



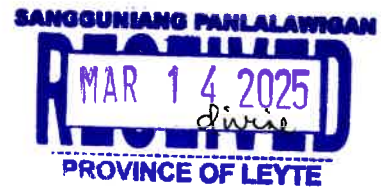
Republic of the Philippines
PROVINCE OF LEYTE
OFFICE OF THE PROVINCIAL TREASURER
Leyte Provincial Government Complex
West Bypass Road, Brgy. Guindapunan, Palo, Leyte

Item No.: 26

Date: 2025 MAR

14 March 2025

Hon. LEONARDO M. JAVIER, JR.
Vice-Governor
Province of Leyte



Dear Vice-Governor Javier, Jr.,

Greetings!

We write relative to the herein attached copy of BLGF Memorandum Circular No. 006.2025, dated January 22, 2025 and BLGF Memorandum Circular No. 004.2025 with attached copy of Joint Memorandum Circular No. 2024-12-001.

The above-cited issuances pertain, among others, on the preferential rights of Electric Cooperatives (ECs) on exemption from payment of local taxes, fees and charges, specifically the franchise tax, subject to such requirements as provided therein.


Anent thereto, BLGF Memorandum Circular No. 006.2025, particularly Section 4 thereof, provides that incase the Revenue Ordinance/Code is inconsistent with, particularly, Joint Memorandum Circular No. 2024-12-001, this Office is enjoined immediately to make representation with the Sanggunian Panlalawigan for amendment and for proper compliance thereof.

In this regard, this Office respectfully informs your office and thereby making representation on the matter indicated above, that is, whether or not amendment to Provincial Tax Ordinance No. 1 is necessary, considering that the Province of Leyte has been collecting from all ECs franchise tax for that matter. These ECs, for this taxable year, availed the said exemption based on said issuances by the BLGF.

For information and for appropriate action.

Thank you.

Sincerely yours,


RUTH Y. SURPIA
Provincial Treasurer



BLGF MEMORANDUM CIRCULAR NO. 006.2025
January 22, 2025

TO : All BLGF Central and Regional Office Directors;
Provincial/City/Municipal Treasurers and Assessors; and Others
Concerned

SUBJECT : Addendum to BLGF Memorandum Circular (MC) No. 004.2025 in the
Matter of Availment of Preferential Rights of Electric Cooperatives

Section 1. Purpose. This Circular is in addendum to BLGF MC No. 004.2025, titled, "*Guidelines on the Availment of Preferential Rights of Electric Cooperatives under Republic Act (R.A.) No. 7160, in Relation to R.A. No. 10531,*" to provide further guidance to local government units (LGUs) in the implementation of Joint Memorandum Circular (JMC) No. 2024-12-001, issued on December 04, 2024, by the Department of Energy (DOE) and the Department of Finance (DOF).

Section 2. Exemption from Real Property Tax (RPT) and Other Local Taxes for CY 2025. To avail of the exemption from RPT and other local taxes, Electric Cooperatives (ECs) shall comply with the following guidelines:

- 2.1. Submit the Certificate of Compliance issued by the National Electrification Administration (NEA) to the local treasurer and assessor within the First (1st) Quarter of CY 2025, for proper adjustment in the Quarterly Reports on Real Property Assessment (QRRPA) and Assessment Roll. In case the EC covers several LGUs, a certified-true-copy of the Certificate of Compliance issued by the NEA shall be presented to LGUs within the franchise area.
- 2.2. Failure to submit the Certificate of Compliance within the First (1st) Quarter of CY 2025, shall subject the EC to the payment of RPT and local taxes, as well as surcharges, interests and penalties incurred for CY 2025.

Section 3. Exemption from RPT and Other Local Taxes for the Succeeding Years. ECs shall submit the Certificate of Compliance to the local treasurer and assessor on or before December 15 of the preceding taxable year. In case the EC covers several LGUs, a certified-true-copy of the Certificate of Compliance issued by the NEA shall be submitted to LGUs within the franchise area.

Section 4. Revenue Ordinances. In case an existing Revenue Ordinance/Code is inconsistent with R.A. No. 7160, to the extent of the amendment under R.A. No. 10531, as implemented in its Implementing Rules and Regulations (IRR) and JMC No. 2024-12-001, the concerned local treasurer is enjoined to immediately make representations with the Local Chief Executive and the *Sanggunian Bayan/Panlalawigan* for the amendment thereof for proper compliance with the said laws, rules, and regulations.

Section 5. Effectivity. This Circular shall take effect immediately upon filing with the Office of the National Administrative Register of the University of the Philippines Law Center three (3) copies of this Circular.

BLGF Central and Regional Office Directors are hereby directed to widely and immediately disseminate this Memorandum Circular to all concerned local officials within their respective jurisdictions.




CONSOLACION Q. AGCAOILI
Executive Director



BLGF MEMORANDUM CIRCULAR NO. 004, 2025
January 10, 2025

TO All BLGF Central and Regional Directors, Provincial/City/Municipal Treasurers, and Others Concerned.

SUBJECT Guidelines on the Availment of Preferential Rights of Electric Cooperatives under Republic Act (R.A.) No. 7160, in Relation to R.A. No. 10531.

For the information, guidance, and compliance of all concerned, herewith attached is a copy of the aforementioned subject under Joint Memorandum Circular (JMC) No. 2024-12-001, issued on December 04, 2024, by the Department of Energy (DOE) and the Department of Finance (DOF), and was published in a newspaper of general circulation on December 20, 2024. A copy thereof was furnished to the Office of the National Administrative Register of the University of the Philippines Law Center on January 2, 2025.

Sections 6 and 7 of JMC No. 2024-12-001, provide:

"6.0 PREFERENTIAL RIGHTS OF ELECTRIC COOPERATIVES. Pursuant to Section 13 of R.A. No. 10531, electric cooperatives shall not be subject to local taxes, fees and charges in accordance with Section 133 (n) and Section 234 (d) of R.A. No. 7160; Provided That electric cooperatives shall submit annually the Certificate of Compliance to the LGU concerned."

"7.0 ADMINISTRATIVE COSTS. Electric cooperatives are subject to the regulation and imposition of reasonable administrative costs imposed by the LGU concerned in line with the DILG-DOF JMC No. 2019-01, to recover the cost of services that the LGU may render in the performance of its regulatory function and/or service provision, as may be provided under an ordinance. In particular, electric cooperatives are required to:

"a. Obtain or secure a Mayor's permit and pay the commensurate reasonable cost of regulation, inspection, and surveillance of the operation of its business but not exceeding One Thousand Pesos (Php 1,000.00) as provided for in the ordinance of the LGU concerned, consistent with BLGF Memorandum Circular No. 31-2009, and as may be updated by the Bureau of Local Government Finance (BLGF) every three (3) years, in accordance with DILG-DOF JMC No. 2019-01;

"b. Secure a Community Tax Certificate (CTC) as a juridical entity and pay the corresponding tax of Five Hundred Pesos (Php 500.00) as provided for in the ordinance of the LGU concerned; and

"c. Pay the service charges or cost incurred for public services rendered by the LGU, as may be provided under its duly enacted ordinance."

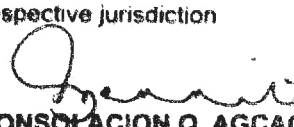
Under Section 8.1 of the same JMC No. 2024-12-001, the DOF-BLGF shall

"i. Disseminate this JMC to all LGUs through the local treasurers for proper implementation; and

"ii. Enjoin and monitor the compliance of the LGUs, through the local treasurers, and provide the necessary technical assistance to local governments for the purpose, upon request."

All BLGF Central and Regional Directors are hereby instructed to disseminate subject JMC No. 2024-12-001 to all Local Government Units within their respective jurisdiction.




CONSOLACION Q. AGCAOILI
Executive Director



Republic of the Philippines
DEPARTMENT OF ENERGY (DOE)
DEPARTMENT OF FINANCE (DOF)

Joint Memorandum Circular (JMC) No.: _____ Date: _____ JMC 2024-12-001

To Local Chief Executives, Members of Local *Sanggunian*, Local Treasurers and Assessors, National Electrification Administration, and All Others Concerned

Subject GUIDELINES ON THE AVAILMENT OF PREFERENTIAL RIGHTS OF ELECTRIC COOPERATIVES UNDER REPUBLIC ACT (RA) NO. 7160 IN RELATION TO RA NO. 10531

- 1.0 **PURPOSE.** This Joint Memorandum Circular (JMC) is being issued to provide guidance to local government units (LGUs) on the availment of preferential rights of electric cooperatives in accordance with R.A. No. 7160, or the "Local Government Code (LGC) of 1991," in relation to R.A. No. 10531, or the "National Electrification Administration Reform Act of 2013," and other applicable laws, rules and regulations.
- 2.0 **LEGAL BASES.** This Circular is issued on the following legal bases:
 - 2.1 **Sections 133(n) of R.A. No. 7160**, provides for the common limitation on the exercise of the taxing power of LGUs: provinces, cities, municipalities, and *barangays* which shall not extend to the levy on taxes, fees, or charges on countryside and *barangay* business enterprises and cooperatives duly registered under R.A. No. 6810, or the Magna Carta for Countryside and *Barangay* Business Enterprises (*Kalakalan* 20) and R.A. No. 6938, or the "Cooperative Code of the Philippines;"
 - 2.2 **Section 234 of R.A. No. 7160**, provides that all real property owned by duly registered cooperatives as provided for under R.A. No. 6938, are exempt from real property tax;
 - 2.3 **Section 12 of R.A. No. 10531**, states that all electric cooperatives may choose to remain as a non-stock, non-profit cooperative or convert into and register as:
 - (a) a stock cooperative under the Cooperative Development Authority (CDA); or
 - (b) a stock corporation under the Securities and Exchange Commission (SEC).Provided, however, that electric cooperatives registered with the SEC shall no longer enjoy the incentives provided for under R.A. No. 10531. Despite the registration of the electric cooperatives under the CDA or the SEC, the NEA shall retain its supervisory and disciplinary power over them in the conduct of its operations as electric distribution utilities; and

2.4 **Section 13 of R.A. No. 10531**, provides that to avail of the preferential rights granted to cooperatives under R.A. No. 7160, and other applicable laws, the electric cooperatives shall comply with the financial and operational standards set by the National Electrification Administration (NEA);

2.5 **Section 18 of the Implementing Rules and Regulations (IRR) of R.A. No. 10531**, provides that the DOE and the DOF-BLGF shall issue the guidelines on the availment of preferential rights granted to cooperatives under R.A. No. 7160 and R.A. No. 10531; and

3.0 **COVERAGE.** This JMC shall apply to all non-stock or non-profit electric cooperatives registered with the NEA, and stock electric cooperatives registered with the CDA.

This JMC shall prescribe guidelines on the imposition of taxes, fees and charges on electric cooperatives by provinces, cities, municipalities.

4.0 **DEFINITION OF TERMS.**

4.1 **Certificate of Compliance** refers to the certification issued by the NEA for electric cooperatives which comply with the financial and operational standards set by NEA.

4.2 **Electric Cooperative** shall refer to: (1) an electric distribution utility organized and registered with NEA as non-stock or non-profit electric cooperatives, pursuant to Presidential Decree No. 269, as amended by RA No. 10531, and other related laws; or (2) registered as a stock cooperative under the CDA.

4.3 **Local Government Units** shall refer to provinces, cities, municipalities, and barangays.

4.4 **Local Taxes** shall refer to taxes or enforced contributions imposed by an LGU through an ordinance, such as real property taxes, business tax, franchise tax, tax on transfer of real property ownership, and does not include fees or charges.

4.5 **Fees** shall refer to charges fixed by way of an ordinance for the purpose or regulation or inspection of a business or activity.

4.6 **Charges** shall refer to pecuniary liability in the form of rents or fees for the use of LGU facilities or property imposed by way of an ordinance.

5.0 **CERTIFICATE OF COMPLIANCE.** Electric cooperatives shall annually secure a Certificate of Compliance issued by the NEA, as proof of its compliance with the financial and operational standards.

6.0 **PREFERENTIAL RIGHTS OF ELECTRIC COOPERATIVES.** Pursuant to Section 13 of R.A. No. 10531, electric cooperatives shall not be subject to local taxes, fees and charges in accordance with Section 133 (n) and Section 234 (d) of R.A. No. 7160; *Provided*, That electric cooperatives shall submit annually the Certificate of Compliance to the LGU concerned.

7.0 **ADMINISTRATIVE COSTS.** Electric cooperatives are subject to the regulation and imposition of reasonable administrative costs imposed by the LGU concerned in line with the DILG-DOF JMC No. 2019-01, to recover the cost of services that the LGU may render in the performance of its regulatory function and/or service provision, as may be

provided under an ordinance. In particular, electric cooperatives are required to:

- a. Obtain or secure a Mayor's permit and pay the commensurate reasonable cost of regulation, inspection, and surveillance of the operation of its business but not exceeding One Thousand Pesos (Php 1,000.00) as provided for in the ordinance of the LGU concerned, consistent with BLGF Memorandum Circular No. 31-2009, and as may be updated by the Bureau of Local Government Finance (BLGF) every three (3) years, in accordance with DILG-DOF JMC No. 2019-01;
- b. Secure a Community Tax Certificate (CTC) as a juridical entity and pay the corresponding tax of Five Hundred Pesos (Php 500.00) as provided for in the ordinance of the LGU concerned; and
- c. Pay the service charges or cost incurred for public services rendered by the LGU, as may be provided under its duly enacted ordinance.

8.0 ROLES AND RESPONSIBILITIES.

8.1 DOF-BLGF

- i. Disseminate this JMC to all LGUs through the local treasurers for proper implementation; and
- ii. Enjoin and monitor the compliance of the LGUs, through the local treasurers, and provide the necessary technical assistance to local governments for the purpose, upon request.

8.2 DOE

- i. Assist in the dissemination of the JMC through the DOE Field Offices; and
- ii. Conduct a review of this JMC, in coordination with the DOF-BLGF, and recommend the necessary amendments, whenever necessary.

8.3 NEA

- i. Issue and disseminate the Guidelines on the financial and operational standards for the issuance of Certificate of Compliance for the availment of the preferential rights of electric cooperatives within fifteen (15) days from the effectivity of this JMC;
- ii. Assess and issue annually the Certificate of Compliance to electric cooperatives that comply with the NEA's financial and operational standards, based on the latest available data, before January of the following year;
- iii. Provide assistance to electric cooperatives for the continuous compliance with the NEA's financial and operational standards for the availment of preferential rights;
- iv. Furnish annually the BLGF with the list of electric cooperatives that comply with NEA's financial and operational standards;
- v. Protect the interest of the member-consumers and the public in general;

vi. Regularly review the financial and operational standards on the issuance of Certificate of Compliance; and

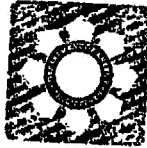
vii. Disseminate the JMC to the electric cooperatives for compliance.

9.0 **EXISTING LOCAL TAX ORDINANCES.** In case existing ordinances or revenue measures of the LGUs are inconsistent with RA No. 7160 and RA No. 10531 and the provisions of this Circular, the concerned *local treasurers* are enjoined to make the necessary and immediate representations with their respective Local Chief Executives and *Sanggunian* for the amendment thereof to ensure compliance with the applicable laws, rules, and regulations.

10.0 **REPEALING CLAUSE.** Local Finance Circular No. 1-07, dated June 28, 2007, is hereby repealed. All other rules, regulations, orders, and/or Circulars previously issued by the DOE and DOF-BLGF, that are contrary to or inconsistent with the provisions of this Circular are hereby repealed or modified accordingly.

11.0 **EFFECTIVITY.** This Circular shall take effect fifteen (15) days after publication in a newspaper of general circulation or the Official Gazette, and upon the filing of three (3) copies with the Office of the National Administrative Register of the University of the Philippines Law Center.


RAPHAEL P. M. LOTILLA
Secretary, DOE



DEC 04 2024


RALPH G. RECTO
Secretary, DOF





Republic of the Philippines
DEPARTMENT OF FINANCE
BUREAU OF LOCAL GOVERNMENT FINANCE
REGION VIII

3/F F. Mendoza Commercial Complex, 141 Sto. Niño St., Tacloban City
☎ (053) 832-7370 | ✉



REGIONAL MEMORANDUM CIRCULAR No. 09-2025
February 3, 2025

TO : **ALL PROVINCIAL, CITY, AND MUNICIPAL TREASURERS
AND ASSESSORS**
This Region

SUBJECT : **ADDENDUM TO BLGF MEMORANDUM CIRCULAR (MC) NO.
004.2025 IN THE MATTER OF AVAILMENT OF PREFERENTIAL
RIGHTS OF ELECTRIC COOPERATIVES**

Attached is BLGF Memorandum Circular No. 006.2025, dated January 22, 2025, to provide additional guidelines and clarifications on the availment of preferential rights by Electric Cooperatives (ECs), as stipulated under BLGF Memorandum Circular No. 004.2025.

Please take note of the provisions under Section 2 and Section 3 of this memorandum circular, which introduce supplementary guidelines on the eligibility requirements and procedural protocols for Electric Cooperatives (ECs).

In view hereof, all Provincial Treasurers and Provincial Assessors are hereby instructed to disseminate this issuance to all Municipal Treasurers and Assessors under their respective jurisdiction.

For information and proper guidance.


GERIBETH G. DELA TORRE
Regional Director

/crl



BLGF MEMORANDUM CIRCULAR NO. 006.2025
January 22, 2025

TO : All BLGF Central and Regional Office Directors;
Provincial/City/Municipal Treasurers and Assessors; and Others
Concerned

SUBJECT : Addendum to BLGF Memorandum Circular (MC) No. 004.2025 in the
Matter of Availment of Preferential Rights of Electric Cooperatives

Section 1. Purpose. This Circular is in addendum to BLGF MC No. 004.2025, titled, "*Guidelines on the Availment of Preferential Rights of Electric Cooperatives under Republic Act (R.A.) No. 7160, in Relation to R.A. No. 10531,*" to provide further guidance to local government units (LGUs) in the implementation of Joint Memorandum Circular (JMC) No. 2024-12-001, issued on December 04, 2024, by the Department of Energy (DOE) and the Department of Finance (DOF).

Section 2. Exemption from Real Property Tax (RPT) and Other Local Taxes for CY 2025. To avail of the exemption from RPT and other local taxes, Electric Cooperatives (ECs) shall comply with the following guidelines:

- 2.1. Submit the Certificate of Compliance issued by the National Electrification Administration (NEA) to the local treasurer and assessor within the First (1st) Quarter of CY 2025, for proper adjustment in the Quarterly Reports on Real Property Assessment (QRRPA) and Assessment Roll. In case the EC covers several LGUs, a certified-true-copy of the Certificate of Compliance issued by the NEA shall be presented to LGUs within the franchise area.
- 2.2. Failure to submit the Certificate of Compliance within the First (1st) Quarter of CY 2025, shall subject the EC to the payment of RPT and local taxes, as well as surcharges, interests and penalties incurred for CY 2025.

Section 3. Exemption from RPT and Other Local Taxes for the Succeeding Years. ECs shall submit the Certificate of Compliance to the local treasurer and assessor on or before December 15 of the preceding taxable year. In case the EC covers several LGUs, a certified-true-copy of the Certificate of Compliance issued by the NEA shall be submitted to LGUs within the franchise area.

Section 4. Revenue Ordinances. In case an existing Revenue Ordinance/Code is inconsistent with R.A. No. 7160, to the extent of the amendment under R.A. No. 10531, as implemented in its Implementing Rules and Regulations (IRR) and JMC No. 2024-12-001, the concerned local treasurer is enjoined to immediately make representations with the Local Chief Executive and the *Sanggunian Bayan/Panlalawigan* for the amendment thereof for proper compliance with the said laws, rules, and regulations.

Section 5. Effectivity. This Circular shall take effect immediately upon filing with the Office of the National Administrative Register of the University of the Philippines Law Center three (3) copies of this Circular.

BLGF Central and Regional Office Directors are hereby directed to widely and immediately disseminate this Memorandum Circular to all concerned local officials within their respective jurisdictions.




CONSOLACION Q. AGCAOILI
Executive Director

Provincia. Tax Ordinance No. 1,
series of 1992, SP of Leyte - p. 7

Section 16. -Exemption on gross receipts. -The receipts from the printing and/or publishing of books or other reading materials prescribed by the Department of Education, Culture and Sports as school texts or references shall be exempt from the tax herein imposed.

Section 17. -Time of Payment. -The tax herein imposed shall accrue on the first day of January of each year and shall be paid within the first twenty (20) days of January or, at the option of the taxpayer, it may be paid in four (4) equal quarterly installments within the first twenty (20) days of each calendar quarter. Failure to pay as herein provided shall subject the taxpayer to surcharges and interests provided for in this Ordinance.

For newly-established business, the tax shall be paid before actually engaging in the business or printing and/or publishing. (RPTOL)

Section 18. -Manner of payment. -The manager or proprietor of the business shall file with the Municipal Treasurer of the municipality where the business is located a statement under oath showing the gross receipts of the business for the preceeding calendar year and the inclusive official receipt numbers issued in acknowledgement of such business receipts. The tax shall be paid by the printer and/or publisher simultaneously with the filing of the required statement. (RPTOL)

Section 19. -Disposition of Taxes. -The taxes collected herein shall be accounted for as trust fund by the Municipal Treasurer concerned who shall remit the same entirely (less the 10 percent share of the municipality) to the Provincial Treasurer immediately before the end of the succeeding month.

ARTICLE III - FRANCHISE TAX

Section 20. -Franchise Tax. -There is hereby imposed a tax at the rate of one-half of one percent ($\frac{1}{2}$ of one percent) of the gross annual receipts which shall include both cash sales and sales on account realized during the preceding calendar year on all business enjoying a franchise in any municipality within the territorial jurisdiction of the Province of Leyte to exclude the territorial limits of the Cities or Ormoc and Tacloban, notwithstanding any exemption granted by any law or other special law.

The term business enjoying franchise shall not include holders of certificates of public convenience for the operation of public utility vehicles for the reason that such certificates are not considered franchises as opined by the Secretary of Justice. (IRR)

Section 21. -Tax on newly-started business. -In the case of a newly started business subject to the franchise tax herein imposed, the annual tax shall be one-twentieth ($\frac{1}{20}$) of one percent