



HOUSE OF REPRESENTATIVES

H. No. 3675

BY REPRESENTATIVES QUIMBO, Co, CALIXTO-RUBIANO AND BATOCABE

AN ACT REMOVING THE CONDITIONS FOR THE CONDONATION OF ALL UNPAID TAXES DUE FROM LOCAL WATER DISTRICTS, AMENDING FOR THE PURPOSE SECTION 289-A OF THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

- 1 SECTION 1. Section 289-A of the National Internal Revenue Code of
2 1997, as amended, is hereby further amended to read as follows:
- 3 “SEC. 289-A. *Support for Local Water Districts.* – The
4 amount that would have been paid as income tax and saved by
5 the local water district by virtue of its exemption to the income
6 taxes shall be used by the local water district concerned for
7 capital equipment expenditure in order to expand water services
8 coverage and improve water quality in order to provide safe and
9 clean water in the provinces, cities, and municipalities: *Provided,*
10 That, the water district shall adopt internal control reforms that
11 would bring about their economic and financial viability:
12 *Provided, further,* That the water district shall not increase by

1 more than twenty percent (20%) a year its appropriation for
2 personal services, as well as for travel, transportation or
3 representation expenses and purchase of motor vehicles.

4 “All unpaid taxes or any portion thereof due from a local
5 water district for the period starting August 13, 1996 until the
6 effectivity date of this Act are hereby condoned by the
7 Government [subject to the following conditions: (1) that the
8 Bureau of Internal Revenue, after careful review of the financial
9 statements of a water district applying for condonation of taxes
10 due, establishes its financial incapacity, after providing for its
11 maintenance and operating expenses, debt servicing and reserve
12 fund, to meet such obligations for the period stated herein; and
13 (2) that the water district availing of such condonation shall
14 submit to Congress of the Philippines a program of internal
15 reforms, duly certified by the local water utilities administration,
16 that would bring about its economic and financial viability]
17 **THEREBY RELIEVING ALL LOCAL WATER DISTRICTS FROM THE**
18 **PAYMENT THEREOF.**

19 “All water districts, through the Local Water Utilities
20 Administration, shall furnish the Committee on Ways and Means
21 of the Senate and House of Representatives, respectively, on an
22 annual basis, with statistical data and financial statements
23 regarding their operations and other information as may be
24 required, for purposes of monitoring compliance with the
25 provisions of this Act and reviewing the rationalization for tax
26 exemption privileges.”

27 *SEC. 2. Implementing Rules and Regulations.* – The Secretary of
28 Finance, in issuing the necessary rules and regulations for the effective

1 implementation of this Act, shall take into account the legislative intent of
2 exonerating local water districts of their tax liabilities including the fines,
3 penalties and/or surcharges, if any, appurtenant thereto. The said rules and
4 regulations shall not provide for additional requirements that would negate the
5 purpose of this Act.

6 SEC. 3. *Repealing Clause.* – All laws, acts, decrees, executive orders,
7 issuances and rules and regulations or parts thereof which are contrary to or
8 inconsistent with this Act are hereby repealed, amended or modified
9 accordingly.

10 SEC. 4. *Effectivity.* – This Act shall take effect fifteen (15) days after
11 its publication in at least two (2) newspapers of general circulation.

Approved,

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