



MALACAÑAN PALACE
MANILA

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 83

**REDUCING AND CONDONING REAL PROPERTY TAXES,
INCLUDING INTERESTS AND/OR PENALTIES, ASSESSED ON
POWER GENERATION FACILITIES OF INDEPENDENT POWER
PRODUCERS UNDER BUILD-OPERATE-TRANSFER CONTRACTS
WITH GOVERNMENT-OWNED OR -CONTROLLED CORPORATIONS**

WHEREAS, Sections 218(d) and 234 of Republic Act (RA) No. 7160 or the "Local Government Code of 1991," as amended, provide that 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 (RPTs), including an assessment level of ten percent (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, according to the Department of Finance (DOF), 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 GOCCs with respect to 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 of affected properties at public auction;

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

WHEREAS, the collection of the subject RPTs for Calendar Year (CY) 2024, which were assessed by concerned LGUs at the maximum assessment level of 80% pursuant to Section 218 of RA No. 7160, as amended, will trigger massive direct liabilities on the part of NAPOCOR/PSALM, thereby threatening their financial stability,

THE PRESIDENT OF THE PHILIPPINES

the government's fiscal consolidation efforts, stability of energy prices, and may even trigger further cross-defaults and significant economic losses across all sectors;

WHEREAS, as the operations of affected IPPs provide an estimated grid capacity of 3,100 megawatts, the closure or non-operation of these IPPs will entail substantial losses to the government and force the public to resort to more costly electric power source alternatives or rotating power outages;

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

WHEREAS, Executive Order (EO) Nos. 27 (s. 2011), 173 (s. 2014), 19 (s. 2017), 60 (s. 2018), 88 (s. 2019), 117 (s. 2020), 126 (s. 2021), 157 (s. 2021), 176 (s. 2022), and 36 (s. 2023) previously reduced the RPTs, as well as condoned the corresponding interests and/or penalties, assessed on power generation facilities operated by IPPs under BOT contracts with GOCCs for various CYs; and

WHEREAS, Section 17, Article VII of the Constitution vests in the President the power of control over all Executive departments, bureaus and offices, and the mandate to 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:

Section 1. Reduction and Condonation. All liabilities for RPTs for CY 2024, 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 BOT 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 RPTs for CY 2024, are hereby reduced to an amount equivalent to the tax due if computed based on an assessment level of 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/or 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, including GOCCs and LGUs, are hereby directed to strictly comply with this Order. Any violation of the provisions of this Order shall be dealt with in accordance with relevant laws, rules and regulations.

For this purpose, the Department of the Interior and Local Government (DILG), in coordination with DOF, is hereby directed to monitor the compliance of all concerned LGUs.

Further, within six (6) months from the effectivity of this Order, the DOF shall submit to the President, through the Office of the Executive Secretary, a progress report on the status of the implementation of this Order.

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 13th day of February, in the year of Our Lord, Two Thousand and Twenty-Five.

By the President:



LUCAS P. BERSAMIN
Executive Secretary

