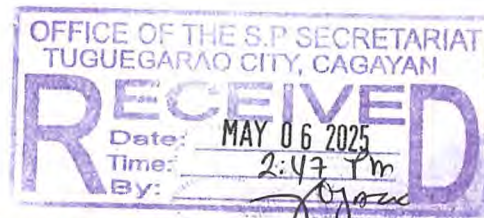




BAGONG PILIPINAS

Republic of the Philippines
Province of Cagayan
TUGUEGARAO CITY

Phone number : 0953-588-3721 | email address : cmotuguegaraocity@gmail.com



OFFICE OF THE CITY MAYOR

06 May 2025

THE PRESIDING OFFICER AND MEMBERS

Sangguniang Panlungsod

This City

Dear *Presiding Officer and Members of the Sanggunian*:

Herewith is an advisory from DILG Undersecretary Marlo L. Iringan relative to Executive Order No. 83 titled REDUCING AND CONDONING REAL PROPERTY TAXES, INCLUDING INTERESTS AND/OR PENALTIES, ASSESSED ON POWER GENERATION FACILITIES OF INDEPENDENT POWER PRODUCERS UNDER BUILD-OPERATE-TRANSFER CONTRACTS WITH GOVERNMENT-OWNED OR CONTROLLED CORPORATIONS, for your information and appropriation.

Attached is the corresponding opinion of the City Legal Officer for your perusal and guidance.

Thank you and regards!

In the name of public service,


MAILA ROSARIO S. TING-QUE

City Mayor

Copy furnished:

- DILG
- City Legal Office
- City Treasury



DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT
TUGUEGARAO CITY, CAGAYAN
2nd Floor, Tuguegarao City Hall, Enrile Boulevard, Carig Sur, Tuguegarao City
dilgtugue@gmail.com

OFFICE OF THE CITY LOCAL GOVERNMENT OPERATIONS OFFICER

April 30, 2025

HON. MAILA ROSARIO S. TING-QUE
City Mayor
Tuguegarao City, Cagayan

OFFICE OF THE CITY MAYOR
RECEIVED
APR 30 2025
Date: _____
Time: 1:30 PM
By: DEAN KENNETH T. BANCUB

THRU: MR. JUANITO A. CALUBAQUIB
City Administrator

Ma'am:

We are respectfully providing you a copy of Advisory from Usec. Marlo L. Iringan, Undersecretary for Local Government, re: **"Executive Order No. 83 titled Reducing and Condoning Real Property Taxes, including interests and/or penalties, assessed on Power Generation Facilities of Independent Power Producers under Built-Operate-Transfer Contracts with Government-owned or Controlled Operations"** for your information and reference.

Thank you and our warmest regards.

Very truly yours,


FERNANDO T. CALABAZARON III
CLGOO

DILGTUGCITY
FTCIII/keyz



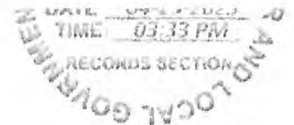
BAGONG PILIPINAS

Republic of the Philippines

DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT

DILG-NAPOLCOM Center, EDSA cor. Quezon Avenue, West Triangle, Quezon City

www.dilg.gov.ph



CR 2025-02-18-038
RSCN-2025-04-23-115

ADVISORY

TO : ALL PROVINCIAL GOVERNORS, CITY/MUNICIPAL MAYORS, CITY/MUNICIPAL ASSESSORS, DILG REGIONAL DIRECTORS AND FIELD OFFICERS, AND ALL OTHERS CONCERNED

SUBJECT : EXECUTIVE ORDER NO. 83 TITLED "REDUCING AND CONDONING REAL PROPERTY TAXES, INCLUDING INTERESTS AND/OR PENALTIES, ASSESSED ON POWER GENERATION FACILITIES OF INDEPENDENT POWER PRODUCERS UNDER BUILD-OPERATE-TRANSFER CONTRACTS WITH GOVERNMENT-OWNED OR - CONTROLLED OPERATIONS"

DATE : APR 23 2025

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On February 13, 2025, the Office of the President issued **Executive Order (EO) No. 83** titled "Reducing and Condoning Real Property Taxes, Including Interests and/or Penalties, Assessed on Power Generation Facilities of Independent Power Producers under Build-Operate-Transfer Contracts with Government-Owned or - Controlled Operations".

The relevant provisions of EO 83 are quoted as follows:

Section 1: Reduction and Condonation. All liabilities for RPTs for CY 2024, including any special levies accruing to the Special Education Fund, on property, machinery and equipment actually and directly used by IPPs for the production of electricity under BOT scheme and similar contracts, whether denominated as Power Purchase Agreements, Energy Conversion Agreements or other contractual agreements, with GOCCs, assessed by LGUs and other entities authorized to impose RPTs for CY 2024, are hereby reduced to an amount equivalent to the fair market value of said property, machinery and equipment depreciated at the rate of two percent (2) per annum, less any amount already paid by the IPPs. All interests and/or penalties on such deficiency RPT liabilities are also hereby condoned and the concerned IPPs are relieved from payment thereof.

Section 2. Application to Future RPT Liabilities. All RPT payments made by the IPPs over and above the reduced amount under Section 1 of this Order shall be applied to their RPT liabilities for succeeding years.

"Matino, Mahusay at Maaasahan"
Trunkline No.: 8876-34-54

in view thereof, all LGUs are hereby enjoined to comply with the above EO. For monitoring purposes, all LGUs shall submit a copy of the executive order/ordinance to comply with the Order as means of verification on or before July 31, 2025 through this link: <https://tinyurl.com/EO83Compliance>.

All DILG Regional Directors and Field officers are hereby directed to cause the immediate and widest dissemination of this Advisory to all LGUs within their respective areas of jurisdiction.

For information and guidance of all concerned.



MARLO L. IRINGAN
Undersecretary for Local Government

Encl: Executive Order (EO) No. 83
BLGD-LFRDD/AFB/ZIM/BFC/macb/jrg/cg



MALACAÑAN PALACE
MANILA

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 83

**REDUCING AND CONDONING REAL PROPERTY TAXES,
INCLUDING INTERESTS AND/OR PENALTIES, ASSESSED ON
POWER GENERATION FACILITIES OF INDEPENDENT POWER
PRODUCERS UNDER BUILD-OPERATE-TRANSFER CONTRACTS
WITH GOVERNMENT-OWNED OR -CONTROLLED CORPORATIONS**

WHEREAS, Sections 218(d) and 234 of Republic Act (RA) No. 7160 or the "Local Government Code of 1991," as amended, provide that government-owned or -controlled corporations (GOCCs) engaged in the generation and transmission of electricity enjoy a number of exemptions and privileges with respect to real property taxes (RPTs), including an assessment level of ten percent (10%) on all its lands, buildings, machineries and other improvements, as well as an exemption for all machinery and equipment that are actually, directly, and exclusively used in the generation and transmission of electric power, and machinery and equipment used for pollution control and environmental protection;

WHEREAS, according to the Department of Finance (DOF), various local government units (LGUs) have taken the position that Independent Power Producers (IPPs) operating within their territories are not entitled to exemptions and privileges enjoyed by GOCCs with respect to RPTs on their property, machinery and equipment used in the generation and distribution of electric power, and have threatened enforcement action against IPPs, including the levy and sale of affected properties at public auction;

WHEREAS, while IPPs are the taxable entities liable to pay the said RPTs, a substantial portion of the RPTs being charged has been contractually assumed by the National Power Corporation (NAPOCOR)/Power Sector Assets and Liabilities Management (PSALM) Corporation under a Build-Operate-Transfer (BOT) scheme and similar contracts, and therefore carry the full faith and credit of the National Government;

WHEREAS, the collection of the subject RPTs for Calendar Year (CY) 2024, which were assessed by concerned LGUs at the maximum assessment level of 80% pursuant to Section 218 of RA No. 7160, as amended, will trigger massive direct liabilities on the part of NAPOCOR/PSALM, thereby threatening their financial stability,

the government's fiscal consolidation efforts, stability of energy, trigger further cross-defaults and significant economic losses across all sectors;

WHEREAS, as the operations of affected IPPs provide an estimated grid capacity of 3,100 megawatts, the closure or non-operation of these IPPs will entail substantial losses to the government and force the public to resort to more costly electric power source alternatives or rotating power outages;

WHEREAS, Section 277 of RA No. 7160, as amended, provides that the President may, when public interest so requires, condone or reduce the RPTs and interests for any province or city, or a municipality within the Metropolitan Manila Area;

WHEREAS, Executive Order (EO) Nos. 27 (s. 2011), 173 (s. 2014), 19 (s. 2017), 60 (s. 2018), 88 (s. 2019), 117 (s. 2020), 126 (s. 2021), 157 (s. 2021), 176 (s. 2022), and 36 (s. 2023) previously reduced the RPTs, as well as condoned the corresponding interests and/or penalties, assessed on power generation facilities operated by IPPs under BOT contracts with GOCCs for various CYs; and

WHEREAS, Section 17, Article VII of the Constitution vests in the President the power of control over all Executive departments, bureaus and offices, and the mandate to ensure the faithful execution of laws;

NOW THEREFORE, I, FERDINAND R. MARCOS, JR., President of the Philippines, by virtue of the powers vested in me by the Constitution and existing laws, do hereby order:

Section 1. Reduction and Condonation. All liabilities for RPTs for CY 2024, including any special levies accruing to the Special Education Fund, on property, machinery and equipment actually and directly used by IPPs for the production of electricity under BOT scheme and similar contracts, whether denominated as Power Purchase Agreements, Energy Conversion Agreements or other contractual agreements, with GOCCs, assessed by LGUs and other entities authorized to impose RPTs for CY 2024, are hereby reduced to an amount equivalent to the tax due if computed based on an assessment level of 15% of the fair market value of said property, machinery and equipment depreciated at the rate of two percent (2%) per annum, less any amount already paid by the IPPs. All interests and/or penalties on such deficiency RPT liabilities are also hereby condoned and the concerned IPPs are relieved from payment thereof.

Section 2. Application to Future RPT Liabilities. All RPT payments made by the IPPs over and above the reduced amount under Section 1 of this Order shall be applied to their RPT liabilities for succeeding years.

Section 3. Compliance by all Government Entities. All concerned departments, agencies, and instrumentalities, including GOCCs and LGUs, are hereby directed to strictly comply with this Order. Any violation of the provisions of this Order shall be dealt with in accordance with relevant laws, rules and regulations.

For this purpose, the Department of the Interior and Local Government (DILG), in coordination with DOF, is hereby directed to monitor the compliance of all concerned LGUs.

Further, within six (6) months from the effectivity of this Order, the DOF shall submit to the President, through the Office of the Executive Secretary, a progress report on the status of the implementation of this Order.

Section 4. Separability. If any part or provision of this Order shall be held invalid or unconstitutional, the provisions not affected thereby shall remain in full force and effect.

Section 5. Repeal. All orders, rules and regulations, and other issuances or parts thereof which are inconsistent with the provisions of this Order, are hereby repealed or modified accordingly.

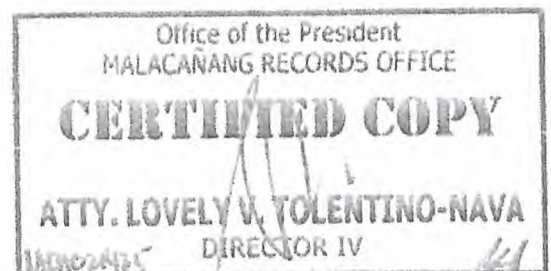
Section 6. Effectivity. This Order shall take effect immediately upon publication in the Official Gazette or in a newspaper of general circulation.

DONE, in the City of Manila, this 13th day of February, in the year of Our Lord, Two Thousand and Twenty-Five.

By the President:


7 


LUCAS P. BERSAMIN
Executive Secretary





Republic of the Philippines
Province of Cagayan
Tuguegarao City
CITY LEGAL OFFICE
2nd Floor, Tuguegarao City Hall, Carig Sur,
Tuguegarao City Cagayan 3500
Email: citylegal.tug@gmail.com



LETTER RECOMMENDATION

FOR: HON. MAILA ROSARIO S. TING-QUE
City Mayor

FROM: ATTY. RODERICK S. IQUIN
City Legal Officer

DATE: May 06, 2025

Dear Hon. Maila Rosario S. Ting-Que:

Greetings!

The City Legal Office has thoroughly reviewed **Executive Order No. 83 issued by the Office of the President on February 13, 2025**, and the **corresponding Advisory from the Department of Interior and Local Government (DILG) dated April 23, 2025**. In light of these issuances and the implications thereof on local tax administration, this Office respectfully submits the following recommendations.

Executive Order No. 83 mandates the reduction and condonation of Real Property Taxes (RPT) for Calendar Year 2024—including penalties and interest—on property, machinery, and equipment actually and directly used by Independent Power Producers (IPPs) under Build-Operate-Transfer (BOT) or similar agreements with Government-Owned or -Controlled Corporations (GOCCs).

To ensure proper implementation of this directive, it is recommended that the City Assessor's Office and the Office of the City Treasurer be directed to immediately assess whether any existing ordinances of the City Government may be affected by the application of the said Executive Order. These offices are best positioned to determine the presence of affected properties and identify any inconsistency between current assessment levels or penalty provisions and those mandated under EO No. 83.

However, a mere Executive Order issued by the City Mayor will not suffice to implement the provisions of EO No. 83 at the local level. **Any change in tax policy, including the reduction of assessment levels and the condonation of interest and penalties, must be enacted through legislation according to the Local Government Code of 1991. Therefore, a city ordinance must be passed to provide the legal basis for the application of the reduced tax computation and the condonation of penalties for affected IPPs.**

Should existing ordinances impose higher assessment levels or retain penalties inconsistent with EO No. 83, they must be duly amended or repealed to harmonize local policies with the national directive. Failure to do so may result in administrative challenges or legal complications during the implementation process.



Given the foregoing, we respectfully recommend that this matter be formally endorsed to the members of the Ninth City Council for the enactment of an appropriate ordinance in compliance with Executive Order No. 83 and the DILG Advisory. The said ordinance will also serve as the City's official submission to the DILG for monitoring and verification purposes, following the July 31, 2025, deadline.

We remain at your disposal for any legal support or further clarification you may require.

Thank you!

Very truly yours,

ATTY. RODERICK S. IQUIN
CITY LEGAL OFFICER 