

# THE LOCAL GOVERNMENT CODE OF THE PHILIPPINES

## **BOOK IV**

### **MISCELLANEOUS AND FINAL PROVISIONS**

#### **TITLE ONE. – PENAL PROVISIONS**

**SECTION 511. Posting and Publication of Ordinances with Penal Sanctions.** – (a) ordinances with penal sanctions shall be posted at prominent places in the provincial capitol, city, municipal or Barangay hall, as the case may be, for a minimum period of three (3) consecutive weeks. Such ordinances shall also be published in a newspaper of general circulation, where available, within the territorial jurisdiction of the local government unit concerned, except in the case of Barangay ordinances. Unless otherwise provided therein, said ordinances shall take effect on the day following its publication, or at the end of the period of posting, whichever occurs later.

(b) Any public officer or employee who violates an ordinance may be meted administrative disciplinary action, without prejudice to the filing of the appropriate civil or criminal action.

(c) The secretary to the Sanggunian concerned shall transmit official copies of such ordinances to the chief executive officer of the Official Gazette within seven (7) days following the approval of the said ordinance for publication purposes. The Official Gazette may publish ordinances with penal sanctions for archival and reference purposes.

**SECTION 512. Withholding of Benefits Accorded to Barangay Officials.** – Willful and malicious withholding of any of the benefits accorded to Barangay officials under Section 393 hereof shall be punished with suspension or dismissal from office of the official or employee responsible therefor.

**SECTION 513. Failure to Post and Publish the Itemized Monthly Collections and Disbursements.** – Failure by the local treasurer or the local chief accountant to post the itemized monthly collections and disbursements of the local government unit concerned within ten (10) days following the end of every month and for at least two (2) consecutive weeks at prominent places in the main office building of the local government unit concerned, its plaza and main street, and to publish said itemization in a newspaper of general circulation, where available, in the territorial jurisdiction of such unit, shall be punished by a fine not exceeding Five hundred pesos (Php500.00) or by imprisonment not exceeding one (1) month, or both such fine and imprisonment, at the discretion of the court.

**SECTION 514. Engaging in Prohibited Business Transactions or Possessing Illegal Pecuniary Interest.** – Any local official and any person or persons dealing with him who violate the prohibitions provided in

Section 89 of Book I hereof, shall be punished with imprisonment for six months and one day to six years, or a fine of not less than Three thousand pesos (P=3,000.00) nor more than Ten thousand pesos (P=10,000.00), or both such imprisonment and fine, at the discretion of the court.

**SECTION 515. Refusal or Failure of Any Party or Witness to Appear before the Lupon or Pangkat.** – Refusal or willful failure of any party or witness to appear before the lupon or pangkat in compliance with a summons issued pursuant to the provisions on the Katarungang PamBarangay under Chapter 7, Title One of Book III of this Code may be punished by the city or municipal court as for indirect contempt of court upon application filed therewith by the lupon chairman, the pangkat chairman, or by any of the contending parties. Such refusal or willful failure to appear shall be reflected in the records of the lupon secretary or in the minutes of the pangkat secretary and shall bar the complainant who fails to appear, from seeking judicial recourse for the same cause of action, and the respondent who refuses to appear, from filing any counterclaim arising out of, or necessarily connected with the complaint.

A pangkat member who serves as such shall be entitled to an honorarium, the amount of which is to be determined by the Sanggunian concerned, subject to the provisions in this Code cited above.

**SECTION 516. Penalties for Violation of Tax ordinances.** – The Sanggunian of a local government unit is authorized to prescribe fines or other penalties for violation of tax ordinances but in no case shall such fines be less than One thousand pesos (Php1,000.00) nor more than Five thousand pesos (Php5000.00), nor shall imprisonment be less than one (1) month nor more than six (6) months. Such fine or other penalty, or both, shall be imposed at the discretion of the court. The Sangguniang Barangay may prescribe a fine of not less than One hundred pesos (Php100.00) nor more than One thousand pesos (Php1,000.00).

**SECTION 517. Omission of Property from Assessment or Tax Rolls by Officers and Other Acts.** – Any officer charged with the duty of assessing real property who willfully fails to assess, or who intentionally omits from the assessment or tax roll any real property which he knows to be taxable, or who willfully or negligently underassesses any real property, or who intentionally violates or fails to perform any duty imposed upon him by law relating to the assessment of taxable real property shall, upon conviction, be punished by a fine of not less than One thousand pesos (Php1,000.00) nor more than Five thousand pesos (Php5000.00), or by imprisonment of not less than one (1) month nor more than six (6) months, or both such fine and imprisonment, at the discretion of the court.

The same penalty shall be imposed upon any officer charged with the duty of collecting the tax due on real property who willfully or negligently fails to collect the tax and institute the necessary proceedings for the collection of the same.

Any other officer required by this Code to perform acts relating to the administration of the real property tax or to assist the assessor or treasurer in such administration, who willfully fails to discharge such duties shall, upon conviction be punished by a fine of not less than Five hundred pesos (Php500.00) nor more than Five thousand pesos (Php5000.00) or imprisonment of not less than one (1) month nor more than six (6) months, or both such fine and imprisonment, at the discretion of the court.

**SECTION 518. Government Agents Delaying Assessment of Real Property and Assessment Appeals.** – Any government official who intentionally and deliberately delays the assessment of real property or the filing of any appeal against its assessment shall, upon conviction, be punished by a fine of not less than Five hundred pesos (Php500.00) nor more than Five thousand pesos (Php5000.00), or by imprisonment of not less than one (1) month nor more than six (6) months, or both such fine and imprisonment, at the discretion of the court.

**SECTION 519. Failure to Dispose of Delinquent Real Property at Public Auction.** – The local treasurer concerned who fails to dispose of delinquent real property at public auction in compliance with the pertinent provisions of this Code, and any other local government official whose acts hinder the prompt disposition of delinquent real property at public auction shall, upon conviction, be subject to a fine of not less than One thousand pesos (Php1000.00) nor more than Five thousand pesos (Php5000.00), or imprisonment of not less than one (1) month nor more than six (6) months, or both such fine and imprisonment, at the discretion of the court.

**SECTION 520. Prohibited Acts Related to the Award of Contracts Under the Provisions on Credit Financing.** – It shall be unlawful for any public official or employee in the provincial, city, or municipal government, or their relatives within the fourth civil degree of consanguinity or affinity, to enter into or have any pecuniary interest in any contract for the construction, acquisition, operation, or maintenance of any project awarded pursuant to the provisions of Title Four in Book II hereof, or for the procurement of any supplies, materials, or equipment of any kind to be used in the said project. Any person convicted for violation of the provisions of said Title shall be removed from office and shall be punishable by imprisonment of not less than one (1) month, nor more than two (2) years, at the discretion of the court, without prejudice to prosecution under other laws.

## **TITLE TWO. – PROVISIONS FOR IMPLEMENTATION**

**SECTION 521. Mandatory Review Every Five Years.** – Congress shall undertake a mandatory review of this Code at least once every five (5) years and as often as it may deem necessary, with the primary objective of providing a more responsive and accountable local government structure.

**SECTION 522. Insurance Coverage.** – The Government Service Insurance System (GSIS) shall establish and administer an appropriate system under which the Punong Barangay, the members of the Sangguniang Barangay, the Barangay secretary, the Barangay treasurer, and the members of the Barangay tanod shall enjoy insurance coverage as provided in this Code and other pertinent laws. For this purpose, the GSIS is hereby directed to undertake an actuarial study, issue rules and regulations, determine the premiums payable, and recommend to Congress the amount of appropriations needed to support the system. The amount needed for the implementation of the said insurance system shall be included in the annual General Appropriations Act.

**SECTION 523. Personnel Retirement and/or Benefits.** – An official or employee of the national government or local government unit separated from the service as a result of reorganization effected under this Code shall, if entitled under the laws then in force, receive the retirement and other benefits accruing thereunder: Provided, however, That such benefits shall be given funding priority by the Department of Budget and Management in the case of national officials and employees, and the local government unit concerned in the case of local officials and employees.

Where the employee concerned is not eligible for retirement, he shall be entitled to a gratuity from the national government or the local government unit concerned, as the case may be, equivalent to an amount not lower than one (1) month salary for every year of service over and above the monetary value of the leave credits said employee is entitled to receive pursuant to existing laws.

**SECTION 524. Inventory of Infrastructure and Other Community Facilities.** – (a) Each local government unit shall conduct a periodic inventory of infrastructure and other community facilities and undertake the maintenance, repair, improvement, or reconstruction of these facilities through a closer cooperation among the various agencies of the national government operating within the province, city, or municipality concerned.

(b) No infrastructure or community project within the territorial jurisdiction of any local government unit shall be undertaken without informing the local chief executive and the Sanggunian concerned.

**SECTION 525. Records and Properties.** – All records, equipment, buildings, facilities, and other properties of any office or body of a local government unit abolished or reorganized under this Code shall be transferred to the office or body to which its powers, functions, and responsibilities are substantially devolved.

### **TITLE THREE. – TRANSITORY PROVISIONS**

**SECTION 526. Application of this Code to Local Government Units in the Autonomous Regions.** – This Code shall apply to all provinces, cities, municipalities and Barangays in the autonomous regions until such time as the regional government concerned shall have enacted its own local government code.

**SECTION 527. Prior Approval or Clearance on Regular and Recurring Transactions.** – Six (6) months after effectivity of this Code, prior approval of or clearance from national agencies or offices shall no longer be required for regular and recurring transactions and activities of local government units.

**SECTION 528. Deconcentration of Requisite Authority and Power.** – The national government shall, six (6) months after the effectivity of this Code, effect the deconcentration of requisite authority and power to the appropriate regional offices or field offices of national agencies or offices whose major functions are not

devolved to local government units.

**SECTION 529. Tax Ordinances or Revenue Measures.** – All existing tax ordinances or revenue measures of local government units shall continue to be in force and effect after the effectivity of this Code unless amended by the Sanggunian concerned, or inconsistent with, or in violation of, the provisions of this Code.

**SECTION 530. Local Water Districts.** – All powers, functions, and attributes granted by Presidential Decree Numbered One hundred ninety-eight (P.D. No. 198), otherwise known as "The Provincial Water Utility Act of 1973," to the Local Water Utilities Administration (LWUA) may be devolved in toto to the existing local water districts should they opt or choose to exercise, in writing, such powers, functions and attributes: Provided, That all obligations of the local government unit concerned to the LWUA shall first be settled prior to said devolution.

**SECTION 531. Debt Relief for Local Government Units.** – (a) Unremitted national collections and statutory contributions. – All debts owed by local government units to the national government in unremitted contributions to the Integrated National Police Fund, the Special Education Fund, and other statutory contributions as well as in unremitted national government shares of taxes, charges, and fees collected by the local government units, are hereby written off in full.

(b) Program loans. – (1) Program loans secured by local government units which were lent to private persons, natural or juridical, shall likewise be written off from the books of the local government units concerned: Provided, however, That the national government agency tasked with the implementation of these programs shall continue to collect from the debtors belonging to the private sector concerned.

(2) Program loans granted to local government units by national government agencies and which were utilized by the local units for community development, livelihood, and other small-scale projects are hereby written off in full.

(c) Settlement of debts due to government financing institutions (GFIs), government-owned and controlled corporations (GOCCs), and private utilities. The national government shall assume all debts incurred or contracted by local government units from GFIs, GOCCs, and private utilities that are outstanding as of December 31, 1988, in accordance with the following schemes:

(1) Debts due GFIs. – The national government may buy outstanding obligations incurred by local government units from government financing institutions at a discounted rate.

(2) Debts due GOCCs. – The national government may settle such obligations at discounted rate through offsetting, only to the extent of the obligations of local governments against the outstanding advances made

by the National Treasury in behalf of the government–owned and controlled corporations concerned.

(3) Debts Due Private Utilities. – The national government may settle these obligations at a discounted rate by offsetting against the outstanding obligations of such private utilities to government–owned corporations. GOCCs may in turn offset these obligations against the outstanding advances made by the National Treasury in their behalf.

In the case of obligations owed by local government units to private utilities which are not indebted to any GOCC or national government agency, the national government may instead buy the obligations of the local government units from the private utilities at a discounted rate, upon concurrence by the private utilities concerned.

(d) Limitations. – Obligations to the Home Development and Mutual Fund (Pag–ibig), Medicare, and those pertaining to premium contributions and amortization payments of salary and policyloans to the Government Service Insurance System are excluded from the coverage of this Section.

(e) Recovery schemes for the national government . – Local government units shall pay back the national government whatever amounts were advanced or offset by the national government to settle their obligations to GFIs, GOCCs, and private utilities. The national government shall not charge interest or penalties on the outstanding balance owed by the local government units.

These outstanding obligations shall be restructured and an amortization schedule prepared, based on the capability of the local government unit to pay, taking into consideration the amount owed to the National Government .

The National Government is hereby authorized to deduct from the quarterly share of each local government unit in the internal revenue collections an amount to be determined on the basis of the amortization schedule of the local unit concerned: Provided, That such amount shall not exceed five percent (5%) of the monthly internal revenue allotment of the local government unit concerned.

As incentive to debtor–local government units to increase the efficiency of their fiscal administration, the national government shall write off the debt of the local government unit concerned at the rate of five percent (5%) for every one percent (1%) increase in revenues generated by such local government unit over that of the preceding year. For this purpose, the annual increase in local revenue collection shall be computed starting from the year 1988.

(f) Appropriations. – Such amount as may be necessary to implement the provisions of this Section shall be included in the annual General Appropriations Act.

**SECTION 532. Elections for the Sangguniang Kabataan.** – (a) The first elections for the Sangguniang kabataan to be conducted under this Code shall be held thirty (30) days after the next local elections: Provided, That, the regular elections for the Sangguniang kabataan shall be held one hundred twenty (120) days after the Barangay elections thereafter.

(b) The amount pertaining to the ten percent (10%) allocation for the kabataang Barangay as provided for in Section 103 of Batas Pambansa Blg. 337 is hereby reappropriated for the purpose of funding the first elections mentioned above. The balance of said funds, if there be any after the said elections, shall be administered by the Presidential Council for Youth Affairs for the purpose of training the newly elected Sangguniang kabataan officials in the discharge of their functions.

(c) For the regular elections of the Sangguniang kabataan, funds shall be taken from the ten percent (10%) of the Barangay funds reserved for the Sangguniang kabataan, as provided for in Section 328 of this Code.

(d) All seats reserved for the pederasyon ng mga Sangguniang kabataan in the different Sanggunians shall be deemed vacant until such time that the Sangguniang kabataan chairmen shall have been elected and the respective pederasyon presidents have been selected: Provided, That, elections for the kabataang Barangay conducted under Batas Pambansa Blg. 337 at any time between January 1, 1988 and January 1, 1992 shall be considered as the first elections provided for in this Code. The term of office of the kabataang Barangay officials elected within the said period shall be extended correspondingly to coincide with the term of office of those elected under this Code.

**SECTION 533. Formulation of Implementing Rules and Regulations.** – (a) Within one (1) month after the approval of this Code, the President shall convene the Oversight Committee as herein provided for. The said Committee shall formulate and issue the appropriate rules and regulations necessary for the efficient and effective implementation of any and all provisions of this Code, thereby ensuring compliance with the principles of local autonomy as defined under the Constitution.

(b) The Committee shall be composed of the following:

(1) The Executive Secretary, who shall be the Chairman;

(2) Three (3) members of the Senate to be appointed by the President of the Senate, to include the Chairman of the Committee on Local Government;

(3) Three (3) members of the House of Representatives to be appointed by the Speaker, to include the Chairman of the Committee on Local Government;

(4) The Cabinet, represented by the following:

- (i) Secretary of the Interior and Local Government;
- (ii) Secretary of Finance;
- (iii) Secretary of Budget and Management; and
- (5) One (1) representative from each of the following:
  - (i) The League of Provinces;
  - (ii) The League of Cities;
  - (iii) The League of Municipalities; and
  - (iv) The Liga ng mga Barangay.

(c) The Committee shall submit its report and recommendation to the President within two (2) months after its organization. If the President fails to act within thirty (30) days from receipt thereof, the recommendation of the Oversight Committee shall be deemed approved. Thereafter, the Committee shall supervise the transfer of such powers and functions mandated under this Code to the local government units, together with the corresponding personnel, properties, assets and liabilities of the offices or agencies concerned, with the least possible disruptions to existing programs and projects. The Committee shall likewise recommend the corresponding appropriations necessary to effect the said transfer.

For this purpose, the services of a technical staff shall be enlisted from among the qualified employees of Congress, the government offices, and the leagues constituting the Committee.

(d) The funding requirements and the secretariat of the Committee shall be provided by the Office of the Executive Secretary.

(e) The sum of Five million pesos (P5,000,000), which shall be charged against the Contingent Fund, is hereby allotted to the Committee to fund the undertaking of an information campaign on this Code. The Committee shall formulate the guidelines governing the conduct of said campaign, and shall determine the national agencies or offices to be involved for this purpose.

#### **TITLE FOUR. – FINAL PROVISIONS**

**SECTION 534. Repealing Clause.** – (a) Batas Pambansa Blg. 337, otherwise known as the Local Government Code, Executive Order No. 112 (1987), and Executive Order No. 319 (1988) are hereby repealed.

- (b) Presidential Decrees Nos. 684, 1191, 1508 and such other decrees, orders, instructions, memoranda and issuances related to or concerning the Barangay are hereby repealed.
- (c) The provisions of Sections 2, 3, and 4 of Republic Act No. 1939 regarding hospital fund; Section 3, a (3) and b (2) of Republic Act No. 5447 regarding the Special Education Fund; Presidential Decree No. 144 as amended by Presidential Decrees Nos. 559 and 1741; Presidential Decree No. 231 as amended; Presidential Decree No. 436 as amended by Presidential Decree No. 558; and Presidential Decrees Nos. 381, 436, 464, 477, 526, 632, 752, and 1136 are hereby repealed and rendered of no force and effect.
- (d) Presidential Decree No. 1594 is hereby repealed insofar as it governs locally-funded projects.
- (e) The following provisions are hereby repealed or amended insofar as they are inconsistent with the provisions of this Code: Sections 2, 16, and 29 of Presidential Decree No. 704; Section 12 of Presidential Decree No. 87, as amended; Sections 52, 53, 66, 67, 68, 69, 70, 71, 72, 73, and 74 of Presidential Decree No. 463, as amended; and Section 16 of Presidential Decree No. 972, as amended, and
- (f) All general and special laws, acts, city charters, decrees, executive orders, proclamations and administrative regulations, or part or parts thereof which are inconsistent with any of the provisions of this Code are hereby repealed or modified accordingly.

**SECTION 535. Separability Clause.** – If, for any reason or reasons, any part or provision of this Code shall be held to be unconstitutional or invalid, other parts or provisions hereof which are not affected thereby shall continue to be in full force and effect.

**SECTION 536. Effectivity Clause.** – This Code shall take effect on January first, nineteen hundred ninety-two, unless otherwise provided herein, after its complete publication in at least one (1) newspaper of general circulation.