
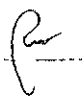


FIFTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
*Second Regular Session* )

 **Senate**  
Office of the Secretary

11 OCT 10 P2:11

SENATE  
S. No. **2987**

RECEIVED BY: 

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**Introduced by Sen. Aquilino "Koko" L. Pimentel III**

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**EXPLANATORY NOTE**

Article X Section 6 of the 1987 Constitution provides that "Local government units shall have a just share, as determined by law, in the national taxes which shall be automatically released to them." RA 7160 otherwise known as the "Local Government Code of 1991," used the term, "national internal revenue taxes" which is not in line with the mandate of the Constitution since it is different from what is actually stated.

The Internal Revenue Allotment (IRA) of local governments has been the lifeblood of many of them as far as operations at the local level is concerned. The IRA shares, as contemplated in the proposed amendments, are enhanced and broadened to include sharing in national taxes. Broadening the share of local governments to go beyond national taxes collected by the Bureau of Internal Revenue and to include all taxes, is one of the amendments being proposed.

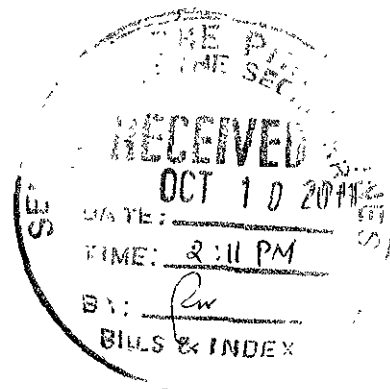
This bill seeks to amend Sections 284 of Republic Act 7160, otherwise known as the Local Government Code of 1991 on Allotment of Internal Revenue Taxes.

Under this proposed measure, the local government units will be entitled to a fifty percent (50%) share of national taxes, instead of just forty percent (40%) of internal revenues. This is consistent with the promotion and enhancement of local fiscal autonomy and will translate into more dynamic local government units especially in the area of development of the local communities.

It is, thus, prayed that the bill would meet the expeditious approval of this Chamber.

  
**AQUILINO "KOKO" L. PIMENTEL, III**

FIFTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
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SENATE  
S. No. **2987**

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Introduced by Sen. Aquilino "Koko" L. Pimentel III

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**AN ACT INCREASING THE SHARE OF LOCAL GOVERNMENT UNITS FROM 40% OF THE NATIONAL INTERNAL REVENUE TAXES TO 50% SHARE IN ALL NATIONAL TAXES, TO INCLUDE ALL THE NATIONAL TAXES COLLECTED BY THE BUREAU OF INTERNAL REVENUE, BUREAU OF CUSTOMS, PHILIPPINE PORTS AUTHORITY, DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES, THE DEPARTMENT OF FOREIGN AFFAIRS AND SUCH OTHER GOVERNMENT AGENCIES DEPUTIZED BY THE BUREAU OF INTERNAL REVENUE TO COLLECT NATIONAL TAXES, AMENDING FOR THIS PURPOSE SECTION 284 OF REPUBLIC ACT 7160, OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE OF 1991**

Be it enacted in the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. Section 284 of Republic Act No. 7160 is hereby amended to read as follows:

Section 284. Allotment of Internal Revenue Taxes. - [Local government units shall have a share in the national internal revenue taxes based on the collection of the third fiscal year preceding the current fiscal year as follows:

- (a) xxxxxx
- (b) xxxxxx
- (c) xxxxxxxxx ]

BEGINNING THE CALENDAR YEAR FOLLOWING THE EFFECTIVITY OF THIS ACT, LOCAL GOVERNMENT UNITS SHALL HAVE A FIFTY PERCENT (50%) SHARE IN ALL THE NATIONAL TAXES BASED ON THE COLLECTION OF THE THIRD FISCAL YEAR PRECEDING THE CURRENT FISCAL YEAR,

Provided, That in the event that the national government incurs an unmanageable public sector deficit, the President of the Philippines is hereby authorized, upon the recommendation of Secretary of Finance, Secretary of Interior and Local Government and Secretary of Budget and Management, and subject to consultation with the presiding officers of both Houses of Congress and the Presidents of the "liga", to make the necessary adjustments in the shares of local government units in the proceeds of national

taxes but in no case shall the allotment be less than thirty percent (30%) of the collection of national internal revenue taxes of the third fiscal year preceding the current fiscal year. [Provided, further, That in the first year of the effectivity of this Code, the local government units shall, in addition to the thirty percent (30%) internal revenue allotment which shall include the cost of devolved functions for essential public services, be entitled to receive the amount equivalent to the cost of devolved personal services.]

AS USED IN THIS ACT, THE TERM, "NATIONAL TAXES" SHALL INCLUDE, BUT NOT LIMITED TO, TAXES, TARIFFS, DUES, AND FEES COLLECTED BY THE BUREAU OF INTERNAL REVENUE, BUREAU OF CUSTOMS, PHILIPPINE PORTS AUTHORITY, DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES, THE DEPARTMENT OF FOREIGN AFFAIRS, AND SUCH OTHER GOVERNMENT AGENCIES DEPUTIZED BY THE BUREAU OF INTERNAL REVENUE TO COLLECT NATIONAL TAXES.

SECTION 2. Repealing Clause. - All laws, presidential decrees, executive orders, letters of instruction, rules and regulations which are inconsistent with any of the provisions of this Act are hereby repealed or modified accordingly;

SECTION 3. Effectivity Clause. - This Act shall take effect fifteen (15) days after the completion of its publication in the Official Gazette or in any newspaper of general circulation.

Approved,