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# **LEAGUE OF PROVINCES OF THE PHILIPPINES**

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#### **GA RESOLUTION NO. 2016-010**

CREATING A TECHNICAL WORKING GROUP (TWG) TO PREPARE A UNIFIED AND UPDATED STAND OF THE LEAGUE OF PROVINCES OF THE PHILIPPINES ON THE JUST AND RIGHTFUL COMPUTATION OF THE 40% INTERNAL REVENUE ALLOTMENT (IRA) SHARE BASED ON EXISTING LAWS AND TO DRAFT A PROPOSAL TO CONGRESS TO INCREASE THE IRA SHARE OF LGUS VIS-À-VIS THE SHARE THE NATIONAL GOVERNMENT IN VIEW PROPOSED SHIFT TO A FEDERAL FORM OF GOVERNMENT BYB THE DUTERTE ADMINISTRATION

Whereas, the following laws, rules and regulations on the IRA and other shares of LGUs has been the legal basis and core of contention of the LPP in its advocacy to protect the fiscal and local autonomy of LGUs, to wit:

Section 6 of Article X 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" (underscoring supplied);

#### 2. R.A. 7160 (Local Government Code)

- Sec 284. "Allotment of Internal Revenue Taxes. LGUs 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:
  - On the first year of the effectivity of this Code, thirty percent (30%)
  - On the second year, thirty-five (35%); and (b)
  - On the third year and thereafter, forty percent (40%)." (c)
- Sec. 289. "Share in the Proceeds from the **Development and Utilization of the National Wealth.** -LGUs shall have an equitable share in the proceeds derived from the utilization and development of the national wealth within their respective areas, including sharing the same with the inhabitants by way of direct benefits"
- Sec. 290 of RA 7160 "Amount of Share of LGUs. LGUs shall in addition to the IRA, have a share of forty percent (40%) of the **GROSS COLLECTION** derived by the national government from the **PRECEDING FISCAL YEAR** from mining taxes, royalties, forestry and fishery charges, and such other tax, fees, or charges, including related surcharges, interests, or fines, and from its share in any co-production, joint venture or production sharing agreement in the utilization and development of the national wealth within their territorial jurisdiction."(underscoring supplied);
- 3. Section 21 of R.A. No. 8424 or the National Internal Revenue Code clearly defines that the sources of revenue comprising the national internal revenue taxes include the following: "a) income taxes; b) estate and donor's taxes; c) value-added tax; d) other percentage taxes; e) excise taxes; f) documentary stamp taxes; and g) such other taxes as are or hereafter may be imposed and collected by the BIR.";

Whereas, there has been no means nor transparency for LGUs to monitor, check and validate the proper computation of the IRA share of LGUs under existing laws and Supreme Court jurisprudence and other pertinent rulings issued by the Department of Justice (DOJ) and memorandum circulars issued by the Departments of Finance (DOF), Budget and Management (DBM), and the Interior and Local Government (DILG);

Whereas, there have been several unfunded mandates and legislative proposals pending in Congress that either increase or reduce the IRA share of LGUs, amend the IRA formula to include all national revenues in the determination of the LGUs' share including external revenues from the Bureau of Customs (BOC), expand or reduce the taxing powers, create additional offices or enlarge existing functions without the corresponding budget allocation, that affect the LGUs' fiscal and local autonomy.

**Whereas,** there are pending initiatives of the Duterte administration to amend the Constitution to establish a federal form of government would drastically change the form of government including the continued existence of the present system of national and local governance.

Whereas, there is a need to create an LPP Technical Working Group (TWG) to closely monitor initiatives from the Executive and Legislative Departments of the National Government that affect the fiscal and local autonomy of LGUs, particularly the Provinces, and to prepare proposals to increase the LGUs' share from national taxes, national wealth, and other national government fund transfers that will ensure a more meaningful devolution or decentralization that will strengthen all LGUs nationwide for a better Philippines competitive at least with our Southeast Asian counterparts;

Now, therefore, it is resolved, as it is hereby resolved, that the League of Provinces of the Philippines (LPP) calls for the creation of an LPP Technical Working Group (TWG) to prepare a unified and updated stand of the LPP on the just and rightful computation of the IRA share of LGUs based on existing laws and to draft proposals to Congress to increase the IRA share of LGUs vis-àvis the share of the national government in view of the proposed shift to a federal form of Government under the Duterte administration;

**Resolved, further,** that LPP Members are encouraged to designate at least one (1) technical staff from their provincial staff to act as point person of the Governor for all LPP matters and to sit as a member of the TWG without additional compensation except allowances allowed by existing laws, rules and regulations.

Approved during the 2<sup>nd</sup> General Assembly of the League of Provinces of the Philippine (LPP) held on the 18<sup>th</sup>day of November 2016 at Crowne Plaza Hotel, Quezon City, Metro Manila, Philippines.

Certified true and correct:

GOV. EDGAR M. CHATTO Secretary-General

Attested by:

GOV. AL FRANCIS C. BICHARA National Chairman

GOV. RYAN LUIS C. SINGSON

National President