

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

FIFTEENTH CONGRESS
Second Regular Session

House Bill No. 5602



INTRODUCED BY REP. MARCELINO "MARCY" R. TEODORO
and REP. TOMAS R. OSMENA

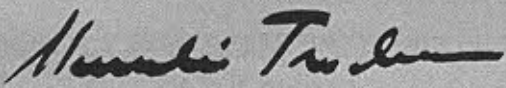
EXPLANATORY NOTE

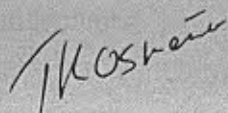
The Constitution, Article II, Section 25 provides: "The State shall ensure the autonomy of the local governments." Further, Article X, Section 6 mandates: "Local government units shall have a just share, as determined by law, in the national taxes which shall be automatically released to them."

Indeed, the fundamental law affirms the important role of local government units in nation-building, by calling for enactment of critical measures that shall define the powers and strengthen the capabilities of local government units to live up to their mandate, particularly in the delivery of basic social services and implementation of local programs and initiatives aimed to improve the living conditions of their constituents.

This bill seeks to allocate and directly remit half of the franchise tax as provided for in Section 119 of Republic Act No. 8424 or the National Internal Revenue Code (NIRC), to the city or municipality where the business enterprise or its facilities are located, thereby amending Section 283 of the NIRC. In effect, the proposal hopes to enhance and effectively increase the share of the cities or municipalities in the national taxes to support them in their growing fiscal needs.

In light of the foregoing, passage of this bill is earnestly sought.


REP. MARCELINO "MARCY" R. TEODORO
1ST District, Marikina City


REP. TOMAS R. OSMENA
2ND District, Cebu City

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**AN ACT AMENDING TITLE XI, CHAPTER I, SECTION 283 (DISPOSITION OF
NATIONAL INTERNAL REVENUE) OF REPUBLIC ACT NO. 8424, OTHERWISE KNOWN
AS THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED**

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

SECTION 1. Section 283 under Title XI, Chapter 1 of Republic Act No. 8424 or the
National Revenue Internal Code of 1997, as amended, is hereby further amended to read
as follows:

"Sec. 283. *Disposition of National Internal Revenue.* - National internal
revenue collected and not applied as herein above provided or otherwise
specially disposed of by law shall accrue to the National Treasury and shall
be available for the general purposes of the Government, with the exception
of the amounts set apart by way of allotment as provided for under Republic
Act No. 7160, otherwise known as the Local Government Code of 1991.

In addition to the internal revenue allotment as provided for in the preceding
paragraph, fifty percent (50%) of the national taxes collected under Sections
106, 108 and 116 of this Code in excess of the increase in collections for the
immediately preceding year shall be distributed as follows:

- (a) Twenty percent (20%) shall accrue to the city or municipality where such
taxes are collected and shall be allocated in accordance with Section
150 of Republic Act No. 7160, otherwise known as the Local
Government Code of 1991; and
- (b) Eighty percent (80%) shall accrue to the National Government.

FURTHERMORE, THE NATIONAL TAXES COLLECTED UNDER
SECTION 119 OF THIS CODE SHALL BE DISTRIBUTED AS FOLLOWS:

(A) FIFTY PERCENT (50%) SHALL ACCRUE TO THE CITY OR MUNICIPALITY WHERE THE BUSINESS OF THE GRANTEE OR ITS FACILITIES ARE LOCATED AND SHALL BE ALLOCATED IN ACCORDANCE WITH SECTION 150 OF REPUBLIC ACT NO. 7160; AND

(B) FIFTY PERCENT (50%) SHALL ACCRUE TO THE NATIONAL GOVERNMENT."

SEC. 2. *Separability Clause.* - If any of the provisions or part of this Act is declared unconstitutional or invalid, the other provisions or parts hereof not affected thereby shall continue to be in full force and effect.

SEC. 3. *Repealing Clause.* - All laws, decrees, executive orders or any part thereof which are inconsistent with this Act, are hereby repealed or modified accordingly.

SEC. 4. *Effectivity.* - This Act shall take effect upon publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,