



Republic of the Philippines
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OFFICE OF THE SECRETARY

February 23, 2016

MEMORANDUM CIRCULAR
NO. 2016-27

TO : ALL CITY/MUNICIPAL MAYORS, PRESIDING OFFICERS OF THE SANGGUNIANG PANLUNGSOD AND SANGGUNIANG BAYAN, PUNONG BARANGAYS, ARMM REGIONAL GOVERNOR AND DILG REGIONAL DIRECTORS

SUBJECT : PROVISION OF TAX RELIEF OR INCENTIVES TO A BUSINESS ESTABLISHMENT WHICH AREA OF OPERATION HAS BEEN, DEVASTATED BY DISASTER, OR, DECLARED UNDER STATE OF CALAMITY, OR, ADVERSELY AFFECTED DUE TO LGU PREPAREDNESS MEASURES

Over the last several years, the Philippines has been devastated by natural and human-made disasters. While much of the focus, immediately after the disaster, is understandably on the provision of response and rehabilitation measures to assist affected LGUs and communities, we cannot set aside the secondary, and potentially more severe, impact of disasters to the flow of local businesses, which hinders the sustainability of local economic development in affected areas.

Guided by the premise that a sound local economic development may provide an impetus for the LGU to recover from the financial impact of a disaster and immediately regain its pre-event state, local government units, as a strategy to assist business establishments to bounce back and somewhat lessen the losses obtained from disasters, may adopt/provide tax relief/incentive schemes, pursuant to Section 192 of the Local Government Code of 1991 which states that LGUs may, through ordinances duly approved, grant tax exemptions, incentives or reliefs under such terms and conditions as they may deem necessary.

In this regard, all City/Municipal Mayors and Vice-Mayors are hereby encouraged to revisit their Local Revenue Codes and Local Investment and Incentive Codes, and consider the provision of tax reliefs and/or incentives to business establishments which areas of operation have been, devastated by disaster, or, declared under state of calamity either by national or local authorities. Only tax incentives may be given to business establishments that are adversely affected not by physical devastation but due to disaster preparedness measures undertaken by the concerned LGU.

Such tax relief or incentives may include, but not limited to: extension of tax-compliance deadline for estimated and installment taxpayers; waived penalties and associated interest as long as the new post-disaster deadline is met; tax holidays/breaks; and others. Further, the provision of said tax relief or incentives shall be subject to the guidelines prescribed under Article 282 of the Implementing Rules and Regulations of the LG Code.

All DILG Regional Directors and Field Officers are hereby directed to cause the widest dissemination of this Memorandum Circular in their respective areas of jurisdiction and provide the necessary technical assistance relative thereto.


MEL SENEN S. SARMIENTO
Secretary 

