



JOINT ADMINISTRATIVE ORDER NO. _____
Series of 2023

Subject : IMPLEMENTING RULES AND REGULATIONS OF EXECUTIVE ORDER NO. 41, S. 2023 OR "PROHIBITING THE COLLECTION OF PASS-THROUGH FEES ON NATIONAL ROADS AND URGING LOCAL GOVERNMENT UNITS TO SUSPEND THE COLLECTION OF ANY FORM OF FEES UPON ALL TYPES OF VEHICLES TRANSPORTING GOODS UNDER SECTION 153 OR 155 OF REPUBLIC ACT NO. 7160 OR THE 'LOCAL GOVERNMENT CODE OF 1991'"

Pursuant to Section 5 of E.O. No. 41, the following Implementing Rules and Regulations (IRR) are hereby promulgated and adopted:

RULE I
GENERAL PROVISIONS

Section 1. Title. This Joint Administrative Order (JAO) shall be known as the "Implementing Rules and Regulations of Executive Order No. 41 (E.O. No. 41), Series of 2023".

Section 2. Scope. This IRR shall cover the following:

- a. All Local Government Units;
- b. Concerned National Government Agencies; and
- c. All owners/operators of motor vehicles transporting goods or merchandise.

Section 3. Definition of Terms. The following terms are defined as follows:

- a. **Business** – a trade or commercial activity regularly engaged in as a means of livelihood or with a view to profit. (Sec. 131 [d], R.A. No. 7160)
- b. **Charges** – a pecuniary liability, as rents or fees against persons or property. (Sec. 131 [g], R.A. No. 7160)
- c. **Fees** – a charge fixed by law or ordinance for the regulation or inspection of a business or activity. (Sec. 131 [f], R.A. No. 7160)
- d. **Goods/Merchandise** – collectively refers to articles including, but not limited to, raw materials, aggregates construction materials, supplies, equipment, machinery, spare parts, packaging materials, wares, or any items, including live,

frozen, or dressed hogs, poultry, beef, fishery, other aquatic animals, fruits, or vegetables.

- e. **Local Roads** – defined by the Department of Public Works and Highways (DPWH) as follows: (DPWH DO No. 133, s. 2018)
 - 1. **Provincial Roads**
 - 1.1 Connect cities and municipalities without traversing National Roads
 - 1.2 Connect National Roads to barangays through rural areas
 - 1.3 Connect to major provincial government infrastructure
 - 2. **Municipal and City Roads**
 - 2.1 Roads within the poblacion
 - 2.2 Roads that connect to provincial and national roads
 - 2.3 Roads that provide inter-barangay connections to major municipal and city infrastructure without traversing provincial roads
 - 3. **Barangay Roads** – other public roads (officially turned over) within the barangay and not covered in the above definitions.
- f. **National Roads** – defined by the DPWH as follows: (DPWH DO No. 133, s. 2018)
 - 1. **Primary Roads** – a contiguous length of significant road sections extending linearly without any breaks or forks that connect major cities (At least around 100,000 population) comprising the main trunk line or the backbone of the National Road System.
 - 2. **Secondary Roads**
 - 2.1 Directly connect cities to national primary roads, except in metropolitan areas
 - 2.2 Directly connect major ports and major ferry terminals to national primary roads
 - 2.3 Directly connect major airports to national primary roads
 - 2.4 Directly connect tourist service centers to national primary roads
 - 2.5 Directly connect cities (not included in the category of major cities)
 - 2.6 Directly connect provincial capitals within the same region
 - 2.7 Directly connect major national government infrastructure to national primary roads or other national secondary roads
 - 3. **Applicable only for Primary and Secondary Roads**
 - 3.1 Bypass/Diversion Roads – roads that divert through traffic away from the city/municipality business centers (with affirmative feasibility study)
 - 3.2 Roads that would connect or fill the gap between adjoining national roads (protruding) to form a continuous national road network
 - 4. **Tertiary Road** – other existing roads under the DPWH which perform local function.
- g. **Pass-through Fees** – all fees and charges imposed on the transportation of goods or merchandise carried out from the origin to the destination, passing through the territorial jurisdictions of LGUs, including roads leading to ports, economic zones, warehouses, manufacturing plants, production areas, and other establishments with valid business permits, in the guise of charges for wharfage, tolls for bridges, or otherwise, sticker fees, discharging fees, delivery fees, market fees, toll fees, entry fees, or other fees or charges in any form whatsoever upon such goods or merchandise.
- h. **RBIA** – Road and Bridge Information Application which was institutionalized by the DPWH through its Department Order No. 124, series of 2016 as the official source of road and bridge inventory and provides for the official and updated list

of national roads and bridges funded by the National Government. This application can be accessed at the DPWH website (dpwh.gov.ph).

- i. **Toll** – amount of money charged by LGUs to users of bridges or roads within their jurisdiction.
- j. **Vehicle** – any kind of carriage, conveyance, or transportation facility used to transport goods, commodities, or merchandise.

RULE II PASS-THROUGH FEES

Section 1. For the use of National Roads. All LGUs are prohibited from collecting toll fees and charges upon all motor vehicles transporting goods or merchandise while passing through any national roads and such other roads not constructed and funded by LGUs.

Section 2. For the use of Local Roads. In the interest of public welfare, all LGUs are strongly urged to suspend or discontinue the collection of pass-through fees that are imposed upon all motor vehicles transporting goods or merchandise and passing through any local public roads constructed and funded by LGUs.

RULE III SUBMISSION AND EVALUATION OF ORDINANCES OF LGUs IMPOSING PASS-THROUGH FEES ON MOTOR VEHICLES TRANSPORTING GOODS OR MERCHANDISE

Section 1. Submission Process of LGU Ordinances on Pass-Through Fees on Motor Vehicles Transporting Goods or Merchandise.

- 1.1 The Department of the Interior and Local Government (DILG) shall direct all LGUs to submit their existing ordinances on pass-through fees imposed on motor vehicles transporting goods or merchandise, including those issued pursuant to Sections 153 and 155 of R.A. No. 7160.
- 1.2 LGUs ordering the suspension or discontinuance of the imposition of pass-through fees pursuant to E.O. No. 41 shall be required to submit a copy of the ordinance suspending or discontinuing the imposition for the information of the Technical Working Group (TWG) and included in the report to the President, *Provided* that upon reinstatement of the ordinances imposing the pass-through fees, the LGU shall submit said ordinances to the DILG for evaluation by the TWG.

Section 2. Technical Working Group (TWG) on Evaluation of Pass-Through Fees.

- 2.1 A TWG is hereby created that shall evaluate the ordinances of LGUs on pass-through fees pursuant to R.A. No. 7160 and E.O. No. 41. The TWG shall have no power to amend, repeal, or modify the said ordinances but shall only recommend to the President appropriate action on the said ordinances.

2.2 The TWG shall be chaired by the Secretary of the DILG or his/her duly authorized representative or alternate, with the following agencies as members:

- a. Department of Trade and Industry (DTI);
- b. Department of Transportation (DOTr);
- c. Department of Public Works and Highways (DPWH);
- d. Anti-Red Tape Authority (ARTA); and
- e. Department of Finance (DOF).

Heads of member agencies shall designate an authorized representative and another alternate to be formalized through the issuance of a Designation Certificate or Authority.

2.3 The TWG may invite other national government agencies and private sector representatives as resource persons whenever necessary.

Section 3. TWG Evaluation and Reporting.

3.1 All DILG Regional Directors shall collect and submit to the DILG Secretary all LGU ordinances related to the imposition of pass-through fees as defined under this IRR.

3.2 Upon receipt of the ordinances, the TWG, within seven (7) working days, conducts the evaluation of each ordinance as follows:

3.2.1 Verification. The DILG shall review and verify whether the ordinances imposing pass-through fees are compliant with E.O. No. 41, s. 2023.

3.2.2 Fees. The DOF shall identify the types of pass-through fees, such as but not limited to travel permits or clearances, exemption permits, hauling fees, sticker fees, discharging fees, delivery fees, market fees, toll fees, and/or mayor's permit fees, among others. It shall also assess the reasonableness and limits in accordance with existing laws and regulations.

3.2.3 Regulatory Impact Assessment (RIA). The ARTA shall validate compliance with Section 5 of Republic Act No. 11032, or "An Act Promoting Ease of Doing Business and Efficient Delivery of Government Services, Amending for the Purpose Republic Act No. 9485, otherwise known as the Anti-Red Tape Act of 2007, and for Other Purposes", particularly the requirement to undergo RIA.

3.2.4 Road Classification and Use. The DPWH shall classify the roads and highways into regional, provincial, city, municipal, and barangay roads and highways.

3.2.5 Truck Routes. The DOTr, in collaboration with the DILG, DTI, and the trucker associations, shall determine the usual truck routes that traverse national and local roads, including roads leading to ports, economic zones, warehouses, manufacturing plants, production areas, and other establishments with valid business permits.

- 3.3 The TWG may recommend any of the following actions, among others, to the concerned authorities:
- 3.3.1. Encourage LGUs to consider the suspension or discontinuance of the collection of fees that are imposed upon all motor vehicles transporting goods or merchandise and passing through any local public roads constructed and funded by said LGUs, in the interest of public safety and welfare pursuant to 2nd par., Section 155, R.A. No. 7160.
 - 3.3.2. Notify the concerned LGU whenever the assessment of the TWG finds an imposition in excess of what is provided under R. A. No. 7160.
 - 3.3.3. Notify the concerned LGU on the assessment of the TWG that the ordinance is violative of Section 1, E.O. No. 41, and Section 1, Rule II of this IRR; and
 - 3.3.4. Recommend to the President the filing of a petition to declare the invalidity of an ordinance.
- 3.4 The DILG shall notify the LGUs of the TWG's recommendation to the President.
- 3.5 The DTI and DILG, in consultation with local leagues, shall develop a work plan to implement the provisions of the Executive Order, including the submission of the report on violations of E.O. No. 41, if any, to the Office of the President through the Office of the Executive Secretary.

RULE IV

ROLES AND RESPONSIBILITIES OF NATIONAL GOVERNMENT AGENCIES COMPRISING THE TWG

The following are the Roles and Responsibilities of National Government Agencies:

A. DILG

- 1. Supervise LGUs in the implementation of E.O. No. 41, s. 2023, and this IRR;
- 2. Conduct monitoring to ensure compliance with the provisions of E.O. No. 41, s. 2023, and this IRR;
- 3. Coordinate with other relevant agencies in the implementation of this IRR;
- 4. Conduct a massive information campaign to all local government units on the objectives of the executive order;
- 5. Submit the compliance report on E.O. No. 41, containing the following:
 - a) LGUs that have repealed or suspended the imposition of pass-through fees;
 - b) LGUs that have submitted their ordinances for evaluation;
 - c) LGUs that have not submitted their ordinances for evaluation;
 - d) LGUs that have not complied with the said EO; and
- 6. Address the concerns and issues of the affected LGUs.

B. DTI

- 1. Coordinate with manufacturers, retailers, and logistics service providers in identifying the usual truck routes and impacts of the said EO;

2. Submit, together with the DILG, the compliance report on E.O. No. 41, containing the following:
 - a) LGUs that have repealed or suspended the imposition of pass-through fees;
 - b) LGUs that have submitted their ordinances for evaluation;
 - c) LGUs that have not submitted their ordinances for evaluation;
 - d) LGUs that have not complied with the said EO; and
3. Act as the Secretariat, in close coordination with DILG, on the implementation of E.O. No. 41 and this IRR.

C. DOTr

1. Define truck routes in coordination with trucker's associations, i.e., from ports to export zones or manufacturing facilities;
2. Provide technical assistance to LGUs on the efficient movement of goods on national and local roads; and
3. Enforce designated truck routes and other land transportation laws to effectively enforce E.O. No. 41.

D. DPWH

1. Identify and provide data, through the Road and Bridge Information Application (RBIA), whether a public road and/or a bridge is constructed and funded by the national government;
2. Ensure the timely updating of the inventory of roads and bridges in the RBIA; and
3. Immediately inform the TWG members should there be any reclassification of local roads into national roads.

E. ARTA

1. Assist in monitoring the compliance of LGUs within their prescribed authorities pursuant to Republic Act No. 11032;
2. Provide technical assistance to LGUs in streamlining their procedures for the issuance of permits and licenses to motor vehicles transporting goods;
3. Receive complaints from the private sector regarding pass-through fees and investigate, evaluate, and review regulations to provide assessment, recommendations, and appropriate legal actions against any entity found to be in violation of R.A. No. 11032;
4. Review and assess the submitted Preliminary Impact Statement (PIS) or Regulatory Impact Statement (RIS), in coordination with DILG, of the existing and proposed LGU ordinances in relation to the imposition of pass-through fees. The result of which shall be submitted to the TWG for further evaluation; and
5. After the TWG's evaluation of the submitted ordinances and upon the accomplishment of the concerned agencies' respective roles and responsibilities, ARTA may conduct a "sunset review" of the provisions set herewith to assess the impact on whether the objectives of the IRR were fulfilled in accordance with the mandate of E.O. No. 41.

F. DOF – Bureau of Local Government Finance (BLGF)

1. Disseminate this IRR through its Regional Offices to all Provincial, City, Municipal Treasurers, and other concerned personnel within their respective jurisdictions for their information and guidance;
2. Monitor the compliance of local treasurers in the implementation of the Revenue Ordinance through the conduct of local treasury operations evaluations;
3. Provide technical assistance to LGUs in the updating and/or amending of their local revenue code in compliance with DILG-DOF Joint Memorandum Circular No. 2012-01, or "Updating Local Revenue Codes," dated January 12, 2012; and
4. Develop standards or guidelines for the collection of reasonable fees and charges that LGUs may collect for the use of roads and bridges constructed and funded through LGU funds.

RULE V SANCTIONS

Section 1. Sanctions. The DILG shall transmit the TWG recommendations to appropriate authorities that exercise supervision over the LGU officials concerned. Failure to comply with the directives under E.O. No. 41, s. 2023, and this IRR shall be a ground for the filing of appropriate cases and, if warranted, the imposition of administrative or disciplinary sanctions against any erring public official or employee, including traffic enforcers and other personnel found to have illegally or unlawfully collected fees or charges outside the mandate of their respective ordinances, as provided under relevant laws, rules and regulations, without prejudice to criminal liability under Republic Act No. 3019 or the anti-graft and corrupt practices act, among others, civil liability or other related liabilities under existing laws. For this purpose, and consistent with its mandate of assisting the President in the supervision of LGUs, the DILG shall take appropriate action to ensure that the LGUs act within the scope of their prescribed authorities under Sections No. 133(e), 153 and 155 of R.A. No. 7160.

RULE VI FINAL PROVISIONS

Section 1. Separability. If any part or provision of this IRR is declared unconstitutional or invalid, the unaffected provisions shall remain in full force and effect.

Section 2. Repeal. All other orders, guidelines, rules, regulations, and issuances, or parts thereof, that are inconsistent with the provisions of E.O. No. 41, s. 2023 are hereby repealed or modified accordingly.

Section 3. Effectivity. This Implementing Rules and Regulations shall take effect immediately upon its publication in the Official Gazette or in at least two (2) newspapers of general circulation and filing of three (3) certified copies in the University of the Philippines Law Center.

Issued this ____ day of _____ 2023 _____, Philippines.



[Signature]
ALFREDO E. PASCUAL
Secretary

Department of Trade and Industry

APPROVED BY:



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