



Republic of the Philippines
Department of Education
REGION IV-A CALABARZON
CITY SCHOOLS DIVISION OF THE CITY OF TAYABAS

27 DEC 2021

DIVISION MEMORANDUM
No. 674 s. 2021

**REDUCTION AND CONDONATION OF REAL PROPERTY TAXES AND INTEREST
/ PENALTIES ASSESSED ON THE POWER GENERATION FACILITIES OF
INDEPENDENT POWER PRODUCERS UNDER BUILD-OPERATE-TRANSFER
CONTRACTS WITH GOVERNMENT - OWNED OR- CONTROLLED
CORPORATIONS.**

To: Assistant Schools Division Superintendent
Chief Education Supervisors
Heads, Public Elementary and Secondary Schools
Heads, Unit/Section
All Others Concerned

1. This office reiterates the DepEd Executive Order No. 157 re: **Reduction and Condonation of Real Property Taxes and Interest / Penalties assessed on the Power generation facilities of independent power producers under build-operate-transfer contracts with government - owned or- controlled corporations.**
2. Attached herewith is the copy of the memorandum for your reference.
3. Immediate dissemination of this memorandum is desired.

GERMIL M. ILAGAN, CESO VI
Assistant Schools Division Superintendent
OIC-Office of the Schools Division Superintendent



Brgy. Poto, Tayabas City



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Republic of the Philippines
Department of Education
PUBLIC AFFAIRS SERVICE

Office of the Director

FOR : **REGIONAL DIRECTORS**

Attention: **Regional Information Officers
Division Information Officers
School Information Coordinators**

FROM : **JUNE ARVIN C. GUDOY**
Director IV

SUBJECT : **DISSEMINATION OF EXECUTIVE ORDER NO. 157
DATED DECEMBER 16, 2021 TITLED "REDUCTION
AND CONDONATION OF REAL PROPERTY TAXES AND
INTEREST/PENALTIES ASSESSED ON THE POWER
GENERATION FACILITIES OF INDEPENDENT POWER
PRODUCERS UNDER BUILD-OPERATE-TRANSFER
CONTRACTS WITH GOVERNMENT-OWNED
OR-CONTROLLED CORPORATIONS"**

DATE : DECEMBER 24, 2021

For the information and guidance of all concerned, enclosed is a certified copy of Executive Order No. 157 dated December 16, 2021, titled **Reduction and Condonation of Real Property Taxes and Interest/Penalties Assessed on The Power Generation Facilities of Independent Power Producers Under Build-Operate-Transfer Contracts with Government-Owned or -Controlled Corporations.**

Immediate dissemination of this Memorandum is desired.

Encl.:

As stated

PAS-QD Memo on Reduction And Condonation of Real Property Taxes and Interest/Penalties Assessed On The Power Generation Facilities Of Independent Power Producers Under Build-Operate-Transfer Contracts With Government-Owned Or -Controlled Corporations | _____ - December 24, 2021

**Office of the President
of the Philippines
Malacañang**

MALACAÑANG RECORDS OFFICE

Manila, December 17, 2021

SECRETARY LEONOR M. BRIONES

Department of Education
Pasig City

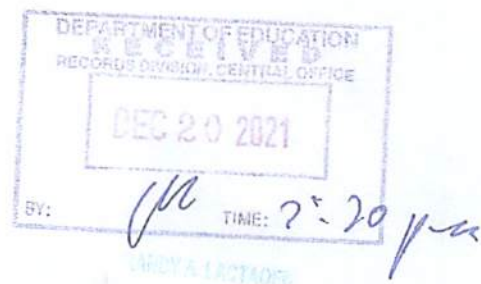
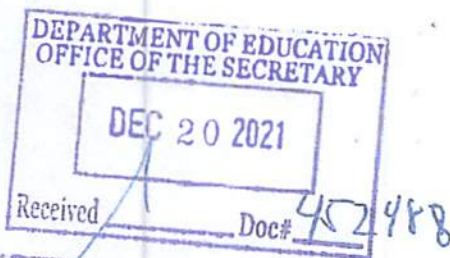
Madam :

I have the honor to transmit for your information and guidance, a certified copy of Executive Order No. 157 dated December 16, 2021 entitled **"REDUCTION AND CONDONATION OF REAL PROPERTY TAXES AND INTEREST/PENALTIES ASSESSED ON THE POWER GENERATION FACILITIES OF INDEPENDENT POWER PRODUCERS UNDER BUILD-OPERATE-TRANSFER CONTRACTS WITH GOVERNMENT-OWNED OR-CONTROLLED CORPORATIONS."**

Thank you.

Very truly yours,


ATTY. CONCEPCION ZENY E. FERROLINO-ENAD
Director IV





MALACAÑAN PALACE
MANILA

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 157

REDUCTION AND CONDONATION OF REAL PROPERTY TAXES AND INTEREST/PENALTIES ASSESSED ON THE POWER GENERATION FACILITIES OF INDEPENDENT POWER PRODUCERS UNDER BUILD-OPERATE-TRANSFER CONTRACTS WITH GOVERNMENT-OWNED OR -CONTROLLED CORPORATIONS

WHEREAS, under Section 218 (d) and 234 of Republic Act (RA) No. 7160 or the "Local Government Code of 1991," 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 (RPT), including an assessment level of 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, 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 of GOCCs with respect to RPT on their property, machinery and equipment used in the generation and distribution of electric power, and have threatened enforcement action against such IPPs, including the levy and sale at public auction of the affected properties;

WHEREAS, for calendar year (CY) 2021, these LGUs have assessed RPT on the machineries and equipment of various IPPs operating within their respective jurisdictions, at the maximum assessment level of 80%, based on Section 218 of RA No. 7160;

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

WHEREAS, the collection of the subject RPT at the maximum level assessed by LGUs will trigger massive direct liabilities on the part of the NPC/PSALM, thereby threatening their financial stability, the government's fiscal consolidation efforts, the stability of energy prices, and may even trigger further cross-defaults and significant economic losses across all sectors;

WHEREAS, the closure or non-operation of these IPPs will entail substantial losses to the Government and force resort to more costly electric power source alternatives or the implementation of rotating power outages;

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

THE PRESIDENT OF THE PHILIPPINES

WHEREAS, Section 17, Article VII of the Constitution provides that the President shall have control over all the executive departments, bureaus and offices;

NOW, THEREFORE, I, RODRIGO ROA DUTERTE, President of the Republic 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 RPT for CY 2021, including any special levy accruing to the Special Education Fund, on property, machinery and equipment actually and directly used by IPPs for the production of electricity under a Build-Operate-Transfer scheme and similar contracts, whether denominated Power Purchase Agreements, Energy Conversion Agreements or other contractual agreements with GOCCs, assessed by LGUs and other entities authorized to impose RPT for all years up to CY 2021, are hereby reduced to an amount equivalent to the tax due if computed based on an assessment level of fifteen percent (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 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 the succeeding years.

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

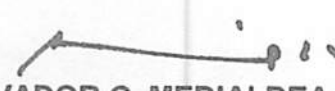
Section 4. Repeal. All rules and regulations, or parts thereof which are inconsistent with the provisions of this Order are hereby revoked, amended or modified accordingly.

Section 5. Separability. If any provision of this Order is declared invalid or unconstitutional, the other provisions unaffected shall remain valid and subsisting.

Section 6. Effectivity. This Order shall take effect immediately upon its publication in a newspaper of general circulation.

DONE, in the City of Manila, this 16th day of December the year of our Lord, Two Thousand and Twenty-One.

By the President:


SALVADOR C. MEDIALDEA
Executive Secretary

