

ADMINISTRATIVE ORDER NO. 261

DIRECTING THE SANGGUNIANs OF ALL PROVINCES, CITIES, AND THE MUNICIPALITIES WITHIN THE METROPOLITAN MANILA AREA TO ENACT A LOCAL TAX ORDINANCE LEVYING AN ANNUAL "AD VALOREM" TAX ON REAL PROPERTY AND AN ADDITIONAL TAX ACCRUING TO THE SPECIAL EDUCATION FUND

WHEREAS, prior to the enactment of Republic Act No. 7160, otherwise known as the Local Government Code of 1991 (hereinafter referred to as the Code), provinces, cities and municipalities are empowered under Section 39 of the Real Property Tax Code (Presidential Decree No. 464, as amended) to levy and collect an annual "ad valorem" tax on real property at the following rates: provinces and municipalities - not less than one-fourth (1/4) of one percent (1%) but not more than one-half (1/2) of one percent (1%) of the assessed value of real property; and cities - not less than one-half (1/2) of one percent (1%) but not more than two percent (2%) of the assessed value of real property;

WHEREAS, in the case of municipalities comprising the Metropolitan Manila Area, the real property tax was levied by the defunct Metropolitan Manila Commission under a Metropolitan Manila Revenue Code;

WHEREAS, pursuant to the provisions of Section 232 of the Code, only provinces, cities and the municipalities within the Metropolitan Manila Area are authorized to levy and collect the annual "ad valorem" tax on real property;

WHEREAS, pursuant to the provisions of Section 235 of the Code, an additional one percent (1%) levied on real property to accrue to the Special Education Fund (SEF) of local government units has been transformed from a national tax into a local tax; and

WHEREAS, all provinces, cities, and the municipalities within the Metropolitan Manila Area should enact their respective local tax ordinances to levy the basic real property tax and fix the rate therefor as well as the additional one percent (1%) tax that will accrue to the Special Education Fund of the local government units;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by law, do hereby order:

SECTION 1. The sanggunians of all provinces, cities and the municipalities of the Metropolitan Manila Area shall immediately enact, effective as of 1 January 1992, their respective real property tax ordinances levying the following:

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a. The basic real property tax and fixing the rate therefor as follows:

- Provinces - not exceeding one percent (1%) of the assessed value of the real property
- Cities - not exceeding two percent (2%) of the assessed value of the real property
- Municipalities within the Metropolitan Manila Area - not exceeding two percent (2%) of the assessed value of the real property

b. The additional one percent (1%) tax that accrues to the Special Education Fund.

SEC. 2. The ordinances enacted for the purpose shall also specify the manner and time of payment as provided for under Section 250 of the Code.

SEC. 3. The ordinances enacted shall also prescribe the penalty for failure to pay the property tax, both basic and additional, upon the expiration of the periods prescribed under Section 250 of the Code. The penalty provided shall be in accordance with Section 255 of the same Code.

SEC. 4. No public hearing shall be required before the enactment of a local tax ordinance levying the basic property tax and the additional one percent (1%) SEF tax.

SEC. 5. The Secretary of Finance is hereby authorized to prescribe, from time to time, such procedures and guidelines as may be deemed necessary for the proper and effective implementation of this Order.

SEC. 6. This Order shall take effect immediately.

DONE in the City of Manila, this 16th day of January, in the year of Our Lord, nineteen hundred and ninety-two.

Arayon S. Aquino

By the President:

Franklin M. Drilon
 FRANKLIN M. DRILON
 Executive Secretary