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# GUIDELINES/PROCEDURES IN THE COMPUTATION OF THE SHARE OF LOCAL GOVERNMENT UNITS IN THE 2% SPECIAL PRIVILEGE TAXES COLLECTED BY THE BIR FROM MINI-HYDROELECTRIC POWER DEVELOPERS P...

*BIR MEMORANDUM ORDER NO. 37-2000, September 08, 2000*

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## I. OBJECTIVES:

This Order is issued to:

A. Facilitate the claims of Local Government Units (LGUs) of their share in the 2% Special Privilege Tax collections by the Bureau pursuant to the provisions of R.A. No. 7156, otherwise known as the "Mini-hydroelectric Power Incentives Act.

B. Enhance the 2% Special Privilege Tax collections in coordination with the LGUs.

## II. COVERAGE:

The 2% Special Privilege Tax shall refer to the tax payable by any person, natural or juridical, authorized by the Office of Energy Affairs (OEA), now Department of Energy (DOE), to engage in mini-hydroelectric power development with the right to generate, transmit and sell electric power. For internal revenue tax purposes, this 2% Special Privilege Tax shall be based on the gross receipts derived by the mini-hydroelectric power developer from the sale of electric power and from transactions incident to the generation, transmission and sale of electric power payable to the Commissioner of Internal Revenue or his duly authorized representative on or before the 20th day of the month following the end of each calendar or fiscal quarter.

## III. DUTIES AND RESPONSIBILITIES OF THE LGU TREASURER:

A. The Treasurer of the LGU concerned, where the mini-hydroelectric power plant is located, shall be responsible in informing the Chief, Revenue Accounting Division (RAD) (NO) of the actual Special Privilege Tax collections paid to the Bureau based on the certifications of the Revenue Collection Officers (RCOs) of the Revenue District Office concerned;

B. Evidence of tax payments secured by the LGU Treasurer on the actual Special Privilege Tax paid by the mini-hydroelectric power developer should be submitted to the Chief, RAD (NO), together with the certification/s from the Revenue District Officer (RDO) and Chief, Finance Division (RO) and the mini-hydroelectric power company;

C. The LGU Treasurer shall inform the BIR thru the RCO of the Revenue District Office concerned of any taxpayer who fails to pay the 2% Special Privilege Tax. All RCOs receiving such information from LGUs shall coordinate with the Chief, Finance Division (RO) and the Chief, RAD (NO) in enforcing the collection of said tax.



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## IV. GUIDELINES AND PROCEDURES TO FOLLOWED:

A. By the Treasurer, Local Government Unit (LGU)

1. Secure from the mini-hydroelectric companies a certification of 2% Special Privilege Tax payments indicating therein the exact location of the mini-hydroelectric power plant, the gross receipts from the sale of electric power and from transactions incident to the generation, transmission and sale of electric power, amount of tax paid, mode of payment, etc.

2. Secure from the taxpayers photocopies of Revenue Official Receipts (RORs), Authority to Accept Payments (ATAPs), validated returns and Tax Debit Memos (TDMs) evidencing payments,

3. Submit the above documents and secure certification of tax payments from the RCO concerned where the 2% Special Privilege Taxes were paid, if payments are made thru RORs. Secure certification as to the type of tax paid from the Revenue District office concerned, if paid thru banks;

4. Submit photocopy/ies of the ATAPs, validated returns, and RDMs, to the Chief, RAD (NO) for verification of payments, if made thru banks; and

5. Transmit original certification/s duly certified by the RDO/Chief Finance Division (RO) to the Chief, RAD (NO).

B. By the Revenue Collection Officer (RCO)

1. Receive and verify the RORs/ATAPs/validated returns against all the Monthly Report of Collections for certification of tax payments and original returns/ATAPs on file with the Collection Division for certification of type of tax paid.

2. Prepare in three (3) copies the certification of tax payments, if payments made thru RORs and certification of type of tax paid for payments made thru banks, the distribution of which shall be as follows:

Original - Chief, Revenue Accounting Division (NO)
Duplicate - Treasurer of LGU concerned
Triplicate - Retain file copy

3. Forward certification of payments to the chief, Finance Division (RO) for confirmation of tax remittance to the Treasurer, Bureau of Treasury.

C. By the Chief, Finance Division (RO)

1. Verify if the amount is actually remitted to the Bureau of Treasury;

2. Issue certification; and

3. Release the original copy to the LGU concerned for submission to the Chief, RAD (NO).

D. By the Chief, Revenue Accounting Division (RAD)(NO)

1. Receive from LGU concerned certification/s of tax payments and photocopy/ies of ATAPs/validated returns/TDMs for verification of payments;

2. Issue a certification of payments verified to have been made thru banks.

3. Compute the share of the LGU concerned in accordance with Section 11 of R. A. No. 7156 and issue a certification for the allocation of shares for each LGU concerned.

4. Transmit to the Secretary, Department of Budget and Management (DBM) said computation/allocation of


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share of each LGU.

## V. EFFECTIVITY

This Order shall take effect immediately.

Adopted: 08 Sept. 2000

(SGD.) DAKILA B. FONACIER
Commissioner of Internal Revenue

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