Mr. Speaker:

The Committee on Local Government to which were referred House Bill No. 1247 introduced by Representative Luis Raymund “Lray” F. Villafuerte, Jr., entitled:

**“AN ACT**

INTENSIFYING LOCAL GOVERNMENT PARTICIPATION IN NATIONAL DEVELOPMENT BY INCREASING THE INTERNAL REVENUE ALLOTMENT UNITS FROM 40% OF ALL NATIONAL TAXES COLLECTED BY THE BUREAU OF INTERNAL REVENUE AND OTHER GOVERNMENT AGENCIES AND AUTHORIZING THE LGUS TO AUTOMATICALLY RETAIN THEIR IRA, AMENDING THE SECTION 284 AND 266 OF THE LOCAL GOVERNMENT CODE OF 1991”

House Bill No. 2619 introduced by Representative Antonio “Tonypet” T. Albano, entitled:

**“AN ACT**

TO CLEARLY DEFINE THE NATIONAL TAXES REVENUE BASE AND ENHANCE THE JUST SHARE FROM THE NATIONAL TAXES OF LOCAL GOVERNMENT UNITS, AND RENAME THE “INTERNAL REVENUE ALLOTMENT” (IRA) TO “NATIONAL TAX ALLOTMENT” (NaTa), AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 7160, OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE OF 1991”
House Bill No. 3447 introduced by Representative Vilma Santos-Recto, entitled:

"AN ACT
STRENGTHENING LOCAL GOVERNMENT PARTICIPATION IN NATIONAL DEVELOPMENT BY INCREASING THE INTERNAL REVENUE ALLOTMENT UNITS IN THE NATIONAL INTERNAL TAXES. AMENDING FOR THE PURPOSE SECTION 284 OF REPUBLIC ACT NO. 7160, OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE OF 1991"

and House Bill No. 7430 introduced by Representative Rufus B. Rodriguez, entitled:

"AN ACT
AMENDING SECTIONS 284, 285, 287 AND 290 OF REPUBLIC ACT NO. 7160 OR THE LOCAL GOVERNMENT CODE OF 1991"

has considered the same and recommends that the attached House Bill No. 10296 entitled:

"AN ACT
INTENSIFYING LOCAL GOVERNMENT PARTICIPATION IN NATIONAL DEVELOPMENT BY INCREASING THE SHARE OF LOCAL GOVERNMENT UNITS IN NATIONAL TAXES. AMENDING FOR THE PURPOSE SECTION 284 OF REPUBLIC ACT NO. 7160, AS AMENDED. OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE OF 1991"

be approved in substitution of House Bills Numbered 1247, 2619, 3447, and 7430 and with Representatives Villafuerte, Jr., Albano, Santos-Recto and Rodriguez (R) as the authors thereof.

Respectfully submitted:

NOEL L. VILLANUEVA
Chairperson
Committee on Local Government

THE HONORABLE SPEAKER
HOUSE OF REPRESENTATIVES
AN ACT
INTENSIFYING LOCAL GOVERNMENT PARTICIPATION IN NATIONAL DEVELOPMENT BY INCREASING THE SHARE OF LOCAL GOVERNMENT UNITS IN NATIONAL TAXES, AMENDING FOR THE PURPOSE SECTION 284 OF REPUBLIC ACT NO. 7160, AS AMENDED, OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE OF 1991

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

SECTION 1. Section 284 of Republic Act No. 7160, as amended, otherwise known as the Local Government Code of 1991 is hereby amended to read as follows:

"SECTION 284. Allotment of [Internal Revenue] NATIONAL Taxes. – Local government units shall have a share of national [internal revenue] taxes based on the collection of the third fiscal year preceding the current fiscal year as follows:

(a) On the first year of the effectivity of this Code, thirty percent (30%)
(b) On the second year, thirty-five percent (35%);
(c) On the third year and thereafter, [forty percent (40%)] FIFTY PERCENT (50%):

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 the 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 [internal revenue] NATIONAL TAX allotment of local government units 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] NATIONAL TAX 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.”

SEC. 2. All laws, decrees, executive orders, rules and regulations contrary to or inconsistent with any provision of this Act are hereby repealed or amended accordingly.

SEC. 3. This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general application.

Approved,
FACT SHEET

House Bill No. 10296
(As approved by the Committee on June 2, 2021)

AN ACT
INTENSIFYING LOCAL GOVERNMENT PARTICIPATION IN NATIONAL DEVELOPMENT BY INCREASING THE SHARE OF LOCAL GOVERNMENT UNITS IN NATIONAL TAXES, AMENDING FOR THE PURPOSE SECTION 284 OF REPUBLIC ACT NO. 7160, AS AMENDED, OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE OF 1991

Introduced by: Representatives Luis Raymund “Lray” F. Villafuerte, Jr., Antonio “Tonypet” T. Albano, Vilma Santos-Recto and Rufus B. Rodriguez

Committee Chairperson: REP. NOEL L. VILLANUEVA

Committee Referral: COMMITTEE ON LOCAL GOVERNMENT

OBJECTIVES

- To increase the current share of the local government units in national taxes by modifying the current formulation of Internal Revenue Allotment
- To include all forms of national taxes in the computation of Internal Revenue Allotment and enable local government units to provide better services and create more development projects

KEY PROVISIONS

- Increases the local government share of national taxes from forty percent (40%) to fifty percent (50%): based on the collection of the third fiscal year preceding the current fiscal year and thereafter,
- Changes the term the internal revenue allotment to national tax allotment of local government units

RELATED LAW:

- Section 284 of Republic Act No. 7160, as amended, otherwise known as the Local Government Code of 1991.