The Benefits of Local Taxation in the City of Muntinlupa, Philippines

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ABSTRACT

Local taxes is used as source of funds to exercise and implement the projects and services of the local government unit. The City of Muntinlupa as envisions itself to become one of the leading investment hubs in the Philippines, made serious efforts to indeed attract local and international businesses to the city. This paper discuss the benefits of local taxation that favorable and beneficial for the welfare of the people that contributes to deliver basic services for education that benefitted scholars through financial assistance, free tuition fees and scholarships, health program that provides medical subsidy to citizens, livelihood and employment that conducted entrepreneurial trainings and business consultations, peace and order to decrease crime rates in the City, protection for the environment such as coastal and river-clean up drives activities, socialized housing, economic development that still growing through increasing number of business establishments from local to foreign companies and good local governance and administration under the rule of transparent, caring and accountable leadership.

Keywords: Local Government, Local Taxation, Good Governance, Public Fiscal Administration, Economic Development

INTRODUCTION

The main objective of the paper is to discuss and highlight the program of good governance, public fiscal administration and the economic development in the City of Muntinlupa that focus on the benefits of local taxation that is valuable and beneficial to the community, businesses and welfare of the public or people. The paper aims to answer, classify and look into the benefits and advantages of local taxation in the local level specifically in the local government unit of Muntinlupa City, Philippines.

The scope of the paper evolves within the jurisdiction of Muntinlupa City, the activities and programs that used to support the needs and welfare of the people. The paper was limited on the activities of economic development, the granting of business permit and licenses, the local revenue code (Muntinlupa Revenue Code) on how it relates to Local Government Code of 1991 or R.A. 7160 to further discuss the relationship of public fiscal administration to good local governance.

In addition, the paper discuss the advantages and disadvantages of doing business in the City and as well as the projects, programs and services to further understand the significance of good financial management and good governance.

Moreover, the significance of the paper is for the readers to justly understand why we should pay local taxes, regulatory fees and charges (i.e. real property tax, business tax, and community tax) to support the local government and the benefits or its impact to what the public will get from taxation particularly at the local level.

HISTORICAL BACKGROUND: AN OVERVIEW OF MUNTINLUPA CITY

Muntinlupa City as envisioned to be one of the leading investment hubs in the Philippines is a local government unit which is composed of nine (9) barangays (Tunasan, Poblacion, Putatan and Bayanan, Alabang, Cupang, Buli, Sucat and Ayala-Alabang).

The barangays are divided into two districts, District I from Tunasan to Bayanan and District II from Alabang to Ayala-Alabang. Muntinlupa is also famous because of the National Bilibid Prison (NBP), where dangerous criminals are placed to protect the public and Ayala Alabang Village where many wealthy and influential people live. The City is part of Metropolitan Manila (Metro Manila), National Capital Region which comprised of sixteen (16) cities and one (1) municipality (Department of Interior and Local Government [DILG], 2014).
December 19, 1917 when Muntinlupa became an independent town and separate from the province of Rizal, while November 7, 1975 is the date when Muntinlupa was included as part of Metro Manila and on March 1, 1995 when it became a City under Republic Act (R.A.) 7926 (Muntinlupa City Planning & Development Office, 2015).

Additionally, eighty one (81) provinces, one hundred forty four (144) cities, one thousand four hundred ninety (1,490) municipalities and forty two thousand twenty eight (42,028) barangays in the country including the City of Muntinlupa impose local taxes, regulatory and other fees and charges as authorized by law to support their own local projects and activities (DILG, 2014).

On the other hand, internal revenue tax is used to be the primary source of revenue or income of the local government units that the national government gives proportional shares to be used as public funds (Reyes, Tapales, Domingo, Villamejor-Mendoza, 2015: p. 387). Furthermore, tax is defined as obligatory shares or contributions coming from a persons or property impose by law to support the local and national government and for the public needs (De Vera, 2013).

Every local government units (LGUs) are authorized to exercise its power to create sources of income or revenue such as taxes, regulatory fees and charges subject to the policy of local autonomy (Local Government Code [LGC] of 1991, Sec.129). Local Autonomy on the other hand is defined as a stage or phase of choice implemented by the local government unit in relation to the national government (Reyes, Tapales, Domingo, Villamejor-Mendoza, 2015: p. 382).


R.A. 7160 or better known as an act providing for a Local Government Code (LGC) of 1991 was enacted on the 21st day of July, 1991 during the fifth regular session at the House of the Representatives, Congress of the Philippines (LGC, 2015 ed., p.1).

The LGC of 1991 is very important guidelines in every local government units. This act is able to serve as a tool for effective mechanism to strengthened and upgrade the quality of local governance and local leadership particularly in the purpose of delivering basic services for national development (LGC, 2015 ed., Sec.3,p.2.).

The LGC of 1991 was also used by the City of Muntinlupa (by then Municipality of Muntinlupa) where Memorandum Circular No. 92-02 dated January 6, 1992 is directing all Provincial Governors, City and Municipal Mayors, Punong Barangays and other matter/concerns to enact ordinances and revenue measures and clearance for Barangay pursuant to Section 186 to 189 and Section 152 of the said act (Muntinlupa Revenue Code, Ordinance No. 93-35, pp.1-2).

The major changes in local governance and fiscal organization were instituted with the enactment of R.A. 7160 (Local Treasury Operations Manual, 2007). There is also a major shift in the relationship of the national government and local governments when this Act was passed. The new framework for governance from powers, functions and responsibilities from the national government to local government units were transferred.

With proper guidelines coming from the national government, the LGUs are able to manage local development from deconcentration or simply redistribution of administrative responsibilities only within the national government agency (Local treasury Operations Manual, 2007).

The devolution of powers has made the LGUs more responsible and accountable in their public financial management and during this transition period LGUs became more operative and able to operate on their own through innovation in financial opportunities based on the new legislation that created (Local Treasury Operations Manual, 2007).

MUNTINLUPA REVENUE CODE (ORDINANCE NO. 93-05 AND ORDINANCE NO. 02-076)

The Revenue Code of the Municipality of Muntinlupa or better known as the Muntinlupa Revenue Code governs the taxing and other revenue raising powers of the city and existing under laws (Muntinlupa Revenue Code, Section 1 and 2).

The relationship between the Muntinlupa Revenue Code and the LGC of 1991 is very similar when the said code was approved in 1992. The Muntinlupa Revenue Code Chapter 1 with Ordinance No. 93-35 has a same amount of tax per annum to LGC of 1991, Tax on Business under Section 143 based on the graduated taxes imposed on manufacturers, producers, importers, assemblers, repackers, processors, brewers, distillers, rectifiers, and compounders of liquors, distilled spirits and wines or manufacturers of any article of commerce of whatever kind of nature (Muntinlupa Revenue Code, 1993).
In 2002, under Ordinance No. 02-076 or an ordinance amending ordinance no. 93-35, otherwise known as the revenue code of the municipality of Muntinlupa and adopting the new rates prescribed under the new ordinance (Muntinlupa Revenue Code, 2002). Compared to 1993 ordinance, the 2002 ordinance update the new prescribed rates to augment the demands of the City’s growth and progress. The section 1 of ordinance 93-35 was amended and currently known as the Revenue Code of the City of Muntinlupa (Muntinlupa Ordinance No. 02-076, p.2). The new prescribed rates when I calculated resulted to a ten percent (10%) increase compared to 1993 prescribes rates up to 2001.

When I started working for the City Government of Muntinlupa under the City Treasurer’s Office, the Muntinlupa Revenue Code is a very helpful tool for us under the examination division to perform our job to correct tax deficiencies of different business establishments within the jurisdiction of Muntinlupa. In 2014, we are able to collected an additional ten (10) million pesos tax deficiencies where we based and look into the new Revenue Code of the City of Muntinlupa as our guidelines in computing the prescribed rates for business taxes.

The transfer of power from national government to local government gives them power to create their own sources of income or revenue as a result of the devolution that has made the local government units responsible in public financial administration (Local Treasury Operations Manual, 2007).

**ECONOMIC DEVELOPMENT SECTOR IN MUNTINLUPA CITY**

The economic development sector implicates the evaluation of the local economy in Muntinlupa City with growth in economic activities in a sustainable way. Commerce and Trade, Agriculture and Fisheries and Tourism Development are subsectors that cover the said evaluation (Muntinlupa City Ecological Profile, 2013).

As the Muntinlupa City envisioned itself to become one of the leading investment hubs in the Philippines, diligent efforts are being made for the local government unit to definitely attract local and foreign businesses or multinational companies in the city. Based on the data given by the Business Permit and Licensing Office (BPLO) of Muntinlupa, the City’s total recorded business registrations in 2013 was at 12, 981 compared to year 2014 with a total number of registered businesses of 13, 124 or with one percent (1%) increase.

There are different business lines in Muntinlupa per category description, namely: amusement devices, amusement place, billboard and advertisement, dealer in fermented liquor, dealers and retailer, detective agencies, eateries/restaurants, exempt, exporter/importer, financial institutions, fishponds/fishpens, flammables, hotels/motel/boarding/lodging, lessors, manufacturing, peddlers/delivery trucks/vans/taxi, printer and publisher, private/public market/commercial center, services, subdivision parking areas/cemetery and tobacco dealers (Business Permit and Licensing Office [BPLO], 2013).

There are also commercial centers or Malls in Muntinlupa namely: Alabang Town Center, the famous mall in the south where most celebrities and famous people go. The said mall is located in Ayala Alabang. The next one is Filinvest Land and Festival Mall located in Filinvest City, Alabang, Starmall Alabang (old name Metropolis Alabang) which used to be cemetery before, the said mall is located in National Road, Muntinlupa, Liana’s Alabang Central Mall also located in Montillano St., Alabang and lastly the SM Supercenter Tunasan located in National Road, Barangay Tunasan (BPLO, 2015).

As a Philippine Economic Zone Authority (PEZA) registered zone, the Northgate Cyberzone in Alabang, Muntinlupa City provides the needs of technology-based companies engaged in Business Process Outsourcing (BPO) and other support foreign/multinational companies with operations locally like Convergy’s, Fluor, United Parcel Service International, British-American Tobacco, The Hong Kong & Shanghai Banking Corporation Ltd., and many more (BPLO, 2015). The other business hub in Muntinlupa is the Madrigal Business Park located along Alabang-Zapote Road with major establishments like Honda Alabang, Isuzu, Nan Pao Resins Chemicals Philippines, Inc., First Advantage Philippines, and many more.

In 2013-2014, the City Government of Muntinlupa in partnership with BPLO awarded the top ten taxpayers that paid high taxes based on previous year annual gross sales/gross receipts, real property assessment fee and franchise/PEZA fee, the top ten awardees are namely; Zuellig Pharma Corporation as top local taxpayer, Filinvest Land Inc. – Festival Mall on the second place, third place was Alabang Town Center, fourth place goes to Filinvest Alabang, Inc., fifth place for Asian Hospital, Inc., sixth place for Mercury Drug Corporation, seventh place to South Supermarket, eight place for Insular Life Assurance Company., Ltd., CT Citimotors Alabang and Kawasaki Motors (Phils.) Corporation (BPLO, 2014).
For the following year 2014-2015, with the same criteria as the corporations or business establishments that paid the highest local taxes, there are new corporations in the top ten lists as well as the top taxpayer. The top ten awardees for 2014-2015 are namely: Ford Group Philippines, Inc. on the top list, second was Filinvest Alabang Inc., third for Meralco, fourth goes to Alabang Commercial Corporation, fifth was Amkor Technology Phils., sixth belongs to Filinvest Land Inc. – Festival Supermall, seventh goes to Pepsi Cola Far East Trade Dev. Co. Inc., down to eighth place is Zuellig Pharma Corporation, which happened as the top taxpayer in 2013-2014, Insular Life assurance Co., Ltd., which is consistent as top taxpayer in the City ranked ninth place from eighth place the previous year, and lastly, Manuela Corporation as the tenth placer for the top taxpayer, the said company is under the leadership of businessman and former Senator, Manuel Villar (BPLO, 2015).

The top taxpayer for the year 2014-2015 was awarded during the 20th celebration of the Cityhood of Muntinlupa held in the Quadrangle Hall of City Hall of Muntinlupa last March 1, 2015.

There are also manufacturing establishments in the City namely: Amalgamated Specialties Corporation, the maker of Amspec pencils, Action Container Inc., American Packing Industries (Phils.) Corporation, Ang Dick Jason, Alvarez Marv De Mesa, Brent Metal Works, Inc., BSFIL Technologies Incorporation, Chemdis Manufacturing Corporation, the maker of plastic trash bin, the Fresh N’ Famous foods, Inc., or a commissary of Chowking under Jollibee Foods Corporation which is located in Magdaong Drive, NBP Reservation, Poblacion, Concepcion-Carrier Air Conditioning Co., De La Torre & Co., Inc. Disco Hi-Tec Philippines, Inc. and Export Team, Inc. (BPLO, 2013).


Parts of economic development in Muntinlupa are agriculture and fisheries which the Barangay Poblacion has the biggest number of planters of one hundred forty (140) based on the backyard farming inventory with cumulative area (sq.m) of 1,810 for Pulong Silangan and 60,000 for Southville III, NHA. (Department of Agriculture [DA], 2014). In addition, barangay Poblacion, that used to be my hometown, have an average production of 724 kilogram per year for Pulong Silangan and 24,000 kilogram per year for Southville III, NHA which have plants and vegetables such as; lettuce, eggplant, green pepper, banana and many more (DA, 2014).

Moreover, aside from agriculture and fisheries as well as commercial centers and malls in the City of Muntinlupa, there are also hotel establishments within Alabang and Ayala-Alabang area namely; The Bellevue Manila, Parque Espana Residence Hotel, Vivere Suites, Crimson Hotel, Acacia Grove Hotel, all within the Filinvest Corporate City, Alabang and B Hotel and Azumi Boutique Hotel at the area of Madrigal Business Park, Ayala Alabang (Muntinlupa City Planning and Development Office, 2015).

In addition, Muntinlupa City is known for some historical sites declared by the Department of Tourism (DOT) and National Historical Institute (NHI). Historical sites are the Jamboree lake known as the smallest natural lake in the country was declared on March 1, 2000, second is the Memorial Hill, the smallest hill in the NBP Reservation and the hill is likewise the burial place of Eriberto Misa, the famous Prison’s Director from 1937 to 1949 that was declared March 1, 2000, the third is the famous, Bureau of Corrections Admin Building, built in 1941, the building houses, the office of the prison’s administration and maximum security compound consisting of 12 building called brigades that was declared also on March 1, 2000, the fourth is the Director’s Quarter, also built in 1941, the pre-war structure serves as the official residence of the Director of Bureau of Corrections that was declared again on March 1, 2000, the fifth is the Japanese Cemetery, the cemetery is the burial place of General Yamashita and was declared also on March 1, 2000, the sixth is the Insular Life Corporate Centre that serves as the headquarters of the Insular Life Assurance Company was declared on November 25, 2010 by the National Historical Commission and Serum and Vaccine Lab, which is located in Alabang, it is the production arm of the Research and Laboratories of Department of Health which also provides vaccines and serum to immunize the population, it is locally declared on May 2, 2011 (Muntinlupa City Planning and Development, 2013 and National Historical Commission, 2013).
The City of Muntinlupa has also local festivals like Samahang Batya, which display of different costumes and masks that made of paper mache under the Barangay of Alabang and celebrates every December 31 of the year, the second is the Dinagsa Festival or Sto. Nino De Muntinlupa Fiesta which features street dancing and parades participated by different group of people from the academe, public and private sector and as well of community townpeople, the said festival is under Barangay Poblacion celebrated during Sunday before the Ash Wednesday, the third is Senakulo, portrayal of the life and death of Jesus Christ held during holy week in Barangay Putatan, the fourth is the Grand Santacruzan originally pertaining to the pursuit of the true cross of Jesus Christ by St. Helena and Constantine celebrated every May of the year across the City and last is Banhayan Festival and Pagoda sa Dagat, the yearly presentation of Thanksgiving for the Patron of Impong Kulang de Tolentino hold in Barangay Cupang and Buli every September 10 of the year (Muntinlupa City Planning and Development Office, 2013).

THE BUSINESS PERMIT AND LICENSING OFFICE (BPLO)

The Business Permit and Licensing Office or otherwise known as BPLO in Muntinlupa and same with other cities is responsible in regulating the granting of licenses and permits in doing business activities in the City.

BPLO in Muntinlupa is known for its Modified Business One-Stop Shop (MBOSS) program with just three (3) easy steps, the application (assessment and billing), payment and releasing (BPLO, 2015).

Prior to this new program, registering a business in Muntinlupa was a time-consuming process and effort due to few steps and procedures for obtaining a permit and license. Going to different departments at the City Hall from first floor to second floor and going back to another building where the taxpayer need to transact to different offices made unpleasant and unlikable for the taxpayer.

In the City of Muntinlupa, the previous procedure for securing a business permit composed of fourteen (14) steps which required several signatories and took two (2) weeks (BPLO, 2015). The taxpayer had to take a tour within the City Hall for their business permit or application to be processed. Due to this long and time-consuming process, the City Government of Muntinlupa then piloted the Business One-Stop Shop or BOSS in the late 1990's during the business permit renewal in January together with BPLO, City Treasurer’s Office, Zoning Office, Building Office, Health Office and other offices housed together under one roof for convenience of taxpayers, by this initiative, Muntinlupa City awarded the Most Business-Friendly Local Government Award from Philippine Chamber of Commerce and Industry under the leadership of Mayor Atty. Jaime R. Fresnedi (BPLO, 2015).

The year 2013 the BOSS system was trime into three steps. The steps were simplified in order to streamline the process which shortened the processing time to thirty (30) minutes only and to ensure the sustainability of the MBOSS, Executive Order No. 15 was signed by Mayor Atty, Jaime R. Fresnedi on May 2, 2014 (BPLO, 2015).

THE ADVANTAGES AND DISADVANTAGES OF DOING A BUSINESS IN MUNTINLUPA CITY

Muntinlupa City was awarded as Most Business-Friendly City for three (3) years (2001, 2002 and 2005) of the Philippine Chamber of Commerce and Industry (PCCI) has re-acquired the ISO Certification on Quality Management System (QMS), ISO 9001: 2008 last April 2015 given by BRS Rim which operated in California, United States of America.(Muntinlupa Public Information Office, 2015). The advantages of doing or putting up a business in Muntinlupa is very advantageous compared to other cities specially in the prescribed low tax rates in the business taxes, real property taxes and franchise fees. Muntinlupa as awarded as Business-Friendly City is currently doing the MBOSS under the BPLO in transacting time efficient renewal and application of business permits and licenses. The disadvantage of doing a business in the City is just minimal like some traffic that delays some of the deliveries of businesses in the cargo and supply chain management industries. The challenges for the City is to make a plan to lessen the traffic and to offer a tax holiday for those affected industries to attract more local and foreign investors in doing business in the city.

PROJECTS, PROGRAMS AND SERVICES IN MUNTINLUPA CITY

When Mayor Atty. Jaime R. Fresnedi came back in July 1, 2013, the Fresnedi administration focused on the 8-point program of governance, namely; Education & Youth, Health, Livelihood & Employment, Peace & Order, Socialized Housing, Economic Development, Environmental Protection and lastly, Local Governance and Administration (Muntinlupa City Planning and Development Office, 2013).
Planning and Development Office, 2015). The 8-point program of governance is primarily part of the benefits of the local taxation in the City.

In Education and Youth, the Education Mayor Fresnedi and the City Government of Muntinlupa allocated sixty three million (PhP 63,000,000) that benefitted ten thousand five hundred (10,500) scholars and financial assistance of thirteen million (PhP 13,000,000) for three thousand five hundred sixty seven (3,567) students under the Iskolar ng Bayan program from elementary to college level and provided cash award to 250 honor graduates (Muntinlupa Scholarship Program, 2015).

Even the employees of the City Government are also given a financial assistance or scholarship grants for their graduate studies or additional learning. In addition, the City awarded the top ten outstanding high school students through the annual search for Most Outstanding Students (MOST) for graduating high school students and become MOST scholars that received full scholarship grants throughout their college education.

In the higher education level, the Pamantasan ng Lungsod ng Muntinlupa (PLMun), the local University of the City achieved the Association of Local Colleges and Universities Commission on Accreditation (ALCUOCA) accreditation of Level Two (2) for the college courses of Business Administration, Arts and Sciences and Teaching Education and Level Three (3) for the course of Criminal Justice or Criminology (Pamantasan ng Lungsod ng Muntinlupa [PLMun], Office of the President, 2015). PLMun produced already board passers and topnotchers for Criminologists and board passers for Teachers and Certified Public Accountants. The local University or PLMun also established convenient educational connections such as PBX phone system with sixty three (63) trunklines used by thirty (30) departments and college offices and Wireless Fidelity (WiFi) as wireless internet connection (Muntinlupa Management and Information System Office, 2015).

On the technical side, the local government of Muntinlupa in partnership with the Technical Education and Skills Development (TESDA) provided allowances to Muntinlupa City Technical Institute (MCTI) students who enrolled in vocational and short-term courses. Based on my conducted interview with the personnel of the said office, MCTI currently offered pipefitting, welding, plumbing, bread and pastry production and housekeeping as additional short-term courses while their primary courses includes reflexology and basic computer training.

Also, MCTI trainees achieved an increase of 96.42% in the average passing rate in the certification examination given by TESDA (MCTI, 2015).

On the side of health, the City Government of Muntinlupa provided an additional bedspace capacity in the Ospital ng Muntinlupa (OsMun) from 130 to 215 bed spaces and acquired new medical equipment like 4 anesthesia machines and cardiac monitors and 4 dialysis equipment and also increased the number of availment of 70 dialysis sessions in OsMun for the members of Philhealth (City Health Office, 2015). The LGU in Muntinlupa also provided 25-75% medical subsidy and financial assistance amounting to thirty nine million two hundred thousand pesos (PhP 39.2 million) to 6,700 beneficiaries and assured readily-available blood for the citizens of Muntinlupa with the initiative of the LGU of blood-letting programs with the help of city government employees (Muntinlupa City Planning and Development Office, 2015).

In the livelihood and employment program, in 2014, already conducted 258 job fairs with 24, 458 applicants and 7,553 where hired on the spot for further interview (Public Employment and Services Office, 2015). The city also conducted trainings to 1,177 individuals for micro-business development, product marketing center and food processing technologies and livelihood technologies (DA-Extension Services Office, 2015).

The livelihood program of the City also conducted 12 entrepreneurial trainings, 30 business consultations and 6 product promotions and bazaar and issued certification to 289 entrepreneurs (Muntinlupa City Planning and Development Office, 2015).

The program of Mayor Fresnedi of additional funds or “Dagdag Puhunan” provides zero interest loan for small business owners in the City of Muntinlupa benefitting 2,383 business owners (Joint Resources Financing Program, 2015).

The crime rate in the city of Muntinlupa was decrease of 31% in 2014 and the Muntinlupa City Police was awarded Best in Crime Solution Efficiency. (Muntinlupa City Planning and Development Office, 2015).

The socialized housing facilitated the construction of 36 housing units in MRH Compound Putatan with the help of Manulife Philippines and awarded 24 housing units to beneficiaries in partnership with Shell Foundation (UPAUO, 2015).
The economic development is still growing through increasing number of business establishments from local to foreign/multinational companies and investors. The environmental protection program of the City is still on-going such as coastal and river-clean up drives activities in the rivers and creeks in the city.

In 2014, the City Government received the seal of good local governance particularly on good financial housekeeping from DILG for the year 2014 and once again this year of 2015 as one of the recipient of seal of good local governance (Muntinlupa City Planning and Development Office, 2015).

CONCLUSIONS

The benefits of local taxation in the City of Muntinlupa is favorable for the welfare of the people and as well as with the businesses. Paying taxes at the local level helps in maintaining the support given of the local government to its people for their needs. Local taxation is beneficial that contributes to deliver services for education, health, livelihood and employment, peace and order, environmental protection, socialized housing, economic development and as well as to local governance and administration.

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