

## **CHAPTER III. CITY TAXES**

### **Article A. Business Tax**

#### **SEC. 3A.01. Definitions.** – When used in this Article: -

(a) *Advertising agency* includes all persons who are engaged in business of advertising for others by means of billboards, posters, placards, notices, signs, directories, pamphlets, leaflets, handbills, electric or neon lights, airplanes, balloons or media, whether in pictorial or reading form.

(b) *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 such as freezing, drying, salting, smoking, or stripping for purposes of preserving or otherwise preparing said products for the market.

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-product 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 or molasses from sugar cane.

(c) Amusement is pleasurable diversion and entertainment. It is synonymous to recreation, relaxation, avocation, pastime or fun.

(d) *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 shows or performances. They also includes those places where one seeks admission to entertain himself by direct participation.

(e) *Banks and other financial institutions* include banks, offshore banking, non-bank financial intermediaries, lending investors, finance and investment companies, investment houses, pawnshops, money shops, insurance companies, stock markets, stock brokers and dealers in securities and foreign exchange including pre-need companies, as defined under applicable law, or rules and regulations.

(f) *Bar* includes any place where intoxicating and fermented liquors or malt are sold, even without food, where services hired hostesses and/or waitresses are employed; and where customers may dance to music not rendered by a regular dance orchestra or musicians hired for the purposes; otherwise, the place shall be classified as a dance hall or night or day club. A cocktail lounge or beer garden is considered a bar even if there are no hostesses or waitresses to entertain customers.

(g) *Boarding house* includes any house where boarders are accepted for compensation by the week or by the month or where meals are served to boarders only. A pension inn (or pension house) shall be considered a boarding house unless, by the nature of its services and facilities, it falls under another classification.

(h) *Brewer* includes all persons who manufacture fermented liquors of any description for sale or delivery to others, but does not include manufacturers of tuba, basi, tapuy, or similar domestic fermented liquors, whose daily production does not exceed two hundred (200) gauge liters.

(i) *Business Agent* (Agente de negocio) includes all persons who act as agents of others in the transaction of business with any public officer, as well as those who conduct collecting, advertising, employment, or private detective agencies.

(j) *Business Centre* a place for business transactions; a place for transacting business as well as collecting, advertising, purchasing a product or service.

(k) *Cabaret/Dance Hall* includes any place or establishment where dancing is permitted to the public in consideration of any admission, entrance, or any other fee paid on, before, or after the dancing, and where professional hostesses or dancers are employed.

(l) *Call Center* telecommunication business dealing with customers' phone calls: a place that handles high-volume incoming telephone calls on behalf of a large organization; A functional area within an organization or an outsourced, separate facility that exists solely to answer inbound or place outbound telephone calls. Usually refers to a sophisticated voice operations center that provides a full range of high-volume, inbound or outbound call-handling service, including customer support operator service, directory assistance, multi-lingual customer support, credit service, card service, inbound and outbound telemarketing interactive voice response and web-based services.

(m) *Calling* means one's regular business, trade, profession, vocation or employment which does not require the passing of an appropriate government board or bar examination, such as professional actors and actresses, hostess, masseurs, commercial stewards and stewardess, etc.

(n) *Capital investment* is the capital which a person puts in any undertaking, or which he contributes to the common stock of a partnership, corporation or any other juridical entity or association.

(o) *Carinderia* refers to any public eating place where food already cooked are served at a price.

(p) *Cockpit* includes any place, compound, building or portion thereof, where cockfights are held, whether or not money bets are made on the results of such cockfights.

(q) *Collecting agency* includes any person, other than a practicing attorney-at-law, engaged in the business of collecting or suing debts or liabilities placed in his hands, for said collection or suit, by subscribers or customers applying and paying therefore.

(r) *Commercial broker* includes all persons other than importers, manufacturers, producers or bonafide employees, who for compensation or profit, sell or bring about sales or purchases or merchandise for other persons; bring proposed buyers and sellers together or negotiate freights or other business for owners of vessels or other means of transportation for shippers, consignees of freight carried by vessels or other means of transportation. The term includes commission merchants.

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

(t) *Contractor* includes persons, natural or juridical, not subject to professional tax whose activity consists essentially of the sale of all kinds 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 speciality contractors as defined under applicable laws; filling, demolition and salvage works contractors; proprietors or operators of mine drilling apparatus; proprietors or operators of computer services/rental; proprietors or operators or 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 planting or surfacing and recutting of lumber, sawmills under contract to saw or cuts logs belonging to others; proprietors or operators of dry-cleaning or dyeing establishments, 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 operator of tailor shops, dress shops, milliners and hatters, beauty parlors, barbershops, massage clinics, sauna Turkish and Swedish baths, slenderizing and building saloons and similar establishments; photographic studios; funeral parlors; 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 and 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.

(u) *Dealer* means one whose business is to buy and sell merchandise, goods, and chattels as merchant. He stands immediately between the producer or manufacturer and consumer 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.

(v) *Dealer in securities* includes all persons who for their own account are engaged in the sale of stocks, bonds, exchange, bullion, coined money, bank notes, promissory notes, or other securities. It shall also include pre-need companies or those engaged in the sale of educational plans, health care plans, memorial plans, etc.

(w) *Distributor* – A person or a firm, especially a wholesaler, who distributes merchandise to retailers, usually within a specified geographic area, who is also involved in the delivery of goods from the producers to the consumers, including such items as sales methods.

(x) *Domestic Construction Project* – refers to a project bidded out and implemented within the territorial jurisdiction of the Philippines by any foreign or domestic contractor.

(y) *E-Commerce* it is generally used to cover the “distribution, marketing, sale or delivery of goods and services by electronic means.”

(z) *Exhibit and Event Organizer* is any person, company, or entity who shall be responsible in organizing, arranging, sponsoring and in taking control and acting for any and all organizations, exhibits or institutions, including the officers, agents and/or employees thereof, on all aspects of the management of an exhibit.

(aa) *Exporter* means any person who is engaged in the business of exporting articles or goods of any kind from the Philippines for sale or consumption abroad.

(bb) *General building contractor* is a person whose principal contracting business is in connection with any structure built, being built, or to be built, for the support, shelter and enclosure of persons, animals, chattels or movable property of any kind, requiring in its construction 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 installation, mines and metallurgical plants, cement and concrete works in connection with the above mentioned fixed works. A person who merely furnishes materials or supplies without fabricating them into or consuming them in the performance of the work of the general building contractor does not necessarily fall within this definition.

(cc) *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 subjects: 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 systems for the transmission of petroleum and other liquid or gaseous substances, land-levelling and earth-moving projects, excavating, grading, trenching, paving and surfacing works.

(dd) *Holding Company* a controlling company that has one or more subsidiaries and confines its activities primarily to their management.

(ee) *Hotel* includes any house or buildings or portion thereof in which any person or persons may be regularly harbored or received as transients or guests. A hotel shall be considered as living quarters and shall have the privilege to accept any number of guests and to serve food to the guests therein.

(ff) *Importer* means any person who brings articles, good wares or merchandise of any kind of class into the Philippines from abroad for unloading therein, or which after entry are consumed herein or incorporated into the general mass of property in the Philippines. In case of tax free articles, brought or imported into the Philippines by persons, entities or agencies exempt from tax which are subsequently sold, transferred, or exchanged in the Philippines to non-exempt private persons or entities, the purchaser or recipient shall be considered the importer thereof.

(gg) *Independent wholesaler* means a person other than a manufacturer, producer or importer who buys commodities for resale to persons other than the end-users, regardless of the quantity of transaction.

(hh) *Information Technology* – may be defined as the collective term for various technologies involved in the processing and transmitting of information, which include computing, multimedia, telecommunications, microelectronics and their interdependencies.

The term Information Technology (IT) offering services both in the domestic and international market shall include IT project management, applications systems development, applications services providers, web development management, database design and development, computer net-working and data communications, software development and application (includes programming and adaptation of system software, middleware, application software, for business, media, e-commerce, education, entertainment and all other programs interdependent of this technology) and ICT facilities operations/management.

*Information Technology – Enabled Services* refer to business lines that can be transformed through information technology. These include activities such as business process outsourcing and shared services, engineering and design, animation and content creation, knowledge management, remote education, market research, travel services, finance and accounting services, human resources services and other administrative services (includes call

centers; purchasing, data encoding, transcribing and processing; directories) and all future programs interdependent of this technology.

*Information Communications Technology* are support activities such as research and development of high-value-added ICT products and services, education and manpower development in ICT, incubation of IT services providers, provision for Internet services and community access. These support activities also include content development for multi-media or Internet purposes, knowledge-based and computer enabled support services like engineering and architectural design services and consultancies, business process outsourcing like e-commerce, and all other future programs and activities interdependent of this technology.

(ii) *Investment Company and Investment House* – Investment companies are entities primarily engaged in investing, reinventing or trading in securities. An investment house is an enterprise engaged in guaranteed underwriting of securities of another person or enterprise, including securities of government and its instrumentalities.

(jj) *Joint Venture* – is a legal organization that takes the form of a short term partnership in which the person jointly undertakes a transaction for mutual profit. Generally each person contributes assets and share risks. Like a partnership joint ventures can involved any type of business transaction and the “persons” involved can be individuals, group of individuals, companies, or corporations.

(kk) *Lodging house* includes any house or building, or portion thereof, in which any person or persons may be regularly harbored or received as transients for compensation.

(ll) *Manufacturer* includes every person who, for the purpose of sale or distribution to others and not for his own use or consumption, by physical or chemical process : (1) alters the exterior texture of form, or inner substance of any raw material or manufactured or partially manufactured product in such manner as to prepare it for a special use or uses to which it could not have been put in its original condition; (2) alters the quality of any such raw material or manufactured or partially manufactured product so as to reduce it to marketable shape or prepare it for any use of industry; or (3) combines any raw material or manufactured or partially manufactured product with other materials or products of the same or different kind in such manner that the finished product of such process or manufacture can be put to a special use or uses to which such material, or manufactured or partially manufactured product in its original condition could not have been put.

(mm) *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, lawnmowers, bulldozers, graders, forklifts, amphibian trucks, and cranes if not used on public roads vehicles which run only on rails or tracks, and tractors, trailers and traction engines of all kinds used exclusively for agricultural purposes.

(nn) *Night or day club* includes any place frequented at nighttime or daytime, as the case may be, where patrons are served food or drinks and are allowed to dance with their partners or with professional hostesses furnished by the management.

(oo) *Occupation* means one's regular business or employment or an activity which principally takes up one's time, thought and energies. It includes any calling, business, trade, profession or vocation.

(pp) *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.

(qq) *Partnership* - is a business entity in which two or more individuals carry on a continuing business for profit as co-owners legally.

(rr) *Peddler* is a person who, either for himself or for commission, travels from place to place within the city and sells his goods or offers to sell or deliver the same.

(ss) *Privately-owned public market* means those market establishments including shopping centers funded and operated by private persons, natural or juridical, under government permit.

(tt) *Profession* means a calling which requires the passing of an appropriate government board or bar examinations, such as practice of law, medicine, public accountant, engineering, etc.

(uu) *Public market* refers to any place, building, or structure of any kind designated as such by the local board or council, except public streets, plazas, parks and the like.

(vv) *Real estate brokers* includes any person, other than a real estate salesman as hereinafter defined, who for another, and for a compensation or in the expectation or promise or receiving compensation, (1) sells, or offers for sale, buys or offers to buy, lists or solicits for prospective purchasers, or negotiates the purchase, sale or exchange of real estate or interests therein; (2) or negotiates loans on real estate; (3) or leases or offers to lease or negotiates the sale, purchase or exchange of a lease, or rents or places for rent or collects rent from real estate or improvements thereon; (4) or shall be employed by or on behalf of the owner or owners of lots or other parcels of real estate at a stated salary or commission, or otherwise to sell such real estate or any part thereof in lots or parcels. Real estate salesman means any natural person regularly employed by a real estate broker to perform in behalf of such broker any or all of the functions of a real estate broker. One act of a character embraced within the above definition shall constitute the person performing or attempting to perform the same real estate broker. The foregoing definitions do not include a person who shall directly perform the same real estate broker. The foregoing definitions do not include a person who shall directly perform any acts aforesaid reference to his own property, where such acts are performed in the regular course of or as an incident to the management of such property; nor shall they apply to persons acting pursuant to a duly executed power-of-attorney from the owner authorizing final consumption by performance of a contract conveying a real estate by sale, mortgage or lease; nor shall they

apply to any receiver, trustee or assignee in bankruptcy or insolvency or in any person acting pursuant to the order of any court; nor to a trustee selling under a deed of trust.

(ww) *Real estate dealer* includes any person engaged in the business of buying, selling or exchanging real properties on his own account as a principal and holding himself out as a full or part time dealer in real estate.

(xx) *Real Estate Developer* – refers to any person engaged in the business of developing real properties into subdivisions, or building houses on subdivided lots, or constructing, improving and rehabilitating residential or commercial units, townhouses and other similar units for his own account and offering them for sales or lease.

(yy) *Real Estate Lessor* – is any person engaged in the business of leasing or renting out real properties on his own account as a principal and holding himself out as a lessor of real properties being rented out or offered for rent.

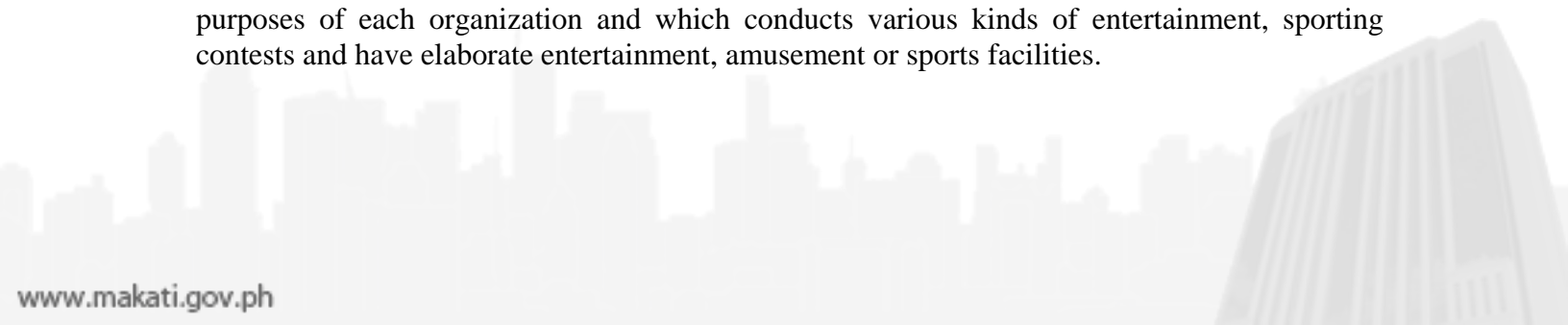
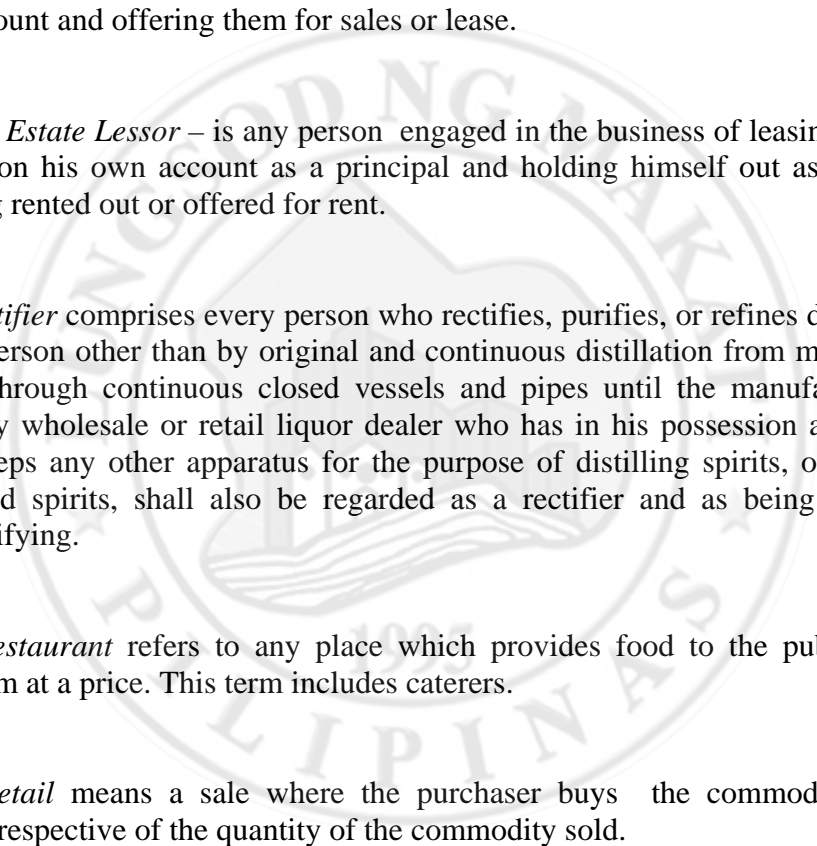
(zz) *Rectifier* comprises every person who rectifies, purifies, or refines distilled spirits or wines by any person other than by original and continuous distillation from mash, wort, wash, sap, or syrup through continuous closed vessels and pipes until the manufacture thereof is complete. Every wholesale or retail liquor dealer who has in his possession any still or mash tub, or who keeps any other apparatus for the purpose of distilling spirits, or in any manner refining distilled spirits, shall also be regarded as a rectifier and as being engaged in the business of rectifying.

(aaa) *Restaurant* refers to any place which provides food to the public and accepts orders from them at a price. This term includes caterers.

(bbb) *Retail* means a sale where the purchaser buys the commodity for his own consumption, irrespective of the quantity of the commodity sold.

(ccc) *Shopping center* means a building, establishment or a place or parts thereof, leased to at least ten (10) different persons to be used principally by them separately for selling any article, of commerce of whatever kind or nature.

(ddd) *Social/Sports club* is a club the social features of which are the individual purposes of each organization and which conducts various kinds of entertainment, sporting contests and have elaborate entertainment, amusement or sports facilities.





(eee) *Software Development* is the efficient application of software specification, design, and implementation technologies to produce a desired computer process.

(fff) *Specialty contractor / Subcontractor* - is a person whose operations pertain to the performance of construction work requiring special skill and whose principal contracting business involves the use of specialized building trades or crafts.

(ggg) *Theater or cinemahouse* includes any edifice, building or enclosure where motion pictures are exhibited and/or where operatic or dramatic performances, presentations or plays, or other shows are held.

(hhh) *Tiangge or "Privilege Store"* refers to a store or outlet which does not have a fixed location and normally are set up in places like shopping malls, hospitals, office buildings, hotels, villages or subdivisions, churches, parks, sidewalks, streets and other public places, for the purposes of selling a variety of goods/services for a short duration of time or on special events.

(iii) *Telecommunications* – The breakthrough in science and technology in the industry of long distance communications whereby electromagnetic impulses and signals are transmitted and received through air and sound waves, fiber optics, radio frequencies, i.e., radio, radar, sonar, televisions, telegraphy, telephony, etc.

(jjj) *Vessel* includes every type of boat, craft, or other artificial contrivances used, or capable of being used, as a means of transportation on water.

(kkk) *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.

**SEC. 3A.02 Imposition of Tax.**- There is hereby levied an annual tax on the following businesses at rates prescribed therefore:

On Manufacturers, producers, assemblers, re-packers, processors of any article of commerce of whatever kind of nature, and brewers, distillers, rectifiers and compounder of liquors, distilled spirits and wines or manufacturers of any article of commerce of whatever kind of nature, in accordance with the schedule shown here under. With domestic gross sales or receipts for the preceding calendar year in the amount of:

		<u>Amount of Tax per Annum</u>
	less than P 50,000.00	Exempt
P	50,000.00 or more but less than 75,000.00	1,850.00
	75,000.00 or more but less than 100,000.00	2,310.00
	100,000.00 or more but less than 150,000.00	3,080.00
	150,000.00 or more but less than 200,000.00	3,850.00
	200,000.00 or more but less than 300,000.00	5,390.00
	300,000.00 or more but less than 500,000.00	7,700.00
	500,000.00 or more but less than 750,000.00	11,200.00
	750,000.00 or more but less than 1,000,000.00	14,000.00
	1,000,000.00 or more but less than 2,000,000.00	19,250.00
	2,000,000.00 or more but less than 3,000,000.00	23,100.00
	3,000,000.00 or more but less than 4,000,000.00	27,720.00
	4,000,000.00 or more but less than 5,000,000.00	32,340.00
	5,000,000.00 or more but less than 6,500,000.00	34,125.00
	6,500,000.00 or more P34,125.00 plus 52.5% of 1% over P6.5 million.	

(b) On Wholesalers, distributors, importers, or dealers of any article of commerce of whatever kind or nature in accordance with the schedule shown here under. With domestic gross sales or receipts for the preceding calendar year in the amount of:

		<u>Amount of Tax per Annum</u>
	less than P 50,000.00	Exempt
P	50,000.00 or more but less than 75,000.00	1,190.00
	75,000.00 or more but less than 100,000.00	1,540.00
	100,000.00 or more but less than 150,000.00	2,240.00
	150,000.00 or more but less than 200,000.00	2,900.00
	200,000.00 or more but less than 300,000.00	3,960.00
	300,000.00 or more but less than 500,000.00	5,280.00
	500,000.00 or more but less than 750,000.00	7,920.00
	750,000.00 or more but less than 1,000,000.00	10,560.00
	1,000,000.00 or more but less than 2,000,000.00	12,000.00
	2,000,000.00 or more P 12,000.00 plus sixty percent (60%) of one percent (1%) over P 2.0 million.	

(c) On Exporter, shall be taxed either under subsection (a), (b) or (e), depending on how the business is conducted or operated as provided in this Code.

The term exporter 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.

For this purpose, the amount of export sales shall be excluded and declared separately from the total sales and shall be subject to the rate of one-half (1/2) of the rates prescribed under

sub-sections (a), (b) and (e) respectively. Provided, however, export sales on software development, computer programs, computer designs and all other computer works and related by-products, in accordance to the customer specifications and design that are conceptualized, realized/materialized, developed and utilized, shall be subject to the business tax at the full rate prescribed under subsection (g), as provided in this Code.

(d) On Manufacturers, millers, producers, wholesalers, distributors, dealers, or retailers of essential commodities enumerated hereunder at a rate of one-half (1/2) of the rates prescribed under subsections (a), (b) and (e), respectively, of this section:

- (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

(e) On retailers, shall be taxed at the rate of seventy five percent (75%) of one percent (1%) on gross sales or receipts for the preceding calendar year.

Provided, however, that the barangay shall have the exclusive power to impose tax on retailer for fixed business establishments with gross sales or receipts of the preceding calendar year of fifty thousand pesos (Php 50,000.00) or less at the rate not exceeding one percent (1%) on such gross sales or receipts.

(f) On owner or operators of sari-sari store shall be taxed at the rate of fifty percent (50%) of one percent (1%) on the gross sales or receipts for the preceding calendar year.

(g) On Contractors and other independent contractors defined in SEC. 3A-01 (t) of chapter III of this Code; and on owners or operators of business establishments rendering or offering services such as; advertising agencies; rental of space of signs, signboards, billboard or advertisements; animal hospitals; assaying laboratories; belt and buckle shops; blacksmith shops; bookbinders; booking offices for film exchange; booking offices for transportation on commission basis; breeding of game cocks and other sporting animals belonging to others; business management services; collecting agencies; escort services; feasibility studies, consultancy services; garages; garbage disposal contractors; gold and silversmith shops; inspection services for incoming and outgoing cargoes; interior decorating services; janitorial services; job placements or recruitment agencies; landscaping contractors; lathe machine shops; management consultants not subject to professionals tax; medical and dental laboratories; mercantile agencies; messengerial services; operators of shoe shine stands; painting shops; perma press establishments; rent-a-plant services; polo players; school for and/or horse-back

riding academy; real estate appraisers; real estate brokerages; photostatic; white/blue printing, photocopying, typing and mimeographing services; car rental, rental of heavy equipment, rental of bicycles and/or tricycles; furniture, shoes, watches, household appliances, boats, typewriters, etc; roasting of pigs, fowls, etc; shipping agencies; shipyard for repairing ships for others; shops for hearing animals; silkscreen or T-shirt printing shops; stables; travel agencies; vaciador shops; veterinary clinics; video rentals and/or coverage services; dancing school/speed reading/EDP; nursery, vocational and other schools not regulated by the Department of Education (DepEd), day care centers; etc.

With gross sales or receipts for the preceding calendar year in the amount of:

		<u>Amount of Tax per Annum</u>
	less than P 50,000.00	Exempt
P	50,000.00 or more but less than 75,000.00	1,144.00
	75,000.00 or more but less than 100,000.00	1,716.00
	100,000.00 or more but less than 150,000.00	2,574.00
	150,000.00 or more but less than 200,000.00	3,432.00
	200,000.00 or more but less than 250,000.00	4,719.00
	250,000.00 or more but less than 300,000.00	6,006.00
	300,000.00 or more but less than 400,000.00	8,008.00
	400,000.00 or more but less than 500,000.00	10,725.00
	500,000.00 or more but less than 750,000.00	12,025.00
	750,000.00 or more but less than 1,000,000.00	13,325.00
	1,000,000.00 or more but less than 2,000,000.00	15,000.00
	2,000,000.00 P15,000.00 plus seventy five percent (75%) of one percent (1%) over 2 million.	

For purposes of this Section, all general engineering, general building, and specialty contractors with principal offices located outside Makati but with multi-year projects located in the City of Makati, shall secure the required city business permit and shall be subject to pay the city taxes, fees and charges based the total contract price payable in annual or quarterly installments within the project term.

Upon completion of the project, the taxes shall be recomputed on the basis of the gross sales/receipts for the preceding calendar years and the deficiency tax, if there be any, shall be collected as provided in this Code, and shall retire the city business permits secured upon full completion of the projects undertaken in the City of Makati.

(h) On owners or operators of banks and other financial institutions which include offshore banking, non-bank, financial intermediaries, lending investors, finance and investment companies, investment house, pawnshops, money shops, insurance companies, stock markets, stock brokers, dealers in securities including pre-need companies, foreign exchange shall be taxed at the rate of twenty percent (20%) of one percent (1%) of the gross receipts of the preceding calendar year derived from interest, commissions, and discounts from lending activities, income from financial leasing, investments, dividends, insurance premium and profit

from exchange or sale of property, provided, however, on gross sales/receipts derived from rental of property during the preceding calendar year shall be subject to the business tax at the rate prescribed under subsection (l) 1, as provided in this code.

(i) On owners or operators of hotels duly licensed and accredited by the City of Makati, the rate of the tax on the gross receipts during the preceding calendar year derived from room occupancy shall be sixty percent (60%) of one percent (1%).

(j) On owners or operators of cafes, cafeterias, ice cream and other refreshment parlour, restaurants, soda fountains, carinderias or food caterers in accordance with the schedule shown here under. With gross sales or receipts for the preceding calendar year in the amount of:

	<u>Amount of Tax</u> <u>per Annum</u>
less than P 50,000.00	Exempt
P 50,000.00 or more	P795.00 plus 80% of 1% over P50,000.00.

Provided, however. That the gross receipts during the preceding year derived from the sales of cigarettes and other tobacco products, and liquor, wine, beer, distilled spirits and other alcoholic products or intoxicating drinks shall be taxed at the rate of (3%).

(k) On owners or operators of the following amusement and other recreational places in accordance with the following schedule:

- Day and night clubs, day clubs or night clubs, cocktail or music lounges or bars, cabarets or dance hall, disco houses, beer garden or joints, gun clubs, off-track betting stations or off-frontons; race tracks, cockpits and other similar places at the rate of three percent (3%) of the gross sales/receipts including the sales food and non-alcoholic drinks during the preceding year.
- Swimming pools, pelota/squash courts, tennis courts, badminton courts, exclusive clubs such as country and sports clubs, resorts and other similar places, skating rink; billiard or pool hall, bowling alleys, circus, carnivals or the like; merry-go-rounds, roller coasters, ferries wheel, swing shooting galleries and similar contrivances; boxing stadia, boxing contest, race tracks, theaters and cinema houses; judo-karate clubs and other similar places; at the rate of seventy five (75%) percent of one (1%) percent of the gross sales/ receipts during the preceding calendar year;

The gross receipts of amusements and recreational places mentioned above derived from the sale of cigarettes and other tobacco products, and liquor, wine, beer, distilled spirits and other alcoholic products shall be taxed at the rate of three percent (3%) on the gross sales/receipts during the preceding calendar year; and

The Gross Receipts of owners or operators of amusement and recreational places derived from admission fees shall be excluded and declared separately from the total sales and shall be subject to the rate under Article F of this Chapter. Failure to make this separate declaration of amusement sales shall be subject to the business tax at the rate prescribed under subsection (k), as provided in this code.

(l) Real Estate Lessors and Real Estate Dealers shall pay the annual tax in accordance with the following schedule:

1. On lessors or sub-lessors of real estate including accessoria, appartelle, pension inns, lodging houses, apartments, condominiums, houses for lease, rooms and spaces for rent, and similar places shall pay the tax in accordance with the schedule shown here under. With gross sales or receipts for the preceding calendar year in the amount of:

		<u>Amount of Tax per Annum</u>	
	less than	P 1,000.00	Exempt
P	1,000.00 or more but less than	4,000.00	P 30.00
	4,000.00 or more but less than	10,000.00	120.00
	10,000.00 or more but less than	20,000.00	300.00
	20,000.00 or more but less than	30,000.00	600.00
	30,000.00 or more but less than	50,000.00	900.00
	50,000.00 or more	P 900.00 plus 75% of 1% over P 50,000.00	

2. On Real Estate Dealer shall pay the tax in accordance with the schedule shown hereunder. With gross sales or receipts for the preceding calendar year in the amount of:

		<u>Amount of Tax per Annum</u>	
	less than	P 20,000.00	P 240.00
P	20,000.00 or more but less than	50,000.00	600.00
	50,000.00 or more but less than	100,000.00	1,200.00
	100,000.00 or more but less than	200,000.00	2,400.00
	200,000.00 or more but less than	500,000.00	6,000.00
	500,000.00 or more but less than	700,000.00	8,400.00
	700,000.00 or more but less than	1,000,000.00	12,000.00
	1,000,000.00 or more but less than	2,000,000.00	18,000.00
	2,000,000.00 or more but less than	5,000,000.00	30,000.00
	5,000,000.00 or more but less than	7,000,000.00	60,000.00
	7,000,000.00 or more but less than	10,000,000.00	90,000.00
	10,000,000.00 or more	P 90,000.00 plus sixty percent (60%) of one percent (1%) over P 10.0 million	

(m) On owners or operators of real estate developer shall be tax at the rate prescribed under sub-section (g) of the gross sales/receipts during the preceding calendar year.

(n) On owners or operators of privately-owned public markets, shopping centers, exhibit and event organizer, and business centers shall pay the tax rate of three percent (3%) on the gross sales or receipts of the preceding calendar year.

(o) On owner or operators of Information Technologies which include Software development, computer programming, internet, call centers, E-Commerce, design animation and other IT-related service activities shall be tax at the rate prescribed under subsection (g) of the gross sales and/or receipts during the preceding calendar year.

(p) On Holding Company shall be taxed at the rate prescribed either under subsection (g) or (h), of the gross sales and/or receipts during the preceding calendar year.

(q) On owners or operators of any business not specified above, shall pay the tax at the rate of three percent (3%) on the gross sales and/or receipts of the preceding calendar year.

**SEC. 3A.03. Computation of tax for newly-started business** - In the case of a newly-started business under Sec. 3A.02 (a), (b), (c), (d), (e), (f), (g), (h), (i), (j), (k), (l), (m), (n), (o), (p) and (q) above, the initial tax for the year shall be Ten percent (10%) of One percent (1%) of the capital investment or paid up capital.

In the succeeding calendar year, regardless of when the business started to operate, the tax shall be based on the gross sales or receipts for the preceding calendar year, for any fraction thereof, as provided in the same pertinent schedules.

#### **SEC. 3A.04. Computation and Payment of Tax on Business**

(a) The tax imposed herein shall be payable for every separate or distinct establishment or place where business subject to the tax is conducted and one line of business does not become exempt by being conducted with some other businesses for which such tax has been paid. The tax on a business must be paid by the person conducting the same.

(b) In cases where a person conducts or operates two (2) or more of the related businesses mentioned in Sec. 3A.02 which are subjected to the same rate of tax, the tax shall be computed on the combined total gross sales or receipts of the said two (2) or more related businesses.

(c) In cases where a person conducts or operates two (2) or more businesses mentioned in the aforesaid section which are subject to different rates of tax, the gross sales or receipts of each business shall be separately reported, and the tax thereon shall be computed on the basis of the appropriate schedule.

## **SEC. 3A.05. 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 municipality or city specifically mentioned in the articles of incorporation or 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 other municipality or city, 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 City Mayor 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 invoice as aforementioned shall not be considered a branch or sales office.

(4) *Plantation* - a tract of agricultural land planted with 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 lands utilized by a business or corporation to conduct studies, tests, researches or experiment 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 the Article A, Chapter III of this Code and allocated in paragraph (d) of Sec. 3A.02.



## Sales Allocation

(1) All sales made by a branch or sales office or warehouse located in the city shall be taxable herein.

(2) In case the principal office and the factory are located in this city, all sales recorded in the principal office and those on the other localities where there is no branch or sales office or warehouses shall be recorded in the principal office and taxable by the city.

(3) (i) If the principal office is located in the city and the factory, project office plant or plantation is located in another locality, thirty percent (30%) of the sales recorded in the principal office shall be taxable by the City of Makati.

(ii) If the factory, project office, plant or plantation is located in this city and the principal office is located in another locality, seventy percent (70%) of the sales recorded in this city shall be taxable herein.

This sales allocation in (i) and (ii) above shall not apply to experimental farms.

(iii) If the plantation is located in the city and the factory is located in another locality, forty percent (40%) of the seventy percent (70%) sales determined in paragraph 3 (ii) of this section shall be taxable herein. On the other hand, if the factory is located in the city, and the plantation is located in another locality, sixty percent (60%) of the seventy percent (70%) sales determined in paragraph 3 (ii) above shall be taxable herein.

(iv) If the factory, project office, plant or plantation is located in the city and the other factories, project offices, plants or plantations are located in other localities this city shall tax the sales in proportion to the volume of production in the factory, project office, plant or plantation located herein during the tax period.

In the case of project offices or services and other independent contractors the term production shall refer to the cost of projects actually undertaken during the tax period.

(4) All sales made by the factory, project office, or plant located in this city shall be recorded in the branch or sales office which is similarly located herein, and shall be taxable by this city. In case there is no branch or sales office or warehouse in this city, but the principal office is located herein, the sales made in the said factory shall be taxable by the city along with the sales recorded in the principal office.

(5) In the case of manufacturers or producers which engage the services of an independent contractor to produce or manufacture some of their products, the foregoing rules on the situs of taxation shall apply. However, 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 manufacturers.

(6) (i) All route sales made in this city where a manufacturer, producer, wholesaler, maintains a branch or sales office or warehouse shall be recorded and shall be taxable herein.

(ii) This city shall tax the sales of the products recorded and withdrawn by route trucks from the branch, sales office or warehouse located herein but sold in another locality where there is no branch, sales office, warehouse.

**SEC. 3A.06. Accrual of Payment** – Unless specifically provided in this Article, the taxes imposed herein shall accrue in the first day of January each year.

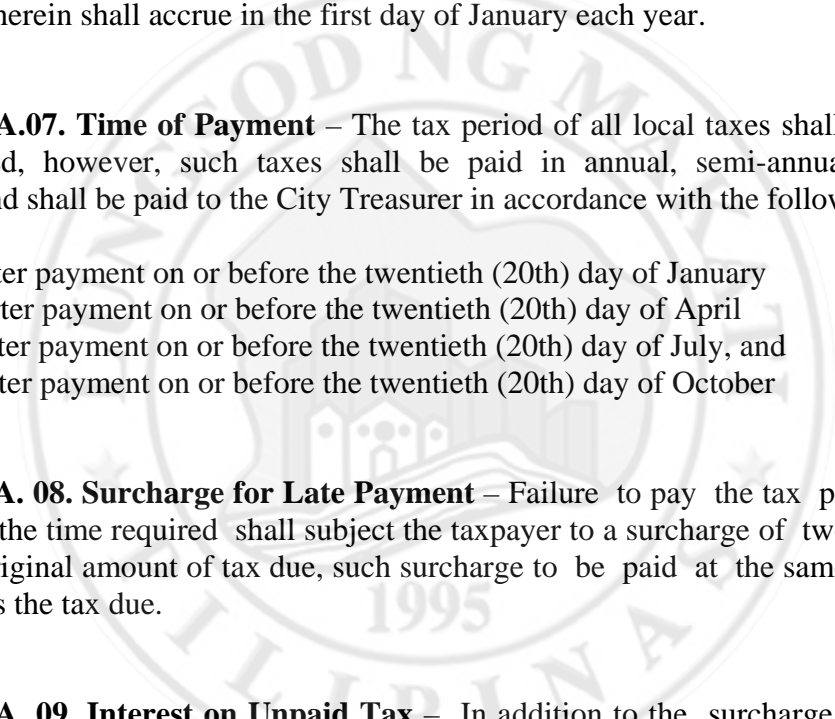
**SEC. 3A.07. Time of Payment** – The tax period of all local taxes shall be the calendar year. Provided, however, such taxes shall be paid in annual, semi-annual and quarterly installments, and shall be paid to the City Treasurer in accordance with the following schedule:

- 1<sup>st</sup> quarter payment on or before the twentieth (20th) day of January
- 2<sup>nd</sup> quarter payment on or before the twentieth (20th) day of April
- 3<sup>rd</sup> quarter payment on or before the twentieth (20th) day of July, and
- 4<sup>th</sup> quarter payment on or before the twentieth (20th) day of October

**SEC. 3A. 08. Surcharge for Late Payment** – Failure to pay the tax prescribed in this Article within the time required shall subject the taxpayer to a surcharge of twenty five percent (25%) of the original amount of tax due, such surcharge to be paid at the same time and in the same manner as the tax due.

**SEC. 3A. 09. Interest on Unpaid Tax** – In addition to the surcharge imposed herein, there shall be imposed an interest of 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.

Where an extension of time for the payment of the tax has been granted and the amount is not paid in full prior to the expiration of the extension, the interest abovementioned shall be collected on the unpaid amount from the date it becomes originally due until fully paid.



### **SEC. 3A. 10. Administrative Provisions –**

(a) *Requirement* – Any person who shall establish, operate or conduct any business, trade or activity mentioned in this Article in the City of Makati, Metro Manila, shall first obtain a Mayor's permit and pay the fee therefor and the business tax imposed under this Article.

(b) *Issuance and posting of official receipt* – The City Treasurer shall issue an official receipt upon payment of the business tax. Issuance of the said official receipt shall not relieve the taxpayer from any requirement imposed by the different departments of this city.

Every person issued an official receipt for the conduct of a business or undertaking shall keep the same conspicuously posted in plain view at the place of business or undertaking. If the individual has no fixed place of business or office, he shall keep the official receipt in his person. The receipt shall be produced upon demand by the City Mayor, City Treasurer, or their duly authorized representatives.

(c) *Issuance of invoices or receipts* – All persons subject to the taxes on business shall, for each sale or transfer of merchandise or goods, or for services rendered, valued at Twenty Five Pesos (P25.00) or more at any one time, prepare and issue sale or commercial invoices and receipts serially numbered in duplicate, showing, among others, their names or styles if any, and business address. The original of each sales invoice or receipts shall be issued to the purchaser or customer and the duplicate to be kept and preserved by the person subject to the said tax, in his place of business for a period of five (5) years. The receipts or invoices issued pursuant to the requirements of the Bureau-of internal Revenue for determination of national internal revenue taxes shall be sufficient for purposes of this Code.

(d) *Sworn statement of gross receipts or sales* – Operators of business subject to the taxes on business shall submit a sworn statement of the capital investment before the start of their business operations and upon application for a Mayor's permit to operate the business. Upon payment of tax levied in this article, any person engaged in business subject to the business tax based on gross sales and/or receipts shall submit a sworn statement of his gross sales/receipts for the preceding calendar year in such manner and form as may be prescribed by the City Treasurer. Should the taxpayer fail to submit a sworn statement of gross sale or receipts, due among others for his failure to have a book of accounts, records and/or subsidiaries for his business. the City Treasurer or his/her authorized representatives may verify or assess the gross sales or receipts of the taxpayer under the best available evidence upon which the tax may be based.

(e) *Issuance of certification* – The City Treasurer may, upon presentation of satisfactory proof that the original official receipt has been lost, stolen or destroyed, issue a certification to the effect that the business tax has been paid, indicating therein, the number of the official receipt issued, upon payment of a fee of Fifty Pesos (P50.00).

(f) *Transfer of business to other location* – Any business for which a city business tax has been paid by the person conducting it may be transferred and continued in any other place

within the territorial limits of this city without the payment of additional tax during the period for which the payment of the tax was made.

(g) *Retirement of Business* - Any person natural or juridical who discontinues, transfer to other locality/ies or close/retire his/her business operation(s) is subject to the taxes, fees and charges on business. Within the period of thirty (30) days of the discontinuance, transfer or closure/retirement of business, shall surrender to the City Treasurer the original business permit/license of the current year, official receipt issued for the payment of the business tax, and submit a sworn statement of the gross sales or receipts for the current year or quarter and the corresponding taxes must be collected. Any tax due must first be paid before any business or undertaking is finally terminated.

The following documents should support the application for business retirement:

1. Audited Financial Statement for three (3) calendar years for verification of the gross sales or receipts of the business. In case there is a branch, sales office, factory, warehouse and/or project office outside Makati, breakdown of gross sales or receipts, assessment and proof of payments or Certified True Copies of Official Receipts evidencing payments from other LGU's are also to be submitted to this office.
2. Original Mayor's Permit/License for the current year.
3. Board Resolution/Secretary's Certificate
4. Affidavit of Non-Operation in case of no sales/operation
5. In case of inconsistencies with the above submitted documents, the opening of the Books of Accounts will be required for examination before the business is completely retired.

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 re-registration of the same business under a new name will only be considered by this city for record purposes in the course of the renewal of the permit or license to operate the business.

The City Treasurer shall see to it that the payment of the 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 City 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 City 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 the taxes, fees and charges imposed thereon under existing local tax ordinances; and

- (2) In the case of 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.
- (2) The permit issued to a business retiring or terminating its operations shall be surrendered to the City Treasurer who shall forthwith cancel the same and record such cancellation in his books.

*(h) Death of License* – When any individual paying a business tax dies, and the business is continued by a person interested in his estate, no additional payment shall be required for the residue of the term for which the tax was paid.

*(i) General Building Contractor to submit list of Sub-Contractor* – All general building contractors are required to submit to the City Treasurer/Business Permits Office the list of their sub-contractors for projects located in the City of Makati. The list must be comprehensive, signed under oath inclusive of the amount of contract price, duly notarized and must be accompanied by the respective sub-contract agreement.

**SEC. 3A.11. Penalty** – Any violation of the provisions of this Article shall be punished by a fine of not less than One Thousands Pesos (P 1,000.00) nor more than Five Thousands Pesos (P 5,000.00), or imprisonment of not less than one (1) month nor more than five (5) months, or both, at the discretion of the Court.

## **Article B. Tax on Business of Printing and Publication**

**SEC. 3B.01. Imposition of Tax** – There is hereby levied a tax at the rate of sixty percent (60%) of one percent (1%) of the gross annual receipts for the preceding calendar year on the business of the persons engaged in the printing and/or publication of newspapers and magazines placing of advertisement, obituaries, legal notices, books, cards, posters, leaflets, handbills, certificates, receipts, pamphlets, and other printed materials of similar character/nature.

In the case of a newly-started business, the tax shall be ten percent (10%) 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 of the preceding calendar year, or any fraction thereof.

**SEC. 3B.02. Exemption** – The receipts from the printing and/or publishing of books or other reading materials prescribed by the Department of Education, Culture and Sports (DECS) as school texts or references shall be exempt from the tax herein imposed.

**SEC. 3B.03. Time of Payment** – The tax shall be paid to the City Treasurer within the first twenty (20) days of January or of each subsequent quarter, as the case may be.

**SEC. 3B.04. Surcharge for Late Payment** - Failure to pay the levied tax on time shall be subject to a surcharge of twenty five percent (25%) of the original amount of tax due, such surcharge to be paid at the same time and in the same manner as the tax due.

**SEC. 3B.05. Interest on Unpaid Tax** – In addition to the surcharge for late payment, there shall be imposed upon the unpaid amount an interest of two percent (2%) per month from the due date until the tax is fully paid but in no case shall the total amount on the unpaid amount or portion thereof exceed thirty-six (36) months.

**SEC. 3B.06. Penalty** – Any violation of the provision of this Article shall be punishable by a fine not less than One Thousands Pesos (P 1,000.00) nor more than Five Thousands Pesos (P 5,000.00) or imprisonment of not less than one (1) month nor more than six (6) months, or both, at the discretion of the court.

### **Article C. Franchise Tax**

**SEC. 3C.01. Definition of Franchise** – It is a right or privilege, affected with the 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.

**SEC. 3C.02. Imposition of Tax** – Notwithstanding any exemption granted by any law or special law, the City of Makati may impose a tax on businesses enjoying a franchise at the rate of fifty percent (50%) of one percent (1%) based on the gross annual receipts which shall include both cash sales and sales on accounts realized during the preceding calendar year within the territorial jurisdiction of the City.

All businesses enjoying a franchise whether granted by the Congress of the Philippines, national franchising offices, or the Sangguniang Panlungsod, when operating within the territorial jurisdiction of the City of Makati shall be subject to the Mayor's Permit and other City Regulatory Fees.

In the case of a newly-started business, the tax shall be ten percent (10%) 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.

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:

- (a) If the principal office of the business is located in the city, 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, shall be considered as the capital investment.
- (b) 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 city, the paid-up capital referred in (a) 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.
- (c) Where the newly started business located in the city 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.

**SEC. 3C.03. Exclusion** – The term business 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 franchise.

**SEC. 3C.04. Time of Payment** – The tax shall be paid within the first twenty (20) days of January or of each subsequent quarter, as the case may be.

**SEC. 3C.05. Surcharge for Late Payment** – Failure to pay the levied tax on time shall be subject to a surcharge of twenty five percent (25%) of the original amount of tax due, such surcharge to be paid at the same time and in the same manner as the tax due.

**SEC. 3C.06. Interest of Unpaid Tax** – In addition to the surcharge for late payment, there shall be imposed upon the unpaid amount an interest of two percent (2%) per month from the due date until the tax is fully paid but in no case shall the total amount on the unpaid amount or portion thereof exceed thirty-six (36) months.

**SEC. 3C.07. Penalty** – Any violation of the provision of this Article shall be punishable by a fine of not less than One Thousands Pesos (P 1,000.00) nor more than Five Thousands Pesos (P 5,000.00) or imprisonment of not less than one (1) month nor more than six (6) months, or both, at the discretion of the court.

## **Article D. Tax on Transfer of Real Property Ownership**

**SEC. 3D.01. Imposition of Tax.** – There is hereby levied a tax on the sale, donation, barter, or on any other mode of transferring ownership or title of real property at the rate of sixty percent (60%) of the one percent (1%) of the total consideration involved in the transfer of the property or of the fair market value in case the monetary consideration involved in the transfer is not substantial, whichever is higher.

**SEC. 3D.02. Time of Payment.** – The tax herein imposed shall be paid by the seller, donor, transferor, executor, or administrator to the City Treasurer within sixty (60) days from the date of the execution of the deed or from the date of sale.

**SEC. 3D.03. Surcharge for Late Payment.** – Failure to pay the levied tax on time shall be subject to a surcharge of twenty-five percent (25%) of the original amount of the tax due, such surcharge to be paid at the same time and in the same manner as the tax due.

**SEC. 3D.04. Interest on Unpaid Tax.** – In addition to the surcharge for late payment, there shall be imposed upon the unpaid amount an interest of two percent (2%) per month from the due date until the tax is fully paid but in no case shall the total interest on the unpaid amount or portion thereof exceed thirty-six (36) months.

**SEC. 3D.05. Administrative Provisions.** – (a) The Register of Deeds of the City shall before registering any deed, require the presentation of the evidence of payment of this tax. The City Assessor shall likewise make the same requirement before cancelling an old tax declaration and issuing a new one in place thereof.

(b) Notaries public shall furnish the City Treasurer with a copy of any deed transferring ownership or title to any real property within thirty (30) days from the date of notarization.

**SEC. 3D.06. Penalty.** – Any violation of the provision of this Article shall be punishable by a fine of not less than One Thousand Pesos (P 1,000.00) nor more than Five Thousand Pesos (P 5,000.00) or imprisonment of not less than one (1) month nor more than six (6) months, or both, at the discretion of the Court.



## Article E. Professional Tax

**SEC. 3E.01. Imposition of Tax** – There is hereby levied annual professional tax on each person engaged in the exercise or practice of his profession requiring government examination at the rate of Three Hundred Pesos (P 300.00).

**SEC. 3E.02. Coverage** – The following professionals who passed the bar examinations, or any board, or other examinations conducted by the Professional Regulation Commission (PRC) and other government agencies shall be subject to the professional tax:

Actuaries; architects; land and naval; aviators; certified public accountants; chemists; criminologist; custom brokers; dentists; dietitians; engineers; aeronautical, agricultural, chemical, chief motor, civil, electrical, electronics, geodetic, marine, mechanical, (mechanical plant engineers, junior mechanical engineers and certified plant mechanics unless they are professional engineers and have paid the tax as mechanical engineers; mining, sanitary, etc; food technologies; foresters; insurance agents, sub-agents, brokers, or adjusters; geologists; land surveyors; lawyers; marine officers; third mates, second mates, chief mates, ship masters; marine surveyors; master mariners; medical practitioners; medical technologists; midwives; morticians, nurses, nutritionists; opticians; optometrists; pharmacist; physical and occupational therapists; real estate brokers; registered electricians; stockbrokers; sugar technologists; and veterinarians.

**SEC. 3E.03. Exemption** – Professionals exclusively employed in the government shall be exempt from the payment of this tax.

**SEC. 3E.04. Payment of the Tax** – the professional tax shall be paid before any profession herein specified can be lawfully pursued. A line of profession does not become exempt even if conducted with some other profession for which the tax has been paid.

**SEC. 3E.05. Time of Payment** – The professional tax shall be payable annually on or before the thirty-first (31<sup>st</sup>) 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.

**SEC. 3E.06. Surcharge for Late Payment** – Failure to pay the levied tax on time shall be subject to a surcharge of twenty five percent (25%) of the original amount of tax due, such surcharge to be paid at the same time and in the same manner as the tax due.

**SEC. 3E.07. Interest on Unpaid Tax** – In addition to the surcharge for late payment, there shall be imposed upon the unpaid amount an interest of two percent (2%) per month from the due date until the tax is fully paid but in no case shall the total amount on the unpaid amount or portion thereof exceed thirty-six (36) months.

**SEC. 3E.08. Place of Payment** – Every person legally authorized to practice his profession shall pay the professional tax to the City of Makati, where he practices profession or where he maintains his principal office, in case he practices his profession in several places.

**SEC. 3E.09. Administrative Provisions** –

(a) Every person who has paid the corresponding professional tax shall be entitled to practice his profession in any part of the Philippines without being subjected to any other national or local tax, license, or fee for the practice of such profession.

(b) Any individual, association, organization, partnership or corporation employing a person subject to professional tax shall: (1) require payment by that person of the tax on his profession before employment and annually thereafter, and (2) submit a list of professionals under his/her employ to the Office of the Mayor including the following information on or before the last day of March of every year:

- (i) Name of professional
- (ii) Profession
- (iii) Amount of tax paid
- (iv) Date and number of official receipt
- (v) Year covered and place of payment

Failure to submit the certified list herein required shall subject the person thereof to a penalty of Fifty Pesos (P 50.00) per month of delay or fraction thereof.

(c) Any person subject to the professional tax shall write in deeds, receipts, prescriptions, reports, books of accounts, plans and design, surveys and maps, as the case may be, the number of the official receipt issued to him.

(d) For the purpose of collecting the tax, the City 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 professional or renewal of their licenses.

**SEC. 3E.10. Penalty** – Any violation of the provision of this Article shall be punishable by a fine of not less than One Thousands Pesos (P 1,000.00) nor more than Five Thousands Pesos (P 5,000.00) or imprisonment of not less than one (1) month nor more than six (6) months, or both, at the discretion of the court.

## **Article F. Amusement Tax**

**SEC. 3F.01. Imposition of Tax** – There is hereby levied a tax to be collected from the proprietors, lessees, or operators of theaters, cinemas, concert halls, circuses, boxing stadia, and other amusement places at the rate of thirty percent (30%) of the gross receipt from admission fees.

**SEC. 3F.02. Manner of Computing the Tax** – In the case of theaters of cinemas, the tax shall first be deducted and withheld by their proprietors, lessees, or operators and paid to the City Treasurer before the gross receipts are divided between said proprietors, lessees, or operators and the distributors of the cinematographic films.

**SEC. 3F.03. Exemptions** – The holding of operas, concerts, dramas, recitals, painting and art exhibitions, flower shows, musical programs, literary and oratorical presentations, except pop, rock, or similar concerts shall be exempt from the payment of the tax imposed herein but subject to permits and regulatory fees imposed in this Code.

**SEC. 3F.04. Accrual of Proceeds of the Tax** – The proceeds from the amusement tax shall accrue entirely to the General Fund of the city.

**SEC. 3F.05. Time and Manner of Payment** – The tax imposed herein on the gross receipts within first ten working days of the month shall be paid to the City Treasurer on Monday of the week following and every Monday thereafter.

A ten days amusement tax return indicating the gross receipts for ten (10) days duly certified by the proprietor, owner, operator, or lessee under oath shall be submitted to the City Treasurer every tenth day payment of the tax. The City Treasurer shall compare the return with the corresponding record of inspectors assigned during the week and verify the correctness of the return before acknowledging the tax payment.

**SEC. 3F.06. Surcharge for Late Payment** – Failure to pay the levied tax on time shall be subjected to a surcharge of twenty-five percent (25%) of the original amount of tax due, such surcharge to be paid at the same time and in the same manner as the tax due.

**SEC. 3F.07. Interest on Unpaid Tax** – In addition to the surcharge for late payment, there shall be imposed upon the unpaid amount an interest of two percent (2%) per month from the due date until the tax is fully paid but in no case shall the total amount on the unpaid amount or portion thereof exceed thirty-six (36) months.

**SEC. 3F.08. Administrative Provisions** –

(a) All admission tickets of amusement places subject to the tax imposed in this Article shall be registered with the Office of the City Mayor without charge who shall mark said tickets properly by the word REGISTERED and keep a record thereof. The Office of the City Mayor shall likewise issue a certification to the owner, proprietor, or lessee to the effect that such quantity, denomination and serial numbers of admission tickets were duly registered with his Office. A color scheme and numbering system shall be prescribed by the Office of the City Mayor for control purposes.

(b) The City Mayor shall require owners, proprietors, operators or lessees of amusement places to provide their establishment two boxes, one box marked with letter “O” for operator and the other marked with letter “G” for government in the place where tickets are presented by customers. Duly registered admission tickets shall be cut in halves upon presentation of the same by customers. One-half of the ticket shall be deposited in the box marked with letter “O”, and the other half shall be deposited in the box marked with letter “G”.

(c) The boxes for used admission tickets shall be provided with two lock devices. One lock device shall be provided with padlock by the management while the other lock device shall be provided by the City Government. Both boxes shall be opened daily in the presence of representatives from the management and the city government who shall certify the number of admission tickets by denomination in the daily count sheet. The daily count sheets of admission tickets shall be attached to the Weekly Amusement Tax Return to be submitted to the Office of the City Mayor. The City Treasurer shall be furnished a copy of such return.

**SEC. 3F.09. Penalty** – Any violation of the provision of this Article shall be punishable by a fine of not less than One Thousands Pesos (P 1,000.00) nor more than Five Thousands Pesos (P 5,000.00) or imprisonment of not less than one (1) month nor more than six (6) months, or both, at the discretion of the Court.

**Article G. Annual Fixed Tax For Every Delivery Truck or Van**

**SEC. 3G.01. Imposition of Tax** – There is hereby levied an annual fixed tax for every truck, van or any 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 to sales outlets, or consumers, whether directly or indirectly within the city in the amount of One Thousand Pesos (P 1,000.00).

**SEC. 3G.02. Time of Payment** – The tax shall be paid within the first twenty (20) days of January or of each subsequent quarter, as the case may be.

**SEC. 3G.03. Surcharge for Late Payment** – Failure to pay the levied tax on time shall be subject to a surcharge of twenty-five percent (25%) of the original amount of tax due, such surcharge to be paid at the same time and in the same manner as the tax due.

**SEC. 3G.04. Interest on Unpaid Tax** – In addition to the surcharge for late payment there shall be imposed upon the unpaid amount an interest of two percent (2%) per month from the due date until the tax is fully paid but in no case shall the total amount on the unpaid amount or portion thereof exceed thirty-six (36) months.

**SEC. 3G.05. Administrative Provisions** –

(a) The City Treasurer shall keep a register of trucks, van or vehicles subject to the tax showing the name of the owner or proprietor, name of manager or president in the case of partnership or corporation, address and location of principal office, plate number, certificate of registration number, engine number, sticker number assigned for the year and other information.

(b) The owner or proprietor of the truck, van or vehicle shall be required to file an application for business tax and permit in a prescribed form in three (3) copies showing the needed information with the Office of the City Mayor for processing and approval.

(c) The City Treasurer shall collect the taxes and fees, register the vehicle involved and issue the corresponding sticker and the receipt acknowledging payment, date of payment and the amount paid.

**SEC. 3G.06. Penalty** – Any violation of the provision of this Article shall be punishable by a fine of not less than One thousands Pesos (P 1,000.00) nor more than Five Thousands Pesos (P 5,000.00) or imprisonment of not less than one (1) month nor more Than six (6) months, or both, at the discretion of the Court.

**Article H. Tax on Peddlers**

**SEC. 3H.01. Imposition of Tax** – There is hereby levied an annual tax on peddlers engaged in the sale of any merchandise or article of commerce within the city at the following rates:

- (a) Peddlers of any article or merchandise carried in trucks or any other motor vehicle, per peddler .....P 150.00
- (b) Peddlers of any article or merchandise carried in a motorized bicycle, tricycle or other motorized similar vehicles other than those specified in letter above, per peddler ..... P 120.00
- (c) Peddlers of any article or merchandise carried in a cart, caretela or other per vehicles drawn by animals, per peddler ..... P 100.00
- (d) Peddlers of any article or merchandise carried on bicycle, pedicab or other similar vehicle, per peddler... P 100.00
- (e) Peddlers of any article or merchandise carried by person, per peddler .....P 100.00

**SEC. 3H.02. Time of Payment** – The tax herein imposed shall be payable within the first twenty (20) days of January. An individual who will start to peddle merchandise or articles of commerce after January twenty (20) shall pay the full amount of the tax before engaging in such activity.

**SEC. 3H.03. Administrative Provision** – The official receipt evidencing payment of the tax shall be carried in the person of the peddler and shall be produced upon demand by the City Mayor or Treasurer or their duly authorized representatives.

**Article I. Community Tax**

**SEC. 3I.01. Individual Community Tax** – Every inhabitant of the City of Makati 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 year; or is engaged in business or occupation; or owns real property with an aggregate assessed value of P 1,000.00 or more; or is required by law to file an income tax return shall pay an annual basic community tax of Five Pesos (P 5.00) and an annual additional tax of One Peso (P 1.00) for every One Thousand Pesos (P 1,000.00) of income regardless of whether from business, exercise of profession or property but in no case shall the additional tax exceed Five Thousands Pesos (P 5,000.00).

In case of husband and wife, each of them shall be liable to pay the basic tax of Five Pesos (P 5.00) but the additional tax imposable on the husband and wife shall be One Peso (P 1.00) for every One Thousand Pesos (P 1,000.00) of income from the total property owned by them and/or the total gross receipts or earnings derived by them.

**SEC. 3I.02. Corporate 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 an annual community tax of Five Hundred Pesos (P 500.00) and an annual additional tax of Two Pesos (P 2.00) for (a) for every Five Thousand Pesos (P 5,000.00) worth of real property in the Philippines owned by it during the preceding year based on the valuation used in the payment of the real property tax under existing laws found in the assessment rolls of this City; and (b) every Five Thousand Pesos (P 5,000.00) of gross receipts or earnings derived by it from its business in the Philippines during the preceding year. The additional community tax on corporation shall not exceed Ten Thousand Pesos (P 10,000.00).

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.

**SEC. 3I.03. Exemptions** – The following are exempt from the payment of the community tax: (a) diplomatic and consular representatives; and (b) transient visitors when their stay in this City does not exceed three (3) months.

**SEC. 3I.04. Time of Payment** –

(a) The community tax shall accrue on the first (1<sup>st</sup>) day of January of each year which shall be paid not later than the last day February of each year.

(b) If a person reaches the age of eighteen (18) years or otherwise loses the benefit and exemption on or before the last day of June, he shall be liable for the community tax on the day he reaches such age or upon the day the exemption ends. However, if a person reaches the age of eighteen (18) years or loses the benefit of exemption on or before the last day of March, he shall have twenty (20) days to pay the community tax without becoming delinquent.

(c) Persons who come to reside in this City or reach the age of eighteen (18) years on or after the first (1<sup>st</sup>) 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 the community tax for that year.

(d) Corporations established and organized on or before the last day of June shall be liable for the community tax for that year. But 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 (1<sup>st</sup>) day of July shall not be subject to the community tax for that year.

**SEC. 3I.05. Place of Payment –**

(a) The community tax shall be paid in the City where the residence of the individual is located or where the principal office of the juridical entity is located.

(b) It shall be unlawful for the City Treasurer of this City to collect the community tax outside the territorial jurisdiction of the city.

(c) In case a corporation has a branch, sales office or warehouse in this City and sales are made therein, the corresponding community tax shall be paid to the city.

(d) Any person, natural or juridical, who pays the community tax to the city or municipality other than this City where his residence or principal office in the case of juridical persons is located shall remain liable to pay such tax to this City.

**SEC. 3I.06. Collection and Allocation of Proceeds of the Community Tax –** The City Treasurer shall 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.

Ninety-five percent (95%) of the proceeds of the community tax actually and directly collected by the City Treasurer shall accrue entirely to the general fund of the city, and the remaining five percent (5%) thereof to the general fund of the National Government to cover the cost of printing and the distribution of the forms of the community tax certificates and related expenses. The City Treasurer shall remit to the National Treasurer the said share of the national government within ten (10) days after the end of each quarter.

The proceeds of the community tax collected through the Barangay Treasurers shall be apportioned as follows after deducting the five percent (5%) share of the National Government:

- (a) Fifty percent (50%) shall accrue to the general fund of the city; and
- (b) Fifty percent (50%) shall accrue to the barangay where the tax is collected.

**SEC. 3I.07. Penalty for the Late 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.

**SEC. 3I.08. Community Tax Certificate –** A community tax certificate shall be issued to every person or corporation upon payment of the community tax. A community tax certificate may also be issued to any person or corporation not subject to the community tax upon payment of One Peso (P 1.00).



### **SEC. 3I.09. Presentation of Community Tax Certificate on Certain Occasions**

(a) When an individual subject to the 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 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 whom any salary or wage received to require such individual to exhibit the community tax certificate.

The presentation of community tax certificate shall not be required in connection with the registration of a voter.

(b) When, through its authorized officers, any corporation subject to the 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 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 (15<sup>th</sup>) of April each year, in which case, the certificate issued for the preceding year shall suffice.

**SEC. 3I.10. Availment of the Blank Forms of the Community Tax Certificate** The City Treasurer shall secure the necessary blank forms of the Community Tax Certificates from the Bureau of Internal Revenue.

### **Article J. Tax on Information Technology (IT) PEZA Registered Enterprises**

**SEC.3J.01 Definition of Terms** – Information Technology “IT” – is a collective term for the various technologies involved in processing and transmitting information, which include computing, multimedia, telecommunications, microelectronics and their interdependencies.

**Sec.3J.02 Administrative Provisions.** All IT Registered Enterprises operating within the territorial jurisdiction of the City of Makati enjoying tax incentives granted by the Philippine Economic Zone Authority (PEZA) shall be subject to pay Mayor’s Permit and other city regulatory measures.

**Sec.3J.03 Imposition of Tax.** All PEZA Registered Enterprises shall pay the tax at the rate of two percent (2%) based on gross income earned.

The PEZA IT Registered Enterprises shall furnish the following financial documents:

- 1.) Certification from PEZA that the enterprise is a bonafide PEZA IT Registered Enterprises.
- 2.) Quarterly Income Tax Return showing its gross income earned on such period and the amount representing the 2% share of the City of Makati.

**Sec.3J.04 Time and Manner of Payment.** IT Enterprises shall pay quarterly tax on the 2% share of the City of Makati within sixty (60) days after the close of each of the first three (3) quarters and a final adjustment income tax return covering the entire taxable year, not later than the fifteenth (15<sup>th</sup>) day of the fourth (4<sup>th</sup>) month following the close of its taxable year, whether a calendar or a fiscal year accounting period.

**Sec.3J.05 Surcharge for Late Payment.** Failure to pay the tax on time shall be subject to a surcharge of twenty five percent (25%) of the original amount of the tax due. Such surcharge to be paid at the same time in the same manner as the tax due.

**Sec.3J.06 Interest on Unpaid Tax.** In addition to the surcharge imposed herein, there shall be an imposed interest of two (2%) per month of the unpaid taxes, fees or charges including surcharges, until such amount is fully paid.

**Sec.3J.07 Penalty.** Any violation of the provisions of this article shall be punished by a fine of not less than One Thousand Pesos (Php 1,000.00) nor more than Five Thousand Pesos (Php 5,000.00), or imprisonment of not less than one (1) month nor more than six (6) months, or both, at the discretion of the court.

