March 19, 2021

BIR RULING NO. M-057-21

AAA

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Sir :

This refers to your e-mail (PCC Code No. _____) addressed to the Presidential Complaint Center, seeking intercession relative to your request for clarificatory ruling on whether or not it is proper for the City Government of Pasig City to impose additional community tax on the salaries and wages of employees working in Pasig City.

It is represented that the City Government of Pasig is collecting additional community tax on the salaries and wages of employees working in Pasig City. Pasig City has an ordinance requiring companies to have their employees submit Community Tax Certificates (CTCs) and pay the additional community tax on salaries. The basis of the imposition of additional community tax by the city government is Section 157 of Republic Act (RA) No. 7160, otherwise known as the "Local Government Code of 1991" which provides:

> *"SECTION 157. Individuals Liable to Community Tax. — Every inhabitant of the Philippines eighteen (18) years of age or over who has been regularly employed on a wage or salary basis for at least thirty (30) consecutive working days during any calendar year, or who is engaged in business or occupation, or who owns real property with an aggregate assessed value of One thousand pesos (P1,000.00) or more, or who is required by law to file an income tax return shall pay an annual additional tax of Five pesos (P5.00) and an annual additional tax of One peso (P1.00) for every One thousand pesos (P1,000.00) of income regardless of whether from business, exercise of profession or from property which in no case shall exceed Five thousand pesos (P5,000).*
>
> *In case of husband and wife, the additional tax herein imposed shall be based upon the total property owned by them and the total gross receipts or earnings derived by them." (Underscoring provided.)*

However, Section 157 of RA No. 7160 has deleted "salaries/wages" from its coverage hence, salaries and wages are no longer subject to additional community tax. Hence, this request.

In reply, please be informed that this Office has no jurisdiction over local taxation

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such as the imposition of additional community tax. We suggest to address your query to the Bureau of Local Government Finance.

Please be guided accordingly.

Very truly yours,

(SGD.) LARRY M. BARCELO
Assistant Commissioner
Legal Service

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