Memorandum Circular No: 2019-177

Date: October 17, 2019

1. Background

President Duterte's 0+10 socio-economic agenda includes "increasing competitiveness and the ease of doing business." This objective has been reiterated in the Philippine Development Plan 2017-2022 which espouses "people-centered, clean, efficient and effective governance." The President wants government services to be more accessible to the people through reduced documentary requirements, processing time and signatories for transactions. To achieve this, the administration is adopting a whole-of-government approach that promotes simplification of government transactions, inter-operability of government processes and strengthened linkages and coordination among agencies.

This direction is consistent with the Ease of Doing Business and Efficient Delivery of Government Services (EODB/EDGS) Act or RA 11032 which was signed into law by the President on May 28, 2018. The law covers all government offices and agencies including local government units (LGUs), government-owned and controlled corporations and other government instrumentalities whether located in the Philippines or abroad, that provide services covering business and non-business-related transactions in government.

DILG also issued two (2) Joint Memorandum Circulars (JMC) to streamline business and construction-related permits namely: DILG-DTI-DICT JMC No. 01 s. of 2016 (Revised Standards in Processing Business Permit and Licenses in all Cities and Municipalities) and DILG-DPWH-DICT-DTI JMC No. 2018-01: (Guidelines in Streamlining the Processes for the Issuance of Building Permits and Certificates of Occupancy)." One of the complementary reforms mentioned on both JMCs is the integration of the issuance of Barangay Clearance in the LGU Permitting Process.

2. Purpose

2.1 This Memorandum Circular is issued to provide guidelines and standard processes in compliance to Section 11 (f) of RA 11032 which states that "Barangay clearances and permits related to doing business shall be applied, issued and collected at the city/municipality in accordance with the prescribed processing time of this Act: Provided, That the share in the collections shall be remitted to the respective barangays".



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3. Legal Compliance

3.1 Section 4 of Article X of the Philippine Constitution

"The President of the Philippines shall exercise general supervision over local governments. Provinces with respect to component cities and municipalities, and cities and municipalities with respect to component barangays shall ensure that the acts of their component units are within the scope of their prescribed powers and functions."

3.2 Local Government Code of 1991

(RA 7160) Section 25 (a) National Supervision over Local Government Units

"Consistent with the basic policy on local autonomy, the President shall exercise general supervision over local government units to ensure that their acts are within the scope of their prescribed powers and functions. The President shall exercise supervisory authority directly over provinces, highly urbanized cities, and independent component cities; through the province with respect to component cities and municipalities; and through the city and municipality with respect to barangays."

3.3 Ease of Doing Business and Efficient Delivery of Government Services (EODB-EDGS/RA 11032)

Section 11(f) states that "Barangay clearances and permits related to doing business shall be applied, issued and collected at the city/ municipality in accordance with the prescribed processing time of this Act: *Provided*, That the share in the collections shall be remitted to the respective barangays".

Pertinent provisions of RA 7160, specifically Art. IV, Sec 152(c) is hereby amended accordingly.

- 3.4. DILG-DTI-DICT Joint Memorandum Circular No. 2016-01, "Revised Standards in Processing Business Permits and Licences in All Cities and Municipalities
- 3.5 DILG-DPWH-DICT-DTI JMC 2018-01 "Guidelines in Streamlining the Processes for the Issuance of Building Permits and Certificate of Occupancy"

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3.6. Philippine Development Plan 2017-2022

Under Pillar 1: Enhancing the Social Fabric (Malasakit), the PDP 2017-2022 includes strategies "to reduce corruption, achieve seamless service delivery, enhance administrative governance, strengthen the civil service, and fully engage and empower citizens".

4. Scope/Coverage

This policy applies only to the issuance of Barangay Clearance for business permit and locational clearance (as a requirement for the issuance of building permit) at the City/Municipality. Other clearances for other purposes shall still be obtained at the Barangay.

This Circular shall cover all City and Municipal Mayors, Punong Barangays, Concerned Local Officials, DILG Regional Directors and BARMM Minister of Local Government and all others concerned.

5. Definitions

- 5.1 Applicant is any person, firm, partnership, corporation, head of government or private institution, organization of any character applying for the issuance of permits and clearances. (DILG-DPWH-DICT-DTI JMC 2018-01)
- 5.2 Barangay Clearance refers to any and all documents issued by the barangays with or without corresponding fees as defined in their ordinances relative to or in relation to the issuance of business permit and locational clearance by the city/municipality or any other permit as may be required. (IRR OF RA 11032)
- 5.3 Barangay Clearance Fee is an amount imposed by the barangays through an ordinance and collected by the city/municipality in relation to the issuance of business permit and locational clearance by the city/municipality.
- 5.4 Barangay Ordinance is a piece of legislation enacted by the Sangguniang Barangay and reviewed by the Sangguniang Panlungsod/Bayan.
- 5.5 Building Permit refers to a document issued by the Building Official to an owner/applicant to proceed with the construction, installation, addition, alteration, renovation, conversion, repair, moving, demolition or other work activity of a specific

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project/building/structure or portions thereof after accompanying principal plans, specifications and other pertinent documents with the duly notarized application are found satisfactory and substantially conforming with the National Building Code of the Philippines (NBCP) and its Implementing Rules and Regulation. (DILG-DPWH-DICT-DTI JMC 2018-01)

- 5.6 Business One-Stop Shop (BOSS) refers to a single common site or location, or a single online website or portal designated for the Business Permit and Licensing System (BPLS) of a Local Government Unit (LGU) to receive and process applications, receive payments, and issue approved licenses, clearance, permits or authorizations. (IRR of RA 11032)
- 5.7 Business Permit is a document that must be secured from the city or municipal government, usually through its Business Permits and Licensing Office (BPLO), for a business to legally operate in the locality. (IRR of RA 11032)
- 5.8 Joint Inspection Team (JIT) refers to a composite team whose members come from the various city/municipality departments implementing business-related regulations and local units of national agencies created and authorized by city/municipality through an Executive Order or Ordinance to conduct joint inspection of business enterprises instead of individual/separate inspection. (DILG-DTI-DICT JMC 2016-01)
- 5.9 Locational Clearance is a clearance issued by the Zoning Administrator/Zoning Officer to a project that is allowed under the provisions of an ordinance of a particular City/Municipality. It is a requirement for the issuance of Building Permit. (House and Land Use Regulatory Board – Comprehensive Land Use Plan Guidebook)
- 5.10 One-Stop Shop for Construction Permit (OSCP) is a mechanism of coordination among the Office of the Building Official (OBO), Zoning Office, Assessor's Office, Treasurer's Office, other concerned departments or offices at the local government and the Office of the City/Municipal Fire Marshal through co-location of related functions and through a practical system of linkages. (DILG-DPWH-DICT-DTI JMC 2018-01)
- 5.11 Working Day refers to a day where officers and employees are required to render work. (IRR of RA 11032)

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6. Policy Content and Guidelines

All Cities, Municipalities and Barangays shall observe the following standards in the issuance of Barangay Clearance in Business Permit and Licensing System and Building Permit and Certificate of Occupancy (BPCO) Processes of Cities and Municipalities.

6.1 Integration of Barangay Clearance in the issuance of Business Permit/Locational Clearance

6.1.1 Business Permit

6.1.1.1 New Application of Business Permit with Certificate of Occupancy

For new structure intended for business purposes, a barangay clearance is no longer required if it was already provided by the business applicant to the City/Municipal Engineer Office or Office of the Building Official (OBO) for securing Building Permit and Certificate of Occupancy. (Sec 6.1.2.2 of DILG-DTI-DICT JMC 2016-01)

6.1.1.2 New application which do not require Occupancy Permit

The BPLO shall notify the concerned barangay immediately for the issuance of barangay clearance for new application for Business Permit.

Likewise, the concerned barangay shall issue the Barangay Clearance for new application immediately to conform to the standard time of issuance of business permit under Sec 6.1.4 of DILG-DTI-DICT JMC 2016-01.

The Barangay Clearance will be issued and submitted by the barangay to the BPLO and shall be released to applicants together with the business permits.

6.1.1.3 Renewal of Business Permit (Pre-audit)

Barangay Clearance is a requirement for the **renewal of Business Permit.** It shall be issued prior to renewal of Business Permit provided that the business is compliant to applicable laws and regulatory bodies such as Fire Safety Inspection Clearance (FSIC), occupational and safety standards and other similar requirements that will ensure



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public safety, health and welfare in all workplaces based on findings conducted by JIT or by the City/Municipality.

6.1.2 Integration of Barangay Clearance in the issuance of Locational Clearance as a requirement for the issuance of Building Permit

- 6.1.2.1. The Zoning Officer of the LGU shall notify concerned Barangay for the issuance of Barangay Clearance for any application for Locational Clearance for Building Permit.
- 6.1.2.2. The Barangay Clearance shall be issued and submitted by the concerned Barangay to the Zoning Officer who shall release the same together with the Locational Clearance.

6.2 Payment for Barangay Clearance Fee

- 6.2.1 The payment for the Barangay Clearance Fee is integrated in The Order of Payment (ToP) for Business Permit and Building Permit, together with the other authorized fees and charges.
- 6.2.2 The authorized City/Municipal Treasurer shall collect payment and issue the corresponding Official Receipt upon receipt of the payment from the applicant.

6.3 Roles and Responsibilities of Cities, Municipalities and Barangays

6.3.1 Cities/Municipalities

- 6.3.1.1 Enact ordinances and implement requisite orders and directives relative to the new standards and other complementary reforms for business and issuance of locational clearance for Building permits.
- 6.3.1.2 Notify concerned Barangay of any application for Business Permits and Locational Clearance for Building Permit for approval or disapproval of issuing Barangay Clearance. If no action has been taken by the Barangay within three (3) working days upon notice from Cities/Municipalities on the application, same shall be deemed approved.
- 6.3.1.3 Integrate Barangay Clearance fees in The Order of Payment (ToP) in the assessment for Business and Building Permit fees.

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- 6.3.1.4 Collect Barangay Clearance fees as stated in the Barangay Ordinance.
- 6.3.1.5 Issue official receipt to the applicant corresponding to the total amount indicated in the Order of Payment (ToP) including Barangay Clearance fees.
- 6.3.1.6 Release Barangay Clearance to the applicants in the city/municipal Business Permit and Licensing Office or Office of the Building Official.
- 6.3.1.7 Remit the collected Barangay Clearance Fees to concerned Barangay not later than seven (7) working days of the ensuing month with the list of the issued Business Permit and Building Permit.

6.3.2 Barangays

- 6.3.2.1 The Sangguniang Barangay shall enact an ordinance relative to Barangay Clearance fees on business permit and locational clearance for building permit.
- 6.3.2.2 The Sangguniang Barangay shall pass a resolution authorizing the City/Municipal Treasurer to collect fees for Barangay Clearance for Business permit and locational clearance purposes.

6.3.2.3 For New Application of Business Permit and Building Permit

- 6.3.2.3.1 Upon receipt of the Notice for the Application of Business or Building Permit, immediately visit the location and conduct ocular checking to verify the status of the location subject of the application.
- 6.3.2.3.2 For new business application, issue Barangay Clearance immediately to conform to the standard time of issuance of Business Permit under Sec 6.1.4 of DILG-DTI-DICT JMC 2016-01.
- 6.3.2.3.3 For locational clearance, issue Barangay clearance not more than three (3) working days from application at the city/municipality.



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6.3.2.4 For Renewal of Business Permit

6.3.2.4.1 In preparation for Business Permit renewal, conduct inspection on businesses three (3) months prior to renewal. Issue Barangay Clearance to businesses/establishments compliant with applicable laws and other regulatory bodies (Sec. 6.2.2 of DILG-DTI-DICT JMC 2016-01) establishments through the BPLO upon renewal.

6.3.2.5 Monitoring of Business Operations and Construction Activities

- 6.3.2.5.1 Monitor and ensure that all business operations and structure constructed is consistent of what was applied for.
- 6.3.2.5.2 Inform in writing the City/Municipal Mayor for immediate action in cases of any illegal acts committed by business/building owners/applicants.

6.3.2.6 Issuance of Barangay Clearance

6.3.2.6.1 Issue and submit Barangay Clearance to City/Municipal Business Permit and Licensing Office or Zoning Office.

7. Regional Offices

All regional and provincial offices of DILG are hereby directed to cause the immediate and widest dissemination of this Memorandum Circular to all cities and municipalities.

8. References

- 8.1 Republic Act 11032 or the Ease of Doing Business and Efficient Delivery of Government Services (EODB/EDGS) Act
- 8.2 DILG-DTI-DICT Joint Memorandum Circular No. 2016-01, "Revised Standards in Processing Business Permits and Licences in All Cities and Municipalities

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- 8.3 DILG-DPWH-DICT-DTI JMC 2018-01 "Guidelines in Streamlining the Processes for the Issuance of Building Permits and Certificate of Occupancy"
- 8.4 Implementing Rules and Regulations of RA 11032
- 8.5 A Guide to Comprehensive Land Use Plan Preparation, Volume 3 (Model Zoning Ordinance) by Housing and Land Use Regulatory Board (HLURB)

9. Annexes

- Annex 1: Proforma of Sample City/Municipality Ordinance
- Annex 2: Proforma of Sample Barangay Ordinance

10. Effectivity

This Memorandum Circular shall take effect immediately.

11. Approving Authority

EDUARDO M. AÑO

Secretary

Department of the Interior and Local Government

12. Feedback

For related concerns, kindly contact the Bureau of Local Government Development-Department of the Interior and Local Government at telephone number (02) 8925-0356 or at Telefax number (02) 8927-7852 and/or email at localfiscal.blgd@gmail.com.

PROPOSED CITY ORDINANCE NO. ______ Series of 2019

ANNEX 1

AN ORDINANCE ON COLLECTION OF CORRESPONDING BARANGAY CLEARANCE FEE IN THE APPLICATION FOR ANY BUSINESS RELATED TRANSACTIONS

WHEREAS, there is a need to streamline/simplify the process of business registration in the City of to provide a more efficient and effective revenue collection and to promote a friendlier atmosphere for taxpayers and investors; WHEREAS, when regulations are simple and transparent entrepreneurs need not to suffer from red tape and time consuming transactions; WHEREAS, the EODB ACT of 2018 or Republic Act 11032, otherwise known as "An Act Promoting Ease of Doing Business and Efficient Delivery of Government Services was signed into law seeks to make the process of putting up and running a business in the Philippines easier and more efficient. WHEREAS, Section 11(f) of RA 11032 provides that "Barangay clearances and permits related to doing business shall be applied, issued and collected at the City/Municipality in accordance with the prescribed processing time of said Act. Provided, that the share in the collections shall be remitted to the respective barangays; and WHEREAS, Barangays in the City/Municipality of _____ _____, enacted Barangay Ordinances to authorize the City/Municipality of ___ ____ to issue barangay clearance and collect corresponding barangay clearance fee in the application for any business related transactions subject to the remittance of the aforesaid fees to the barangay and the conditions hereunder. NOW THEREFORE, be it ORDAINED as it is hereby ORDAINED by the Sangguniang Panglungsod of in a session duly assembled the following: SECTION 1. Coverage. This policy applies only to the issuance of Barangay Clearance for business permit and locational clearance (as a requirement for the issuance of building permit) at the City/Municipality. Other clearances for other purposes shall still be obtained at the Barangay. This Circular shall cover all City and Municipal Mayors, Punong Barangays, Concerned Local Officials, DILG Regional Directors and BARMM Minister of Local Government and all others concerned. SECTION 2. Definition of Terms. The words and phrases used in this ordinance are hereby defined as follows: Barangay Clearance - refers to any and all documents issued by the barangays with or without corresponding fees as defined in their ordinances relative to or in relation to the issuance of business permit and locational/zoning clearance by the city/municipality or any other permit as may be required. (IRR OF RA 11032)

Barangay Clearance Fees- is an amount imposed by the barangays through an ordinance and collected by the city/municipality in relation to the issuance of business permit and locational clearance by the city/municipality.

Business Permit – is a document that must be secured from the city or municipal government, usually through its Business Permits and Licensing Office (BPLO), for a business to legally operate in the locality. (IRR of RA 11032)

Locational Clearance- is a clearance issued by the Zoning Administrator/Zoning Officer to a project that is allowed under the provisions of an ordinance of a particular City/Municipality. It is a requirement for the issuance of Building Permit. (House and Land Use Regulatory Board — Comprehensive Land Use Plan Guidebook)

SECTION 3. Authority to collect Barangay Clearance Fee of Business Related Transactions- The City/Municipality of ______ is given the authority to collect Barangay Clearance Fee subject to the remittance to the subject Barangay.

SECTION 4. Rate of Barangay Clearance Fee to be Collected – The rate of Barangay Clearance Fee to be collected by the City/Municipality for the issuance clearance shall be computed in accordance with the subject Barangay Revenue Ordinance herein attached as "Annex A", and made as an integral part hereof.

SECTION 5. Barangay Clearance Signatory — Electronic Signature of Punong Barangay concern shall appear in all barangay clearance issued.

SECTION 6. Reporting and Remittance – The City/Municipality shall remit the Barangay Clearance Fee collected to the subject Barangay not later than seven (7) working days of the ensuing month with the list of the issued Building and Business Permit..

SECTION 7. Separability Clause. -If for any reason, a part of this Ordinance is declared illegal or invalid, other parts or provisions hereof which are not affected thereby shall remain valid and in full force and effect.

SECTION 8. Repealing Clause. -All previous Ordinance and rules/ regulations which are inconsistent with the provisions of this ordinance are hereby deemed, modified or repealed accordingly.

SECTION 9. Effectivity Clause. -This Ordinance shall take effect fifteen (15) days after its publication.

ENACTED.	
2019.	
, Metropolitan Manila.	
ATTESTED:	Vice Mayor and Presiding Officer
Sanggunian Secretary	
APPROVED:	
City/Municipality Mayor	

PROPOSED BARANGAY ORDINANCE NO. ______ Series of 201

ANNEX 2

AN ORDINANCE AUTHORIZING THE CITY/MUNICIPALITY OF _______ TO ISSUE BARANGAY CLEARANCE AND COLLECT CORRESPONDING BARANGAY CLEARANCE FEE IN THE APPLICATION FOR ANY BUSINESS RELATED TRANSACTIONS SUBJECT TO THE REMITTANCE OF THE AFORESAID FEES TO THE BARANGAY AND THE CONDITIONS HEREUNDER

WHEREAS, under Section 152 (C) of the Local Government Code states that:

"(c) Barangay Clearance. - No city or municipality may issue any license or permit for any business or activity unless a clearance is first obtained from the barangay where such business or activity is located or conducted. For such clearance, the Sangguniang Barangay may impose a reasonable fee. The application for clearance shall be acted upon within seven (7) working days from the filing thereof. In the event that the clearance is not issued within the said period, the city or municipality may issue the said license or permit."

WHEREAS, the EODB ACT of 2018 or Republic Act 11032, otherwise known as "An Act Promoting Ease of Doing Business and Efficient Delivery of Government Services, Amending for the Purpose of Republic Act No. 9485" was duly enacted;

WHEREAS, Section 11(f) of the above-mentioned Republic Act duly amended the Section 152 (c) of the Local Government Code, and provides that "Barangay clearances and permits related to doing business shall be applied, issued and collected at the City/Municipality in accordance with the prescribed processing time of said Act. *Provided*, that the share in the collection shall be remitted to respective Barangays; and

WHEREAS, Barangay ______, in accordance with the above provisions, and as an implementation of "one stop shop", hereby authorizes the City/Municipality of _____ to issue barangay clearance and collect corresponding barangay clearance fee in the application for any business related transactions subject to the remittance of the aforesaid fees to the barangay and the conditions hereunder.

NOW THEREFORE, be it **ORDAINED** as it is hereby **ORDAINED** by the Barangay Council of ______ in a session duly assembled the following:

SECTION 1. Coverage. This policy applies only to the issuance of Barangay Clearance for business permit and locational clearance (as a requirement for the issuance of building permit) at the City/Municipality. Other clearances for other purposes shall still be obtained at the Barangay.

This Circular shall cover all City and Municipal Mayors, Punong Barangays, Concerned Local Officials, DILG Regional Directors and BARMM Minister of Local Government and all others concerned.

SECTION 2. Definition of Terms. The words and phrases used in this ordinance are hereby defined as follows:

Barangay Clearance – refers to any and all documents issued by the barangays with or without corresponding fees as defined in their ordinances relative to or in relation to the issuance of

business permit and locational/zoning clearance by the city/municipality or any other permit as may be required. (IRR OF RA 11032)

Barangay Clearance Fees- is an amount imposed by the barangays through an ordinance and collected by the city/municipality in relation to the issuance of business permit and locational/zoning clearance by the city/municipality.

Business Permit – is a document that must be secured from the city or municipal government, usually through its Business Permits and Licensing Office (BPLO), for a business to legally operate in the locality. (IRR of RA 11032)

Locational Clearance- is a clearance issued by the Zoning Administrator/Zoning Officer to a project that is allowed under the provisions of an ordinance of a particular City/Municipality. It is a requirement for the issuance of Building Permit. (House and Land Use Regulatory Board -- Comprehensive Land Use Plan Guidebook)

SECTION 3. Authority to c	ollect Barangay (Clearance	Fee of	Business	Related	Transactions-	The
City/Municipality of	is	given the	authori	ty to colle	ect Baran	gay Clearance	Fee
subject to the remittance to	the subject Bara	ngay.					

SECTION 4. Rate of Barangay Clearance Fee to be Collected – The rate of Barangay Clearance Fee to be collected by the City/Municipality for the issuance clearance shall be computed in accordance with the subject Barangay Revenue Ordinance herein attached as "Annex A", and made as an integral part hereof.

SECTION 5. Barangay Clearance Signatory — Electronic Signature of Punong Barangay concern shall appear in all barangay clearance issued.

SECTION 6. Reporting and Remittance – The City/Municipality shall remit the Barangay Clearance Fee collected to the subject Barangay not later than seven (7) working days of the ensuing month with the list of the issued Building and Business Permit..

SECTION 7. Separability Clause. -If for any reason, a part of this Ordinance is declared illegal or invalid, other parts or provisions hereof which are not affected thereby shall remain valid and in full force and effect.

SECTION 8. Repealing Clause. -All previous Ordinance and rules/ regulations which are inconsistent with the provisions of this ordinance are hereby deemed, modified or repealed accordingly.

SECTION 9. Effectivity Clause. -This Ordinance shall take effect fifteen (15) days after its publication.

publication.					
ENACTED.					
	_ 2019.				
, Metropolitan Manila.					
	Barangay Kagawad	Punong Barangay	Barangay Kagawad		