



Republic of the Philippines
DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT
DILG-NAPOLCOM Center, EDSA corner Quezon Avenue, West Triangle, Quezon City
<http://www.dilg.com.ph>

02 MAR 2020

DILG OPINION NO. 38 S. 2020

HON. LEE M. ZOSA

Board Member, 2nd District of Samar
Catbalogan City, Samar

Dear Hon. Zosa:

This has reference to your undated letter received by this Department on 19 December 2019, requesting for this Department's legal opinion on the interpretation of Article 271 of the Local Government Code of 1991 (LGC), and presented a query, which we quote:

"Is the Province of Samar entitled to receive a share in the distribution of proceeds of the basic real property tax from component cities?"

To begin with, there are three types of cities: (a) component cities, (b) highly urbanized, and (c) independent component cities¹. In Section 452 of LGC, certain requirements are provided for a city to be categorized as highly urbanized. However, cities which do not meet the aforesaid requirements shall be considered as component cities of the province in which they are geographically located². Consequently, the province shall have supervisory power and jurisdiction³ over component cities.

Moreover, may we invite your attention to Sections 200 and 232 of the LGC, to wit:

Section 200. Administration of the Real Property Tax- The provinces and cities, including the municipalities within the Metropolitan Manila Area, shall be primarily responsible for the proper, efficient and effective administration of the real property tax.

Section 232. Power to Levy Real Property Tax- A province or city or a municipality within the Metropolitan Manila Area

¹ Section 451, LGC

² Section 452(b), LGC

³ Section 57, Republic Act 9391

may levy an annual *ad valorem* tax on real property such as land, building, machinery, and other improvement not hereinafter specifically exempted.”

Based on the foregoing, real property taxes can only be levied by provinces, cities and municipalities within Metropolitan Manila Area. Consequently, the real property taxes that were collected by the aforesaid local government units, shall be disposed of and distributed in accordance with Section 271 of LGC, which provides:

“**Section 271.** Distribution of Proceeds. The proceeds of the basic real property tax, including interest thereon, and proceeds from the use, lease or disposition, sale or redemption of property acquired at a public auction xxx by the province or city or a municipality within the Metropolitan Manila Area shall be distributed as follows:

- (a) In the case of provinces:
 - (1) Province- Thirty-five percent (35%) shall accrue to the general fund;
 - (2) Municipality- Forty percent (40%) to the general fund of the municipality where the property is located; and
 - (3) Barangay- Twenty-five percent (25%) shall accrue to the barangay where the property is located
- (b) In the case of cities:
 - (1) City- Seventy percent (70%) shall accrue to the general fund of the city; and
 - (2) Barangays - xxx”

Therefore, the taxes enumerated in Section 271 of LGC that were collected by provinces shall be distributed to the municipality and barangay, respectively, where the property is located. Moreover, with respect to cities, the same shall be distributed to the barangay where the property is located. Clearly, LGC observes hierarchy in the distribution of the proceeds of taxes collected. Thus, provinces do not have a share in the revenue raised by cities and municipalities.

This Department, in its previous legal opinion⁴, had similarly opined that *“considering that taxes collected accrue exclusively to the local government unit that imposes it, the real property tax xxx would thus **accrue exclusively to the taxing authority** xxx. Be that as it may, the proceeds of the basic real property tax, including interests thereon, should be distributed among the province, municipality and barangay where the real property is located in accordance with the sharing provided for under Section 271 of the Local Government Code.”*

⁴ DILG OPINION NO. 006-00, January 12, 2000

Accordingly, it is our considered view that the Province of Samar is not entitled to any share of real property taxes from the component cities.

We hope to have enlightened you on the matter.

Very truly yours,
By authority of the Secretary:


MARIVEL C. SACENDONCILLO, CESO III
Undersecretary for Local Government

Legal/914 ✓

Copy Furnished:

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