



Republic of the Philippines
PROVINCE OF ZAMBOANGA DEL NORTE
Municipality of Siayan



OFFICE OF THE SANGGUNIANG BAYAN

EXCERPT FROM THE MINUTES OF THE REGULAR SESSION OF THE SANGGUNIANG BAYAN OF SIAYAN, ZAMBOANGA DEL NORTE HELD AT THE MUNICIPAL SESSION HALL ON THE 17TH DAY OF MARCH, 2025.

PRESENT:

Hon. Josecor S. Gepolongca, Presiding Officer,
Hon. Daisy A. Limbang, Majority Floor Leader,
Hon. Wilfredo A. Siasico, Asst. Majority Floor Leader,
Hon. Raul P. Dominise, Presiding Officer Pro-Tempore,
Hon. Roel J. Pabiran,
Hon. Rey L. Anugon,
Hon. Wencito B. Intoy,
Hon. Billynel C. Catig,
Hon. Estrella S. Zapatos, Minority Floor Leader,
Hon. Maria Gina Z. Atay, LIGA President,
Hon. Dave F. Labadlabad, SK Fed. President,
Hon. Johnny C. Anugon, Sr. IPMR,

Municipal Vice Mayor
Sangguniang Bayan Member

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ABSENT:

None

MUNICIPAL ORDINANCE NO. 25-07
Series of 2025

PREFATORY STATEMENT

WHEREAS, it is one of the major objectives of this administration to raise the revenue collection of the municipal government in order to realize and successfully implement its various projects and effectively deliver services to its constituents;

WHEREAS, the Department of Finance in its Local Finance Circular No. 3-95 dated May 22, 1995 has prescribed the guidelines governing the power of cities and municipalities to impose business tax on construction contractors pursuant to Section 143(e), RA 7160, otherwise known as the Local Government Code of 1991, and its Implementing Rules and Regulations;

Be it **ORDAINED** by the Honorable Sangguniang Bayan of Siayan in session assembled, that:

SECTION I. TITLE: This Ordinance shall be entitled as AN ORDINANCE IMPOSING BUSINESS TAX ON CONSTRUCTION CONTRACTORS AND OTHER INDEPENDENT CONTRACTORS OPERATING WITHIN THE MUNICIPALITY OF SIAYAN, ZAMBOANGA DEL NORTE, PURSUANT TO SECTION 143 (e) OF REPUBLIC ACT NO. 7160, OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE OF 1991 AND ITS IMPLEMENTING RULES AND REGULATIONS".

SECTION II. COVERAGE. The provisions prescribed herein shall govern the levy of business taxes on construction contractors such as, but not limited to general engineering, general building and specially contractors as defined under RA 4566 (as amended), known as the contractors Licensing Law and other applicable laws.

SECTION III. DEFINITION OF TERMS. – As used herein, the term –
Contractor – shall include persons, natural or judicial, not subject to professional tax under Sec. 139 of the LGC, whose activity consists essentially of the sale of all kinds of construction services for a fee, regardless of whether or not the performance of the service calls for the exercise or use of the physical or mental faculties of such construction contractor or his employees.

(a) Construction Contractor – shall refer to the principal contractor who has direct contract with the contractee for specific domestic project.

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

SECTION IV. RATE AND MANNER OF IMPOSITION

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

With gross receipts for the preceding Calendar year in the amount of:		Amount of Tax Per Annum	
Less than	P	5,000.00	P 27.50
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 rate not exceeding fifty percent (50%) of one percent (1%)		

The taxable gross receipts shall be the amounts received by the principal contractor as the total contract price less the amount paid to a sub-contractor, however, shall also be subject to the business tax imposed herein.

- (b) The rate of business tax that cities may levy exceed the maximum rates prescribed in paragraph (a) above by not more than fifty percent (50%) thereof.

SECTION V. NON-SEPARABILITY OF BUSINESS – Business activities which are inherent, related, necessary or incidental to the business construction contractor shall be treated as one business activity subject to the same tax rate schedule under Sec. 3 hereof. However, the amount of tax due from the contractor shall be computed on the basis of the combined gross receipts of all such related activities.

In view hereof, the provisions of Art.242 of the IRR requiring a person or entity to get a separate mayor's permit for each business activity shall not apply to construction contractors, as defined above.

SECTION VI. SITUS OF TAX

(a) Definition of terms.

- (1) Head/Principal Office – shall refer to the main office of the construction contractor indicated in the pertinent documents submitted to either to the Securities and Exchange Commission (SEC) or other appropriate government agencies, as the case may be. The city or municipality specifically mentioned in the Articles Incorporation and other official registration papers as being the official address of said Head/Principal Office shall be considered as the situs thereof.
- (2) Branch office – is a fixed place in a locality which conducts operations of the business as an extension of the principal office.
- (3) Projects Office – shall mean the field office in the construction site. It is equivalent to the factory or a manufacturer.

(b) For purposes of collection of the tax, the following rules shall apply:

- (1) All gross receipts realized from domestic projects or contracts undertaken by the branch office shall be recorded in the said branch office and the tax thereon shall be payable to the city or municipality where the said branch is located;
- (2) In cases where there is no branch office, the gross receipts from domestic projects or contracts shall be recorded in the Head/Principal Office and the same shall be located as follows:
 - (i) Thirty percent (30%) of the gross receipts shall be taxable by the city or municipality where the principal office is located; and
 - (ii) Seventy percent (70%) of the gross receipt shall be taxable by the city or municipality where the project office is located.
- (3) In cases where there two (2) or more project offices located in different localities, the seventy percent (70%) allocation stated in subparagraph (2) (ii) above shall be prorated among the localities where such project offices are located in proportion to the work accomplished based on the cost of the projects or contracts actually undertaken in the locality during the tax period for which the tax is due.

- (4) In the case of overseas construction projects, the construction contractor shall declare separately the gross receipts realized therefrom, which shall not be subject to the business tax.
- (5) In the case of pre-fabricated works which are paid for in accepted freely convertible foreign currency with attendant installation works outside the Philippines, the gross receipts realized therefrom shall be subject to not more than one-half (1/2) of the rate prescribed for in Sec. 3 (a) hereof.
- (6) In case there is a transfer or relocation of the Head/Principal Office or of any branch to another city or municipality, the construction contractor shall give due notice to such transfer or relocation to the cities or municipalities concerned within fifteen (15) days before such transfer or relocation is effected.

SECTION VII. TIME OF PAYMENT. – The business tax on construction contractors accruing to the LGUs shall be paid within the first twenty (20) days of January of each year or of each subsequent quarter, as the case may be.

SECTION VIII. EXAMINATION OF BOOKS OF ACCOUNTS AND PERTINENT RECORDS.

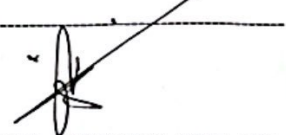
- (a) The Municipal Treasurer or through any of his deputies duly authorized in writing may examine the books of accounts and other pertinent records of construction contractors in order to ascertain, assess, and collect the correct amount of the tax due.
- (b) The examination shall be made during regular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

SECTION IX. REPEALING CLAUSE – All rules, regulations, orders, and/or circulars issued by the Department of Finance which are contrary to, or inconsistent with the provisions of this circular are hereby repealed or modified accordingly.


SECTION X. EFFECTIVITY – This Ordinance shall take effect 30 days upon approval of the Sangguniang Panlalawigan of Zamboanga del Norte, publication in the official gazette of local circulation.

ENACTED this 17th day of March, 2025.


I HEREBY CERTIFY to the correctness of the above-quoted ordinance.


MARCELO S. EGUANAN, MPM, LPT
Secretary to the Sangguniang Bayan

CERTIFIED CORRECT
AS TO ITS PASSAGE:


ATTY. JOSECOR S. GEPOLONGCA
Municipal Vice Mayor
(Presiding Officer)

APPROVED:


ALBERTO J. BONGCAWEL
Municipal Mayor

Date: 03-24-25



Republic of the Philippines
PROVINCE OF ZAMBOANGA DEL NORTE
Municipality of Siayan



OFFICE OF THE SANGGUNIANG BAYAN

ACTIVITY: PUBLIC HEARING ON ORDINANCE IMPOSING BUSINESS TAX ON CONSTRUCTION CONTRACTORS AND OTHER INDEPENDENT CONTRACTORS OPERATING WITHIN THE MUNICIPALITY OF SIAYAN, ZAMBOANGA DEL NORTE.

DATE : March 14, 2025

VENUE : SB SESSION HALL, SIAYAN ZN.

	NAME	DESIGNATION	GENDER		SIGNATURE
			MALE	FEMALE	
1.	Raydu Tumulat / TR ENTERPRISES	ACCOUNTING		-	
2.	CHARISSE MAE YANO / Q ENTERPRISES	ACCOUNTING		-	
3.	RENERIO A. ADAZN	MUN. TREAS	-		
4.	DAISY A. LIMBANG	SB Member		-	
5.	Wilfredo Siasico	SB	-		
6.	ESTRELLA S. ZAPATOS	SB		-	
7.	GMS ESTOMAGULANG / HOTEL MANAGING SERVICES	MANAGER	-		
8.	Verus Uoite P. Angio	- - -		-	
9.	Jocelyn K. Benlat	- - -			
10.	Hapoyto T. Tanyag	REPRESENTATIVE	-		
11.	Marieta Romaga	- - -			
12.	GLO C. ZAPATOS			-	
13.	ADELAIDA D. BAGUISAN			-	
14.	GWENNITH PABIRAN			-	
15.	JERALYN D. PALAPAN	REPRESENTATIVE		-	
16.	Keroh Mae Soriano			-	
17.	VAN CUFFORD ROA		-		
18.	Julanda So Dargud			-	
19.	Crashel I. Ladiagonong			-	
20.	HANNAH MAE A. FLORES			-	
21.	MA-CHLYSOLITE C. VALERA	RD II		-	
22.					
23.					
24.					
25.					
26.					

ATTESTED:

DAISY A. LIMBANG
SB Member
Chairman, Committee on Rules

EMELYN PILAR-TULAWA, MPM
LLCP IV
(TEMPORARY SECRETARY)