



MALACAÑAN PALACE
MANILA

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 36

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

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 enjoyed by government-owned or -controlled corporations (GOCCs) with respect to real property taxes (RPTs) on their property, machinery and equipment used in the generation and distribution of electric power, and have threatened enforcement action against IPPs, including the levy and sale at public auction of affected properties;

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

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

WHEREAS, Section 277 of Republic Act No. 7160 or the "Local Government Code of 1991" provides that the President may, when public interest so requires, condone or reduce the RPT and interest for any province or city, or a municipality within the Metropolitan Manila Area; and

WHEREAS, Section 17, Article VII of the 1987 Constitution provides that the President shall have control over all Executive departments, bureaus and offices, and ensure the faithful execution of laws;

NOW THEREFORE, I, FERDINAND R. MARCOS, JR., President of the Philippines, by virtue of the powers vested in me by the Constitution and existing laws, do hereby order:

THE PRESIDENT OF THE PHILIPPINES

Section 1. Reduction and Condonation. All liabilities for RPT for Calendar Year (CY) 2023, including any special levies accruing to the Special Education Fund on property, machinery and equipment actually and directly used by IPPs for the production of electricity under Build-Operate-Transfer scheme and similar contracts, whether denominated as 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 2023, 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 succeeding years.

Section 3. Compliance by all Government Entities. All concerned departments, agencies and instrumentalities of the government, including concerned 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, rules and regulations.

Section 4. Separability. If any part or provision of this Order shall be held invalid or unconstitutional, the provisions not affected thereby shall remain in full force and effect.

Section 5. Repeal. All orders, rules and regulations, and other issuances or parts thereof which are inconsistent with the provisions of this Order, are hereby repealed or modified accordingly.

Section 6. Effectivity. This Order shall take effect immediately upon publication in the Official Gazette or in a newspaper of general circulation.

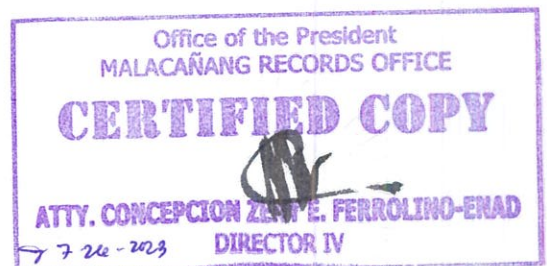
DONE, in the City of Manila, this 25th day of July, in the year of Our Lord, Two Thousand and Twenty-Three.



By the President:



LUCAS P. BERSAMIN
Executive Secretary



REPUBLIC OF THE PHILIPPINES



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