Quezon City
15th City Council

PO2002-256/262/275

53rd Regular Session

ORDINANCE NO. SP-1189s-2002

PRESCRIBING NEW TAX RATES FOR CERTAIN BUSINESS UNDERTAKINGS PRESCRIBED UNDER REPUBLIC ACT NO. 7160, OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE OF 1991, IMPOSING CERTAIN REQUIREMENTS THEREFOR IN THE ISSUANCE OF BUSINESS PERMITS

Introduced by Councilors RESTITUTO B. MALAÑGEN, BERNADETTE HERRERA-DY, RICARDO R. DEL ROSARIO, AIKO MELENDEZ-YLLANA, ALLAN "BUTCH" T. FRANCISCO.

Co-Introduced by Councilors Victor V. Ferrer, Jr., Elizabeth A. Dealrmente, Rommel R. Abesamis, Voltaire Godofredo L. Liban III, Ramon P. Medalla, Eric Z. Medina, Mary Ann L. Susano, Jorge L. Banal, Julian M. L. Coseteng, Franz S. Pumaren, Wencerom Benedict C. Lagumbay, Diorella Maria Sotto-De Leon, Dante M. De Guzman, Jesus Manuel C. Suntay, Alma F. Montilla, Antonio E. Inton, Jr. and Janet M. Malaya,

---

WHEREAS, under Republic Act No. 7160, otherwise know as the Local Government Code of 1991, the city government is authorized to create its own sources of revenues to defray the expenses of the government;

WHEREAS, effective delivery of services can best be achieved when the City can raise the needed revenues to finance public needs;

WHEREAS, revenue raising can be maximized through sound and implementable methods of tax imposition and collection.

NOW, THEREFORE,

BE IT ORDAINED BY THE CITY COUNCIL OF QUEZON CITY IN SESSION ASSEMBLED:

TAX ON BUSINESS

SECTION 1. Imposition of Tax. – There is hereby levied an annual tax on the following business undertakings at the rates prescribed herein:

A.) ON MANUFACTURERS, ASSEMBLERS, REPACKERS, OR PROCESSORS OF ANY ARTICLE OF COMMERCE OF

WHATEVER KIND OR NATURE, IN ACCORDANCE WITH THE FOLLOWING SCHEDULE:

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

FROM	TO LESS THAN	AMOUNT OF TAX PER ANNUM
	10,000.00	245.00
10,000.00	15,000.00	330.00
15,000.00	20,000.00	450.00
20,000.00	30,000.00	660.00
30,000.00	40,000.00	990.00
40,000.00	50,000.00	1,235.00
50,000.00	75,000.00	1,980.00
75,000.00	100,000.00	2,475.00
100,000.00	150,000.00	3,300.00
150,000.00	200,000.00	4,125.00
200,000.00	300,000.00	5,775.00
300,000.00	500,000.00	8,250.00
500,000.00	750,000.00	12,000.00
750,000.00	1,000,000.00	15,000.00
1,000,000.00	2,000,000.00	20,625.00
2,000,000.00	3,000,000.00	24,750.00
3,000,000.00	4,000,000.00	29,700.00
4,000,000.00	5,000,000.00	34,650.00
5,000,000.00	6,500,000.00	36,560.00
6,500,000.00	and above	₱36,560.00 plus 50% of 1% of gross receipt, in excess of 6,500,000.00

B.) ON WHOLESALERS, DISTRIBUTORS, OR DEALERS OF ANY ARTICLE OF COMMERCE, OF WHATEVER KIND OR NATURE, IN ACCORDANCE WITH THE FOLLOWING SCHEDULE:

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

FROM	TO LESS THAN	AMOUNT OF TAX PER ANNUM
	1,000.00	27.00
1,000.00	2,000.00	49.00
2,000.00	3,000.00	75.00
3,000.00	4,000.00	108.00
4,000.00	5,000.00	150.00
5,000.00	6,000.00	180.00
6,000.00	7,000.00	214.00
7,000.00	8,000.00	247.00
8,000.00	10,000.00	280.00
10,000.00	15,000.00	330.00
15,000.00	20,000.00	412.00
20,000.00	30,000.00	495.00
30,000.00	40,000.00	660.00
40,000.00	50,000.00	990.00
50,000.00	75,000.00	1,485.00
75,000.00	100,000.00	1,980.00
100,000.00	150,000.00	2,805.00
150,000.00	200,000.00	3,630.00
200,000.00	300,000.00	4,950.00
300,000.00	500,000.00	6,600.00
500,000.00	750,000.00	9,900.00
750,000.00	1,000,000.00	13,200.00
1,000,000.00	2,000,000.00	15,000.00
2,000,000.00	and above	₱15,000.00 plus 60% of 1% of gross receipt, in excess of 2,000,000.00

C.) ON ESSENTIAL COMMODITIES – The tax on business for exporters, manufacturers, millers, producers, wholesalers, distributors, dealers or retailers of essential commodities enumerated hereunder, shall be one-half (1/2) of the rates prescribed under Sub-sections A), B) and D) 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 and other animal feeds;
7) School supplies; and
8) Cement.

Taxpayers dealing in essential and non-essential commodities shall present their separate books of accounts for essential and non-essential items for verification when paying taxes and/or fees therefor; Provided, that, when the sales are not made separate or segregated in their books of accounts, the sales shall be treated as sales for non-essential commodities.

D.) ON RETAILERS

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

FROM	TO LESS THAN	AMOUNT OF TAX PER ANNUM
50,000.00	400,000.00	2%
400,000.00	100,000,000.00	₱8,000.00 plus 1% of gross receipt, in excess of 400,000.00
100,000,000.00	500,000,000.00	₱1,004,000.00 plus 75% of 1% of gross receipt, in excess of 100,000,000.00
500,000,000.00	and above	P4,004,000.00 plus 50% of 1% of gross receipt, in excess of 500,000,000.00

E.) ON CONTRACTORS AND OTHER INDEPENDENT CONTRACTORS. – This will include 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, such as, but not limited, to the following:

1) Barbershops;
2) Battery Charging Shops;
3) Beauty Parlors;
4) Book Binders;
5) Business Agents, Private Detectives or Watchman Agencies;
6) Cinematographic film owners, lessors and distributors;
7) Commercial and immigration brokers;
8) Demolition and or filling and salvage contractor;
9) Electric light or gas system installers of building (General);
10) Engineering (General), Building (General) and Specialty contractors;
11) Engraving establishments;
12) Funeral Parlors;
13) Furniture shops and establishments for planing or surfacing or recutting of lumber;
14) Heat or power system installers;
15) Hospitals;
16) House and/or sign painters
17) Laundry shops including dry cleaning, dying establishments, steam laundries and laundries using washing machines;
18) Lithographers;
19) Lots or establishments fof parking purposes;
20) Massage clinics, sauna, turkish and swedish baths, slendering and building salons and other similar establishments;
21) Mine drilling establishments;
22) Photographic studios;
23) Plastic lamination establishments;
24) Plumbing installers;
25) 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;
26) Repairing, repainting, upholstering of vehicles and/or heavy equipment;
27) Sawmills under contract to saw or cut logs belonging to others;
28) Smelting plants;
29) Smith shops;
30) Tailoring or dress shops;
31) Vulcanizing and recapping shops;
32) Warehousing or forwarding establishments;
33) Washing and greasing of vehicles and or heavy equipment;
34) Water system installers;
35) Management a consultancy services;
36) Photo developing services;
37) Advertising services; and
38) Seminar, training and other teaching services (other than offered by educational institutions).

IN ACCORDANCE WITH THE FOLLOWING SCHEDULE:

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

FROM	TO LESS THAN	AMOUNT OF TAX PER ANNUM
	5,000.00	40.00
5,000.00	10,000.00	92.00
10,000.00	15,000.00	156.00
15,000.00	20,000.00	247.00
20,000.00	30,000.00	412.00
30,000.00	40,000.00	577.00
40,000.00	50,000.00	825.00
50,000.00	75,000.00	1,320.00
75,000.00	100,000.00	1,980.00
100,000.00	150,000.00	2,970.00
150,000.00	200,000.00	3,960.00
200,000.00	250,000.00	5,445.00
250,000.00	300,000.00	6,930.00
300,000.00	400,000.00	9,240.00
400,000.00	500,000.00	12,375.00
500,000.00	750,000.00	13,875.00
750,000.00	1,000,000.00	15,375.00
1,000,000.00	2,000,000.00	17,250.00
2,000,000.00	and above	₱17,250.00 plus 75% of 1% of gross receipt, in excess of 2,000,000.00

F.) ON BANKS AND OTHER FINANCIAL INSTITUTIONS. – which include non-bank financial intermediaries, lending investors, finance and investment companies, pawnshops, money shops, insurance companies, stock markets, stock brokers and dealers in securities and foreign exchange, shall be taxed at the rate of 25% of 1% in the case of banks; and 60% of 1% in the case of other financial institutions, of the gross receipts of the preceding calendar year derived from interests, commissions and discounts from lending activities, income from financial leasing, dividends, rentals on property and profit from exchange or sale of property.

G.) ON AUTHORIZED FRANCHISE CAR DEALERS. – car dealers engaged in the business of selling brand new vehicles and genuine parts pursuant to a valid and existing Franchise Agreement with legitimate manufacturers and distributors, shall be taxed at the rate of 75% of 1% of gross receipts up to P100,000,000.00, and P750,000.00 plus 50% of 1% of gross receipts in excess of P100,000,000.00.

H.) ON RESTAURANTS AND OTHER EATING ESTABLISHMENTS. – such as, but not limited to cafes, cafeterias, ice cream or refreshment parlors, carinderias, soda fountains, food caterers, fast food centers and snack counters shall be taxed at the rate of 1.75% of the gross receipts of the preceding calendar year.

I.) ON PROPRIETORS LESSORS AND OPERATORS OF HOTELS, MOTELS, INNS, PENSION HOUSES, BOARDING AND OTHER LODGING HOUSES. – shall be taxed at the rate of 3% of the gross sales or receipts of the preceding calendar year.

J.) ON AMUSEMENT PLACES. – shall be taxed at the rate of 3% of the gross sales or receipts of the preceding calendar year, such as, but not limited, to the following:

1) bars, beer gardens, cocktail lounges, pub-houses, cabarets or dance halls and similar establishments; concert halls, day and/or night clubs and supper clubs; KTV, videoke, karaoke and other sing-along establishments; comedy bars, theaters and lounges;

2) resorts and the like, billiard or pool halls, bowling establishments, golf and driving ranges, skating rinks, tennis courts, gymnasiums, pelota and squash courts, and off fronton betting stations;

3) circuses, carnivals, fun houses and the like, including those providing amusement devices or machines, merry-go-rounds, roller coasters, ferris wheels, side shows, swings, shooting galleries, and the like; and

4) coliseums, theaters and cinema houses.

K.) ON PROPRIETORS, LESSORS AND OPERATORS OF SHOPPING CENTERS AND PRIVATE MARKETS. – shall be taxed at the rate of 3% of the gross sales or receipts of the preceding calendar year.

L.) ON BUSINESSES NOT OTHERWISE SPECIFIED IN THE PRECEDING PARAGRAPHS – shall be taxed at the rate of 2% of the gross sales or receipts of the preceding calendar year, such as, but not limited, to the following:

1) Dealers, distributors and retailers of fermented liquors, distilled spirits, wines, tuba and the like; dealers, distributors and retailers of imported wines; and dealers, wholesalers and retailers of tobacco leaf;

2) Operators and owners of private cemeteries and memorial parks;
3) Real estate lessors (land, building, commercial, office and residential spaces);
4) Sellers, dealers, agents, developers of real estate (land, subdivision, building and other taxable real properties); and
5) Others.

M.) **INITIAL TAX ON NEWLY ESTABLISHED BUSINESS.** –In the case of a newly started business, the initial tax for the year shall be twenty five percent (25%) of one percent (1%) of the capital investment or paid up capital, but in no case shall it be less than one hundred pesos (P100.00).

FRANCHISE TAX

SECTION 2. Imposition of Tax. – Any provisions of special laws or grant of exemption to the contrary notwithstanding, any person, corporation, partnership or association enjoying a franchise, whether issued by the national government or the local government, and doing business in Quezon City, shall pay a franchise tax at the rate of 57% of 1% of the gross receipts and sales derived from the operation of the business in Quezon City during the preceding calendar year.

SECTION 3. Coverage. –

a) All businesses enjoying a franchise either granted by the Congress of the Philippines, national franchising offices, or the Sangguniang Panlungsod when operating within the territorial jurisdiction of Quezon City shall be subject to the levy and other City regulatory measures.

b) All government-owned or controlled corporations engaged in public utility, public service and regulated amusement activities operating in Quezon City.

c) Any activity which the City government is authorized by law to provide, establish, maintain, operate or grant establishments in operation thereof through franchise to private persons such as, but not limited, to communication and transportation terminals, stalled vehicles towing and impounding services, toll roads, public corral, City pound, slaughterhouses, livestock markets, public markets, talipapa, electric supply generation and distribution, public cemeteries, sewerage system, waste collection and disposal and other similar public utility.

AMUSEMENT TAX ON ADMISSION FEES

SECTION 4. Imposition of Tax for Amusement Places and Amusement Activities – a) Amusement Places - There shall be collected from the proprietors, lessees, or operators of amusement places, a tax with the corresponding rate or percentage of the gross receipts from admission fees:

Amusement Place	Rate
i.) Movie Theaters or Cinema	- 30% from the showing of foreign films - 15% from the showing of local films
ii.) Concert Halls, Comedy Bars, KTV Clubs, Cocktail Lounges and other Night Spots	- 30%
iii.) Carnivals, Theme Parks, Video and Game Arcades, Mechanical Rides and other Fun Houses	- 30%
iv.) Cockpits, Sports Stadia and Multi- purpose Coliseums	- 30%
v.) All other Amusement Places not specifically falling under the above enumeration.	- 30%

b) Amusement Activities. - There shall be collected from the producers and promoters of amusement activities, a tax with the corresponding rate or percentage of the gross receipts from admission fees :

Amusement Activities	Rate
i.) Movie Premiers	- 30% from the showing of foreign films - 15% from the showing of local films
ii.) Musical Concerts, Theatrical Plays, Fashion Shows and other Live Performances	- 10% from those performed by foreign artists - 8% from those performed by local artists

iii.) Special Cockfights and Derbies not held in a regular cockpit. - 30% if with international entries
- 15% if with purely local entries

iv.) All other Amusement Activities not specifically falling under the above enumeration. - 30%

c) Conflict. – In case an amusement activity, which is duly authorized by a separate and distinct business permit, is held within a regular amusement place, the rates imposed on the former shall prevail; Provided, that the proprietor, lessee, or operator of amusement place, and the producer or promoter of the said amusement activity shall be solidarily liable for the payment of the amusement tax due.

d) Admission Fees. – For the purpose of this Article, "Admission Fees" shall mean any amount paid or consideration given for entrance, seats, tables reserved or otherwise, and other similar accommodations in an amusement place, including charges for the use of facilities therein, irrespective of whether or not an admission ticket is issued in exchange for such admission fee or consideration. The same shall also include: show, table, minimum, consumable, cover and other similar charges; charges for the first drink and other similar coupons; and V.I.P. room, equipment and other similar rental charges and consumables.

SECTION 5. Exemptions. a) Upon the filing of the prescribed Request for Amusement Tax Exemption and all the requirements therefor with the Office of the City Treasurer before the intended date of the holding or showing of the amusement activity, and the subsequent approval thereof by the City Mayor, the following amusement activities shall be exempt from the payment of the tax herein imposed:

i.) opera and straight ballet performances;
ii.) recitals;
iii.) painting and similar art exhibitions;
iv.) cultural, historical, literary and oratorical presentations; and
v.) school and related sports activities.

b) In special cases, and for those amusement activities pursuant to a bonafide and worthwhile project, or having a legitimate and deserving beneficiary, the City Mayor may grant tax exemptions subject to the guidelines issued by the Department of Finance.

SECTION 6. Administrative Provisions. - a) Provisions on admission ticket. - The proprietor, lessee or operator of amusement places where fees are required to be paid for admission shall provide himself the admission tickets which shall evidence payment of fees. The tickets shall be serially numbered and shall indicate the name of the place of amusement, the admission fee and the amount of tax. Serial number must be printed on both ends of tickets such that when divided into two (2) upon being presented for admission, the serial number shall appear on both parts. Registered admission tickets wherein the amusement taxes are printed or included in the price thereof shall not be used for shows which have been or are granted a tax exemption, otherwise the proprietor of the amusement place or the sponsor of the show shall remit or pay the corresponding tax collected to the City Treasurer as if no exemption has been granted.

b) Manner of Disposing the Admission Tickets. - The gatekeeper shall drop one-half (1/2) of the torn ticket in a locked box and the other half should be returned to the customer. The box shall only be opened in the presence of a representative from the Office of the City Treasurer. Under no circumstances shall the recycling of tickets be allowed by the owner, proprietor or lessor of amusement places. Any ticket found to have been recycled or re-used shall subject the operator, owner or lessor of amusement places to the penalties prescribed under this Section.

c) Registration of Admission Ticket. – The proprietors, lessees or operators of amusement places shall register their admission tickets to the Office of the City Treasurer before selling the same to the public. The proprietors, lessees or operators of the place of amusement shall keep a true and correct record of stock tickets, indicating the total number of registered tickets and the serial number of tickets sold from day to day. It shall be unlawful for any proprietor, lessee or operator of an amusement place to keep any unregistered ticket in his amusement place. In cases of premier exhibition of films, road shows, benefit shows or similar shows, where admission price is increased, separate sets of tickets shall be registered and used therefor. Separate sets of tickets without the amusement tax printed or included in the price shall also be registered in the case of tax exempted shows.

d) Authority to Inspect. – The City Mayor and City Treasurer or their duly authorized representatives shall be allowed to inspect ticket dispenser machines or to verify whether the tickets are registered or not. They are also authorized to confiscate any unregistered and/or recycled tickets.

e) Other Entertainment Places – Entertainment places which do not issue admission tickets but require admission fees from their customers shall be charged the same tax rates based on their gross receipts on admission fees.

f) Penalty. – Violation of any of the administrative provisions in this Section, shall subject the proprietor, lessee, or operator of the amusement place, or the producer or promoter of the amusement activity to a penalty of five thousand pesos (P5,000.00) per incident or day, or the cancellation or forfeiture of the cash bond in favor of the Quezon City government. The said penalty shall be without prejudice to the collection of the tax due, and the imposition of surcharges and interests thereto.

PROFESSIONAL TAX

SECTION 7. Imposition of Tax. – There is hereby imposed on any person engaged in the exercise or practice of profession requiring government examination, conducted by the Supreme Court or the Professional Regulation Commission, within Quezon City, an annual professional tax of three hundred pesos (P300.00).

SECTION 8. Payment of Tax. – Every person legally authorized to practice his profession shall pay the tax to the City Treasurer if he practices his profession or maintains his principal office in Quezon City.

SECTION 9. Administrative Requirements. - a) Any individual or corporation within the territorial jurisdiction of Quezon City employing a person subject to professional tax, shall require payment by the said person of the tax on his profession, before employment and annually thereafter. b) Any person subject to professional tax shall write in deeds, receipts, prescriptions, reports, books of accounts, plans and designs, surveys and maps as the case may be, the number of receipt, date and place of issue. c) Every individual, association, partnership, and corporation within the territorial jurisdiction of Quezon City shall prepare and submit a certified list of professionals under their employ to the City Treasurer on or before the last day of March of every year. Such list of professionals shall include the following information:

1) Name of the professional;
2) Profession;
3) Amount of tax paid;
4) Date and number of official receipt;
5) Year covered; and
6) Place of payment.

SECTION 10. Exemption. - Professionals employed in the government shall be exempt from the payment of this tax.

MISCELLANEOUS PROVISIONS

SECTION 11. Time of Payment. - The professional tax shall be paid annually, on or before the thirty-first (31st) day of January. Any person for the first time entitled to practice his profession after the month of January must however pay the full tax before engaging therein.

SECTION 12. Publication. – Within ten (10) days after approval of this Ordinance, a certified true copy of the same shall be published in accordance with the provision of the Local Government Code, R.A. 7160.

SECTION 13. Penalty. – Any violation of the provisions of this Ordinance shall be punishable by a fine of not less than one thousand pesos (P1,000.00) but not more than five thousand pesos (P5,000.00), or imprisonment of not less than one (1) month but not more than six (6) months, or both, at the discretion of the Court.

SECTION 14. Separability Clause. – If for any reason, any provision, section, or part of this Ordinance is declared not valid by a Court of competent jurisdiction, such judgment shall not affect or impair the remaining provisions, sections, or parts which shall continue to be in force and effect.

SECTION 15. Repealing Clause. – All ordinances, rules and regulations, or parts thereof, in conflict or inconsistent with any of the provisions of this Ordinance, are hereby repealed or modified accordingly.

SECTION 16. Effectivity. –This Ordinance shall take effect on the first (1st) day of January 2003.

ENACTED: December 10, 2002

HERBERT M. BAUTISTA
Vice Mayor
Presiding Officer

ATTESTED:

EUGENIO V. JURILLA
City Council Secretary

APPROVED: December 12, 2002

FELICIANO R. BELMONTE, JR.
City Mayor

CERTIFICATION

This is to certify that this Ordinance which was APPROVED on Second Reading on December 10, 2002, was finally PASSED by the City Council under Suspended Rules on the same date.

EUGENIO V. JURILLA
City Council Secretary