

PHILRECA, Power Bloc push for clarification on ECs' local tax exemptions

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PHILRECA Press Release

The Philippine Rural Electric Cooperatives Association, Inc. (PHILRECA), together with the Power Bloc Representatives Presley De Jesus of PhilRECA Party-list and Sergio Dagooc of APEC Party-list, held a virtual alignment meeting to address the pressing concerns of the electric cooperatives (ECs) in the implementation of the Department of Energy and Department of Finance (DOE-DOF) Joint Memorandum Circular (JMC) No. 2024-12-001 last January 22.

The issued JMC, entitled "Guidelines on the Availment of Preferential Rights of Electric Cooperatives under Republic Act (RA) No. 7160 in relation to RA No. 10531," exempts the ECs from local taxes, fees, and charges upon compliance with the financial and operational standards set forth by the National Electrification Administration (NEA).

PHILRECA Executive Director and General Manager Atty. Janeene Depay-Colingan highlighted challenges faced by ECs in availing these preferential rights, particularly the lack of recognition of the JMC by some local government units (LGUs). Despite the clear intent of the law under Republic Act No. 10531, or the "NEA Reform Act of 2013," many LGUs have yet to acknowledge and implement the exemptions.

NEA Deputy Administrator Atty. Rossan Rosero-Lee emphasized that the JMC serves as a formal acknowledgement of the rights already granted to ECs under RA 10531.

"The law [RA 10531], as early as 2013, has already conferred these [preferential] rights to the electric cooperatives. The delay was merely procedural," she explained.

Another issue raised during the meeting pertained to the applicability of the JMC. Some LGUs argued that tax exemptions should take effect prospectively, starting with 2025 tax assessments. However, Bureau of Local Government Finance (BLGF) Legal Service Atty. Wilbert Teñaca, clarified that the tax exemptions outlined in the JMC apply to tax assessments made for the year 2024, since the JMC took effect last December 20, 2024.

Additionally, participants discussed the assessment period for the issuance of Certificates of Compliance (COCs), as NEA's assessment period does not align with the fiscal calendar of LGUs.

To address these concerns, the BLGF committed to issue an addendum to the previously memorandum and/or circular for the LGUs. This addendum will provide procedural guidelines, a transitory period, and detailed clarifications to ensure seamless coordination and proper implementation of the JMC by local treasurers and assessors throughout the country.

"We understand that this will have an effect on the revenue of the local governments, but this [JMC] holds such importance as it may redound to the benefit of more than 16 million member-consumer-owners, which are also the constituents of the LGUs," PHILRECA stated.

Present during the meeting were representatives from the DOE, National League of Electric Cooperatives' Finance Managers of the Philippines, Inc. (NLEC-FIMAP), and board of directors from the National Association of General Managers of Electric Cooperatives, Inc. (NAGMEC) and PHILRECA.

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