacturers or producers which engage the services of an independent contractor to produce or manufacture some of their products, these rules on situs of taxation shall apply except that the factory or plant and warehouse of the contractor utilized for the production and storage of the manufacturers' products shall be considered as the factory or plant and warehouse of the manufacturer.**

**(c) Port of Loading — The city or municipality where the port of loading is located shall not levy and collect the tax imposed in Article 233 of this Rule unless the exporter maintains in said city or municipality its principal office, a branch, sales office or warehouse, factory, plant, or plantation in which case, the rule on the matter shall apply accordingly.**

**(d) Sales made by route trucks, vans, or vehicles —**

**(1) For route sales made in a locality where a manufacturer, producer, wholesaler, retailer or dealer has a branch or sales office or warehouse, the sales are recorded in the branch, sales office or warehouse and the tax due thereon is paid to the LGU where such branch, sales office or warehouse is located.**

**(2) For route sales made in a locality where a manufacturer, producer, wholesaler, retailer or dealer has no branch, sales office or warehouse the sales are recorded in the branch, sales office or warehouse from where the route trucks withdraw their products for sale, and the tax due on such sales is paid to the LGU where such branch, sales office or warehouse is located.**

**(3) Based on subparagraphs (1) and (2) above, LGUs where route trucks deliver merchandise cannot impose any tax on said trucks except the annual fixed tax authorized to be imposed by the province**

in Article 231 of this Rule on every delivery truck or van or any motor vehicle used by manufacturers, producers, wholesalers, dealers, or retailers, in the delivery or distribution of distilled spirits, fermented liquors, soft drinks, cigars and cigarettes, and other products as may be determined by the sangguniang panlalawigan, and by the city, pursuant to Article 223 of this Rule.

(4) In addition to this annual fixed tax, cities may also collect from same manufacturers, producers, wholesalers, retailers, and dealers using route trucks a mayor's permit fee which shall be imposed in a local tax ordinance pursuant to Article 234 in relation to Article 223 of this Rule.

## **PART VII**

### **Common Revenue-Raising Powers**

**ARTICLE 244. Common Revenue-Raising Powers. —** Provinces, cities, municipalities, and barangays:

(a) May impose and collect fees and service or user charges for any service rendered by LGUs in an amount reasonably commensurate to such service provided that no service charge shall be based on capital investments or gross sales or receipts of the persons or business liable therefore.

(b) Shall exercise the power to collect charges for services rendered by LGUs in connection with the operation of public utilities owned, operated, and maintained by them at rates to be fixed by the sanggunian concerned.

LGUs may prescribe the terms and conditions, through an appropriate ordinance enacted by their sanggunians, for the use of any public road, pier or wharf, waterway, bridge, or ferry or telecommunication system, funded and constructed by them, and fix reasonable toll fees and service charges for the use thereof provided that the following persons shall be exempted from the payment of said toll fees and charges:

(1) Officers and enlisted men of the Armed Forces of the Philippines and members of the Philippine National Police on mission;

(2) Post Office personnel delivering mail;

(3) Persons who are physically handicapped; and

(4) Disabled citizens who are sixty-five (65) years or older.

(c) The collection of toll fees and charges may be discontinued by the sanggunian concerned when public safety and welfare so requires.

**ARTICLE 245. Community Tax. —** Cities or municipalities may levy an annual community tax in lieu of the residence tax formerly levied and collected in Sec. 38 of PD 231, as amended. Accordingly, all cities and municipalities shall enact for the purpose, a tax ordinance to take effect as of January 1, 1992.

For purposes of enactment of a local tax ordinance levying a community tax, the conduct of a public hearing provided in Article 259 of this Rule shall no longer be required.

**ARTICLE 246. Levy or Imposition.** — The levy or imposition of community tax by a city or municipality shall be governed by the following rules and guidelines:

**(a) Individuals liable to the payment of community tax —**

**(1) Every inhabitant of the Philippines eighteen (18) years of age or over who has been regularly employed on a wage or salary basis for at least thirty (30) consecutive working days during any calendar years;**

**(2) An individual who is engaged in business or occupation;**

**(3) An individual who owns real property with an aggregate assessed value of One Thousand Pesos (P1,000.00) or more;**

**(4) An individual who is required by law to file an income tax return.**

**(b) Rate of community tax payable by individuals —**

**(1) The rate of community tax that may be levied and collected from said individuals shall be Five Pesos (P5.00) plus an additional tax of One Peso (P1.00) for every One Thousand Pesos (P1,000.00) of income regardless of whether from business, exercise of profession, or from property but which in no case shall exceed Five Thousand Pesos (P5,000.00).**

**(2) In case of husband and wife, each of them shall be liable to pay the basic tax of Five Pesos (P5.00), but the additional tax imposable on the husband and wife shall be One Peso (P1.00) for every One Thousand Pesos (P1,000.00) of income from the total property owned by them and/or the total gross receipts or earnings derived by them.**

**(c) Juridical persons liable to the payment of community tax — Every corporation, no matter how created or organized, whether domestic or resident foreign, engaged in or doing business in the Philippines shall pay community tax of Five Hundred Pesos (P500.00) and an additional tax, which, in no case, shall exceed Ten Thousand Pesos (P10,000.00) in accordance with the following schedule:**

**(1) For every Five Thousand Pesos (P5,000.00) worth of real property in the Philippines owned by the juridical entity during the preceding year, based on the assessed value used for the payment of the real property tax under existing laws — Two pesos (P2.00); and**

**(2) For every Five Thousand Pesos (P5,000.00) of gross receipts or earnings derived from the business in the Philippines during the preceding year — Two pesos (P2.00).**

The dividends received by a corporation from another corporation shall, for the purpose of the additional tax, be considered as part of the gross receipts or earnings of said corporation.

**(d) Exemptions — The following are exempt from the payment of community tax:**

**(1) Diplomatic and consular representatives; and**

**(2) Transient visitors when their stay in the Philippines does not exceed three (3) months.**

**(e) Place of Payment —**

**(1) Community tax shall be paid in the city or municipality where the residence of the individual is located, or in the city or municipality where the principal office of the juridical entity is located.**

**(2) It shall be unlawful for any city or municipal treasurer to collect community tax outside the territorial jurisdiction of the city or the municipality.**

**(3) In case of branch, sales office or warehouse where sales are made and recorded, corresponding community tax shall be paid to the LGU where such branch, sales office or warehouse is located.**

**(4) Any person, natural or juridical, who pays community tax to a city or municipality other than the city or municipality where his residence, or principal office in the case of juridical persons, is located shall remain liable to pay such tax to the city or municipality concerned.**

**(f) Time for Payment —**

**(1) Community tax shall accrue on the first (1st) day of January of each year and shall be paid not later than the last day of February of each year.**

**(2) If a person reaches the age of eighteen (18) years or otherwise loses the benefit of exemption on or before the last day of June, he shall be liable for the payment of community tax on the day he reaches such age or upon the day the exemption on or before the last day of March, he shall have twenty (20) days within which to pay the community tax without becoming delinquent.**

**(3) Persons who come to reside in the Philippines or reach the age of eighteen (18) years on or after the first (1st) day of July of any year, or who cease to belong to an exempt class on or after the same date, shall not be subject to community tax for that year.**

**(4) Corporations established and organized on or before the last day of June shall be liable for the payment of community tax for that year. Corporations established and organized on or before the last day of March shall have twenty (20) days within which to pay the community tax without becoming delinquent. Corporations established and organized on or after the first day of July shall not be subject to community tax for that year.**

**(g) Penalties for the payment — If the tax is not paid within the prescribed period, there shall be added to the unpaid amount an interest of twenty-four percent (24%) per annum from the due date until it is paid.**

**ARTICLE 247. Community Tax Certificate. — A community tax certificate shall be issued to every person or corporation upon payment of community tax. A community tax certificate may also be issued to any person or corporation not subject to community tax upon payment of One Peso (P1.00).**

**ARTICLE 248. Presentation of Community Tax Certificate. — (a) When an individual subject to community tax acknowledges any document before a notary public, takes the oath of office upon election or appointment to any position in the government service; receives any license, certificate, or permit from any public authority; pays any tax or fee; receives any money from any public fund; transacts other official business; or receives any money from any public fund; transacts other official business; or receives any salary or wage from any person or corporation, it shall be the duty of any person, officer, or corporation with whom such transaction is made or business done or from whom any salary or wage is received to require such individual to exhibit the community tax certificate.**

**The presentation of community tax certificate shall not be required for the registration of a voter.**

**(b) When, through its authorized officers, any corporation subject to community tax receives any license, certificate, or permit from any public authority, pays any tax or fee, receives money from public funds, or transacts other official business, it shall be the duty of the public official with whom such transaction is made or business done, to require such corporation to exhibit the community tax certificate.**

**(c) The community tax certificate required in the two preceding paragraphs shall be the one issued for the current year, except for the period from January until the fifteenth (15th) of April each year, in which case, the certificate issued for the preceding year shall suffice.**

**ARTICLE 249. Printing of Community Tax Certificates and Distribution of Proceeds. — The Bureau of Internal Revenue (BIR) shall cause the printing of community tax certificates and distribute the same to the cities and municipalities through the city and municipal treasurers in accordance with prescribed regulations. To facilitate distribution, the BIR may send on consignment to the provincial treasurers blank forms of the community tax certificates and the municipal treasurers of the province shall secure through the provincial treasurer, their respective requirements. The city or municipal treasurer concerned shall remit to the National Treasurer, for the account of the BIR, the share of the National Government in the proceeds of the tax, representing the cost of printing and distribution, within ten (10) days after the end of each quarter. In cases where the certificates were secured or requisitioned from the provincial treasurer, the municipal treasurers shall remit payments to the provincial treasurer who shall, in turn, effect the remittance to the National Treasurer as required.**

**ARTICLE 250. Collection of Community Tax by the Barangay Treasurer. — The tax ordinance levying the community tax shall authorize the city or municipal treasurer to deputize the barangay treasurers**

to collect the community tax in their respective jurisdictions. Such deputation shall be limited to the community tax payable by individual taxpayers and shall be extended only to barangay treasurers who are properly bonded in accordance with applicable laws.

**ARTICLE 251. Allocation of Proceeds of Community Tax.** — The proceeds of community tax actually and directly collected by the city or municipal treasurer shall accrue entirely to the general fund of the city or municipality concerned. The proceeds of community tax collected through the barangay treasurers shall be apportioned as follows:

(a) Fifty percent (50%) shall accrue to the general fund of the city or municipality concerned; and

(b) Fifty percent (50%) shall accrue to the barangay where the tax is collected.

**ARTICLE 252. Authority to Use Blank Forms of Residence Certificates.** — The city and municipal treasurer shall be authorized to use for the year 1992 blank forms of residence certificates still in their stock, pending the distribution by the BIR of the new form for the community tax certificate provided that:

(a) The word residence shall be cancelled and in its place, the word community shall be superimposed;

(b) The maximum amount of additional tax payable by individual and corporate taxpayers shall be changed from P3,000.00 to P5,000.00 and from P6,000.00 to P10,000.00, respectively, in accordance with the schedule provided in Article 247 of this Rule.

(c) Corresponding reports as to quantity and serial numbers of old blank forms used during Calendar Year 1992 shall be submitted by the city and municipal treasurers to the BIR pursuant to applicable rules and regulations.

## **PART IX**

### **Collection of Taxes**

**ARTICLE 253. Tax Period and Manner of Payment.** — Unless otherwise provided in this Rule, the tax period of all local taxes, fees, and charges shall be the calendar year. Such taxes, fees, and charges may be paid in quarterly installments as may be provided in the tax ordinance.

**ARTICLE 254. Accrual of Tax.** — Unless otherwise provided herein, local taxes, fees, and charges shall accrue on the first (1st) day of January of each year as regards tax subjects then liable therefore, but an entirely new tax, fee or charge, or charges in the rates of existing taxes, fees, or charges, shall accrue on the first day of the quarter next following the effectivity of the ordinance imposing such new levies or rates.

**ARTICLE 255. Time of Payment.** — Unless otherwise specifically provided in this Rule, all local taxes, fees, and charges due and accruing to the LGUs shall be paid within the first twenty (20) days of

January or of each subsequent quarter, as the case may be. The sanggunian concerned may, for a justifiable reason or cause, extend the time for payment of such taxes, fees, or charges without surcharges or penalties, but only for a period not exceeding six (6) months.

**ARTICLE 256. Surcharges and Penalties on Unpaid Taxes, Fees, or Charges.** — The sanggunian may impose a surcharge not exceeding twenty-five percent (25%) of the amount of taxes, fees, or charges not paid on time and an interest at the rate not exceeding two percent (2%) per month of the unpaid taxes, fees, or charges including surcharges, until such amount is fully paid but in no case shall the total interest on the unpaid amount or portion thereof exceed thirty-six (36) months.

**ARTICLE 257. Interests on Other Unpaid Revenues.** — Where the amount of any other revenue due an LGU, except voluntary contributions or donations, is not paid on the date fixed in the ordinance, or in the contract, expressed or implied, or upon the occurrence of the event which has given rise to its collection, there shall be collected as part of that amount an interest thereon at the rate not exceeding two percent (2%) per month from the date it is due until it is paid, but in no case shall the total interest on the unpaid amount or a portion thereof exceed thirty-six (36) months.

**ARTICLE 258. Collection of Local Revenues.** — All local taxes, fees, and charges shall be collected by the provincial, city, municipal, or barangay treasurer, or their duly authorized deputies.

The provincial, city, or municipal treasurer may designate the barangay treasurer as his deputy to collect local taxes, fees, or charges. In case a bond is required for the purpose, the provincial, city, or municipal government shall pay the premium thereon in addition to the premiums of bond that may be required under these Rules.

**ARTICLE 259. Examination of Books of Accounts and Pertinent Records of Businessmen.** — (a) For purposes of implementing this Article, only the treasurer of the LGU imposing the tax, fee, or charge, may examine the books of accounts and pertinent records of businessmen in order to ascertain, assess, and collect the correct amount of taxes, fees, and charges.

(b) The provincial, city, municipal, or barangay treasurer may, by himself or through any of his deputies duly authorized in writing, examine the books, accounts, and other pertinent records of any person, partnership, corporation, or association subject to local taxes, fees, and charges.

(c) The examination shall be made during regular business hours not oftener than once a year for every tax period, which shall be the year immediately preceding the examination, and shall be certified by the examining official. Such certification shall be made of record in the books of accounts of the taxpayer examined.

(d) In case the examination is made by a duly authorized deputy of the local treasurer, the written authority of the deputy concerned shall specifically state the name, address, and business of the taxpayer whose books, accounts, and pertinent records are to be examined, the date and place of such examination, and the procedure to be followed in conducting the same.

**(e) For this purpose, the records of the revenue district office of the BIR shall be made available to the local treasurer, his deputy or duly authorized representative.**

**(f) The Secretary of Finance shall prescribe the necessary forms to be used and such guidelines which may be deemed necessary for the proper and effective implementation of this Article.**

#### **PART X**

#### **Civil Remedies for Collection of Revenues**

**ARTICLE 260. Application. — The provisions of Part Ten of this Rule and the remedies herein provided may be availed of for the collection of any delinquent local tax, fee, charge, or other revenues.**

**ARTICLE 261. Local Government's Lien. — Local taxes, fees, charges, and other revenues constitute a lien, superior to all liens, charges, or encumbrances in favor of any person, enforceable by appropriate administrative or judicial action, not only upon any property or rights therein which may be subject to the lien but also upon property used in business, occupation, practice of profession or calling, or exercise of privilege with respect to which the lien is imposed. The lien may only be extinguished upon full payment of the delinquent local taxes, fees, and charges including related surcharges and interests.**

**ARTICLE 262. Civil Remedies. — The civil remedies for the collection of local taxes, fees, or charges, and related surcharges and interests resulting from delinquencies shall be:**

**(a) By administrative action through distraint of goods, chattels, or effects, and other personal property of whatever character, including stocks and other securities, debts, credits, bank accounts, and interest in and rights to personal property, and by levy upon real property and interest in or rights to real property; and**

**(b) By judicial action.**

**Either of these two (2) remedies or both may be pursued concurrently or simultaneously at the discretion of the LGU concerned.**

**ARTICLE 263. Distraint of Personal Property. — The remedy by distraint shall proceed as follows:**

**(a) Seizure — Upon failure of the person owing any local tax, fee, or charge to pay the same at the time required, the local treasurer or his deputy may, upon written notice, seize or confiscate any personal property belonging to that person or any personal property subject to the lien in sufficient quantity to satisfy the tax, fee, or charge in question, together with any increment thereto incident to delinquency and the expenses of seizure. In such case, the local treasurer or his deputy shall issue a duly authenticated certificate based upon the records of his office showing the fact of delinquency and the amounts of the tax, fee, or charge and penalty due. Such certificate shall serve as sufficient warrant for the distraint of personal property aforementioned, subject to the taxpayer's right to claim exemption under the provisions of applicable laws. Distrainted personal property shall be sold**

at public auction in the manner provided in this Rule.

(b) Accounting of distrained goods — The officer executing the distraint shall make or cause to be made an account of the goods, chattels, or effects distrained, a copy of which signed by himself shall be left either with the owner or person from whose possession the goods, chattels, or effects are taken, or at the dwelling or place of business of that person and with someone of suitable age and discretion, to which list shall be added a statement of the sum demanded and a note of the time and place of sale.

(c) Publication — The officer shall forthwith cause a notification to be exhibited in not less than three (3) public and conspicuous places in the territory of the LGU where the distraint is made, specifying the time and place of sale, and the articles distrained. The time of sale shall not be less than twenty (20) days after notice to the owner or possessor of the property as above specified and the publication or posting of the notice. One place for the posting of the notice shall be at the office of the chief executive of the LGU in which the property is distrained.

(d) Release of distrained property upon payment prior to sale — If at any time prior to the consummation of the sale, all the proper charges are paid to the officer conducting the sale, the goods or effects distrained shall be restored to the owner.

(e) Procedure of sale — At time and place fixed in the notice, the officer conducting the sale shall sell the goods or effects so distrained at public auction to the highest bidder for cash. Within five (5) days after the sale, the local treasurer shall make a report of the proceedings in writing to the local chief executive concerned.

Should the property distrained be not disposed of within one hundred and twenty (120) days from the date of distraint, the same shall be considered as sold to the LGU concerned for the amount of the assessment made thereon by the committee on appraisal and to the extent of the same amount, the tax delinquencies shall be cancelled.

The committee on appraisal shall be composed of the city or municipal treasurer as chairman, with a representative of COA and the city or municipal assessor, as members.

(f) Disposition of proceeds — The proceeds of the sale shall be applied to satisfy the tax, including the surcharges, interests, and other penalties incident to delinquency, and the expenses of the distraint and sale. The balance over and above what is required to pay the entire claim shall be returned to the owner of the property sold. The expenses chargeable upon the seizure and sale shall embrace only the actual expenses of seizure and preservation of the property pending the sale, and no charge shall be imposed for the services of the local officer or his deputy. Where the proceeds of the sale are insufficient to satisfy the claim, other property may, in like manner, be distrained until the full amount due, including all expenses, is collected.

**ARTICLE 264. Levy on Real Property.** — After the expiration of the time required to pay the

delinquent tax, fee, or charge, real property may be levied on, before, simultaneously, after the distraint of personal property belonging to the delinquent taxpayer. The provincial, city or municipal treasurer, as the case may be, shall prepare a duly authenticated certificate showing the name of the taxpayer and the amount of the tax, fee, or charge, and penalty due from him. Such certificate shall operate with the force of a legal execution throughout the Philippines. Levy shall be effected by writing upon said certificate the description of the property upon which levy is made. At the same time, written notice of the levy shall be mailed to or served upon the local assessor and registrar of deeds of the province or city where the property is located who shall annotate the levy on the tax declaration and certificate of title of the property, respectively, and the delinquent taxpayer or, if he be absent from the Philippines, to his agent or the manager of the business in respect to which the liability arose, or if there be none, to the occupant of the property in question.

In case the levy on real property is not issued before or simultaneously with the warrant of distraint on personal property, and the personal property of the taxpayer is not sufficient to satisfy his delinquency, the provincial, city or municipal treasurer, as the case may be, shall within thirty (30) days after execution of the distraint, proceed with the levy on the taxpayer's real property.

A report on any levy shall, within ten (10) days after receipt of the warrant, be submitted by the levying officer to the sanggunian concerned.

**ARTICLE 265. Penalty for failure to Issue and Execute Warrant.** — Without prejudice to criminal prosecution under the Revised Penal Code and other applicable laws, any local treasurer who fails to issue or execute the warrant of distraint or levy after the expiration of the time prescribed, or who is found guilty of abusing the exercise thereof by competent authority, shall be automatically dismissed from the service after due notice and hearing.

**ARTICLE 266. Advertisement and Sale.** — Within thirty (30) days after levy, the local treasurer shall proceed to publicly advertise for sale or auction the property or a usable portion thereof as may be necessary to satisfy the claim and cost of sale; and such advertisement shall cover a period of at least thirty (30) days. It shall be effected by posting a notice at the main entrance of the city or municipal hall, and in public and conspicuous places in the barangay where the real property is located, and by publication once a week for three (3) weeks in a newspaper of general circulation in the province, city or municipality where the property is located. The advertisement shall contain the amount of taxes, fees or charges, and penalties due thereon, and the time and place of sale, the name of the taxpayer against whom the taxes, fees, or charges are levied, and a short description of the property to be sold. At any time before the date fixed for the sale, the taxpayer may stay the proceedings by paying the taxes, fees, charges, penalties, and interests. If he fails to do so, the sale shall proceed and shall be held either at the main entrance of the provincial capitol, city or municipal hall, or on the property to be sold, or at any other place as determined by the local treasurer conducting the sale and specified in the notice of sale.

Within thirty (30) days after the sale, the local treasurer or his deputy shall make a report of the sale to the sanggunian concerned, and which shall form part of his records. After consultation with the sanggunian, the local treasurer shall make and deliver to the purchaser a certificate of sale, showing

the proceedings of the sale, describing the property sold, stating the name of the purchaser and setting out the exact amount of all taxes, fees, charges, and related surcharges, interests, or penalties provided that any excess in the proceeds of the sale over the claim and cost of sales shall be turned over to the owner of the property. The local treasurer may, by a duly approved ordinance, advance an amount sufficient to defray the costs of collection by means of the remedies provided, in this Rule, including the preservation or transportation, in case of personal property, and the advertisement and subsequent sale, in cases of personal and real property including improvements thereon.

**ARTICLE 267. Redemption of Property Sold.** — Within one (1) year from the date of sale, the delinquent taxpayer or his representative shall have the right to redeem the property upon payment to the local treasurer of the total amount of taxes, fees, or charges, and related surcharges, interest, or penalties from the date of delinquency to the date of sale, plus interest of not more than two percent (2%) per month on the purchase price from the date of purchase to the date of redemption. Such payment shall invalidate the certificate of sale issued to the purchaser and the owner shall be entitled to a certificate of redemption from the provincial, city, or municipal treasurer or his deputy.

The provincial, city, or municipal treasurer or his deputy, upon surrender by the purchaser of the certificate of sale previously issued to him, shall forthwith return to the latter the entire purchase price paid by him plus the interest of not more than two percent (2%) per month herein provided for, the portion of the cost of sale and other legitimate expenses incurred by him, and said property thereafter shall be free from the lien of such taxes, fees, or charges, related surcharges, interests, and penalties.

The owner shall not be deprived of the possession of said property and shall be entitled to the rentals and other income thereof until the expiration of the time allowed for its redemption .

**ARTICLE 268. Final Deed of Conveyance to Purchaser.** — In case the taxpayer fails to redeem the property as provided herein, the local treasurer shall execute a deed conveying to the purchaser so much of the property as has been sold, free from liens of any taxes, fees, charges, related surcharges, interests, and penalties. The deed shall succinctly recite all the proceedings upon which the validity of the sale depends.

**ARTICLE 269. Purchase of Property by the Local Government Units for Want of Bidder.** — In case there is no bidder for the real property advertised for sale as provided herein, or if the highest bid is for an amount insufficient to pay the taxes, fees, or charges, related surcharges, interests, penalties, and costs, the local treasurer conducting the sale shall purchase the property in behalf of the LGU concerned to satisfy the claim and within two (2) days thereafter shall make a report of his proceedings which shall be reflected upon the records of his office. It shall be the duty of the registrar of deeds concerned upon registration with his office of any such declaration of forfeiture to transfer the title of the forfeited property to the LGU concerned without the necessity of an order from a competent court.

Within one (1) year from the date of such forfeiture the taxpayer or any of his representative, may

redeem the property by paying to the local treasurer the full amount of the taxes, fees, charges, and related surcharges, interests, or penalties, and the costs of sale. If the property is not redeemed as provided herein, the ownership thereof shall be fully vested on the LGU concerned.

**ARTICLE 270. Resale of Real Estate Acquired for Payment of Taxes, Fees, or Charges.** — The sanggunian concerned may, by a duly approved ordinance, and upon notice of not less than twenty (20) days, sell and dispose of the real property acquired under the preceding Article at public auction. The proceeds of the sale shall accrue to the general fund of the LGU concerned.

**ARTICLE 271. Collection of Delinquent Taxes, Fees, Charges, or Other Impositions through Judicial Action.** — The LGU concerned may enforce the collection of delinquent taxes, fees, charges, or other impositions by civil action in any court of competent jurisdiction. The civil action shall be filed by the local treasurer within the period prescribed in Article 285 of this Rule.

**ARTICLE 272. Further Distraint or Levy.** — The remedies by distraint and levy may be repeated if necessary until the full amount due, including all expenses, is collected.

**ARTICLE 273. Personal Property Exempt from Distraint or Levy.** — The following property shall be exempt from distraint and the levy, attachment or execution thereof for delinquency in the payment of any local tax, fee, or charge, including related surcharges and interests:

(a) Tools and implements necessarily used by the delinquent taxpayer in his trade or employment:

(b) One (1) horse, cow, carabao, or other beast of burden, such as the delinquent taxpayer may select, and necessarily used by him in his ordinary occupation;

(c) His necessary clothing, and that of all his family;

(d) Household furniture and utensils necessary for housekeeping and used for that purpose by the delinquent taxpayer, such as he may select, of a value not exceeding Ten Thousand Pesos (P10,000.00);

(e) Provisions, including crops, actually provided for individual or family use sufficient for four (4) months;

(f) The professional libraries of doctors, engineers, lawyers and judges;

(g) One (1) fishing boat and net, not exceeding the total value of Ten Thousand Pesos (P10,000.00), by the lawful use of which a fisherman earns his livelihood; and

(h) Any material or article forming part of a house or improvement of any real property.

## **PART XI**

### **Miscellaneous Provisions**

**ARTICLE 274. Power to Levy Other Taxes, Fees, or Charges. — LGUs may exercise the power to levy taxes, fees, or charges on any base or subject not otherwise specifically enumerated in this Rule or taxed under the provisions of the NIRC, as amended, or other applicable laws provided that the taxes, fees, or charges shall not be unjust, excessive, oppressive, confiscatory, or contrary to declared national policy provided further that the ordinance levying such taxes, fees, or charges shall not be enacted without prior public hearing conducted for the purpose.**

**ARTICLE 275. Procedure for Approval and Effectivity of Tax Ordinances and Revenue Measures. — The procedure for approval of local tax ordinances and revenue measures shall be in accordance with the provisions of this Rule 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 furthermore 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 and 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.**

All tax ordinances or revenue measures shall be numbered consecutively throughout the calendar year and continuously from year to year, using the last two (2) digits of the calendar year in which it is enacted, followed by denominated number. For example, an ordinance is passed in January, 1992, and it is the first ordinance for that year. The ordinance shall be denominated and numbered as Tax Ordinance No. 92-001. The next shall be Tax Ordinance No. 92-002, Tax Ordinance No. 92-003, and so forth.

**ARTICLE 276. Publication of Tax Ordinances and Revenue Measures. — (a) 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 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.**

If the tax ordinance or revenue measure contains penal provisions as authorized in Article 280 of this Rule, the gist of such tax ordinance or revenue measure shall be published in a newspaper of general circulation within the province where the sanggunian concerned belongs. In the absence of any newspaper of general circulation within the province, posting of such ordinance or measure shall be made in accessible and conspicuous public places in all municipalities and cities of the province to which the sanggunian enacting the ordinance or revenue measure belongs.

In case the effectivity of any tax ordinance or revenue measure falls on any date other than the beginning of the quarter, the same shall be considered as falling at the beginning of the next ensuing quarter and the taxes, fees, or charges due shall begin to accrue therefrom.

**(b) The conduct of public hearings shall be governed by the following procedure:**

**(1) Within ten (10) days from filing of any proposed tax ordinance or revenue measure, the same shall first be published for three (3) consecutive days in a newspaper of local circulation or shall be posted simultaneously in at least four (4) conspicuous public places within the territorial jurisdiction of the LGU concerned.**

**(2) In addition to the requirement for publication or posting, the sanggunian concerned shall cause the sending of written notices of the proposed ordinance, enclosing a copy thereof, to the interested or affected parties operating or doing business within the territorial jurisdiction of the LGU concerned.**

**(3) The notice or notices shall specify the date or dates and venue of the public hearing or hearing. The initial public hearing shall be held not earlier than ten (10) days from the sending out of notice or notices, or the last day of publication, or date of posting thereof, whichever is later.**

**(4) At the public hearing or hearings, all affected or interested parties shall be accorded an opportunity to appear and present or express their views, comments and recommendations, and such public hearing or hearings shall continue until all issues have been presented and fully deliberated upon and/or consensus is obtained, whether for or against the enactment of the proposed tax ordinance or revenue measure.**

**(5) The secretary of the sanggunian concerned shall prepare the minutes of such public hearing and shall attach to the minutes the position papers, memoranda, and other documents submitted by those who participated.**

**(c) No tax ordinance or revenue measure shall be enacted or approved in the absence of a public hearing duly conducted in the manner provided in this Article.**

**ARTICLE 277. Furnishing of Copies of Tax Ordinance and Revenue Measures. — Copies of all provincial, city, municipal, and barangay tax ordinances and revenue measures shall be furnished the respective local treasurers concerned for public dissemination.**

**ARTICLE 278. Existing Tax Ordinances or Revenue Measures. — (a) All existing tax ordinances or revenue measures of provinces, cities, municipalities, and barangays imposing taxes, fees, or charges shall continue to be in force and effect after the effectivity of the Code, except those imposing levies on tax bases or tax subjects which are no longer within the taxing and revenue-raising powers of the LGU concerned and where the rates levied in the tax ordinance are higher than the taxes, fees, or charges prescribed in this Rule in which case, the lower rates shall be collected.**

**(b) In case of failure of the sanggunian to amend or revoke tax ordinances or revenue measures inconsistent with, or in violation of the provisions of this Rule, the same shall be deemed rescinded upon the effectivity of the Code and these Rules.**

**ARTICLE 279. Penalties for Violation of Tax Ordinances.** — The sanggunian of an LGU is authorized to prescribe imprisonment or fines or other penalties for violation of tax ordinances but in no case shall such imprisonment be less than one (1) month nor more than six (6) months or such fine be less than One Thousand Pesos (P1,000.00) nor more than Five Thousand Pesos (P5,000.00), or both such imprisonment or fine, at the discretion of the court. The sanggunian barangay may prescribe a fine of not less than One Hundred Pesos (P100.00) nor more than One Thousand Pesos (P1,000.00).

**ARTICLE 280. Attempt to Enforce Void or Suspended Tax Ordinances and Revenue Measures.** — Enforcement of any tax ordinance or revenue measure after due notice of the disapproval or suspension thereof shall be a sufficient ground for administrative disciplinary action against the local officials and employees responsible therefore. Any attempt to enforce any tax ordinance or revenue measure deemed rescinded by operation of law, or the effectivity of which has been suspended, or the passage of which has been declared illegal, shall subject the local officials and employees responsible therefore to administrative disciplinary action.

**ARTICLE 281. Authority to Adjust Rates of Taxes.** — LGUs shall be authorized to adjust the tax rates prescribed in this Rule not oftener than once every five (5) years, but in no case shall such adjustments exceed ten percent (10%) of the rates fixed in this Rules.

**ARTICLE 282. Authority to Grant Tax Exemption Privileges or Incentives.** — (a) While sanggunians may grant tax exemption, tax incentive, or tax relief, such grant shall not apply to regulatory fees which are levied under the police power of LGUs. Tax exemptions shall be conferred through the issuance of a tax exemption certificate, which shall be non-transferable.

(b) The sanggunians granting tax exemptions, tax incentives and tax reliefs may be guided by the following:

(1) On the grant of tax exemptions or tax reliefs:

(i) Tax exemption or tax relief may be granted in cases of natural calamities, civil disturbance, general failure of crops, or adverse economic conditions such as substantial decrease in the prices of agricultural or agri-based products;

(ii) The grant of exemption or relief shall be through an ordinance.

(iii) Any exemption or relief granted to a type or kind of business shall apply to all business similarly situated; and

(iv) Any exemption or relief granted shall take effect only during the next calendar year for a period not exceeding twelve (12) months as may be provided in the ordinance. In the case of shared revenues, the exemption or relief shall only extend to the LGU granting such exemption or relief.

(2) On the grant of tax incentives:

(i) The tax incentive shall be granted only to new investments in the locality and the ordinance shall prescribe the terms and conditions therefore;

(ii) The grant of the tax incentive shall be for a definite period not exceeding one (1) calendar year;

(iii) The grant of tax incentives shall be by ordinance passed prior to the first (1st) day of January of any year; and

(iv) Any tax incentive granted to a type or kind of business shall apply to all businesses similarly situated.

**ARTICLE 283. Withdrawal of Tax Exemption Privileges or Incentives.** — Unless otherwise provided in this Rule, beginning January 1, 1992, all local tax exemption privileges or incentives granted to and presently enjoyed by any person, whether natural or juridical, including GOCCs, are considered withdrawn, except the following:

(a) Local water districts;

(b) Cooperatives duly registered under RA 6938, otherwise known as the Cooperative Code of the Philippines;

(c) Non-stock and non-profit hospitals and educational institutions;

(d) Business enterprises certified by the Board of Investments (BOI) as pioneer or non-pioneer for a period of six (6) and four (4) years, respectively, from the date of registration;

(e) Business entity, association, or cooperatives registered under RA 6810; and

(f) Printer and/or publisher of books or other reading materials prescribed by DECS as school texts or references, insofar as receipts from the printing and/or publishing thereof are concerned.

Unless otherwise repealed by law, business and economic enterprises operating within export processing zones administered by the Export Processing Zone Authority shall continue to enjoy the tax exemption privileges and tax incentives granted in PD 66, as amended.

## **PART XII**

### **Taxpayer's Remedies**

**ARTICLE 284. Period of Assessment and Collection.** — (a) Local taxes, fees, or charges shall be assessed within five (5) years from the date they become due. No action for the collection of such taxes, fees, or charges, whether administrative or judicial, shall be instituted after the expiration of such period provided that taxes, fees or charges which have accrued before the effectivity of the Code may be assessed within a period of three (3) years from the date they became due.

**(b) In case of fraud or intent to evade the payment of taxes, fees, or charges, the same may be assessed within ten (10) years from discovery of the fraud or intent to evade payment.**

**(c) Local taxes, fees, or charges may be collected within five (5) years from the date of assessment by administrative or judicial action. No such action shall be instituted after the expiration of said period provided that taxes, fees, or charges assessed before the effectivity of the Code may be collected within a period of three (3) years from the date of assessment.**

**(d) The running of the periods of prescription provided in the preceding paragraphs shall be suspended for the time during which:**

**(1) The treasurer is legally prevented from making the assessment of collection;**

**(2) The taxpayer requests re-investigation and executes a waiver in writing before expiration of the period within which to assess or collect; and**

**(3) The taxpayer is out of the country or otherwise cannot be located.**

**ARTICLE 285. Protest on Assessment. — When the local treasurer or his duly authorized representative finds that correct taxes, fees, or charges have not been paid, he shall issue a notice of assessment stating the nature of the tax, fee, or charge the amount of deficiency, the surcharges, interests, and penalties. Within sixty (60) days from receipt of the notice of assessment, the taxpayer may file a written protest with the local treasurer contesting the assessment; otherwise, the assessment shall become final and executory. The local treasurer shall decide the protest within sixty (60) days from the time of its filing. If the local treasurer finds the protest to be wholly or partly meritorious, he shall issue a notice cancelling wholly or partially the assessment. If the local treasurer finds the assessment to be wholly or partly correct, he shall deny the protest wholly or partly with notice to the taxpayer.**

**The taxpayer shall have thirty (30) days from receipt of the denial of the protest or from the lapse of the sixty-day period prescribed in this Article within which to appeal with the court of competent jurisdiction; otherwise, the assessment becomes conclusive and unappealable.**

**ARTICLE 286. Claim for Refund or Tax Credit. — All taxpayers entitled to a refund or tax credit provided in this Rule shall file with the local treasurer a claim in writing duly supported by evidence of payment (e.g., official receipts, tax clearance, and such other proof evidencing overpayment within two (2) years from payment of the tax, fee, or charge. No case or proceeding shall be entertained in any court without this claim in writing, and after the expiration of two (2) years from the date of payment of such tax, fee, or charge, or from the date the taxpayer is entitled to a refund or tax credit.**

**The tax credit granted a taxpayer shall not be refundable in cash but shall only be applied to future tax obligations of the same taxpayer for the same business. If a taxpayer has paid in full the tax due for the entire year and he shall have no other tax obligation payable to the LGU concerned during the**

year, his tax credits, if any, shall be applied in full during the first quarter of the next calendar year on the tax due from him for the same business of said calendar year.

Any unapplied balance of the tax credit shall be refunded in cash in the event that he terminates operation of the business involved within the locality.

**ARTICLE 287. Authority of the Secretary of Finance.** — The Secretary of Finance shall, in consultation with the leagues of LGUs formulate and prescribe, from time to time, procedures and guidelines as may be necessary for the proper, efficient, and effective implementation of this Rule.

**RULE XXXI**  
**Real Property Taxation**

**ARTICLE 288. Scope.** — This Rule shall cover the administration, appraisal, assessment, levy, and collection of real property tax.

**ARTICLE 289. Fundamental Principles.** — The appraisal, assessment, levy, and collection of real property tax shall be governed by the following fundamental principles:

- (a) Real property shall be appraised at its current and fair market value;
- (b) Real property shall be classified for assessment purposes on the basis of its actual use;
- (c) Real property shall be assessed on the basis of a uniform classification within each LGU;
- (d) The appraisal, assessment, levy, and collection of real property tax shall not be let to any private person; and
- (e) The appraisal and assessment of real property shall be equitable.

**ARTICLE 290. Definition of Terms.** —

- (a) Acquisition Cost for newly-acquired machinery not yet depreciated and appraised within the year of its purchase, refers to the actual cost of the machinery to its present owner plus the cost of transportation, handling, and installation at the present site;
- (b) Actual Use refers to the purpose for which the property is principally or predominantly utilized by the person in possession thereof;
- (c) Ad Valorem Tax is a levy on real property determined on the basis of a fixed proportion of the value of the property;
- (d) Agricultural Land is land devoted principally to the planting of trees, raising of crops, livestock and poultry, dairying, salt making, inland fishing and similar aquacultural activities and is not classified as

mineral, timber, residential, commercial or industrial land;

(e) Appraisal is the act or process of determining the value of property as of a specific date for a specific purpose;

(f) Assessment is the act or process of determining the value of a property, or proportion thereof subject to tax, including the discovery, listing, classification, and appraisal of properties;

(g) Assessment Level is the percentage applied to the fair market value to determine the taxable value of the property;

(h) Assessed Value is the fair market value of the real property multiplied by the assessment level. It is synonymous to taxable value;

(i) Commercial Land is land devoted principally for the object of profit and is not classified as agricultural, industrial, mineral, timber, or residential land;

(j) Depreciated Value is the value remaining after deducting depreciation from the acquisition cost;

(k) Economic Life is the estimated period over which it is anticipated that a machinery or equipment may be profitably utilized;

(l) Fair Market Value is the price at which a property may be sold by a seller who is not compelled to sell and bought by a buyer who is not compelled to buy;

(m) Improvement is a valuable addition made to a property or an amelioration in its condition, which is intended to enhance its value, beauty or utility or to adapt it for new or further purposes, amounting to more than a mere repair or replacement of parts involving capital expenditures and labor and normally requiring a building permit;

(n) Industrial Land is land devoted principally to industrial activity as capital investment and is not classified as agricultural, commercial, timber, mineral, or residential land;

(o) Machinery embraces machines, equipment, mechanical contrivances, instruments, appliances or apparatus, which may or may not be attached, permanently or temporarily to the real property.

Physical facilities for production, installations and appurtenant service facilities, those which are mobile, self-powered, or self-propelled and those not permanently attached to the real property shall be classified as real property provided that:

(1) They are actually, directly, and exclusively used to meet the needs of the particular industry, business, or activity; and

**(2) By their very nature and purpose are designed for, or necessary to manufacturing, mining, logging, commercial, industrial, or agricultural purposes.**

**Machinery which are of general purpose use including but not limited to office equipment, typewriters, telephone equipment, breakable or easily damaged containers (glass or cartons), microcomputers, facsimile machines, telex machines, cash dispensers, furniture and fixtures, freezers, refrigerators, display cases or racks, fruit juice or beverage automatic dispensing machines which are not directly and exclusively used to meet the needs of a particular industry, business or activity shall not be considered within the definition of machinery under this Rule.**

**Residential machinery shall include machines, equipment, appliances or apparatus permanently attached to residential land and improvements or those immovable by destination.**

**(p) Mineral Lands are lands in which minerals, metallic or non-metallic, exist in sufficient quantity or grade to justify the necessary expenditures to extract and utilize such materials;**

**(q) Reassessment is the assigning of new assessed values to property, particularly real estate, as the result of a general, partial, or individual reappraisal of the property;**

**(r) Remaining Economic Life is the period of time expressed in years from the date of appraisal to the date when the machinery becomes valueless;**

**(s) Remaining Value is the value corresponding to the remaining useful life of the machinery;**

**(t) Replacement or Reproduction Cost is the cost that would be incurred on the basis of current prices, in acquiring an equally desirable property, on the basis of current prices with the same or closely similar materials; and**

**(u) Residential Land is land principally devoted to habitation.**

**ARTICLE 291. Administration of Real Property Tax. — Provinces and cities, including municipalities within MMA, shall be primarily responsible for the proper, efficient and effective administration of the real property tax, subject to the rules and regulations governing the classification, appraisal and assessment of real property issued by DOF.**

**The DOF and the province shall exercise the authority to review and examine on a continuing basis property, assessment, and real property tax records to ensure the proper implementation of this Rule and determine compliance with applicable laws, rules and regulations.**

**ARTICLE 292. Appraisal of Real Property. — Within sixty (60) days from the effectivity of these Rules, DOF shall promulgate rules and regulations and such procedural guidelines as may be necessary for the proper classification, appraisal, and assessment of real property in accordance with the provisions of this Rule.**

**ARTICLE 293. Declaration of Real Property by the Owner or Administrator. —**

**(a) All persons, natural or judicial, or their duly authorized representatives, owning or administering real property, including improvements thereon, within a city or a municipality, shall prepare or cause to be prepared, and file with the provincial, city, or municipal assessor, a sworn statement declaring the true value of their property or properties, whether previously declared or undeclared, taxable or exempt, which shall be the current and fair market value of the property as determined by the declarant.**

**(b) Such declaration shall contain a description of the property sufficient in detail to enable the local assessor or his deputy to identify the same for assessment purposes.**

**(c) All property owners or administrators or their duly authorized representatives shall file the sworn declaration of real property values once every three (3) years during the period from January 1 to June 30 of the year commencing with Calendar Year 1992.**

**(d) The DOF shall prescribe a standard form to be known as Sworn Declaration of Property Values for the use of all local assessors' offices, as well as the procedures to be observed in the filing and safekeeping thereof.**

**The sangguniang panlungsod and sangguniang bayan may enact their respective ordinances providing for the imposition of penalties or pecuniary fines on property owners or administrators who fail to comply with this Article.**

**ARTICLE 294. Duty of Persons Acquiring Real Property or Making Improvement Thereon. — (a) All persons, natural or juridical, or their duly authorized representatives, who acquire at any time a parcel or parcels of land in any city or municipality, shall file with the provincial, city, or municipal assessor of the locality where the property is located, a sworn statement declaring the true value of subject property within sixty (60) days after the acquisition of such property as evidenced by a duly notarized or final deed of conveyance executed between the contracting parties bearing proof of registration from the registrar of deeds concerned. The sixty-day period shall commence on the date of execution of the deed of conveyance.**

**(b) In the case of houses, buildings, or other improvements acquired or newly constructed which will require building permits, property owners or their authorized representatives shall likewise file a sworn declaration of the true value of the subject house, building, or other improvement within sixty (60) days after:**

**(1) The date of a duly notarized final deed of sale, contract, or other deed of conveyance covering the subject property executed between the contracting parties;**

**(2) The date of completion or occupancy of the newly constructed building, house, or improvement whichever comes earlier; and**

**(3) The date of completion or occupancy of any expansion, renovation, or additional structures or improvements made upon any existing building, house, or other real property, whichever comes earlier.**

**(c) In the case of machinery, the sixty-day period for filing the required sworn declaration of property values shall commence on the date of installation thereof as determined by the city or municipal assessor and, for this purpose, said local assessor may secure certification of the building official or engineer or other appropriate official stationed in the province, city, or municipality concerned.**

**(d) The sangguniang panlalawigan, sangguniang panlungsod, and sangguniang bayan shall enact their respective local ordinances providing for the imposition of penalties or pecuniary fines on property owners or administrators who fail to comply with this Article.**

**ARTICLE 295. Declaration of Real Property by the Local Assessor. — (a) The local assessor shall declare only real property previously undeclared from taxation purposes.**

**(b) In the case of real property discovered whose owner or owners are unknown, the provincial, city, or municipal assessor shall likewise declare the same in the name of the Unknown Owner, copy furnished the provincial assessor in the case of declarations made by a component city or municipal assessor, until such time that a person, natural or juridical, comes forth and files the sworn declaration of property values required under either Article 294 or 295 of this Rule, as the case may be.**

**(c) No oath shall be required of any declaration made by the provincial, city, or municipal assessor.**

**ARTICLE 296. Listing of Real Property in the Assessment Rolls. —**

**(a) In every province and city, including the municipalities within MMA, there shall be prepared and maintained by the provincial, city, or municipal assessor an assessment roll wherein all real property, whether taxable or exempt, located within the territorial jurisdiction of the LGU concerned shall be listed. Real property shall be listed, valued, and assessed in the name of the owner or administrator, or anyone having legal interest in the property.**

**(b) The undivided real property of a deceased person may be listed, valued, and assessed in the name of the estate or of the heirs and devisees without designating them individually; and undivided real property other than that owned by a deceased may be listed, valued, and assessed in the name of one or more co-owners provided, however, that such heir, devisee, or co-owner shall be liable severally and proportionately for all obligations imposed by this Rule and the payment of the real property tax with respect to the undivided property.**

**(c) The real property of a corporation, partnership, or association shall be listed, valued, and assessed in the same manner as that of an individual.**

**(d) Real property owned by the Republic of the Philippines, its instrumentalities and political subdivisions, the beneficial use of which has been granted, for consideration or otherwise, to a taxable person, shall be listed, valued, and assessed in the name of the possessor, grantee, or of the public entity if such property has been acquired or held for resale or lease.**

**ARTICLE 297. Proof of Exemption of Real Property from Taxation. — Every person by or for whom real property is declared, who shall claim tax exemption for such property under this Rule shall file with the provincial, city, or municipal assessor within thirty (30) days from the date of the declaration of real property sufficient documentary evidence in support of such claim including corporate charters, title of ownership, articles of incorporation, by laws, contracts, affidavits, certifications and mortgage deeds, and similar documents.**

**If the required evidence is not submitted within the period herein prescribed, the property shall be listed as taxable in the assessment roll. If the property shall be proven to be tax exempt, the same shall be dropped from the assessment roll.**

**ARTICLE 298. Real Property Identification System. — All declarations of real property made under the provisions of this Rule shall be kept and filed under a uniform classification system to be established by the provincial, city, or municipal assessor pursuant to such guidelines as may be issued by DOF for the purpose.**

**ARTICLE 299. Notification of Transfer of Real Property Ownership. — (a) Any person, natural or juridical, who transfers real property ownership to another shall accordingly notify the provincial, city, or municipal assessor concerned within sixty (60) days from the date of such transfer, which shall be determined on the basis of documents required in Article 294 and 295 of this Rule.**

**(b) The notice of transfer shall include the mode of conveyance, description of property alienated, and the name and address of the transferee.**

**(c) In addition to the notice of transfer, the previous property owner shall likewise surrender to the provincial, city or municipal assessor concerned, the tax declaration covering the subject property in order that the same may be cancelled from the assessment records of the LGU. If, however, said previous owner still owns property other than the property alienated, he shall, within the prescribed sixty-day period, file with the provincial, city, or municipal assessor concerned, as amended sworn declaration of the true value of the property or properties he retains in accordance with the provisions of Article 294 or 295 of this Rule.**

**ARTICLE 300. Duty of Registrar of Deeds to Apprise Local Assessor of Real Property Listed in Registry. — (a) Within six (6) months from the date of effectivity of the Code, and on or before June 30th of every year thereafter, the registrar of deeds shall prepare and submit to the provincial, city, or municipal assessor concerned the abstract of his Registry of Property which include a brief but sufficient description of the real property entered therein, their present owners, and the date of their most recent transfer or alienation accompanied by copies of corresponding deeds of sale,**

donation, or partition or other forms of alienation.

(b) Before any document of transfer, alienation, or encumbrance of real property may be registered, the registrar of deeds shall require the presentation of a certificate or clearance issued by the local treasurer concerned to the effect that all current year and past year basic and additional special education fund, real property taxes, and the tax on transfer of real property ownership in Rule XXX of these Rules, due on the subject property, have been paid in full including interests or penalties due thereon.

Failure to provide such certificate shall be a valid cause for the registrar of deeds to refuse the registration of the document. In the absence of such certification or tax clearance, the registration is null and void.

(c) The registrar of deeds and notaries public shall furnish the provincial, city, or municipal assessor with copies of all contracts, selling, transferring, or otherwise conveying, leasing, or mortgaging real property registered by, or acknowledged before them, within thirty (30) days from the date of registration or acknowledgment.

**ARTICLE 301. Duty of Official Issuing Building Permit or Certificate of Registration of Machinery to Transmit Copy to Local Assessor. — (a) Any person entrusted by law with the issuance of permits for the construction, renovation, addition, repair, or any other permanent improvement on land, or those who are authorized to issue certificates of registration or installation of any machinery, including mechanical contrivances and apparatus attached to or affixed on land or any other real property, shall transmit within thirty (30) days from the date of issuance a copy of such permits or certificates to the assessor of the province, city, or municipality where the building or machinery is situated. Where it is found to be more convenient or efficient, said official may, in lieu of individual copies of the said permits or certificates, furnish the local assessor concerned with monthly summaries of issued permits or certificates within the first ten (10) days of the succeeding month.**

(b) Any official referred to in paragraph (a) hereof shall likewise furnish the local assessor concerned with copies of the building floor plans and/or certificates of registration or installation of other machineries which may not be permanently or temporarily attached to land or another real property but falling under the definition of the term machinery under Article 291 of this Rule and the rules and guidelines issued by DOF.

**ARTICLE 302. Duty of Geodetic Engineer to Furnish Copy of Plans to Local Assessor. — All persons authorized by law to conduct land surveys and to certify as to the validity of such survey, whether public or private, shall furnish free of charge the assessor of the province, city, or municipality where the property is located with a white or blue print copy of all approved original or subdivision plans or maps of surveys they have conducted within thirty (30) days from receipt of such approved plans from LMB, National Land Titles and Deed Registration Administration, or Housing and Land Use Regulatory Board, as the case may be.**

**ARTICLE 303. Preparation of Schedule of Fair Market Values. — (a) Before any general revision of**

property assessment is made pursuant to the provisions of this Rule, there shall be prepared a schedule of fair market values by the provincial and city assessors, and the municipal assessors of the municipalities within MMA for the different classes of real property situated in their respective LGUs for enactment by ordinance of the sanggunian concerned. The schedule of fair market values shall be published in a newspaper of general circulation in the province, city, or municipality concerned, or in the absence thereof, shall be posted in the provincial capitol, city or municipal hall and in two (2) other conspicuous public places therein.

(b) In the preparation of schedules of fair market values, the provincial and city assessors and the municipal assessors of the municipalities within MMA shall be guided by the rules and regulations issued by DOF.

**ARTICLE 304. Authority of Local Assessors to Take Evidence.** — For the purpose of obtaining information on which to base the market value of any real property, the assessor of the province, city, or municipality or his deputy may summon the owners of the properties to be affected or persons having legal interest therein and witnesses, administer oaths, and take deposition concerning the property, its ownership, amount, nature, and value.

**ARTICLE 305. Amendment of Schedule of Fair Market Values.** — (a) The provincial, city or municipal assessor may recommend to the sanggunian concerned amendments to correct errors in valuation in the schedule of fair market values. The sanggunian concerned shall, by ordinance, act upon the recommendation within ninety (90) days from receipt thereof.

(b) The provincial, city, or municipal assessor may recommend to the sanggunian concerned amendments to the prevailing schedule of fair market values of the locality to correct errors arising from, or involving, omissions in the subject schedule of any kind or type of real property, or any city, district or barangay, or any road or street and/or the classification or sub-classification of real property.

**ARTICLE 306. Classes of Real Property for Assessment Purposes.** — Real property shall be classified as residential, agricultural, commercial, industrial, mineral, timberland, or special by the provincial and city assessors, including the municipal assessors of MMA. The cities and municipalities within MMA shall, through their respective sanggunians, exercise the power to classify lands as such in accordance with their zoning ordinances provided that for purposes of assessment, real property shall be classified on the basis of actual use regardless of where located as provided in Article 309 of this Rule.

**ARTICLE 307. Special Classes of Real Property.** — All lands, buildings, and other improvements thereon actually, directly and exclusively used for hospitals, cultural, or scientific purposes, and those owned and used by local water districts, and GOCCs rendering essential public services in the supply and distribution of water and generation and transmission of electric power shall be classified as special.

**ARTICLE 308. Actual Use of Real Property as Basis for Assessment.** — Real property shall be classified,

valued, and assessed on the basis of its actual use regardless of where located, whoever owns it, and whoever uses it.

**ARTICLE 309. Assessment Levels.** — (a) The assessment levels to be applied to the fair market value of real property to determine its assessed value shall be fixed by ordinances of the sangguniang panlalawigan, sangguniang panlungsod, or sangguniang bayan of a municipality within MMA, at the rates not exceeding the following:

**(1) On Lands:**

**Class Assessment Level**

Residential 20%  
Agricultural 40%  
Commercial 50%  
Industrial 50%  
Mineral 50%  
Timberland 20%

**(2) On Buildings and Other Structures:**

**Residential**

**Fair Market Value**

**Over Not Over Assessment Level**

P175,000.00 0%  
P175,000.00 300,000.00 10%  
300,000.00 500,000.00 20%  
500,000.00 750,000.00 25%  
750,000.00 1,000,000.00 30%  
1,000,000.00 2,000,000.00 35%  
2,000,000.00 5,000,000.00 40%  
5,000,000.00 10,000,000.00 50%  
10,000,000.00 60%

**Agricultural**

**Fair Market Value**

**Over Not Over Assessment Level**

P300,000.00 25%  
P300,000.00 500,000.00 30%  
500,000.00 750,000.00 35%  
750,000.00 1,000,000.00 40%  
1,000,000.00 2,000,000.00 45%  
2,000,000.00 50%

**Commercial or Industrial  
Fair Market Value  
Over Not Over Assessment Level**  
P300,000.00 30%  
P300,000.00 500,000.00 35%  
500,000.00 750,000.00 40%  
750,000.00 1,000,000.00 50%  
1,000,000.00 2,000,000.00 60%  
2,000,000.00 5,000,000.00 70%  
5,000,000.00 10,000,000.00 75%  
10,000,000.00 80%

**Timberland  
Fair Market Value  
Over Not Over Assessment Level**  
P300,000.00 45%  
P300,000.00 500,000.00 50%  
500,000.00 750,000.00 55%  
750,000.00 1,000,000.00 60%  
1,000,000.00 2,000,000.00 65%  
2,000,000.00 70%

**(3) On Machineries**

**Class Assessment Level**  
Agricultural 40%  
Residential 50%  
Commercial 80%  
Industrial 80%

**(4) On Special Classes: Assessment level for all lands, buildings, machineries and other improvements;**

**Actual Use Assessment Level**  
Cultural 15%  
Scientific 15%  
Hospital 15%  
Local Water District 10%  
GOCCs engaged in the supply  
and distribution of water and/  
or generation and transmission  
of electric power 10%

**(b) Assessment levels in paragraph (a) hereof shall be applied initially during the first general revision**

of real property assessments to be undertaken pursuant to Article 310 of this Rule.

(c) Pending the enactment of a schedule of fair market values under Articles 303 and 310 of this Rule and the effectivity of the revised new assessment levels, the prevailing schedules of market values and the levels currently used by the provincial, city, and municipal assessors shall continue to be applied.

**ARTICLE 310. General Revision of Assessments and Property Classification.** — (a) The provincial, city, or municipal assessor shall undertake a general revision of real property assessment within two (2) years after the effectivity of the Code and every three (3) years thereafter.

(b) For this purpose, the provincial assessors, the city assessors, and the municipal assessors of MMA shall prepare the schedule of fair market values for the different kinds and classes of real property located within their respective territorial jurisdictions within one (1) year from the effectivity of the Code in accordance with such rules and regulations issued by DOF.

(c) The general revision of assessments and property classification shall commence upon the enactment of an ordinance by the sanggunian concerned adopting the schedule of fair market values but not later than two (2) years from the effectivity of the Code. Thereafter, the provincial, city, or municipal assessor shall undertake the general revision of real property assessment and property classification once every three (3) years.

**ARTICLE 311. Valuation of Real Property.** — In cases where: (a) real property is declared and listed for taxation purposes for the first time; (b) there is an on-going general revision of property classification and assessment; or (c) a request is made by the person in whose name the property is declared, the provincial, city or municipal assessor or his duly authorized deputy shall, in accordance with the provisions of this Rule, make a classification, appraisal and assessment of the real property listed and described in the declaration irrespective of any previous assessment or taxpayer's valuation thereon provided that the assessment of real property shall not be increased oftener than once every three (3) years except in case of new improvements substantially increasing the value of said property or of any change in its actual use.

**ARTICLE 312. Date of Effectivity of Assessment or Reassessment.** — All assessments or reassessment made after the first (1st) day of January of any year shall take effect on the first (1st) day of January of the succeeding year provided, however, that the reassessment of real property due to its partial or total destruction, or to a major change in its actual use, or to any great and sudden inflation or deflation of real property values, or to the gross illegality of the assessment when made, or to any other abnormal cause, shall be made within ninety (90) days from the date any such cause or causes occurred, and shall take effect at the beginning of the quarter next following the reassessment.

**ARTICLE 313. Assessment of Property Subject to Back Taxes.** — Real property declared for the first time shall be assessed for the taxes for the period during which it would have been liable but in no case for more than ten (10) years prior to the date of initial assessment provided, however, that such taxes shall be computed on the basis of the applicable schedule of values in force during the

corresponding period.

If such taxes are paid on or before the end of the quarter following the date the notice of assessment was received by the owner or his representative, no interest for delinquency shall be imposed thereon; otherwise, such taxes shall be subject to an interest at the rate of two percent (2%) per month or a fraction thereof from the date of receipt of the assessment until such taxes are fully paid.

**ARTICLE 314. Notification of New or Revised Assessment.** — When real property is assessed for the first time or when an existing assessment is increased or decreased, the provincial, city, or municipal assessor shall, within thirty (30) days, give written notice of such new or revised assessment to the person in whose name the property is declared. The notice may be delivered personally or by registered mail or through the assistance of the punong barangay to the last known address of the person to be served.

**ARTICLE 315. Appraisal and Assessment of Machinery.** — (a) The fair market value of a brand new machinery shall be the acquisition cost. In all other cases, the fair market value shall be determined by dividing the remaining economic life of the machinery by its estimated economic life and multiplied by the replacement or reproduction cost.

(b) If the machinery is imported, the acquisition cost includes freight, insurance, bank and other charges, brokerage, arrastre and handling, duties and taxes, plus cost of inland transportation, handling, and installation charges at the present site. The cost in foreign currency of imported machinery shall be converted to peso cost on the basis of foreign currency exchange rates as fixed by the Central Bank.

**ARTICLE 316. Depreciation Allowance for Machinery.** — For purposes of assessment, a depreciation allowance shall be made for machinery at a rate not exceeding five percent (5%) of its original cost or its replacement or reproduction cost, as the case may be, for each year of use provided that the remaining value for all kinds of machinery shall be fixed at not less than twenty percent (20%) of such original, replacement, or reproduction cost for so long as the machinery is useful and in operation.

**ARTICLE 317. Local Board of Assessment Appeals.** — (a) Any property owner or person having legal interest or claim in the property who is not satisfied with the assessment of his property made by the provincial, city, or municipal assessor pursuant to the provisions of this Rule may, within sixty (60) days from the date of receipt of the written notice of assessment, appeal to local board of assessment appeals of the province or city where the subject property is situated by filing a petition under oath in the standard form prescribed therefore, together with copies of the tax declaration and such affidavits or documents in support of the appeal.

(b) In the case of municipalities within MMA, the appeals may be filed with the municipal board of assessment appeals of each municipality as provided in Article 318 of this Rule.

**ARTICLE 318. Organization, Powers, and Functions of the Local Board of Assessment Appeals. — (a) In the determination and resolution of assessment appeals, the provincial or city board of assessment appeals shall be composed of the following:**

**Registrar of Deeds — Chairman  
Provincial or City Prosecutor — Member  
Provincial or City Engineer — Member**

**(b) In the case of municipalities within MMA, the municipal board of assessment appeals shall be composed of the following:**

**Registrar of Deeds of the  
municipality or of the area  
having custody and jurisdiction  
over titles of land within the  
jurisdiction of the municipality — Chairman**

**Prosecutor designated or assigned  
to the municipality — Member  
Municipal Engineer — Member**

**(c) The chairman and members of the local board of assessment appeals shall serve in an ex officio capacity without additional compensation.**

**(d) The chairman of the board shall have the power to designate any employee of the province or city, or municipality within MMA, to serve as secretary to the said board.**

**(e) In cases of provinces or cities, and municipalities within MMA without a provincial, city, or municipal engineer, the district engineer shall serve as member of the board until a provincial or municipal engineer shall have been duly appointed or designated. In the absence of the registrar of deeds, or the prosecutor, or the local engineer, the persons performing their duties, whether in an acting capacity or as a duly designated officer-in-charge, shall automatically become the chairman or member of the said board, as the case may be.**

**(f) The chairman and members of the local board of assessment appeals shall assume their respective positions without need of further appointment or special designation immediately upon effectivity of the Code.**

**(g) Before the assumption of the official functions or before discharging their duties as chairman and members of the local board of assessment appeals, they shall take an oath or affirmation of office in the manner herein set forth:**

**"I \_\_\_\_\_, after having been appointed to the position of \_\_\_\_\_, in the province, city, or municipality of \_\_\_\_\_, and now**

assuming my position as \_\_\_\_\_ of the Board of Assessment Appeals of the province, city or municipality of \_\_\_\_\_, hereby solemnly swear that I will faithfully discharge to the best of my ability the duties of this position and of all others that I am holding, or may hereafter hold, under the Republic of the Philippines, and that I will support and defend the Constitution of the Philippines; and that I will obey the laws and legal orders promulgated by the duly constituted authorities of the Republic of the Philippines; and that I will well and truly hear and determine all matters and issues between taxpayers and the provincial or city assessor submitted for my decision, and that I impose this obligation upon myself voluntarily, without mental reservation or purpose of evasion.

So help me God.

\_\_\_\_\_  
Signature

Subscribed and sworn to before me on this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, at \_\_\_\_\_ Philippines.

\_\_\_\_\_  
Signature of Officer  
Administering Oath

**ARTICLE 319. Meetings and Expenses of the Local Board of Assessment Appeals. — (a) The local board of assessment appeals shall meet once a month and as often as may be necessary for the prompt disposition of appealed cases without entitlement to per diem or traveling expenses for their attendance in board meeting except when conducting an ocular inspection of real properties whose assessment is under appeal, in which case, such expenses shall be charged against the general fund of the province or city, or municipality within MMA, as the case may be.**

**(b) The sanggunian concerned shall include in their general appropriations ordinance necessary funds to defray expenses of the board.**

**ARTICLE 320. Action by the Local Board of Assessment Appeals. — (a) From the date of receipt of an appeal, the local board of assessment appeals shall, on the basis of substantial evidence or such relevant evidence on record adequately acceptable to support a conclusion, decide such appeal within one hundred twenty (120) days.**

**(b) In the exercise of its appellate jurisdiction, the board shall have the power to summon witnesses, administer oaths, conduct ocular inspection, take depositions, and issue subpoena and subpoena duces tecum. The proceedings of the board shall be conducted solely for the purpose of ascertaining the facts without necessarily adhering to technical rules applicable in judicial proceedings.**

**(c) The secretary of the board shall furnish the owner of the property or the person having legal interest therein and the provincial or city assessor or municipal assessor within MMA with a copy of**

the decision of the board. In case the provincial or city assessor or municipal assessor within MMA concurs with the revision or the assessment, it shall be his duty to notify the owner of the property or the person having legal interest therein of such fact using the form prescribed for the purpose. The owner of the property or the person having legal interest therein or the assessor who is not satisfied with the decision of the board may, within thirty (30) days after receipt of the decision of the board, appeal to the Central Board of Assessment Appeals as herein provided. The decision of the Central Board shall be final and executory.

**ARTICLE 321. Central Board of Assessment Appeals. —** The Central Board shall be composed of a chairman and two (2) members to be appointed by the President, who shall serve for a term of seven (7) years, without reappointment. Of those first appointed, the chairman shall hold office for seven (7) years, one member for five (5) years, and the other member of three (3) years. Appointment to any vacancy shall be only for the unexpired portion of the term of the predecessor. In no case shall any member be appointed or designated in a temporary or acting capacity. The chairman and the members of the Central Board shall be Filipino citizens, at least forty(40) years old at the time of their appointment, and members of the Bar or Certified Public Accountants for at least ten (10) years immediately preceding their appointment. The chairman of the Central Board shall have the salary grade equivalent to the rank of Director III under the Salary Standardization Law exclusive of allowances and other emoluments. The members of the Central Board shall have the salary grade equivalent to the rank of Director II under the Salary Standardization Law exclusive of allowances and other emoluments. The Central Board shall have appellate jurisdiction over all assessment cases decided by the local board and assessment appeals.

There shall be hearing officers to be appointed by the Central Board pursuant to civil service law, rules and regulations, one each of Luzon, Visayas, and Mindanao, who shall hold office in the City of Manila, Cebu City, and Cagayan de Oro City, respectively, and who shall serve for a term of six (6) years, without reappointment until their successors shall have been appointed and qualified. The hearing officers shall have the same qualifications as those of the Judges of the Municipal Trial Courts.

The hearing officers shall each have a salary grade equivalent to the rank of Director I under the Salary Standardization Law exclusive of allowances and other emoluments. The hearing officers shall try and receive evidences on the appealed assessment cases as may be directed by the Central Board.

The Central Board, in the performance of its powers and duties, may establish and organize staffs, offices, or units, prescribe the titles, functions and duties of their members, and adopt its own rules and regulations.

Unless otherwise provided by law, the annual appropriations for the Central Board shall be included in the annual budget of DOF.

**ARTICLE 322. Effect of Appeal on the Payment of Real Property Tax. —** Appeals on assessments of real property made under the provisions of this Rule shall, in no case, suspend the collection of the corresponding real property taxes on the property involved as assessed by the provincial or city

assessor, or the municipal assessor within MMA, without prejudice to subsequent adjustment depending upon the final outcome of the appeal.

**ARTICLE 323. Power to Levy Real Property Tax.** — Provinces and cities, and municipalities within MMA, through their respective sanggunians, may levy the annual ad valorem tax on real property such as land, buildings, machinery, and other improvements not specifically exempted under this Rule.

**ARTICLE 324. Rates of Levy.** — A province or a city, or a municipality within MMA shall fix a uniform rate of basic real property tax applicable in their respective jurisdictions as follows:

(a) For provinces: not exceeding one per cent (1%) of the assessed value;

(b) For cities or for municipalities within MMA: not exceeding two percent (2%) of the assessed value.

No public hearing shall be required before the enactment of a local tax ordinance levying the basic real property tax.

**ARTICLE 325. Exemption from Payment of Real Property Tax.** — The following are exempted from payment of the real property tax:

(a) All real property owned by the Republic of the Philippines or any of its political subdivisions, except when the beneficial use thereof has been granted, for consideration or otherwise, to a taxable person;

(b) Charitable institutions, churches, parsonages, or convents appurtenant thereto, mosques, nonprofit or religious cemeteries and all lands, buildings, and improvements actually, directly, and exclusively used for religious, charitable or educational purposes;

(c) All machineries and equipment that are actually, directly and exclusively used by local water districts and GOCCs engaged in the supply and distribution of water and/or generation and transmission of electric power;

(d) All real property owned by duly registered cooperatives as provided in RA 6938; and

(e) Machinery and equipment exclusively used for pollution control and environmental protection.

Except as provided in this Rule, any exemption from payment of real property tax previously granted to, or presently enjoyed by, all persons, whether natural or juridical, including all GOCCs are withdrawn upon the effectivity of the Code.

**ARTICLE 326. Additional Levy on Real Property for the Special Education Fund.** — A province or city, or a municipality within MMA, may levy and collect an annual tax of one percent (1%) on the

assessed value of real property which shall be in addition to the basic real property tax. The proceeds thereof shall exclusively accrue to the special education fund.

All provinces and cities, and the municipalities within MMA shall enact their respective tax ordinances imposing the additional tax for the special education fund.

No public hearing shall be required before the enactment of a local tax ordinance levying the additional one percent (1%) special education fund tax.

**ARTICLE 327. Additional Ad Valorem Tax on Idle Lands.** — A province or city, or a municipality within MMA, may levy an annual tax on idle lands at the rate not exceeding five percent (5%) of the assessed value of the property which shall be in addition to the basic real property tax.

**ARTICLE 328. Idle Lands, Coverage.** — For purposes of real property taxation, idle lands shall include the following:

(a) Agricultural lands, more than one (1) hectare in area, suitable for cultivation, dairying, inland fishery, and other agricultural uses, one-half (½) of which remain uncultivated or unimproved by the owner of the property or person having legal interest therein. Agricultural lands planted to permanent or perennial crops with at least fifty (50) trees to a hectare shall not be considered idle lands. Lands actually used for grazing purposes shall likewise not be considered idle lands.

(b) Lands, other than agricultural, located in a city or municipality, more than one thousand (1,000) square meters in area one-half (½) of which remain unutilized or unimproved by the owner of the property or person having legal interest therein.

Regardless of land area, this Article shall likewise apply to residential lots in subdivisions duly approved by proper authorities, the ownership of which has been transferred to individual owners, who shall be liable for the additional tax provided that individual lots of such subdivisions, the ownership of which has not been transferred to the buyer shall be considered as part of the subdivision, and shall be subject to the additional tax payable by the subdivision owner or operator.

**ARTICLE 329. Idle Lands Exempt from Tax.** — A province or a city or a municipality within MMA may exempt idle lands from the additional levy by reason of force majeure, civil disturbance, natural calamity, or any cause or circumstance which physically or legally prevents the owner of the property or person having legal interest therein from improving, utilizing, or cultivating the same.

**ARTICLE 330. Listing of Idle Lands by the Local Assessor.** — The provincial, city, or municipal assessor shall make and keep an updated record of all idle lands located within his area of jurisdiction. For purposes of collection, the provincial, city, or municipal assessor shall furnish a copy thereof to the provincial or city treasurer who shall notify, on the basis of such record, the owner of the property or person having legal interest therein of the imposition of the additional tax.

**ARTICLE 331. Special Levy by Local Government Units.** — A province, city, or municipality may impose a special levy on the lands comprised within its territorial jurisdiction specially benefited by public

works projects or improvements funded by the LGU concerned provided that the special levy shall not exceed sixty percent (60%) of the actual cost of such projects and improvements, including the costs of acquiring land and such other real property in connection therewith and provided further that the special levy shall not apply to lands exempt from basic real property tax and the remainder of the land portions of which have been donated to the LGU concerned for the construction of such projects or improvements.

**ARTICLE 332. Ordinance Imposing a Special Levy.** — A tax ordinance imposing a special levy shall describe with reasonable accuracy the nature, extent, and location of the public works projects or improvements to be undertaken, state the estimated cost thereof, specify the metes and bounds by monuments and lines and the number of annual installments for the payment of the special levy which in no case shall be less than five (5) nor more than ten (10) years. The sanggunian concerned shall not be obliged, in the apportionment and computation of the special levy, to establish a uniform percentage of all lands subject to the payment of the tax for the entire district, but it may fix different rates for different parts or sections thereof, depending on whether such land is more or less benefited by the proposed work.

**ARTICLE 333. Publication of Proposed Ordinance Imposing a Special Levy.** — Before the enactment of an ordinance imposing a special levy, the sanggunian concerned shall conduct a public hearing thereon and notify in writing the owners of the real property to be affected or the persons having legal interest therein as to the date and place thereof and afford the latter the opportunity to express their positions or objections relative to the proposed ordinance.

**ARTICLE 334. Fixing the Amount of Special Levy.** — The special levy authorized herein shall be apportioned, computed, and assessed according to the assessed valuation of the lands affected as shown by the books of the local assessor concerned, or its current assessed value as fixed by said assessor if the property does not appear on record in his books. Upon the effectivity of the ordinance imposing special levy, the assessor concerned shall forthwith proceed to determine the annual amount of special levy assessed against each parcel of land comprised within the area especially benefited and shall send to each landowner a written notice thereof by mail, personal service, or publication in appropriate cases.

**ARTICLE 335. Taxpayers' Remedies Against Special Levy.** — Any owner of real property affected by a special levy or any person having a legal interest therein may, upon receipt of the written notice of assessment of the special levy, avail of the remedies provided in Article 317 of this Rule.

**ARTICLE 336. Accrual of Special Levy.** — The special levy shall accrue on the first day of the quarter next following the effectivity of the ordinance imposing such levy.

**ARTICLE 337. Date of Accrual of Tax.** — The real property tax for any year shall accrue on the first day of January and from the date it shall constitute a lien on the property which shall be superior to any other lien, mortgage, or encumbrance of any kind whatsoever, and shall be extinguished only upon the payment of the delinquent tax.

**ARTICLE 338. Collection of Tax.** — The collection of the real property tax with interest thereon and related expenses, and the enforcement of the remedies provided in this Rule or any applicable laws, shall be the responsibility of the city or municipal treasurer concerned.

Property owners, however, at their option or convenience, may pay their real property taxes to the provincial treasurer of the province to which the municipality where the subject property is located, belongs.

The city or municipal treasurer may deputize the barangay treasurer to collect all taxes on real property located in the barangay provided that the barangay treasurer is properly bonded for the purpose and provided further that the premium on the bond shall be paid by the city or municipality concerned.

**ARTICLE 339. Local Assessor to Furnish Local Treasurer with Assessment Roll.** — The provincial, city, or municipal assessor shall prepare and submit to the local treasurer concerned, on or before the thirty-first (31st) day of December each year, an assessment roll containing a list of all persons whose real properties have been newly assessed or reassessed and the values of such properties.

**ARTICLE 340. Notice of Time for Collection of Tax.** — The city or municipal treasurer shall, on or before the thirty-first (31st) day of January each year, in the case of the basic real property tax and the additional tax for special education fund or on any other date to be prescribed by the sanggunian concerned in the case of any other tax levied in this Rule, post the notice of the dates when the tax may be paid without interest at a conspicuous and publicly accessible place at the city or municipal hall. Said notice shall likewise be published in a newspaper of general circulation in the locality once a week for two (2) consecutive weeks.

**ARTICLE 341. Payment of Real Property Taxes in Installments.** — The owner of the real property or the person having legal interest therein may pay the basic real property tax and the additional tax for special education fund due thereon without interest in four (4) equal installments; the first installment to be due and payable on or before the thirty-first (31st) of March, the second installment, on or before the thirtieth (30th) of June; the third installment, on or before the thirtieth (30th) of September, and the last installment on or before the thirty-first (31st) of December, except the special levy for which the payment thereof shall be governed by ordinance of the sanggunian concerned.

The date for payment of any other tax imposed in this Rule without interest shall be prescribed by the sanggunian concerned.

Payments of real property taxes shall first be applied to prior years delinquencies, interests, and penalties, if any, and only after said delinquencies are settled may tax payments be credited for the current period.

**ARTICLE 342. Tax Discount for Advanced and Prompt Payment.** — If the basic real property tax and the additional tax accruing to special education fund are paid on time or in advance in accordance

with the prescribed schedule of payment as provided in Article 341 of this Rule, the sanggunian concerned may grant a discount not exceeding twenty percent (20%) of the annual tax due.

For purposes of this Rule, prompt payments may be given a discount of ten percent (10%), while advanced payments may be entitled to the maximum discount of twenty percent (20%).

**ARTICLE 343. Payment Under Protest.** — (a) No protest shall be entertained unless the taxpayer first pays the tax. There shall be annotated on the tax receipts the words paid under protest. The protest in writing must be filed within thirty (30) days from payment of the tax to the provincial or city treasurer, or municipal treasurer, in the case of a municipality within MMA, who shall decide the protest within sixty (60) days from receipt.

(b) The tax or a portion thereof paid under protest shall be held in trust by the local treasurer concerned. Fifty percent (50%) of the tax paid under protest shall, however, be distributed in accordance with the provisions of this Rule on the distribution of proceeds.

(c) In the event that the protest is finally decided in favor of the taxpayer, the amount or portion of the tax protested shall be refunded to the protestant, or applied as tax credit against his existing or future tax liability.

(d) In the event that the protest is denied or upon the lapse of the sixty-day period prescribed in paragraph (a) hereof, the taxpayer may avail of the remedies provided in Articles 317 and 320 of this Rule.

**ARTICLE 344. Repayment of Excessive Collections.** — When an assessment of basic real property tax, or any other tax levied in this Rule, is found to be illegal or erroneous and the tax is accordingly reduced or adjusted, the taxpayer may file a written claim for refund or credit for taxes and interests with the provincial or city treasurer within two (2) years from the date the taxpayer is entitled to such reduction or adjustment.

The provincial or city treasurer shall decide the claim for tax refund or credit within sixty (60) days from receipt thereof. In case the claim for tax refund or credit is denied, the taxpayer may avail of the remedies as provided in this Rule.

**ARTICLE 345. Notice of Delinquency in the Payment of Real Property Tax.** — (a) When the real property tax or any other tax imposed in this Rule becomes delinquent, the provincial, city or municipal treasurer shall immediately cause a notice of the delinquency to be posted at the main entrance of the provincial capitol, or city or municipal hall and in a publicly accessible and conspicuous place in each barangay of the LGU concerned. The notice of delinquency shall also be published once a week for two (2) consecutive weeks, in a newspaper of general circulation in the province, city, or municipality concerned.

(b) The notice shall specify the date upon which the tax became delinquent and shall state that personal property may be distrained to effect payment. It shall likewise state that at any time before

the distraint of personal property, payment of the tax with surcharges, interests and penalties may be made in accordance with Article 346 of this Rule, and unless the tax, surcharges, and penalties are paid before the expiration of the year for which the tax is due, except when the notice of assessment or special levy is contested administratively or judicially pursuant to the provisions of this Rule, the delinquent real property will be sold at public auction, and the title to the property will be vested in the purchaser, subject, however, to the right of the delinquent owner of the property or any person having legal interest therein to redeem the property within one (1) year from the date of sale.

**ARTICLE 346. Interests on Unpaid Real Property Tax.** — Failure to pay the basic real property tax or any other tax levied in this Rule upon the expiration of the periods prescribed in Article 341 hereof, or when due, as the case may be, shall subject the taxpayer to the payment of interest at the rate of two percent (2%) per month on the unpaid amount or a fraction thereof, until the delinquent tax shall have been fully paid provided that in no case shall the total interest on the unpaid tax or portion thereof exceed thirty-six (36) months.

**ARTICLE 347. Remedies for the Collection of Real Property Tax.** — For the collection of the basic real property tax and any other tax levied under this Rule, LGU may avail of remedies by administrative or judicial action. The administrative remedies which are summary in nature are:

- (a) Levy on real property, and
- (b) Sale of real property at public auction.

The judicial remedy is availed of in the court of appropriate jurisdiction. These remedies are cumulative, simultaneous and unconditional, that is, any or all of the remedies or combination thereof may be resorted to and the use or non-use of one remedy shall not be a bar against the institution of the others. Formal demand for the payment of the delinquent taxes and penalties due is not a pre-requisite to such remedies. The notice of delinquency required in Article 346 of this Rule shall be sufficient for the purpose.

**ARTICLE 348. Local Government Lien.** — The basic real property tax and any other tax levied under this Rule constitute a lien on the property subject to tax, superior to all liens, charges or encumbrances in favor of any person, irrespective of the owner or possessor thereof, enforceable by administrative or judicial action, and may only be extinguished upon payment of the tax and the related interests and expenses.

**ARTICLE 349. Levy on Real Property.** — After the expiration of the time required to pay the basic real property tax or any other tax levied under this Rule, real property subject to such tax may be levied upon through the issuance of a warrant on or before, or simultaneously with the institution of the civic action for the collection of the delinquent tax. Levy on real property shall be made in the manner herein set forth.

- (a) The provincial or city treasurer, or municipal treasurer of a municipality within MMA when issuing a warrant of levy shall prepare the duly authenticated certificate showing the name of the

delinquent property owner or person having legal interest therein, the description of the property, the amount of the tax due and the interest thereon.

(b) The warrant shall be mailed to or served upon the delinquent real property owner or person having legal interest therein. In case he is out or can not be located, to the occupant or administrator of the subject property.

(c) Written notice of levy with the attached warrant shall be mailed to or served upon the assessor and the registrar of deeds of the province, city, or municipality within MMA where the property is located.

(d) The assessor and registrar of deeds shall annotate the levy on the tax declaration and the certificate of title, respectively.

(e) The levying officer shall submit a written report on the levy to the sanggunian concerned within ten (10) days after receipt of the warrant by the property owner or person having legal interest in the property.

**ARTICLE 350. Penalty for Failure to Issue and Execute Warrant.** — Without prejudice to criminal prosecution under the Revised Penal Code and other applicable laws, any local treasurer or his deputy who fails to issue or execute the warrant of levy within one (1) year from the time the tax becomes delinquent or within thirty (30) days from the date of the issuance thereof, or who is found guilty of abusing the exercise thereof in an administrative or judicial proceeding shall be dismissed from the service.

**ARTICLE 351. Advertisement and Sale.** — Within thirty (30) days after service of the warrant of levy, the local treasurer shall proceed to publicly advertise for sale or auction the property or a usable portion thereof as may be necessary to satisfy the tax delinquency and expenses of sale. The advertisement shall be effected by posting a notice at the main entrance of the provincial, city, or municipal building, and in a conspicuous and publicly accessible place in the barangay where the real property is located, and by publication once a week for two (2) weeks in a newspaper of general circulation in the province, city, or municipality where the property is located. The advertisement shall specify the amount of the delinquent tax, the interest due thereon and expenses of sale, the date and place of sale, the name of the owner of the real property or person having legal interest therein, and a description of the property to be sold. At any time before the date fixed for the sale, the owner of the real property or person having legal interest therein may stay the proceedings by paying the delinquent tax, the interest due thereon and the expenses of sale. The sale shall be held either at the main entrance of the provincial, city, or municipal building, or on the property to be sold, or any other place as specified in the notice of the sale.

Within thirty (30) days after the sale, the local treasurer or his deputy shall make a report of the sale to the sanggunian concerned, and which shall form part of his records. The local treasurer shall likewise prepare and deliver to the purchaser a certificate of sale which shall contain the name of the purchaser, a description of the property sold, the amount of the delinquent tax, the interest due

thereon, the expenses of the sale and a brief description of the proceedings provided that, proceeds of the sale in excess of the delinquent tax, the interest due thereon, and the expenses of sale shall be remitted to the owner of the real property or person having legal interest therein.

The local treasurer may, by a duly approved ordinance, advance an amount sufficient to defray the costs of collection through the remedies provided for in this Rule, including the expenses of advertisement and sale.

**ARTICLE 352. Redemption of Property Sold.** — Within one (1) year from the date of sale, the owner of the delinquent real property or person having legal interest therein, or his representative, shall have the right to redeem the property upon payment to the local treasurer of the amount of the delinquent tax, including the interest due thereon, and the expenses of sale from the date of delinquency to the date of sale, plus interest of not more than two percent (2%) per month on the purchase price from the date of sale to the date of redemption. Such payment shall invalidate the certificate of sale issued to the purchaser and the owner of the delinquent real property or person having legal interest therein shall be entitled to a certificate of redemption which shall be issued by the local treasurer or his deputy.

From the date of sale until the expiration of the period of redemption, the delinquent real property shall remain in the possession of the owner or person having legal interest therein who shall be entitled to the income and other fruits thereof.

The local treasurer or his deputy, upon receipt from the purchaser of the certificate of sale, shall forthwith return to the latter the entire amount paid by him plus interest of not more than two percent (2%) per month. Thereafter, the property shall be free from the lien of such delinquent tax, interest due thereon and expenses of sale.

**ARTICLE 353. Final Deed to Purchaser.** — In case the owner or person having legal interest therein fails to redeem the delinquent property as provided herein, the local treasurer shall execute a deed conveying to the purchaser said property, free from lien of the delinquent tax, interest due thereon and expenses of sale. The deed shall briefly state the proceedings upon which the validity of the sale rests.

**ARTICLE 354. Purchase of Property By the Local Government Units for Want of Bidder.** — In case there is no bidder for the real property advertised for sale as provided herein, or if the highest bid is for an amount insufficient to pay the real property tax and the related interest and costs of the sale, the local treasurer conducting the sale shall purchase the property in behalf of the LGU concerned to satisfy the claim and within two (2) days thereafter shall make a report of his proceedings which shall be reflected upon the records of his office. It shall be the duty of the registrar of deeds concerned, upon registration with his office of any such declaration of forfeiture, to transfer the title of the forfeited property to the LGU concerned without the necessity of an order from a competent court.

Within one (1) year from the date of such forfeiture, the taxpayer or his representative, may redeem the property by paying to the local treasurer the full amount of the real property tax and the related

interest and costs of sale. If the property is not redeemed as provided herein, the ownership thereof shall be fully vested on the LGU concerned.

**ARTICLE 355. Resale of Real Estate Taken for Taxes, Fees, or Charges.** — The sanggunian concerned may, by a duly approved ordinance, and upon notice of not less than twenty (20) days, sell and dispose of the real property acquired under the preceding Article at public auction. The proceeds of the sale shall accrue to the general fund of the LGU concerned.

**ARTICLE 356. Further Distraint or Levy.** — Levy may be repeated if necessary on the same property subject to tax until the full amount due, including all expenses, is collected.

**ARTICLE 357. Collection of Real Property Tax Through the Courts.** — The delinquent basic real property tax or any other tax levied under this Rule shall constitute a lawful indebtedness of the taxpayer to the LGU. Collection of such indebtedness can be enforced thru civil action in any court of competent jurisdiction, as follows:

(a) The provincial or city treasurer, or municipal treasurer of a municipality of MMA shall furnish the provincial attorney or city or municipal legal officer a certified statement of delinquency who, within fifteen (15) days after receipt, shall file the civil action in the name of the province, city, or municipality in the proper court of competent jurisdiction. The jurisdiction of the court is determined by the amount sought to be recovered exclusive of interests and costs. Thus, where the delinquent tax due does not exceed Ten Thousand Pesos (P10,000.00), the competent court is the municipal or city trial court, and where the amount due is in excess of Ten Thousand Pesos (P10,000.00), the proper court is the regional trial court.

(b) Where cognizable in an inferior court, the action must be filed in the municipality or city where the delinquent property is located. Where the regional trial court has jurisdiction, the plaintiff LGU shall file the complaint in the city or province where the property is situated.

(c) In both cases, that is, where the claim is either cognizable by an inferior court or by the regional trial court, the provincial or city treasurer shall furnish the provincial attorney or the city or municipal legal officer concerned the exact address of the defendant where he may be served with summons.

**ARTICLE 358. Action Assailing Validity of Tax Sale.** — (a) No court shall entertain any action assailing the validity of any sale at public auction of real property or rights therein under this Rule until the taxpayer shall have deposited with the court the amount for which the real property was sold, together with interest of two percent (2%) per month from the date of sale to the time of the institution of the action. The amount so deposited shall be paid to the purchaser at the auction sale if the deed is declared invalid but it shall be returned to the depositor if the action fails.

(b) No court shall declare a sale at public auction invalid by reason of irregularities or informalities in the proceedings unless the substantive rights of the delinquent owner of the real property or the person having legal interest therein have been impaired.

**ARTICLE 359. Payment of Delinquent Taxes on Property Subject of Controversy.** — In any action involving the ownership or possession of, or succession to, real property the court may, motu proprio or upon representation of the provincial, city, or municipal treasurer or their respective deputies, award such ownership, possession, or succession to any party to the action upon payment to the court of the taxes with interests due to the property and all other costs that may have accrued, subject to the final outcome of the action.

**ARTICLE 360. Certification of Local Treasurer on Delinquencies Remaining Uncollectible.** — The provincial, city, or municipal treasurer or their deputies shall prepare a certified list of all real property tax delinquencies which remained uncollected or unpaid for at least one (1) year in his jurisdiction, and a statement of the reason or reasons for such non-collection or non-payment, and shall submit said documents to the sanggunian concerned on or before December thirty-first (31st) of the year immediately succeeding the year in which the delinquencies were incurred, with a request for assistance in the enforcement of the remedies for collection provided in this Rule.

**ARTICLE 361. Periods Within Which To Collect Real Property Taxes.** — The basic real property tax and any other tax levied under this Rule shall be collected within five (5) years from the date they become due. No action for collection of the tax, whether administrative or judicial, shall be instituted after the expiration of such period. In case of fraud or intent to evade payment of the tax, such action may be instituted for the collection thereof within ten (10) years from the discovery of such fraud or intent to evade payment.

The period of prescription within which to collect shall be suspended for the time during which:

- (a) The local treasurer is legally prevented from collecting the tax;
- (b) The owner of the property or the person having legal interest therein requests for reinvestigation and executes a waiver in writing before the expiration of the period within which to collect; and
- (c) The owner of the property or the person having legal interest therein is out of the country or otherwise cannot be located.

**ARTICLE 362. Distribution of Proceeds.** — (a) The proceeds of the basic real property tax, including interest thereon, and proceeds from use, lease or disposition, sale or redemption of property acquired at a public auction, and fifty percent (50%) of the tax paid under protest collected by the local treasurer shall be distributed as follows:

Provinces

- (1) Provincial Share — Thirty-five percent (35%) shall accrue to the general fund.
- (2) Municipal Share — Forty percent (40%) shall accrue to the general fund of the municipality where the property is located.

**(3) Barangay Share — Twenty-five percent (25%) shall accrue to the barangay where the property is located.**

#### **Cities**

**(1) City Share — Seventy percent (70%) shall accrue to the general fund of the city.**

**(2) Barangay Share — Thirty percent (30%) shall be distributed among the component barangays of the cities where the property is located in the following manner:**

**(i) Fifty percent (50%) share accrue to the barangay where the property is located.**

**(ii) Fifty percent (50%) shall accrue equally to all component barangays of the city.**  
**Municipality within MMA**

**(1) Metropolitan Manila Authority Share — Thirty-five percent (35%) shall accrue to the general fund of the Authority.**

**(2) Municipal Share — Thirty-five percent (35%) shall accrue to the general fund of the municipality where the property is located.**

**(3) Barangay Share — Thirty percent (30%) shall be distributed among the component barangays of the municipality where the real property is located in the following manner:**

**(i) Fifty percent (50%) shall accrue to the barangay where the property is located.**

**(ii) Fifty percent (50%) shall accrue equally to all component barangays of the municipality.**

**(b) The share of each barangay shall be released directly to the barangay treasurer on a quarterly basis within five (5) days after the end of each quarter, without need of any further action, and shall not be subject to any lien or holdback for whatever purpose subject to such rules as may be prescribed by COA for this purpose.**

**ARTICLE 363. Application of Proceeds of the Additional One Percent (1%) Special Education Fund Tax. — (a) The proceeds of the additional one percent (1%) real property tax accruing to special education fund shall be automatically released to the local school boards.**

**(b) In case of provinces, the process of the special education fund shall be divided equally between the provincial and municipal school boards.**

**(c) Said proceeds shall be allocated as determined and approved by the local school board concerned only for the following purposes:**

**(1) operation and maintenance of public schools;**

**(2) construction and repair of school buildings, facilities and equipment;**

**(3) educational research;**

**(4) purchase of books and periodicals; and**

**(5) sports development.**

**ARTICLE 364. Proceeds of the Tax on Idle Lands. — The collection of additional real property tax on the idle lands shall accrue to the respective general fund of the province or city where the land subject to tax is situated. In the case of a municipality within MMA, the same shall accrue equally to the Metropolitan Manila Authority and the municipality where the land is situated. Accordingly, the proceeds of this tax shall be treated in the income account as revenue from taxation.**

**ARTICLE 365. Proceeds of the Special Levy. — The proceeds of the special levy of lands benefited by public works, projects and other improvements shall accrue to the general fund of the LGU which financed such public works, projects or other improvements. Accordingly, all income derived from this special levy shall be treated in the income account as revenue from taxation.**

**ARTICLE 366. General Assessment Revision; Expenses Incident Thereto. — (a) The sanggunian of provinces, cities and municipalities within MMA shall provide the necessary appropriations to defray the expenses incident to the general revision of real property assessment.**

**(b) All expenses incident to a general revision of real property assessments shall, by ordinance of the sangguniang panlalawigan, be apportioned between the province and the municipality on the basis of the taxable area of the municipality concerned.**

**(c) The barangays may be required by the sanggunian of the city or municipality to share in the expenses to be incurred for the conduct of a general revision of real property assessments.**

**ARTICLE 367. Condonation or Reduction of Real Property Tax and Interest. — In case of a general failure of crops or substantial decrease in the price of agricultural or agribased products, or calamity in any province, city, or municipality, the sanggunian concerned, by ordinance passed prior to the first (1st) day of January of any year and upon recommendation of the Local Disaster Coordinating Council, may condone or reduce, wholly or partially, the taxes and interest thereon for the succeeding year or years in the city or municipality affected by the calamity.**

**ARTICLE 368. Condonation or Reduction of Tax by the President of the Philippines. — The President of the Philippines may, when public interest so requires, condone or reduce the real property tax and interest for any year in any province or city or a municipality within MMA.**

**ARTICLE 369. Duty of Registrar of Deeds and Notaries Public to Assist the Provincial, City, or Municipal Assessor. — It shall be the duty of the registrar of deeds and notaries public to furnish the**

provincial, city, or municipal assessor with copies of all contracts selling, transferring or otherwise conveying, leasing or mortgaging real property received by, or acknowledged before them.

**ARTICLE 370. Duty of Insurance Companies to Furnish Information to Local Assessor.** — Insurance companies are hereby required to furnish the provincial, city, or municipal assessor copies of any contract or policy insurance on buildings, structures, and improvements insured by them or such other documents which may be necessary for the proper assessment thereof.

**ARTICLE 371. Fees in Court Actions.** — All court actions, criminal or civil, instituted at the instance of the provincial, city, or municipal treasurer or assessor under the provisions of this Rule, shall be exempt from the payment of court and sheriff's fees.

**ARTICLE 372. Fees in Registration of Papers or Documents on Sale of Delinquent Real Property to Provinces, Cities, or Municipalities.** — All certificates, documents and papers covering the sale of delinquent property to the province, city, or municipality, if registered in the Registry of Property, shall be exempt from the documentary stamp tax and registration fees.

**ARTICLE 373. Real Property Assessment Notices or Owner's Copies of Tax Declarations To Be Exempt from Postal Charges or Fees.** — All real property assessment notices or owner's copies of tax declarations sent through the mails by the assessor shall be exempt from payment of postal charges or fees.

**ARTICLE 374. Sale and Forfeiture Before Effectivity of the Code.** — Tax delinquencies incurred, and sales and forfeitures of delinquent real property effected, before the effectivity of the Code, shall be governed by the provisions of applicable laws then in force.

**ARTICLE 375. Penalties for Omission of Property from Assessment or Tax Rolls by Officers and Other Acts.** — Any officer charged with the duty of assessing a real property who willfully fails to assess, or who intentionally omits from the assessment or tax roll any real property which he knows to be taxable, or who willfully or negligently underassesses any real property, or who intentionally violates or fails to perform any duty imposed upon him by law relating to the assessment of taxable real property shall, upon conviction, be punished by imprisonment of not less than one (1) month nor more than six (6) months, or by a fine of not less than One Thousand Pesos (P1,000.00) nor more than Five Thousand Pesos (P5,000.00), or both such imprisonment and fine, at the discretion of the court.

The same penalty shall be imposed upon any officer charged with the duty of collecting the tax due on real property who willfully or negligently fails to collect the tax and institute the necessary proceedings for the collection of the same.

Any other officer required by this Rule to perform acts relating to the administration of the real property tax or to assist the assessor or treasurer in such administration, who willfully fails to discharge such duties shall, upon conviction, be punished by imprisonment of not less than one (1) month nor more than six (6) months, or by a fine of not less than Five Hundred Pesos (P500.00) nor

more than Five Thousand Pesos (P5,000.00), or both such imprisonment and fine, at the discretion of the court.

**ARTICLE 376. Penalties for Delaying Assessment of Real Property and Assessment Appeals. — Any government official who intentionally and deliberately delays the assessment of real property or the filing of any appeal against its assessment shall, upon conviction, be punished by imprisonment of not less than one (1) month nor more than six (6) months, or by a fine of not less than Five Hundred Pesos (P500.00), nor more than Five Thousand Pesos (P5,000.00), or both such imprisonment and fine, at the discretion of the court.**

**ARTICLE 377. Penalties for Failure to Dispose of Delinquent Real Property at Public Auction. — The local treasurer concerned who fails to dispose of delinquent real property at public auction in compliance with the pertinent provisions of this Rule, and any other LGU official whose acts hinder the prompt disposition of delinquent real property at public auction shall, upon conviction, be subject to imprisonment of not less than one (1) month nor more than six (6) months, or a fine of not less than One Thousand Pesos (P1,000.00) nor more than Five Thousand Pesos (P5,000.00), or both such imprisonment and fine, at the discretion of the court.**

#### **RULE XXXII**

#### **Shares of Local Government Units in the Proceeds of National Taxes**

#### **PART I**

#### **Internal Revenue Allotment**

**ARTICLE 378. Allotment of Internal Revenue Taxes. — The total annual internal revenue allotments (IRAs) due the LGUs shall be determined on the basis of collections from national internal revenue taxes actually realized as certified by the BIR during the third fiscal year preceding the current fiscal year as follows:**

**(a) For the first year of effectivity of the Code (1992), thirty percent (30%);**

**(b) For the second year (1993), thirty-five percent (35%); and**

**(c) For the third year (1994), and thereafter, forty percent (40%).**

**ARTICLE 379. Adjustment in the Internal Revenue Allotment Share. — (a) In the event that an unmanageable public sector deficit is incurred by the National Government, the Secretary of Finance, the Secretary of the Interior and Local Government, and the Secretary of Budget and Management shall submit to the President a joint recommendation that will institute necessary adjustments in the IRAs of LGUs.**

**(b) Upon receipt of the joint recommendation of the Secretary of Finance, the Secretary of the Interior and Local Government, and the Secretary of Budget and Management and subject to**

consultation with the presiding officers of both Houses of Congress and the presidents of the leagues of LGUs, the President shall authorize the necessary adjustments of the total IRA to be distributed among LGUs for the given year, provided that in no case shall the adjusted amount be less than thirty percent (30%) of the national internal revenue tax collections of the third fiscal year preceding the fiscal year during which the reduction is to be made.

(c) Adjustment to the IRA share of LGUs shall be made only after effecting a corresponding reduction of the National Government expenditures including cash and non-cash budgetary aids to GOCCs, government financial institutions (GFIs), the Oil Price Stabilization Fund (OPSF), and the Central Bank (CB).

**ARTICLE 380. Scope.** — (a) The IRA of LGUs shall be an integration of all allotments received by them under existing laws, such as the regular internal revenue allotments, the specific tax allotments (STA), and shares from the Local Government Revenue Stabilization Fund (LGRSF).

(b) Without prejudice to the provisions of RA 6743, the IRA of LGUs under the Autonomous Region in Muslim Mindanao shall be governed by the Code and the related implementing guidelines, which in no case shall be less than the amount as determined by the computational formula provided in Article 382 of this Rule.

(c) The share of COA in the collections of internal revenue taxes shall continue to be governed by Sec. 24 (3) of PD 1445, as amended.

**ARTICLE 381. Cost of Devolved Personal Services.** — For the first year of the effectivity of the Code, the thirty percent (30%) IRAs due LGUs shall include the cost of devolved functions for essential public services. The amount equivalent to the cost of devolved personal services shall be remitted to LGUs concerned in addition to their respective IRA for the year.

**ARTICLE 382. Allocation of the Internal Revenue Allotment.** — (a) The total annual IRA shares due all LGUs shall be allocated as follows:

Provinces — Twenty-three percent (23%)  
Cities — Twenty-three percent (23%)  
Municipalities — Thirty-four percent (34%)  
Barangays — Twenty percent (20%)

(b) The share of every province, city, and municipality shall be determined on the basis of the following distribution formula:

Population — Fifty percent (50%)  
Land Area — Twenty-five percent (25%)  
Equal Sharing — Twenty-five percent (25%)

(c) Every barangay with a population of not less than one hundred (100) inhabitants shall be entitled

to an IRA share of not less than Eighty Thousand Pesos (P80,000.00) per annum chargeable against the 20% share of the barangays from the total IRA;

(d) After deducting the aggregate sum of the individual barangay share of Eighty Thousand Pesos (P80,000.00) each from the total twenty percent (20%) allocation for all barangays, the remaining balance of said twenty percent (20%) allocation shall be further distributed to the barangays on the basis of the following formula:

(1) For Calendar Year 1992

Population — Forty percent (40%); and  
Equal Sharing — Sixty percent (60%).

(2) For Calendar Year 1993

Population — Fifty percent (50%) and  
Equal Sharing — Fifty percent (50%)

(3) For Calendar Year 1994; and thereafter

Population — Sixty percent (60%); and  
Equal Sharing — Forty percent (40%).

(e) Financial requirements for the initial year of existence of provinces, cities, and municipalities to be created after the effectivity of the Code shall be specified in the law creating said LGUs.

(f) Financial requirements of barangays created by LGUs after the effectivity of the Code shall be the responsibility of the LGU concerned.

**ARTICLE 383. Automatic Release of IRA Shares of LGUs.** — (a) The individual shares in IRA of each LGU shall be automatically released, without need of any further action, direct to the provincial, city, municipal, or barangay treasurer, as the case may be, on a quarterly basis but not beyond five (5) days after the end of each quarter.

(b) For the purpose of implementing this Article, the comprehensive Advice of Allotment for the IRA shares of LGUs for the whole year shall be released by DBM within the first ten (10) days of January of every year.

The corresponding Notices of Cash Allocation and checks, however, may be released on a monthly basis but in no case shall the total amount due any LGU for each quarter be released beyond five (5) days after the end of the corresponding quarter.

(c) The IRA share of LGUs shall not be subject to any lien or holdback that may be imposed by the National Government for whatever purpose unless otherwise provided in the Code or other

applicable laws and loan contract or project agreements arising from foreign loans and international commitments, such as premium contributions of LGUs to the Government Service Insurance System and loans contracted by LGUs under foreign-assisted projects.

(d) No LGU shall receive an annual IRA share that will be less than the total amount it actually received in 1991.

**ARTICLE 384. Allocation of Twenty Percent (20%) IRA Share of LGUs for Development Projects.** — It shall be mandatory for each LGU to set aside in its annual budgets amounts no less than twenty percent (20%) of its IRA for the year as appropriation for local development projects that are embodied or contained in the local development plans. Copies of local development plans shall be furnished the DILG.

**ARTICLE 385. Simplified Disbursement Scheme.** — The Secretary of Finance shall, in consultation with the Secretary of Budget and Management, design and install a simplified disbursement scheme that will ensure the prompt and regular release of the individual IRA shares of all LGUs.

## **PART II**

### **Share of Local Government Units in the National Wealth**

**ARTICLE 386. Share in the Proceeds from the Development and Utilization of the National Wealth.** — (a) LGUs shall have an equitable share in the proceeds derived from the utilization and development of the national wealth within their respective areas, including sharing the same with the inhabitants by way of direct benefits.

(b) The term national wealth shall mean all natural resources situated within the Philippine territorial jurisdiction including lands of public domain, waters, minerals, coal, petroleum, mineral oils, potential energy forces, gas and oil deposits, forest products, wildlife, flora and fauna, fishery and aquatic resources, and all quarry products.

**ARTICLE 387. Amount of Share of Local Government Units.** — (a) LGUs shall, in addition to the IRA, have a share of forty percent (40%) of the gross collection derived by the National Government from the preceding fiscal year from the following:

(1) Mining taxes, royalties, forestry and fishery charges, and such other taxes, fees, or charges, including related surcharges, interests, or fines, and from its share in any co-production, joint venture or production sharing agreement in the utilization and development of the national wealth within their territorial jurisdiction.

(2) Administrative charges enumerated herein accruing to the National Government whether collected by the National Government collecting agencies or, in certain cases, by LGUs.

(3) Proceeds from the development and utilization of national wealth where the LGU actually collects and automatically retains its share of at least forty percent (40%) of such proceeds shall not form

part of the revenue base in the computation of the forty percent (40%) share.

**ARTICLE 388. Share of the Local Government Units from Any Government-Owned or Controlled Corporations.** — LGUs shall have a share based on the preceding fiscal year from the proceeds derived by any NGA or GOCC engaged in the utilization and development of the national wealth based on the following formula whichever will produce a higher share for the LGU:

(a) One percent (1%) of the gross sales or receipts of the preceding calendar year; or

(b) Forty percent (40%) of the mining taxes, royalties, forestry and fishery charges and such other taxes, fees or charges, including related surcharges, interests, or fines the NGA or GOCC would have paid if it were not otherwise exempt.

**ARTICLE 389. Allocation of Shares.** — The share in the immediately preceding Article shall be distributed in the following manner:

(a) Where the natural resources are located in the province:

Province — Twenty percent (20%)

Component City or

Municipality — Forty-five percent (45%); and

Barangay — Thirty-five percent (35%)

provided that where the natural resources are located in two (2) or more provinces, or in two (2) or more component cities or municipalities or in two (2) or more barangays, their respective shares shall be computed on the basis of:

Population — Seventy percent (70%); and

Land Area — Thirty percent (30%).

(b) Where the natural resources are located in a highly-urbanized or independent component city:

City — Sixty-five percent (65%); and

Barangay — Thirty-five percent (35%).

provided that where the natural resources are located in such two (2) or more cities, the allocation of shares shall be based on the formula on population and land area as specified in paragraph (a) hereof.

**ARTICLE 390. Computation and Remittance of the Shares of Local Government Units.** — The computation and remittance of the shares of LGUs shall be in accordance with the following procedures:

(a) The computation of the forty percent (40%) share of each LGU in the proceeds from the

development and utilization of the national wealth from the preceding year, indicating the corresponding share of each province, city, municipality, and barangay where the national wealth is being developed and/or utilized, shall be submitted by the revenue collecting agencies to DBM not later than the fifteenth (15th) of March of each ensuing year.

(b) The allotment representing the share of each LGU shall be released without need of any further action, directly to the provincial, city, municipal, or barangay treasurers, as the case may be, on a quarterly basis within five (5) days after the end of each quarter, and which shall not be subject to any lien or holdback that may be imposed by the National Government.

(c) Share of LGUs from the proceeds derived by any NGA or GOCC engaged in the utilization and development of national wealth shall be directly remitted by such agency or corporation to the provincial, city, municipal, or barangay treasurer concerned within five (5) days after the end of each quarter. Within three (3) days from the date of remittance, the agency or corporation concerned shall furnish the Treasurer of the Philippines with a copy of the remittance advice.

**ARTICLE 391. Development and Livelihood Projects.** — The proceeds from the share of LGUs referred to in Article 386 of this Rule shall be appropriated by their respective sanggunian to finance local development and livelihood projects provided that at least eighty percent (80%) of the proceeds derived from the development and utilization of hydrothermal, geothermal, and other sources of energy shall be applied solely to lower the cost of electricity in the LGU where such source of energy is located.

**ARTICLE 392. Monitoring of Implementation.** — The DILG, in coordination with DOF and in actual consultation with the leagues of LGUs, shall monitor the proper implementation of Part Two of this Rule.

#### **RULE XXXIII**

##### **Local Government Credit Financing**

**ARTICLE 393. Scope.** — This Rule shall govern the power of LGUs to create indebtedness and to enter into credit and other financial transactions.

**ARTICLE 394. General Policy.** — (a) Any LGU may create indebtedness, and avail of credit facilities to finance local infrastructure and other socio-economic development projects in accordance with the approved local development plan and public investment program.

(b) An LGU may avail of credit lines from government or private banks and lending institutions for the purpose of stabilizing local finances.

**ARTICLE 395. Loans, Credits, and Other Forms of Indebtedness of Local Government Units.** — (a) An LGU may contract loans, credits, and other forms of indebtedness with any government or domestic private bank and other lending institutions to finance the construction, installation, improvement, expansion, operation, or maintenance of public facilities, infrastructure facilities, housing projects,

the acquisition of real property, and the implementation of other capital investment projects, subject to such terms and conditions as may be agreed upon by the LGU and the lender. The proceeds from such transactions shall accrue directly to the LGU concerned.

(b) An LGU may secure from any government bank and lending institution short-, medium-, and long-term loans and advances against security of real estate or other acceptable assets for the establishment, development, or expansion of agricultural, industrial, commercial, housing financing, and livelihood projects, and other economic enterprises.

(c) Government financial and other lending institutions are authorized to grant LGUs such loans, credit lines, advances, and other forms of indebtedness for projects and purposes referred in paragraph (b) hereof, preferably at concessional interest rates lower than the prevailing rates as may be authorized by the governing board of the financial or lending institution.

Prevailing rates shall mean the Central Bank standard reference rate for medium-and long-term loans.

(d) The authority of an LGU to incur loans, credits, or other forms of indebtedness shall be exercised through a sanggunian resolution, which shall expressly authorize the governor, the city mayor, the municipal mayor, or the punong barangay concerned to negotiate and enter into contract for purposes of securing the loan, credit, or indebtedness applied for.

**ARTICLE 396. Deferred-Payment and Other Financial Schemes.** — Provinces, cities, and municipalities may likewise acquire property, plant, machinery, equipment, and such necessary accessories under a supplier's credit, deferred payment plan, or other financial schemes under the following conditions:

(a) That the acquisition of such equipment, machinery, and their accessories shall be governed by the pertinent provisions of Rule XXXV of these Rules, whether such items are to be supplied or purchased from a local or foreign supplier; and

(b) That the local chief executive, through a sanggunian resolution, is authorized to negotiate the contract executed under the deferred payment scheme.

**ARTICLE 397. Bonds and Other Long-Term Securities.** — (a) Subject to the rules and regulations of the Central Bank and the Securities and Exchange Commission, provinces, cities and municipalities are authorized to issue bonds, debentures, securities, collaterals, notes, and other obligations to finance self-liquidating, income-producing development or livelihood projects pursuant to the priorities established in the approved local development plan or public investment program. The sanggunian concerned shall, through an ordinance approved by a majority of all its members, declare and state the terms and conditions of the bonds and the purpose for which the proposed indebtedness is to be incurred.

(b) In cases where the bond issue shall bear the guarantee of the National Government, the approval of the Secretary of Finance shall be required.

**ARTICLE 398. Inter-Local Government Loans, Grants, and Subsidies.** — Provinces, cities, and municipalities may, upon approval of a majority of all members of the sanggunian concerned and in amounts not exceeding their surplus funds, extend loans, grants, or subsidies to other LGUs under such terms and conditions as may be agreed upon by the contracting parties.

LGUs may, upon approval of their respective sanggunians, jointly or severally contract loans, credits, and other forms of indebtedness for purposes mutually beneficial to them.

**ARTICLE 399. Loans from Funds Secured by the National Government from Foreign Sources.** — (a) The President or his duly authorized representative may, through any government financial or other lending institution or agency, relend to any province, city, municipality, or barangay, the proceeds of loans contracted with foreign financial institutions or other international funding agencies for the purpose of financing the construction, installation, improvement, expansion, operation, or maintenance of public and facilities, infrastructure facilities, or housing projects, the acquisition of real property, and the implementation of other capital investment projects, subject to such terms and conditions as may be agreed upon by the President and the LGU concerned. The proceeds from such loans shall accrue directly to the said LGU.

(b) The President may likewise authorize the relending to LGUs of the proceeds of grants secured from foreign sources, subject to the provisions of existing laws and applicable grant agreements.

(c) Repayment or amortization of loans, including accrued interest thereon, may be financed partly from the income of the projects or services and from the regular income of the LGU, which must be provided for and appropriated regularly in its annual budget until the loan and the interest thereon have been fully paid.

**ARTICLE 400. Financing, Construction, Maintenance, Operation, and Management of Infrastructure Projects by the Private Sector.** — (a) LGUs may enter into contracts with any duly prequalified individual contractor, for the financing, construction, operation, and maintenance of any financially viable infrastructure facilities, under the build-operate-and-transfer (B-O-T) agreement, subject to the applicable provisions of RA 6957 authorizing the financing, construction, operation, and maintenance of infrastructure projects by the private sector and the rules and regulations issued thereunder and such terms and conditions provided in this Article.

(b) LGUs shall include in their respective local development plans and public investment programs priority projects that may be financed, constructed, operated and maintained by the private sector under this Article. It shall be the duty of the LGU concerned to disclose to the public all projects eligible for financing, including official notification of duly registered contractors and publication in newspapers of general or local circulation and in conspicuous and accessible public places. Local projects under the B-O-T agreement shall be confirmed by the LDC concerned.

(c) Projects implemented under this Article shall be subject to the following terms and conditions:

**(1) The provincial, city, or municipal engineer, as the case may be, upon formal request in writing by the local chief executive, shall prepare the plans and specifications for the proposed project, which shall be submitted to the sanggunian for approval.**

**(2) Upon approval by the sanggunian of the project plans and specifications, the provincial, city, or municipal engineer shall, as the case may be, cause to be published once every week for two (2) consecutive weeks in at least one (1) local newspaper which is circulated in the region, province, city or municipality in which the project is to be implemented, a notice inviting all duly qualified contractors to participate in a public bidding for the projects so approved. The conduct of public bidding and award of contracts for local government projects in this Article shall be in accordance with the Code and other applicable laws, rules and regulations.**

**In the case of a B-O-T agreement, the contract shall be awarded to the lowest complying bidder whose offer is deemed most advantageous to the LGU and based on the present value of its proposed tolls, fees, rentals, and charges over a fixed term for the facility to be constructed, operated, and maintained according to the prescribed minimum design and performance standards, plans, and specifications. For this purpose, the winning contractor shall be automatically granted by the LGU concerned the franchise to operate and maintain the facility, including the collection of tolls, fees, rentals, and charges in accordance with paragraph (c)(4) hereof.**

**In the case of a B-O-T agreement, the contract shall be awarded to the lowest complying bidder based on the present value of its proposed schedule of amortization payments for the facility to be constructed according to the prescribed minimum design and performance standards, plans, and specifications.**

**(3) Any contractor who shall undertake the prosecution of any project in this Article shall post the required bonds to protect the interest of the province, city, or municipality, in such amounts as may be fixed by the sanggunian concerned and the provincial, city, or municipal engineer shall, as the case may be, not allow any contractor to initiate the prosecution of projects in this Article unless such contractor presents proof or evidence that he has posted the required bond.**

**(4) The contractor shall be entitled to a reasonable return of his investment in accordance with his bid proposal as accepted by the LGU concerned.**

**In the case of a B-O-T agreement, the repayment shall be made by authorizing the contractor to charge and collect reasonable tolls, fees, rentals, and charges for the use of the project facility not exceeding those proposed in the bid and incorporated in the contract provided that the LGU concerned shall, based on reasonableness and equity, approve the tolls, fees, rentals, and charges provided, further, that the imposition and collection of tolls, fees, rentals, and charges shall be for a fixed period as proposed in the bid and incorporated in the contract which shall in no case exceed fifty (50) years and provided, finally, that during the lifetime of the contract, the contractor shall undertake the necessary maintenance and repair of the facility in accordance with standards prescribed in the bidding documents and in the contract.**

In the case of a B-O-T agreement, the repayment shall be made through amortization payments in accordance with the schedule proposed in the bid and incorporated in the contract.

In case of land reclamation or construction of industrial estates, the repayment plan may consist of the grant of a portion or percentage of the reclaimed land or the industrial estate constructed.

(5) Every infrastructure project undertaken in this Article shall be constructed, operated, and maintained by the contractor under the technical supervision of the LGU and in accordance with the plans, specifications, standards, and costs approved by it.

(d) The provincial, city or municipal legal officer shall, as the case may be, review the contracts executed pursuant to this Article to determine their legality, validity, enforceability, and correctness of form.

(e) The pertinent Rules and Regulations Implementing RA 6957 shall form part of this Rule (Annex D).

**ARTICLE 401. Remedies and Sanctions.** — LGUs shall appropriate in their respective annual budgets such amount as are sufficient to pay the loans and other indebtedness incurred or redeem or retire bonds, debentures, securities, notes, and other obligations issued pursuant to this Rule provided that failure to provide the appropriations herein required shall render their annual budgets inoperative.

Any LGU, through its local chief executive and upon authorization by the sanggunian concerned, may authorize the National Government to deduct or withhold a portion of its IRA share for the payment of its contractual obligation, subject to the limitations in Article 419(b) of Rule XXXIV of these Rules. For this purpose, the resolution of the sanggunian shall clearly state the name of the creditor, the nature of the indebtedness, the amount to be withheld, and a period of time that such withholding of IRA shares shall be made.

**ARTICLE 402. Prohibited Acts Related to the Awards of Contract.** — It shall be unlawful for any public official or employee in the province, city or municipality, or their relatives within the fourth civil degree of consanguinity or affinity, to enter into or have any pecuniary interest in any contract for the construction, acquisition, operation, or maintenance of any project awarded pursuant to the provisions of this Rule, or for the procurement of any supplies, materials, or equipment of any kind to be used in the said project. Any person convicted for violation of the provisions of this Rule shall be removed from office and shall be punished with imprisonment of not less than one (1) month but not more than two (2) years, at the discretion of the court, without prejudice to prosecution under other laws.

**ARTICLE 403. Technical Assistance.** — The DOF may provide technical assistance to any LGU in the availment of credit facilities, flotation of bonds, contracting of loans, and other indebtedness and shall issue such guidelines as may be necessary for the purpose.

#### **RULE XXXIV**

#### **Local Government Budgeting**

**ARTICLE 404. Scope.** — This Rule shall cover the budgeting operations of provinces, cities, municipalities, and barangays.

**ARTICLE 405. Fundamental Principles.** — The following fundamental principles shall govern local government budgeting:

(a) National planning shall be based on local planning to ensure that the needs and aspirations of the people as well as those of the LGUs shall be considered in the formulation of budgets of NGAs;

(b) Local budget plans and goals shall, as far as practicable, be harmonized with national development goals and strategies in order to optimize the utilization of resources and to avoid duplication in the use of fiscal and physical resources;

(c) LGUs shall formulate sound financial plans, and local budgets shall be based on functions, activities, and projects, in terms of expected results;

(d) LGUs shall ensure that their respective budgets incorporate the requirements of their component LGUs and provide for equitable allocation of resources among these LGUs;

(e) Local government budgets shall operationalize approved local development plans;

(f) No money shall be paid out of the local treasury except in pursuance of an appropriations ordinance or law;

(g) LGUs shall endeavor to have a balanced budget in each fiscal year of operation;

(h) Local government funds and monies shall be spent solely for public purposes;

(i) Trust funds in the local treasury shall not be paid out except in fulfillment of the purpose for which the trust was created or the funds received;

(j) Fiscal responsibility shall be shared by all those exercising authority over financial affairs, transactions, and operations of LGUs;

(k) Local revenue is generated only from sources expressly authorized by law or ordinance, and collection thereof shall at all times be acknowledged properly;

(l) All monies officially received by a local government officer in any capacity or on any occasion shall be accounted for as local funds, unless otherwise provided by law; and

(m) Every officer of LGU whose duties permit or require the possession or custody of local funds shall be properly bonded, and such officer shall be accountable and responsible for said funds and for the safekeeping thereof in conformity with the provisions of law.

**ARTICLE 406. Definition of Terms. — (a) Annual Budget refers to a financial plan embodying the estimates of income and expenditures for one (1) fiscal year;**

**(b) Appropriation refers to an authorization made by the ordinance directing the payment of goods and services from local government funds under specified conditions or for specific purposes;**

**(c) Budget Document refers to the instruments used by the local chief executive to present a comprehensive financial plan to the sanggunian concerned;**

**(d) Capital Outlay refers to appropriation for the purchase of goods and services, the benefits of which extend beyond the fiscal year and which add to the assets of the LGU concerned, including investments in public utilities such as public markets and slaughterhouses;**

**(e) Continuing Appropriation refers to an appropriation available to support obligation for a specified purpose or project, such as those for the construction of physical structures or for the acquisition of real property or equipment, even when these obligations are incurred beyond the budget year;**

**(f) Current Operating Expenditures refer to appropriations for the purchase of goods and services for the conduct of normal local government operations within the fiscal year, including goods and services that will be used or consumed during the budget year;**

**(g) Expected Results refer to services, products, or benefits that will accrue to the public, estimated in terms of performance, measures, or physical targets;**

**(h) Fund refers to a sum of money or other assets convertible to cash, set aside for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations and constitutes an independent fiscal and accounting entity;**

**(i) Income refers to all revenues and receipts collected or received forming the gross accretions of funds of the LGU;**

**(j) Obligations refer to an amount committed to be paid by the LGU for any lawful act made by an accountable officer for and in behalf of the LGU concerned;**

**(k) Personal Services refer to appropriations for the payment of salaries, wages, and other compensation of temporary, contractual, and casual employees of the LGU;**

**(l) Receipts refer to income realized from the operations and activities of the LGU or are received by the LGU in the exercise of its corporate functions, consisting of charges for services rendered, conveniences furnished, or the price of a commodity sold, as well as loans, contributions or aids from other entities, except provisional advances for budgetary purposes;**

**(m) Revenues refer to income derived from the regular system of taxation enforced under the**

authority of law or ordinance and as such, accrue more or less regularly every year.

**ARTICLE 407. Composition.** — Local government budgets shall primarily consist of two (2) parts:

- (a) The estimates of income; and
- (b) The total appropriations covering the current operating expenditures and capital outlays.

**ARTICLE 408. Form and Content.** — The budget document shall contain:

- (a) A budget message of the local chief executive setting forth in brief the significance of the executive budget, particularly in relation to the approved local development plan;
- (b) A brief summary of the functions, projects, and activities to be accomplished in pursuit of the goals and objectives of the LGU for the ensuing fiscal year, specifically the delivery of basic services or facilities enumerated in Rule V of these Rules.
- (c) Summary of financial statements setting forth:
  - (1) The actual income and expenditures during the immediately preceding year;
  - (2) The actual income and expenditure of the first two (2) quarters and the estimates of income and expenditure for the last two (2) quarters of the current fiscal year;
  - (3) The estimates of income for the ensuing fiscal year from ordinances and laws existing at the time the proposed budget is transmitted, together with other revenue-raising proposals;
  - (4) The estimated expenditures necessary to carry out the functions, projects, and activities of the LGU for the ensuing fiscal year;
  - (5) All essential facts regarding the bonded and other long-term obligations and indebtedness of the LGU, if any;
  - (6) Summary statement of all statutory and contractual obligations due; and
  - (7) Such other financial statements and data as are deemed necessary or desirable in order to disclose in all practicable detail the financial condition of the LGU.

**ARTICLE 409. Internal Revenue Allotment and Shares in the Utilization of National Wealth.** — For purposes of budget preparation, DBM and other appropriate NGAs and GOCCs concerned, shall provide LGUs, not later than the fifteenth (15th) day of June of each year, information as to their allocation of, and shares from, the utilization and development of national wealth, if any, for the budget year.

**ARTICLE 410. Submission of Local Development Plan. —** LDCs shall submit to the local finance committee a copy of the local development plan and annual investment program prepared and approved during the fiscal year before the calendar for budget preparation in accordance with applicable laws, specifying therein projects proposed for inclusion in the local government budget as well as in the budgets of NGAs or GOCCs concerned.

The local finance committee shall use the plan to ensure that projects proposed for local funding are included in the budget.

NGAs and GOCCs shall provide LGUs all necessary information on projects already funded in their respective budgets. Such information shall include specifically, among other things: name of project, location, sources, and levels of funding for said projects. The same information must be made available to the local finance committee concerned within the first quarter of the year to avoid duplications in funding project proposals.

**ARTICLE 411. Submission of Detailed Statements of Income and Expenditures. —** On or before the fifteenth (15th) day of July of each year, local treasurers shall submit to their respective local chief executives a certified statement, covering the income and expenditures of the preceding fiscal year, the actual income and expenditures of the first two (2) quarters of the current year and the estimated income and expenditures for the last two (2) quarters of the current year.

All statements of income and expenditures referred to in this Article, shall be jointly certified by the local treasurer and the local accountant.

**ARTICLE 412. Local Finance Committee. —** There shall be created in every province, city, or municipality a local finance committee to be composed of the local planning and development coordinator, the local budget officer, and the local treasurer. The committee shall:

- (a) Determine the income reasonably projected as collectible for the ensuing fiscal year;
- (b) Recommend appropriate tax and other revenue measures or borrowing which may be required to support the budget;
- (c) Recommend to the local chief executive concerned the level of annual expenditures and ceilings of spending for economic, social, and general services based on the approved local development plans;
- (d) Recommend to the local chief executive concerned the proper allocation of expenditures for each development activity between current operating expenditures and capital outlays;
- (e) Recommend to the local chief executive concerned the amount to be allocated for capital outlay under each development activity or infrastructure project;
- (f) Assist the sangguniang panlalawigan in the review and evaluation of the budget of component

**cities and municipalities in the case of the provincial finance committee, the barangay budgets in the case of the city or the municipal finance committee, and recommend appropriate action thereon;**

**(g) Assist the sanggunian concerned in the analysis and review of annual regular and supplemental budgets of the respective LGUs to determine compliance with statutory and administrative requirements; and**

**(h) Conduct semi-annual review and general examination of costs and accomplishments against performance standards applied in undertaking development projects, and prepare a report thereon. A copy of the report shall be furnished the local chief executive and the sanggunian concerned, and shall be posted in conspicuous and publicly accessible places in the provinces, cities, municipalities, and barangays.**

**ARTICLE 413. Submission of Budget Proposals by Heads of Offices or Departments. — (a) Each head of office or department shall submit a budget proposal for his office or department to the local chief executive on or before the fifteenth (15th) day of July of each year.**

**The budget proposal of each office or department shall be categorized under either economic, social, or general services. Each service shall be covered by the budget of at least one (1) office or department of the LGU.**

**(b) The basic services and facilities shall be funded from the share of LGUs in the proceeds of national taxes and other local revenues, and funding support from the National Government, its instrumentalities and GOCCs which are tasked by law to establish and maintain such services or facilities. Any fund or resource available for the use of LGUs shall first be allocated for the provision of basic services or facilities enumerated in Rule V of these Rules before applying the same for other purposes, unless otherwise provided in these Rules.**

**(c) The budget proposal shall be prepared in accordance with such policy and program guidelines as the local chief executive may issue in conformity with the local development plan, the budgetary ceilings prescribed by the local finance committee, and the budgetary requirements and limitations prescribed under this Rule.**

**(d) The budget proposal of offices or departments shall be divided into two (2) parts:**

**(1) Current Operating Expenditures; and**

**(2) Capital Outlays.**

**(e) The budget proposal shall contain the following information:**

**(1) Objectives, functions, and projects showing the general character and relative importance of the work to be accomplished or the services to be rendered, and the costs thereof;**

**(2) Organizational charts and staffing patterns indicating the list of plantilla positions with their corresponding salaries, and proposals for reclassification of positions and salary changes, as well as the creation of new positions with their proposed salary grade, duly supported by proper justification;**

**(3) Brief description of the functions, projects, and activities for the ensuing fiscal year, expected results for each function, project, and activity, and the nature of work to be performed, including the objects of expenditure for each function, project, and activity;**

**(4) Relation of the work and financial proposals to approved local development plans;**

**(5) Estimated current operating expenditures and capital outlays with comparative data for the last two (2) preceding fiscal years, and current and ensuing fiscal years; and**

**(6) Accomplishment reports for the last two (2) preceding and the current fiscal years.**

**(f) The budget proposal of the sanggunian shall be submitted in the same manner and within the same period as those of the other offices or departments in the LGU.**

**ARTICLE 414. Preparation of Executive Budget. — Upon receipt of the statement of incomes and expenditures from the local treasurer, the budget proposals of the heads of offices or departments, and the estimates of income and budgetary ceilings from the local finance committee, the local chief executive shall prepare the executive budget for the ensuing fiscal year.**

**The local chief executive shall submit the executive budget to the sanggunian concerned not later than the sixteenth (16th) day of October of the current fiscal year. If the local chief executive fails to submit the budget within the prescribed date, he shall be subject to such criminal and administrative penalties as provided under these Rules and other applicable laws.**

**ARTICLE 415. Budget Authorization. — (a) Legislative Authorization of the Budget — On or before the end of the current fiscal year, the sanggunian concerned shall enact, through an ordinance, the annual budget of the LGU for the ensuing fiscal year on the basis of the estimates of income and expenditures submitted by the local chief executive.**

**In case the sanggunian concerned fails to pass the ordinance authorizing the annual appropriations at the beginning of the ensuing fiscal year, the ordinance authorizing the appropriations of the preceding year shall be deemed reenacted. The sanggunian shall continue to hold sessions without additional remuneration for its members until the ordinance authorizing the annual appropriations is approved, and no other business may be taken up during such sessions. If the sanggunian still fails to enact such ordinance after ninety (90) days from the beginning of the fiscal year, the reenacted budget shall remain in force and effect until such time that the ordinance authorizing the annual appropriations is approved by the sanggunian concerned. Only the annual appropriations for salaries and wages of existing positions, statutory and contractual obligations, and essential operating expenses authorized in the annual and supplemental budgets for the preceding year shall be deemed**

reenacted and disbursement of funds shall be in accordance therewith.

In the implementation of the reenacted budget, the local treasurer concerned shall exclude from estimates of income for the preceding year those realized from non-recurring sources, like national aids, proceeds from loans, sale of assets, prior year adjustments, and other analogous sources of income. National aids shall not include the IRA of LGUs and their shares in the utilization and development of national wealth.

No ordinance authorizing supplemental appropriations shall be passed in place of annual appropriations.

In case the revised income estimates be less than the aggregate reenacted appropriations, the local treasurer concerned shall accordingly advise the sanggunian concerned which shall, within ten (10) days from receipt of such advice, make necessary adjustments or reductions. The revised appropriations authorized by the sanggunian concerned shall then be the basis for disbursements.

The local sanggunian may not increase the proposed amount in the executive budget nor include new items except to provide for statutory and contractual obligations but in no case shall it exceed the total appropriations in the executive budget.

**(b) Veto Power of the Local Chief Executive** — The local chief executive may veto any ordinance of the sangguniang panlalawigan, sangguniang panlungsod, or sangguniang bayan on the ground that it is ultra vires or prejudicial to the public welfare, stating his reasons therefore in writing.

The local chief executive, except the punong barangay, shall exercise the power to veto any particular item or items of an appropriations ordinance, or an ordinance or resolution adopting a local development plan and public investment program, or an ordinance directing the payment of money or creating liability. In such cases, the veto shall not affect the item or items which are not objected to. The vetoed item or items shall not take effect unless the sanggunian overrides the veto in the manner provided in Rule XVII of these Rules; otherwise, the item or items in the appropriations ordinance of the previous year corresponding to those vetoed, if any, shall be deemed reenacted.

**ARTICLE 416. Effectivity of Budgets.** — (a) The ordinance enacting the annual budget shall take effect at the beginning of the ensuing calendar year.

**(b) Supplemental budget shall take effect upon its approval or on the date fixed in the ordinance.**

The local chief executive shall be primarily responsible for the execution and accountability for the annual and supplemental budgets.

**ARTICLE 417. Changes in the Annual Budget.** — Changes in the annual budget may be done through supplemental budgets.

No ordinance providing for a supplemental budget shall be enacted except for the following:

(a) When supported by funds actually available as certified by the local treasurer; or by new revenue sources;

Funds actually available refers to the amount of money actually collected as certified by the local treasurer during a given fiscal year which is over and above the realized estimated income of that year. An appropriation ordinance providing for the supplemental budget sourced out of funds actually available shall be enacted only once during the fiscal year.

(b) In times of public calamity by way of budgetary realignment to set aside appropriations for the purchase of supplies and materials or the payment of services which are exceptionally urgent or absolutely indispensable to prevent imminent danger to, or loss of, life or property, in the jurisdiction of the LGU or in other areas declared in a state of calamity by the President. Such ordinance shall clearly indicate the sources of funds available for appropriations, as certified under oath jointly by the local treasurer and the local accountant and attested by the local chief executive, and the various items of appropriations affected, and the reasons for the change.

**ARTICLE 418. Reversion of Unexpanded Balances of Appropriations; Continuing Appropriations.** — (a) Unexpected balances of appropriations authorized in the appropriations ordinance shall revert to the balance at the end of the fiscal year and shall not thereafter be available for expenditure except by subsequent enactment. Appropriations for capital outlays shall continue and remain valid until fully spent or the project is completed.

(b) Reversions of continuing appropriations shall not be allowed unless obligations therefore have been fully paid or otherwise settled. Balances of continuing appropriations shall be reviewed as part of the annual budget preparation. The sanggunian concerned may approve, upon recommendation of the local chief executive, the reversion of funds no longer needed in connection with the activities funded by said continuing appropriations.

Continuing appropriations refer to appropriations available to support obligations for a specified purpose or project, even when these obligations are beyond the budget year.

**ARTICLE 419. Budgetary Requirements.** — The budgets of LGUs for any fiscal year shall comply with the following requirements:

(a) The aggregate amount appropriated shall not exceed the estimates of income;

(b) Full provision shall be made for all statutory and contractual obligations of the LGU concerned provided that the amount of appropriations for debt servicing shall not exceed twenty percent (20%) of the regular income of the LGU concerned.

Regular income refers to the estimates of regular income for the budget year as determined by the local finance committee.

**(c) In the case of provinces, cities, and municipalities, aid to barangays shall be provided in amounts of not less than One thousand Pesos (P1,000.00) per barangay; and**

**(d) Five percent (5%) of the estimated revenue from regular sources shall be set aside as an annual lump sum appropriation for unforeseen expenditures arising from the occurrence of calamities provided that such appropriation shall be used only in the area or a portion thereof of the LGU, or other areas declared in a state of calamity by the President.**

**ARTICLE 420. General Limitations. — (a) The total appropriations, whether annual or supplemental, for personal services of an LGU for one (1) fiscal year shall not exceed forty-five percent (45%) in the case of first to third class provinces, cities, and municipalities, and fifty-five percent (55%) in the case of fourth or lower class provinces, cities, and municipalities, of the total annual income from regular sources realized in the next preceding fiscal year. The appropriations for salaries, wages, representation and transportation allowances of officials and employees of public utilities and economic enterprises owned, operated, and maintained by the LGU concerned shall not be included in the annual budget and in the computation of the maximum amount for personal services. The appropriations for personal services of such economic enterprises shall be charged to their respective budgets. The limitations prescribed herein shall apply only after the LGU shall have complied with the implementation of RA 6758 or Salary Standardization Law for existing and mandatory positions.**

**(b) No official or employee shall be entitled to a salary rate higher than the maximum fixed for his position or other positions of equivalent rank by applicable laws, rules and regulations issued thereunder;**

**(c) No local fund shall be appropriated to increase or adjust salaries or wages of officials and employees of the National Government, except as may be expressly authorized by law;**

**(d) In cases of abolition of positions and creation of new ones resulting from the abolition of existing positions in the career service, such abolition or creation shall be made in accordance with pertinent provisions of these Rules and civil service law, rules and regulations;**

**(e) Positions in the official plantilla for career positions which are occupied by incumbents holding permanent appointments shall be covered by adequate appropriations;**

**(f) No changes in designation or nomenclature of positions resulting in a promotion or demotion in rank or increase or decrease in compensation shall be allowed, except when the position is actually vacant, and the filing of such positions shall be strictly made in accordance with civil service law, rules and regulations;**

**(g) The creation of new positions and salary increases or adjustments shall in no case be made retroactive; and**

**(h) The annual appropriations for discretionary purposes of the local chief executive shall not exceed**

two percent (2%) of the actual receipts derived from basic real property tax in the next preceding calendar year. Discretionary funds shall be disbursed only for public purposes to be supported by appropriate vouchers and subject to such guidelines as may be prescribed by law. No amount shall be appropriated for the same purpose except as authorized in this Article.

**ARTICLE 421. Review of Appropriations Ordinances of Provinces, Highly-Urbanized Cities and Independent Component Cities, and Municipalities within the Metropolitan Manila Area. —** DBM shall review ordinances authorizing the annual or supplemental appropriations of provinces, highly-urbanized cities, independent component cities, and municipalities within MMA in accordance with the immediately succeeding Article.

**ARTICLE 422. Review of Appropriations Ordinances of Component Cities and Municipalities. — (a)** The Sangguniang Panlalawigan shall review the ordinances authorizing annual or supplemental appropriations of component cities and municipalities in the same manner and within the same period prescribed for the review of other ordinances.

(b) If within ninety (90) days from receipt of copies of appropriations ordinances of component cities and municipalities, the sangguniang panlalawigan takes no action thereon, the same shall be deemed to have been reviewed in accordance with law and shall continue to be in full force and effect. If within the same period, the sangguniang panlalawigan shall have ascertained that the ordinance authorizing annual or supplemental appropriations has not complied with the budgetary requirements and limitations provided in this Rule, the sangguniang panlalawigan shall, within the ninety-day period herein prescribed, declare such ordinance inoperative in its entirety or in part. Items of appropriation contrary to limitations prescribed in this Rule or in excess of the amounts prescribed herein shall be disallowed or reduced accordingly.

The sangguniang panlalawigan shall, within the same period advise the sangguniang panlungsod or Sangguniang bayan concerned through the local chief executive, of any action on the ordinance under review. Upon receipt of such advice, the city or municipal treasurer concerned shall not make further disbursements of funds from any of the items of appropriation declared inoperative, disallowed, or reduced.

(c) Appropriations for ordinary administrative purposes not duly obligated shall terminate with the fiscal year and all unexpended balances thereof shall be automatically reverted on the thirty-first (31st) day of December of each year to the general fund of LGU.

**ARTICLE 423. Preparation of Barangay Budgets. — (a)** Unless otherwise provided in this Rule, all the income of the barangay from whatever source shall accrue to its general fund and shall, at the option of the barangay concerned, be kept as trust fund in the custody of the city or municipal treasurer or be deposited in a bank, preferably government-owned, situated in or nearest to its area of jurisdiction. Such funds shall be disbursed in accordance with the provisions of this Rule.

Ten percent (10%) of the general fund of the barangay shall be set aside for the sangguniang kabataan. The said ten percent (10%) share shall be appropriated and administered by the

sangguniang kabataan and shall be spent for the purposes provided in Rule XXVII of these Rules except for personal services.

(b) On or before the fifth (5th) day of September each year, the city or municipal treasurer, jointly with the city or municipal accountant, shall issue a certified statement covering the actual income of the past year and estimates of income of the current and ensuing fiscal years from local sources for the barangay concerned. Based on such certified statements, the barangay treasurer shall submit, on or before the fifteenth (15th) day of September of each year, to the punong barangay a statement covering the estimates of income and expenditures for the past, current, and ensuing fiscal years.

(c) Upon receipt of the statement of income and expenditures from the barangay treasurer, the punong barangay shall prepare the barangay budget for the ensuing fiscal year in the manner and within the period prescribed in this Rule and submit the annual barangay budget to the sangguniang barangay for enactment.

(d) The total annual appropriations of a barangay for personal services, inclusive of benefits provided under applicable laws for one (1) fiscal year, shall not exceed fifty-five percent (55%) of the total annual income actually realized from local sources during the next preceding fiscal year.

(e) The barangay budget including changes therein shall be subject to the same budgetary requirements and limitations applicable to other local government budgets.

(f) The barangay ordinance enacting the annual budget shall take effect at the beginning of the ensuing calendar year. An ordinance enacting a supplemental budget shall take effect upon its approval or on the date fixed therein.

(g) The punong barangay shall be primarily responsible for the execution of and the accountability for the annual and supplemental budgets of the barangay.

**ARTICLE 424. Review of Barangay Budgets.** — (a) Within ten (10) days from its approval, copies of the barangay ordinance authorizing the annual appropriations shall be furnished the sangguniang panlungsod or the sangguniang bayan, through the city or municipal budget officer, as the case may be.

(b) The sanggunian concerned shall review the barangay ordinance to ensure compliance thereof with all the budgetary requirements and limitations provided in this Rule.

(c) If within sixty (60) days after receipt of the barangay ordinance the sanggunian concerned takes no action thereon, said ordinance shall continue to be in full force and effect. If within the same period the sanggunian concerned shall have ascertained that the subject ordinance contains appropriations in excess of the estimates of income duly certified as collectible, or that the same has not complied with the established budgetary requirement, said ordinance shall be declared inoperative in its entirety or in part. Items of appropriations contrary to or in excess of any of the general limitations or the maximum amount prescribed in this Rule shall be disallowed or reduced

accordingly.

**(d) Within the established reglementary period, the sangguniang panlungsod or sangguniang bayan concerned shall return the barangay ordinance, through the city or municipal budget officer, to the punong barangay with the advice of action thereon in the form of a resolution or letter of review, as may be prescribed by the sanggunian concerned, for proper and appropriate adjustments and corrections; in which case, the barangay shall operate on the ordinance authorizing annual appropriations of the preceding fiscal year until such time that the new ordinance authorizing annual appropriations for the year in question shall have met the objections and disallowances raised by the reviewing sanggunian.**

**Upon receipt of the review action on the budget, the barangay treasurer or the city or municipal treasurer who has custody of the barangay funds shall not make further disbursements from any items of appropriation declared inoperative, disallowed, or reduced.**

**ARTICLE 425. Barangay Financial Procedures. — (a) The barangay treasurer shall collect taxes, fees, and other charges due and contributions accruing to the barangay. Official Receipts shall be issued for all such collections.**

**(b) When deputized by the provincial or city or municipal treasurer, the barangay treasurer shall collect real property taxes and all other taxes as may be imposed by the province, city, or municipality, as the case may be, due the barangay.**

**(c) Within five (5) days after receipt of collections, the barangay treasurer shall deposit all collections with the city, or municipal treasurer, or in the depository account maintained in the name of the barangay.**

**(d) The barangay treasurer may be authorized by the sangguniang barangay to:**

**(1) Hold petty cash that shall not exceed twenty percent (20%) of the funds available and to the credit of the barangay treasury; and**

**(2) Make direct purchases amounting to not more than One Thousand Pesos (P1,000.00) at any time for the ordinary and essential needs of the barangay.**

**(e) The financial records of the barangay such as books of accounts, ledgers, statements of income and expenditures, balance sheets, trial balances, and other documents shall be kept in the office of the city or municipal accountant in a simplified manner as may be prescribed by COA. The representatives of COA shall audit the accounts and financial records of the barangay annually, or as often as may be necessary, and shall submit an audit report thereon to the sangguniang panlungsod or sangguniang bayan, as the case may be.**

**The COA shall prescribe simplified procedures for barangay finances within six (6) months after approval of these Rules.**

**ARTICLE 426. Responsibility of the Department of Budget and Management and the Commission of Audit. — (a) The DBM, jointly with COA shall, within one (1) year from the effectivity of these Rules, promulgate a Budget Operations Manual for LGUs to improve and systematize methods, techniques, and procedures in local government budget preparation, authorization, execution, and accountability.**

**(b) The DBM shall promulgate such administrative issuances as may be needed from time to time relative to the implementation of the provisions of this Rule.**

**(c) The DBM shall, upon request of LGUs, extend technical assistance on local government budgeting.**

#### **RULE XXXV**

#### **Local Government Supply and Property Management**

**ARTICLE 427. Scope. — This Rule shall govern the procurement, care, utilization, custody, and disposal of supplies and the other aspects of supply management in an LGU.**

**This Rule shall not cover direct purchase made by the barangay treasurer that may be authorized by the sangguniang barangay pursuant to Article 101, Rule XVII of these Rules.**

**ARTICLE 428. Definition of terms. — (a) Lowest Complying and Responsible Bid refers to the proposal of one who offers the lowest price and meets all the technical specifications and requirements of the supplies desired, and as a dealer in the line of supplies involved, maintains a regular establishment, and has complied consistently with previous commitments;**

**(b) Suitable Substitute refers to that kind of article which would serve substantially the same purpose or produce substantially the same results as the brand, type, or make of article originally designed or requisitioned;**

**(c) Supplies include everything, except real property, which may be needed in the transaction of public business or in the pursuit of any undertaking, project, or activity, whether in the nature of equipment, furniture, stationary materials for construction or personal property of any sort, including non-personal or contractual services such as the repair and maintenance of equipment and furniture, as well as trucking, hauling, janitorial, security, and related services; and**

**(d) Terms and Conditions refer to other requirements not affecting the technical specifications and requirements of the required supplies desired such as bonding, terms of delivery and payment, and related preferences.**

**ARTICLE 429. General Rule in Procurement or Disposal. — Except as otherwise provided in this Rule, acquisition of supplies by LGUs shall be through competitive public bidding. Supplies which have become unserviceable or are no longer needed shall be sold, whenever applicable, at public auction, subject to applicable rules and regulations.**

The governor or city mayor, through the provincial or city general services officer, respectively, and the municipal mayor or punong barangay, through the municipal or barangay treasurer, shall provide for the efficient and effective property management in an LGU.

**ARTICLE 430. Procurement Organization.** — The office of the provincial or city general services officer shall exercise the function of acquiring all necessary supplies for the province and the city, respectively. The municipal treasurer and the barangay treasurer shall exercise the same function for the municipality and barangay, respectively.

**ARTICLE 431. Annual Procurement Program.** — (a) On or before the fifteenth (15th) day of July each year, the local chief executive shall prepare an annual procurement program for the ensuing fiscal year which shall contain an itemized quantity of supplies needed for the entire fiscal year, complete descriptions thereof as to kind, quantity and quality, estimated cost, and the balance on hand. The total estimated cost of the approved annual procurement program shall not exceed the total appropriations authorized for the acquisition of supplies.

LGUs may augment the supplies and equipment provided by the Supreme Court to the lower courts located in their respective jurisdictions.

(b) Except in emergency cases or where urgent indispensable needs could not have been reasonably anticipated, no purchase of supplies or property shall be made unless included in, or covered by, the approved procurement program.

(c) The conversion of excess cash into supplies or stock is prohibited except to the extent of the kind and quantity specified in the approved annual procurement plan.

(d) A violation of this Article shall be a ground for suspension or dismissal of any official or employee responsible therefore.

**ARTICLE 432. Requisition Procedures.** — (a) Requirement of Requisition — Any order for supplies shall be filled by the provincial general services officer, the city general services officer, the municipal treasurer or barangay treasurer, as the case may be, for any office or department of LGU concerned only upon written requisition as hereinafter provided.

(b) Preparation of Requisition — Requisition shall be prepared by the head of office or department, or the punong barangay for the barangay, needing the supplies, who shall certify as to their necessity for official use and shall specify the project or activity where the supplies or property are to be used.

(c) Certification on Existence of Appropriations — Every requisition must be accompanied by a request for obligation and allotment showing the certification of the local budget officer, the local accountant, and the local treasurer that an appropriation therefore exists; that the estimated amount of such expenditure has been obligated; and that funds are available for the purpose, respectively.

In case of the barangays, every requisition must be accompanied by a request for obligation and allotment showing the certifications of: the chairman of the committee on appropriations or its equivalent of the sangguniang barangay that an appropriation exists; the city or municipal accountant that the amount has been obligated; and the barangay treasurer that funds are available for the purpose.

**(d) Forms to be Used — Requisitions shall be accomplished using the following forms:**

**(1) Requisition and Issue Voucher (RIV) for supplies carried in stock; and**

**(2) Purchase Request (PR) for supplies not carried in stock.**

**(c) Approval of Requisitions — Approval of requisition by the head of the office or department concerned who has administrative control of the appropriation against which the proposed expenditure is chargeable is deemed sufficient, except in case of requisition for supplies to be carried in stock which shall be approved by the local chief executive concerned provided that such supplies are listed or included in the annual procurement plan and the maximum quantity thereof does not exceed the estimated consumption corresponding to a programmed three-month period and provided further that nothing herein contained shall be construed as authorizing the purchase of furniture and equipment for stock purposes.**

The punong barangay shall approve all requisitions of the barangay.

**ARTICLE 433. Call for Bids. — When procurement is to be made by LGUs, the provincial general services officer or city general services officer, or the municipal treasurer, or barangay treasurer shall call bids for open public competition. The call for bids shall show the complete specifications and technical descriptions of the required supplies and shall embody all terms and conditions of participation and award, terms of delivery and payment, and all other covenants affecting the transaction. In all calls for bids, the right to waive any defect in the tender as well as the right to accept the bid most advantageous to the government shall be reserved. In no case, however, shall failure to meet the specifications or technical requirements of the supplies desired be waived.**

**ARTICLE 434. Publication of Call for Bids. — (a) The call for bids shall be given the widest publicity possible, sending by mail or otherwise, any known prospective participant in the locality, copies of the call and by posting copies of the same in at least three (3) publicly accessible and conspicuous places in the provincial capitol or city, municipal, or barangay hall, as the case may be. The provincial general services officer, or the city general services officer, or municipal treasurer, or barangay treasurer, as the case may be, shall certify to the effect that these requirements have been complied with.**

**(b) The notice of the bidding may likewise be published in a newspaper of general circulation in the territorial jurisdiction of LGU concerned when the provincial general services officer, city general services officer, or the municipal treasurer, or the barangay treasurer, as the case may be, deems it**

necessary in order to obtain the lowest responsible and complying bid.

Unless otherwise directed by the committee on awards, publication shall be made at least ten (10) calendar days prior to the opening of bids.

**ARTICLE 435. Committee on Awards.** — (a) There shall be in every province, city, or municipality a committee on awards which shall exercise exclusive jurisdiction in deciding the winning bids and questions of awards on procurement and disposal of supplies or property except in cases of procurement through emergency purchase, or when the amortization is specifically vested by law in another body.

(b) The committee on awards shall be composed of the local chief executive as chairman; the local treasurer, the local accountant, the local budget officer, the provincial general services officer, the city general services officer, and the head of office or department for whose use the supplies are being procured, as members. In case a head of office or department would sit in a dual capacity, a member of the sanggunian elected from among its members shall sit as a member.

(c) The committee on awards of the barangay shall be the sangguniang barangay.

(d) In no case shall a National Government official sit as a member of the committee on awards.

**ARTICLE 436. Procedures on Awards.** — (a) Roster of Bidders — The provincial general services officer, the city general services officer, the municipal treasurer, or the barangay treasurer, respectively, shall maintain a list of bona fide bidders in their respective LGUs.

(b) Obligations of Bidders — Every bidder shall be presumed to know all terms and conditions of the call for bid and shall assume all risks attendant thereto.

(c) Quotations — Quotations must be certain and definite in amount. Unless otherwise called for in the call for bids, all quotations must be in Philippine currency inclusive of all government taxes, fees, imposts, or duties, if any, and all incidental expenses.

The bidders shall state the period during which offer is good, which in no case shall be less than sixty (60) days.

(d) Submission of Bids — On or before the time and date of opening of bids, the bidders shall submit their bids in sealed envelopes to the offices of the provincial general services officer and city general services officer or in the offices of the municipal treasurer or barangay treasurer, as the case may be. Said offices shall stamp thereon the time and date of receipt.

(e) Opening of Bids — All bids submitted shall be opened at the time, date and place set in the call for bids by the committee on awards. Opening of bids shall be made only in the presence of the provincial, city, or municipal auditor or his duly authorized representative who shall initial and secure copies of the bids and certify the abstract of the bidding.

**Bidders or their representatives may witness the proceedings.**

**(f) Acceptance of Bids and Awards — Award in the procurement of supplies shall be given to the lowest complying and responsible bid which meets all the terms and conditions of the contract or undertaking.**

**The results of the bidding shall be made public by posting the same in the provincial capitol or city, municipal, or barangay hall, as the case may be.**

**(g) Protest Against an Award — A losing bidder may file with the committee on awards a protest within ten (10) days from the date the winner was announced. The protest shall be in writing based on justifiable grounds, accompanied with a protest bond, either in cash, certified or cashier's check, or surety bond, in an amount equivalent to ten percent (10%) of the total value involved. Within seven (7) days from receipt of the protest, the committee on awards shall render its decision.**

**ARTICLE 437. Procurement Without Public Bidding. — The procurement of supplies may be made without the benefit of public bidding under any of the following modes:**

**(a) Procurement through Personal Canvass — Upon approval by the committee on awards, procurement of supplies may be effected after personal canvass of at least three (3) responsible merchants or suppliers in the locality by a committee of three (3) composed of the provincial or city general services officer or the municipal or barangay treasurer, as the case may be, the local accountant, and the head of office or department for whose use the supplies are being procured. The award shall be decided by the committee on awards.**

**Purchases through personal canvass under this paragraph shall not exceed the amounts specified hereunder for all items in any one (1) month for each LGU:**

**Provinces and Cities, and Municipalities within MMA:**

**First and Second Class — One Hundred Fifty Thousand Pesos (P150,000.00);  
Third and Fourth Class — One Hundred Thousand Pesos (P100,000.00);  
Fifth and Sixth Class — Fifty Thousand Pesos (P50,000.00);**

**Municipalities outside MMA:**

**First Class — Sixty Thousand Pesos (P60,000.00);  
Second and Third Class — Forty Thousand Pesos (P40,000.00);  
Fourth Class and Below — Twenty Thousand Pesos (P20,000.00);**

**Barangays in Cities, in Municipalities within the MMA, and in other Metropolitan Subdivisions as may be created by law — Ten Thousand Pesos (P10,000.00);**

All other barangays — Five Thousand Pesos (P5,000.00).

**(b) Emergency Purchase —**

**(1) In cases of emergency where the need for the supplies is exceptionally urgent or absolutely indispensable and only to prevent imminent danger to, or loss of, life or property, LGUs may, through the local chief executive concerned, make emergency purchases or place repair orders, regardless of amount, without public bidding. Delivery of purchase orders or utilization of repair orders pursuant to this Article shall be made within ten (10) days after placement thereof. Immediately after the emergency purchase or repair order is made, the head of office or department making the emergency purchase or repair order shall draw a regular requisition to cover the same which shall contain the following:**

**(i) Complete description of the supplies acquired or work done or to be performed;**

**(ii) By whom furnished or executed;**

**(iii) Date of placing the order and date and time of delivery or execution;**

**(iv) Unit price and total contract price;**

**(v) Brief and concise explanation of the circumstances why procurement was of such urgency that the same could not be done through regular course without involving danger to, or loss of, life or property;**

**(vi) Certification of the provincial general services officer, city general services officer, municipal treasurer, or barangay treasurer, as the case may be, to the effect that the price paid or contracted for was the lowest at the time of procurement; and**

**(vii) Certification of the local budget officer as to the existence of appropriations for the purpose, of the local accountant as to the obligation of the amount involved, and of the local treasurer as to availability of funds.**

**(2) The goods or services procured in case of emergency must be utilized or availed of within fifteen (15) days from the date of delivery or availability.**

**(3) Without prejudice to criminal prosecution under applicable laws, the local chief executive or the head of office making the procurement shall be administratively liable for any violation of the provisions on emergency purchase and shall be a ground for suspension or dismissal from service.**

**(c) Negotiated Purchase —**

**(1) In cases where public biddings have failed for two (2) consecutive times and no suppliers have qualified to participate or win in the biddings, LGUs may, through the local chief executive,**

undertake the procurement of supplies by negotiated purchase, regardless of amount, without public bidding provided that the contract covering the negotiated purchase shall be approved by the sanggunian concerned. Delivery of purchase orders or utilization of repair orders shall be made within seven (7) days after placement thereof. Immediately after the negotiated purchase or repair order is made, the local chief executive concerned shall draw a regular requisition to cover the same which shall contain the following:

(i) Complete description of the supplies acquired or the work done or to be performed;

(ii) By whom furnished or executed;

(iii) Date of placing the order and date and time of delivery or execution;

(iv) Unit price and total contract price;

(v) Certification of the provincial general services officer, city general services officer, municipal treasurer, or barangay treasurer, as the case may be, to the effect that the price or contracted for was the lowest at the time of procurement; and

(vi) Certification of the local budget officer as to the existence of appropriations for the purpose; of the local accountant as to the obligation of the amount involved; and of the local treasurer as to availability of funds.

(2) In case of repeat orders for regular supplies, procurement may be made by negotiated purchase provided that the repeat order is made within three (3) months from the last procurement of the same item and provided further, that the same terms and conditions of sale are obtained for the same repeat order.

(d) Procurement from Duly Licensed Manufacturers — Procurement of supplies or property may be made directly from duly licensed manufacturers in cases of supplies of Philippine manufacture or origin. The manufacturer must be able to present proof showing that it is a duly licensed manufacturer of the desired product.

In case there are two (2) or more known manufacturers of the required supplies or property, canvass of prices of the known manufacturers shall be conducted to obtain the lowest price for the same quality of said supplies or property.

The award for the procurement of supplies or property from duly licensed manufacturers shall be made by the committee on awards.

(e) Procurement from Exclusive Philippine Agents or Distributors —

(1) Procurement of supplies or property of foreign origin may preferably be made directly from the exclusive or reputable Philippine agents or distributors under the following terms and conditions:

**(i) That the Philippine agent or distributor has no subagents or subdealers selling at lower prices; and**

**(ii) That no suitable substitutes of substantially the same quality are available at lower prices.**

**(2) The award for the procurement of supplies from exclusive Philippine agents or distributors shall be made by the committee on awards.**

**(f) Procurement from Government Entities —**

**(1) Government entities that are possible sources of supplies or property may be requested to fill the needs of LGUs. Procurement procedures established by these entities shall be observed.**

**(2) Prior authority from the Office of the President shall be secured in cases of procurement from units or agencies of foreign governments with which the Philippines maintains diplomatic relations.**

**ARTICLE 438. Archival System. — Upon the effectivity of these Rules, every LGU shall provide for the establishment of an archival system to ensure the safety and protection of all government property, public documents or records such as records of births, marriages, property inventory report, land assessments, land ownership, tax payments, tax accounts, business permits, and such other records or documents of public interest in the various offices and departments in the province, city, or municipality, and the barangay concerned.**

**ARTICLE 439. Primary and Secondary Accountability for Government Property. — (a) The head of office or department of a province, city, or municipality or the punong barangay, shall be primarily accountable for all supplies and property assigned or issued to his office or department. The person or persons entrusted with the possession or custody of supplies and property under the primary accountability of the head of an office or department shall be immediately accountable to said officer.**

**(b) The head of an office or department primarily accountable for government property may require the person in possession or having custody and control thereof under him to keep such records and make reports as may be necessary for his own information and protection.**

**(c) It shall be the duty of every head of an office or department to keep a complete record of all supplies and property under his charge and render his accounts thereof semi-annually to the provincial or city general services officer or the municipal mayor or punong barangay, as the case may be. The municipal or barangay treasurer, as the case may be, shall be furnished with a copy of said report.**

**(d) Buildings and other physical structures shall be under the accountability and responsibility of the provincial or city general services officer, municipal mayor or punong barangay, as the case may be. He shall keep a separate and updated record of these properties and shall submit an inventory report to the provincial, city, or municipal auditor on or before the fifteenth (15th) day of January each year**

showing, among other things, the condition of said properties.

**ARTICLE 440. Responsibility for Proper Use and Care of Government Property.** — The person in actual physical possession of or entrusted with the custody or control of supplies or property shall be responsible for the proper use and care of the same and shall exercise due diligence in the utilization and safekeeping thereof. He shall likewise keep a complete and updated record of such supplies and property and shall render an account thereof semi-annually to the head of office or department concerned.

**ARTICLE 441. Measure of Liability of Persons Accountable for Government Property.** — (a) The person in possession of or having custody or control of supplies or property shall be liable for its money value in case of illegal, improper, or unauthorized use or misapplication thereof, by himself or any other person whose acts he may be responsible for, and shall be liable for all loss, damage, or deterioration occasioned by negligence in the keeping or use of such property, unless it is proven that he has exercised due diligence and care in the utilization and safekeeping thereof.

(b) Unless he registers his objection in writing, an accountable person shall not be relieved from liability by reason of his having acted under the direction of a superior officer in using supplies or property for which he is accountable. The officer directing any illegal, unauthorized, or improper use of property shall first be required to answer therefore.

(c) In cases of loss, damage, or deterioration of government property arising from, or attributable to negligence in security, the head of the local security unit shall be held liable therefore.

**ARTICLE 442. Credit for Loss Occurring in Transit or Due to Casualty.** — (a) When loss of government property occurs in transit or is caused by fire, theft, force majeure, or other casualty, it shall be the duty of the officer accountable therefore or having custody thereof to immediately notify simultaneously within thirty (30) days from such loss, the office or department head and the provincial, city, or municipal auditor concerned. The office or department head shall immediately conduct an investigation of the loss and refer the matter to the proper government investigating agency. The provincial, city, or municipal auditor shall conduct a separate inquiry of the reported loss while the clues are still fresh to determine that the alleged loss or other casualty had really occurred. An officer or employee who fails to comply with these requirements shall not be relieved of liability or allowed credit for any of such loss in the settlement in his accounts.

(b) The request for relief shall be filed with the provincial, city, or municipal auditor by the accountable officer within the statutory period of thirty (30) days or of such longer period as may be allowed by the auditor. The request shall be accompanied by the following documents:

- (1) Affidavit of the accountable officer containing a statement of the facts and circumstances of loss;
- (2) Affidavit of two (2) disinterested persons cognizant of the facts and circumstances of loss;
- (3) Final investigation report of the office or department head and proper government investigating

agency;

**(4) A list and description including book value, date of acquisition, property number, account classification, condition of the property, and other additional relevant information of the properties lost duly certified by the provincial general services officer, city general services officer, municipal treasurer, or barangay treasurer, as the case may be.**

**For this purpose, the request for relief shall be coursed through the office or department head concerned and the provincial general services officer, city general services officer, municipal treasurer, or barangay treasurer, as the case may be.**

**(c) In case of bulk losses of property pertaining to more than one office or department, the request for relief shall be made by the local general services officer or local treasurer concerned. The request shall also be accompanied by the latest inventory report preceding the loss and the inventory report of properties remaining after the loss, duly witnessed by the provincial, city, or municipal auditor concerned.**

**(d) The same officials shall request relief for losses occurring in transit.**

**(e) In all cases, the request shall be endorsed by the local chief executive, together with his recommendations, to the provincial, city or municipal auditor.**

**(f) Credit for losses shall be returned, through the local chief executive, to the local accountant who shall on account thereof, drop the lost properties from the books of accounts through journal voucher attaching thereto the credit granted, together with all supporting documents. The local accountant shall furnish the provincial general services officer, city general services officer, municipal treasurer, or barangay treasurer, as the case may be, and the accountable officer concerned a copy of the journal voucher.**

**(g) A provincial, city, or municipal auditor shall not allow credit for these losses unless so expressly authorized by COA, to be exercised only if the loss is not in excess of Fifty Thousand Pesos (P=50,000.00). In the event that the allowance of credit is not within the competence of the provincial, city, or municipal auditor, the application and evidence, with the recommendation of the auditor concerned, shall be forwarded to the COA Chairman for his appropriate action.**

**ARTICLE 443. Property Clearances. — When an employee transfers to another government offices, retires, resigns, is dismissed, or is separated from the service, he shall be required to secure supplies or property clearance from the supply officer concerned, the provincial or city general services officer concerned, the municipal mayor and the municipal treasurer, or the punong barangay and the barangay treasurer, as the case may be. The local chief executive shall prescribe the property clearance form for this purpose.**

**ARTICLE 444. Modes of Disposition of Property. — As a general rule, sale of property owned by the LGU shall be made only through public auction. Other modes of disposal may be resorted to only**

when public auction has failed.

**(a) Public Auction —** When the property of an LGU has become unserviceable for any cause, or is no longer needed, the officer immediately accountable therefore shall return the same to the head of the office or department who shall cancel the corresponding Memorandum Receipt. If no longer needed in the office or department, the head of the office or department shall return the same to the provincial or city general services officer, municipal treasurer, or barangay treasurer, as the case may be, with the use of Property Return Slip. The provincial or city general services officer, municipal or barangay treasurer, as the case may be, shall, through the local chief executive, file an application for its disposal through an Inventory and Inspection Report with the provincial, city, or municipal auditor for inspection and determination whether the subject property is with or without value.

If a property of an LGU has become unserviceable for any cause or is no longer needed but is found to be still valuable, the provincial, city or municipal auditor shall indicate his findings in the Inventory and Inspection Report and forward the same to the committee on awards. The subject property shall then be sold at public auction to the highest bidder under the supervision of the committee on awards and in the presence of the provincial, city, or municipal auditor or his duly authorized representative. Notice of public auction shall be posted in at least three (3) conspicuous and publicly accessible places. If the acquisition cost exceeds One Hundred Thousand Pesos (P100,000.00) in the case of provinces and cities, and Fifty Thousand Pesos (P50,000.00) in the case of municipalities, notices of auction shall be published at least two (2) times within a reasonable period in a newspaper of general circulation in the locality.

The provincial or city general services officer or the municipal or barangay treasurer, as the case may be, shall be responsible for disposal of supplies or property of the LGU.

The local chief executive shall be responsible for the disposal of real property, building and other physical structures.

**(b) Sale through Negotiation —** Supplies and property no longer needed may be disposed of through private sale at such price as may be determined by the committee on awards, subject to the approval of COA or its duly authorized representative when the acquisition or transfer cost of the property exceeds Fifty Thousand Pesos (P50,000.00) in the case of municipalities or barangays.

In case of real property, disposal shall be subject to the approval of COA regardless of the value or cost involved.

**(c) Transfer without Cost to Other Offices or Departments or Other Government Agencies —** Property which has become unserviceable or is no longer needed may be transferred without cost to another office, agency, subdivision or instrumentality of the National Government or another LGU at an appraised valuation determined by the committee on awards. Such transfer shall be subject to the approval of the sanggunian concerned making the transfer and by the head of the office, agency, subdivision, instrumentality or LGU receiving the property.

**(d) By Destruction —** When property of an LGU has become unserviceable for any cause or is no longer needed, it shall, upon application of the head of the office or department accountable therefore, be inspected and appraised by the provincial, city, or municipal auditor, as the case may be, or his duly authorized representative or that of the COA Chairman, and if found valueless or unusable, shall be destroyed either by burning, pounding, throwing beyond recovery, and the like, in the presence of the auditor.

**ARTICLE 445. Tax Exemption Privileges of Local Government Units. —** LGUs shall be exempt from payment of duties and taxes for the importation of heavy equipment or machinery which shall be used for the construction, improvement, repair, and maintenance of roads, bridges, and other infrastructure projects, as well as garbage trucks, fire trucks, and other similar equipment provided that such equipment or machinery shall not be disposed of, either by public auction or negotiated sale as provided in this Rule, within five (5) years from the importation thereof. In case the equipment or machinery is sold within five-year period, the purchasers or recipients shall be considered the importers thereof, and shall be liable for duties and taxes computed on the book value of such importation.

For the effective implementation of this Article, the DOF shall issue the necessary procedures in the availment of tax exemption privileges on importation by LGUs of heavy equipment or machinery which shall be used for the construction, improvement, repair, and maintenance of roads, bridges, and other infrastructure projects, as well as garbage trucks, fire trucks, and other similar equipment.

**ARTICLE 446. Implementing Rules and Regulations. —** The COA shall promulgate the rules and regulations on supply and property management of LGUs to effectively implement the provisions of this Rule, including requirements as to testing, inspection, and standardization of supplies and property.

**RULE XXXVI**  
**Other Fiscal Matters**

**ARTICLE 447. Scope. —** This Rule shall govern the conduct and management of financial affairs, transactions, and operations of provinces, cities, municipalities, and barangay not treated in Rules XXX, XXXI, XXXII, XXXIII, XXXIV, and XXXV of these Rules.

**ARTICLE 448. Local Funds and Special Funds. — (a) Local Funds —** Every LGU shall maintain a General Fund which shall be used to account for such monies and resources as may be received by and disbursed from the local treasury. The General Fund shall consist of monies and resources of the LGU which are available for the payment of expenditures, obligations or purposes not specifically declared by law as accruing and chargeable to, or payable from, any other fund.

**(b) Special Funds —** There shall be maintained in every provincial, city, or municipal treasury the following special funds which shall be deemed automatically appropriated for purposes indicated therefore:

**(1) Special Education Fund shall consist of the respective shares of provinces, cities, municipalities, and barangays in the proceeds of the additional tax on real property to be appropriated to purposes prescribed in Article 327, Rule XXXI of these Rules; and**

**(2) Trust Funds shall consist of private and public monies which have officially come into the possession of the LGU or of a local government official as trustee, agent or administrator, or which have been received as a guaranty for the fulfillment of some obligation. A trust fund shall only be used for the specific purpose for which it was created or for which it came into the possession of the LGU.**

**ARTICLE 449. Remittance of Government Monies to the Local Treasury. — Officers of LGU authorized to receive and collect monies arising from taxes, revenues, or receipts of any kind shall remit the full amount received and collected to the treasury of such LGU which shall be credited to the particular account or accounts to which the monies in question properly belong.**

**ARTICLE 450. Separation of Books and Depository Accounts. — Local accountants and local treasurers shall maintain separate books and depository accounts, respectively, for each fund in their custody or administration under such rules and regulations as COA may prescribe.**

**ARTICLE 451. Depository Accounts. — Local treasurers shall maintain depository accounts in the name of their respective LGUs with banks, preferably government-owned, located in or nearest their respective areas of jurisdiction. Earnings of each depository account shall accrue exclusively thereto.**

**ARTICLE 452. Separation of Personal Money from Public Funds. — Local treasurers and other accountable officers shall keep personal monies separate and distinct from local public funds in their custody and shall not make profit out of public money or otherwise apply the same to any use not authorized by law or ordinance.**

**ARTICLE 453. Special Accounts to be Maintained in the General Fund. — LGUs shall maintain special accounts in the general fund for the following:**

- (a) Public utilities and other economic enterprises;**
- (b) Loans, interests, bond issues, and other contributions for specific purposes; and**
- (c) Development projects funded from the share of the LGU concerned in the IRA and such other special accounts which may be created by law or ordinance.**

**Receipts, transfer, and expenditures involving the foregoing special accounts shall be properly taken up thereunder.**

**Profits or income derived from the operation of public utilities and other economic enterprises, after deduction for the cost of improvement, repair and other related expenses of the public utility or economic enterprise concerned, shall first be applied for the return of the advances or loans made**

therefore. Any excess shall form part of the General Fund of the LGU concerned.

**ARTICLE 454. Expenditures, Disbursements, Accounting, and Accountability. — (a) Prohibition Against Expenditures for Religious or Private Purposes — No public money shall be appropriated or applied for the benefit of any religious sect or activity not any undertaking or purpose private in character.**

**(b) Use of Appropriated Funds and Savings — Funds shall be available exclusively for the specific purpose for which they have been appropriated. No ordinance shall be passed authorizing any transfer of appropriations from one item to another. The local chief executive or the presiding officer of the sanggunian concerned, may, by ordinance, be authorized to augment any item in the approved annual budget for their respective offices from savings in other items within the same expense class of their respective appropriations.**

For purposes of this Article, savings and augmentation shall mean:

**(1) Savings refer to portions or balances of any programmed appropriation free from any obligation or encumbrance still available after the satisfactory completion or unavoidable discontinuance or abandonment of the work, activity or purpose for which the appropriation is authorized, or arising from unpaid compensation and related costs pertaining to vacant positions and leaves of absence without pay.**

**(2) Augmentation implies the existence in the budget of an item, project, activity or purpose with an appropriation which upon implementation or subsequent evaluation of needed resources is determined to be deficient.**

**(c) Restrictions upon Limit of Disbursements — Disbursements in accordance with appropriations in the approved annual budget may be made from any local fund in the custody of the local treasurer, but the total disbursements from any local fund shall in no case exceed fifty percent (50%) of the uncollected estimated revenue accruing to such local fund in addition to the actual collections provided, however, that no cash overdraft in any local fund shall be incurred at the end of the fiscal year.**

In case of emergency arising from typhoon, earthquake, or any other calamity, the sanggunian concerned may authorize the local treasurer to continue making disbursements from any local fund in his possession in excess of the limitations herein provided, but only for such purposes and amounts included in the approved annual budgets. Any overdraft which may be incurred at the end of the year in any local fund by virtue of the provisions hereof shall be covered with the first collections of the immediately succeeding fiscal year accruing to such local fund.

**(d) Disbursements of Appropriations for Development Projects — Art. 391 of Rule XXXII of these Rules mandate each LGU to appropriate their share in the proceeds from the development and utilization of the national wealth to finance local development and livelihood projects, respectively.**

Disbursements from such special accounts under the General Fund shall proceed from itemized

appropriations in the budgets of LGU instead of by lumpsum. Such itemized appropriations shall be for specific development projects/activities embodied in the local development plan and/or public investment program formulated and prioritized by the Local Development Council and approved by the sanggunian concerned. Provided also that copies of the development plan of LGU shall be furnished DILG and that at least eighty (80) percent of the proceeds derived from the development and utilization of hydrothermal, geothermal and other sources of energy shall be applied solely to lower the cost of electricity in the LGUs where such a source of energy is located.

Appropriation for development projects shall not include those for personal services including salaries standardization except for contractual employees who may be, if necessary, contracted coterminous with and compensation, against the project, subject to budget and COA rules and regulations.

Development projects, activities for this purpose, are those component project/activity incidental to the efficient and effective provision of the basic services and facilities enumerated in Rule — of these Rule and for the preservation and enhancement of the indigenous resources of wealth of the LGU from which share is derived, as the case may be.

(e) Prohibitions Against Advance Payments — No money shall be paid on account of any contract under which no services have been rendered or goods delivered.

(f) Cash Advances — No cash advance shall be granted to any local official or employee, elective or appointive, unless made in accordance with the rules and regulations as COA may prescribe.

(g) Persons Accountable for Local Government Funds — Any officer of the LGU whose duty permits or requires the possession or custody of local government funds shall be accountable and responsible for the safekeeping thereof in conformity with the provisions of this Rule. Other local officers who, though not accountable by the nature of their duties, may likewise be similarly held accountable and responsible for local government funds through their participation in the use or application thereof.

(h) Prohibitions Against Pecuniary Interest — Without prejudice to criminal prosecution under applicable laws, any local treasurer, local accountant, local budget officer, or other accountable local officer having any pecuniary interest, direct or indirect, in any contract, work or other business of the LGU of which he is an accountable officer shall be administratively liable therefore.

(i) Liability for Acts Done Upon Direction of Superior Officer, or Upon Participation of Other Officer or Department Heads or Officers of Equivalent Rank — Unless he registers his objection in writing, the local treasurer, local accountant, local budget officer, or other accountable local officer shall not be relieved of liability for illegal or improper use or application or deposit of government funds or property by reason of his having acted upon the direction of a superior officer, elective or appointive, or upon participation of other office or department heads or officers of equivalent rank. The superior officer directing, or the office or department head participating in such illegal or improper use or application or deposit of government funds or property, shall be jointly and severally liable with the local treasurer, local accountant, local budget officer, or other accountable local officer for the sum

or property so illegally or improperly used, applied or deposited.

**(j) Prohibition Against Expenses for Reception and Entertainment — No money shall be appropriated, used, or paid for entertainment or reception except to the extent of the representation allowances authorized by law or for the reception of visiting dignitaries of foreign governments or foreign missions, or when expressly authorized by the President in specific cases.**

**(k) Certification on, and Approval of, Vouchers — No money shall be disbursed unless the local budget officer certifies to the existence of appropriation that has been legally made for the purpose, the local accountant has obligated said appropriation, and the local treasurer certifies to the availability of funds for the purpose. Vouchers and payrolls shall be certified to and approved by the head of the office or department who has administrative control of the fund concerned, as to validity, propriety, and legality of the claim involved. Except in cases of disbursements involving regularly recurring administrative expenses such as payrolls for regular or permanent employees, expenses for light, water, telephone and telegraph services, remittances to government creditor agencies such as the GSIS, SSS, LBP, DBP, National Printing Office, Procurement Service of the DBM and others, approval of the disbursement voucher by the local chief executive himself shall be required whenever local funds are disbursed.**

In cases of special or trust funds, disbursements shall be approved by the administrator of the fund.

In case of temporary absence or incapacity of the office or department head, the officer next-in-rank shall automatically perform his function and he shall be fully responsible therefore.

**(l) Officials Authorized to Draw Checks in Settlement of Obligations — Checks in settlement of obligations shall be drawn by the local treasurer and countersigned by the local administrator.**

In case of temporary absence or incapacity of the foregoing officials, these duties shall devolve upon their immediate assistants.

**(m) Disbursements of Local Funds and Statements of Accounts — Disbursements shall be made in accordance with the ordinance authorizing the annual or supplemental appropriations without the prior approval of the sanggunian concerned. Within thirty (30) days after the close of each month, the local accountant shall furnish the sanggunian with such financial statements as may be prescribed by COA. In the case of the year-end statement of accounts, the period shall be sixty (60) days after the thirty-first (31st) of December.**

**(n) Rendition of Accounts — Local treasurers, local accountants and other accountable local officers shall render their accounts within such time, in such form, style, and content and under such regulations as COA may prescribe.**

Provincial, city, and municipal auditors shall certify the balances arising in the accounts settled by them to the COA Chairman and to the local treasurer, local accountant, and other accountable local

officers. Copies of the certification shall be prepared and furnished other local officers who may be held jointly and severally liable for any loss or illegal, improper or unauthorized use or misappropriation of local funds or property.

(o) Auditorial Visitation — The books, accounts, papers, and cash of local treasurer, local accountant, local budget officer, or other accountable local officers shall at all times be open for inspection of COA or its duly authorized representative.

In case an examination of the accounts of a local treasurer discloses a shortage in cash which should be on hand, it shall be the duty of the examining officer to seize the office and its contents, notify COA, the local chief executive concerned, and the local accountant. Thereupon, the examining officer shall immediately turn over to the accountable officer next-in-rank in the local treasury service, unless the said officer is likewise under investigation, the auditor shall take full possession of the office of the treasurer and its contents, and close and render his accounts on the date of turnover.

In case the accountable officer next in rank is under investigation, the auditor shall take full possession of the office and its contents, close and render his accounts on the date of taking possession, and temporarily continue the public business of such office until such time that the local treasurer is restored or a successor has been duly designated. The local treasurer or accountable officer found with such shortage shall be automatically suspended from office.

(p) Accounting for Revenues — Estimated revenues which remain unrealized at the close of the fiscal year shall not be booked or credited to the unappropriated surplus or any other account.

(q) Accounting for Obligations — All lawful expenditures and obligations incurred during a fiscal year shall be taken up in the accounts of that year.

(r) General Liability for Unlawful Expenditures — Expenditures of funds or use of property in violation of the applicable provisions of these Rule and other laws shall be a personal liability of the official or employee responsible therefore.

(s) Posting of the Summary of Income and Expenditures — Local treasurers, local accountants, local budget offices, and other accountable local officers shall, within thirty (30) days from the end of each fiscal year, post in at least three (3) conspicuous and publicly accessible places in the LGU a summary of all revenues collected and funds received including the appropriations and disbursement of such funds during the preceding fiscal year.

**ARTICLE 455. The Official Fiscal Year.** — The official fiscal year of LGUs shall be the period beginning with the first (1st) day of January and ending with the thirty-first (31st) day of December of the same year.

**ARTICLE 456. Administrative Issuances, Local Treasury Operations Manual.** — The DOF, jointly with

the Chairman of COA, shall within one (1) year from the effectivity of the Code, promulgate a Treasury Operations Manual for LGUs.

**RULE XXXVII**

**Debt Relief for Local Government Units**

**ARTICLE 457. Scope.** — This Rule shall govern the granting of debt relief for provinces, cities and municipalities.

**ARTICLE 458. Coverage.** — Debt relief for LGUs shall cover the following:

- (a) All debts owed by LGUs to the National Government arising from statutory contributions to the Integrated National Police Fund, the Special Education Fund, and the hospital fund.
- (b) National government shares in taxes, fees, and charges collected by LGUs that have been unremitted as of December 31, 1991.
- (c) Program loans, either secured to LGUs by NGAs and which were relented to private persons, natural or juridical, or granted to LGUs by NGAs and which were utilized by LGUs for community development, livelihood, and other small-scale projects.
- (d) Debts due to GFIs, GOCCs and private utilities that are outstanding as of December 31, 1988.

**ARTICLE 459. Limitations.** — Debt relief shall not apply to the following:

- (a) Statutory contribution of the cities and municipalities of MMA to the Metropolitan Manila Authority that have accrued as of December 31, 1991.

Beginning calendar year 1992, cities and municipalities within MMA are no longer required to make such contributions to the Metropolitan Manila Authority.

- (b) Foreign loans or indebtedness of LGUs arising from loan contracts or project agreements entered into with foreign countries or international lending institutions and agencies.
- (c) National taxes collected by the local treasurer that accrue in full to the National Government.
- (d) Debts incurred or contracted by LGUs from GFIs, GOCCs, and private utilities after December 31, 1988, which shall be settled by the LGU concerned. For this purpose, repayments of outstanding obligations which are covered by existing withholding agreement shall continue to be deducted from the IRA share of debtor-LGU.
- (e) Obligations to the Home Development Mutual Fund (Pag-IBIG), Medicare, and those pertaining to premium contributions and amortization payment of salary and policy loans to the Government Service Insurance System.

**ARTICLE 460. Manner of Settlement.** — (a) Subject to limitations provided under this Rule, all unremitted national collections and statutory contributions and program loans shall be written off in full provided that NGA tasked with the implementation of program loans secured by LGU which were relented to private persons, natural or juridical, shall continue to collect from debtors belonging to the private sector concerned.

(b) The National Government shall assume all debts incurred or contracted by LGUs from GFIs, GOCCs, and private utilities that are outstanding as of December 31, 1988, in accordance with the following schemes:

(1) The National Government may buy outstanding obligations incurred by LGUs from GFIs at a discounted rate.

(2) The National Government may settle obligations due GOCCs at a discounted rate through offsetting, only to the extent of the obligations of LGUs against the outstanding advances made by the National Treasury in behalf of the GOCC concerned.

(3) The National Government may settle debts due private utilities at a discounted rate by offsetting against the outstanding obligations of such private utilities to GOCCs. GOCCs may in turn offset these obligations against the outstanding advances made by the National Treasury in their behalf.

In the case of obligations owed by LGUs to private utilities which are not indebted to any GOCC or NGA, the National Government may instead buy the obligations of LGUs from the private utilities at a discounted rate, upon concurrence by the private utilities concerned.

**ARTICLE 461. Recovery Schemes for the National Government.** — (a) LGUs shall pay back the National Government whatever amounts were advanced or offset by the National Government to settle their obligations to GFIs, GOCCs, and private utilities. The National Government shall not charge interest or penalties on the outstanding balance owed by LGUs. These outstanding obligations shall be restructured and an amortization schedule prepared, based on the capability of LGU to pay.

(b) The National Government shall be authorized to deduct from the quarterly share of each LGU in internal revenue allotments an amount to be determined on the basis of the amortization schedule of LGU concerned provided that such deduction shall not exceed five percent (5%) of the monthly internal revenue allotment of LGU concerned. ai

(c) As incentive to debtor-LGUs to increase fiscal management efficiency, the National Government shall write off outstanding debts of LGUs at the rate of five percent (5%) for every one percent (1%) increase in revenues generated by LGU over the collections of the preceding year. For this purpose, the annual increase in local revenue collections shall be computed starting from the year 1988.

**ARTICLE 462. Appropriations.** — Such amount as may be necessary to implement the provisions of this Rule shall be included in the annual General Appropriations Act.

**ARTICLE 463. Implementation.** — The Development Budget Coordinating Committee through the Task Force on debt relief created under DBCC Order No. 2 dated September 18, 1990, in consultation with the presidents of the leagues of provinces, cities and municipalities, shall prepare and implement a debt relief program for LGUs and issue such guidelines as may be necessary for the effective implementation of this Rule.

**RULE XXXVIII**

**Monitoring System for the Implementation  
of the Local Government Code of 1991**

**ARTICLE 464. Mandate.** — Pursuant to the Code, the Oversight Committee shall supervise the transfer of such powers and functions mandated under the Code to the LGUs, together with the corresponding personnel, properties, assets and liabilities of the offices or agencies concerned, with the least possible disruptions to existing programs and projects. The Committee shall likewise recommend the corresponding appropriations necessary to effect the said transfer.

The Code likewise provides that the Congress shall conduct a mandatory review of the Code at least once every five (5) years and as often as it may deem necessary, with the primary objective of providing a more responsive and accountable local government structure.

**ARTICLE 465. Installation and Purpose of a Monitoring System.** — There shall be established a monitoring system for the implementation of the code to hasten the decentralization process, support the oversight committee in the supervision of the transfer of powers and functions from the national government agencies to local government units and provide valuable information to promote local autonomy.

**ARTICLE 466. Organization and Responsibility.** — There shall be established from the national to the local levels an organization responsible for the operationalization of the monitoring system. For this purpose, the DILG shall be the lead agency of the said organization composed of the following:

**(a) National**

- (1) Department of the Interior and Local Government**
- (2) Department of Finance**
- (3) Department of Budget and Management**
- (4) Senate**
- (5) House of Representatives**
- (6) League of Provinces**
- (7) League of Cities**
- (8) League of Municipalities**
- (9) Liga ng mga Barangay**
- (10) Commission on Audit**

- (11) Civil Service Commission**
- (12) National Government Agencies affected by Devolution**

**(b) Regional — All national government agencies represented at the national organization of the monitoring system.**

**(c) Province, City, and Municipality — All provincial, city, and municipal field offices of the DILG and NGAs affected by devolution.**

**A National Secretariat for the monitoring system shall be created in the DILG.**

**ARTICLE 467. Target Users and Their Information Requirements. — The target users of the monitoring system are the Oversight Committee, the NGAs concerned, the Congress, and the LGUs.**

**The information requirements of the target users cover the following areas:**

- (a) Transfer of personnel, assets, projects, funds, and records corresponding to the devolved functions;**
- (b) Deconcentration of requisite authority and power of national government agencies from their central offices to appropriate regional and field offices;**
- (c) Mandated fund allocations to LGUs;**
- (d) Reorganization of LGUs and affected NGAs;**
- (e) Formation and operation of local special bodies;**
- (f) Compliance with established standards, guidelines, systems and procedures;**
- (g) LGU participation in the planning and implementation of national projects;**
- (h) NGO-LGU joint ventures and cooperative programs or undertakings;**
- (i) Grants, aids, and subsidies given to LGUs; and**
- (j) Other relevant information.**

**ARTICLE 468. Funding. — Funds for the implementation of the monitoring system shall be taken the appropriations of the DILG. Other national government agencies may augment funds out of their savings. Likewise, the LGUs may set aside funds for this purpose from any available local funds.**

**ARTICLE 469. Implementation. — The monitoring system shall be implemented upon approval of**

these Rules.

The national organization shall provide the monitoring network with module specifications, implementation strategy, and timetable.

#### **RULE XXXIX**

##### **Miscellaneous and Final Provisions**

**ARTICLE 470. Inventory of Infrastructure and Other Community Facilities. — (a) Every LGU shall conduct a periodic inventory of infrastructure and other community facilities and undertake the maintenance, repair, improvement, or reconstruction of these facilities through a closer cooperation among the NGAs operating within the province, city, municipality, or barangay concerned.**

**(b) No infrastructure or community project within the territorial jurisdiction of an LGU shall be undertaken without informing the local chief executive and the sanggunian concerned.**

**ARTICLE 471. Liability for Damages. — As provided in Article 2189 of RA 386, otherwise known as the Civil Code of the Philippines, as amended, provinces, cities, and municipalities shall be liable for damages for the death of, or injuries suffered by, any person by reason of the defective condition of roads, streets, bridges, public buildings, and other public works under their control or supervision. The extent of liability for damages shall be governed by the provisions of the Civil Code on quasi-delicts.**

**ARTICLE 472. Failure to Post and Publish the Itemized Monthly Collections and Disbursements. — Failure by the local treasurer or the local accountant to post the itemized monthly collections and disbursements of the LGU concerned, within ten (10) days following the end of every month and for at least two (2) consecutive weeks at prominent places in the provincial capitol, or city, municipal or barangay hall, its plaza and main street, and to publish said itemization in a newspaper of general circulation, where available, in the territorial jurisdiction of the LGU concerned, shall be punished by imprisonment not exceeding one (1) month or a fine not exceeding Five Hundred Pesos (P500.00), or both such imprisonment and fine, at the discretion of the court.**

**ARTICLE 473. Separability Clause. — If, for any reason or reasons, any part or provision of these Implementing Rules and Regulations shall be held unconstitutional or invalid, other parts or provisions thereof which are not affected thereby shall continue to be in full force and effect.**

**ARTICLE 474. Repealing Clause. — (a) Except as otherwise provided in the Code, the following are repealed:**

**(1) BP 337, EO 112, series of 1987, and EO 319, series of 1988;**

**(2) PDs 684, 1191, 1508, and such other decrees, orders, instructions, memoranda, and issuances related to or concerning the barangay;**

(3) The provisions of Sections 2,3, and 4 of RA 1939 regarding hospital fund; Sec. 3, a(3) and b(2) of RA 5447 regarding the special education fund; PD 144, as amended by PDs 559 and 1741; PD 231, as amended; PD 436, as amended by PD 558; and PDs 381, 436, 464, 477, 526, 632, 752, and 1136; and

(4) PD 1594 insofar as it governs locally-funded projects.

(b) Insofar as they are inconsistent with the provisions of the Code, the following are repealed, amended, or modified accordingly:

(1) Sections 2, 16, and 29 of PD 704; Sec. 12 of PD 87, as amended; Sections 52, 53, 66, 67, 68, 69, 70, 71, 72, 73, and 74 of PD 463, as amended; and Sec. 16 of PD 972, as amended; and

(2) All general and special laws, acts, city charters, decrees, executive orders, proclamations, and administrative regulations or part or parts thereof which are inconsistent with any of the provisions of the Code.

**ARTICLE 475. Effectivity.** — These Rules shall take effect upon publication thereof in a newspaper of general circulation.

The foregoing Implementing Rules and Regulations of the Local Government Code of 1991 consisting of 250 pages including this page are being issued in compliance with Sec. 533 of the Code.

*Approved: February 21, 1992*