



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila



SIXTEENTH CONGRESS
First Regular Session

House Bill No. **3231**

Introduced by **Honorable ERLPE JOHN "PING" M. AMANTE**

EXPLANATORY NOTE

The provinces, cities, municipalities, and barangays are the territorial and political subdivisions of the Republic of the Philippines (Section 1, Article X, 1987 Constitution): they are referred to as the Local Government Units (LGU's).

Section 6, Article X of the 1987 Constitution provides: *Local government units shall have a just share as determined by law, in the national taxes which shall be automatically released to them.* On the other hand, the last paragraph of Section 285, RA 7160 otherwise known as the Local Government Code of 1991 as Amended provides: *Provided, finally, That the financial requirements of barangays created by local government units after the affectivity of this Code shall be the responsibility of the local government unit concerned.* This apparent conflict of the constitutional and the statutory provision resulted from the violation of the legal maxim "*Ubi lex non distinguit nec nos distinguere debemus*", translated as when the law does not distinguish, we must not distinguish.

Barangays can be created either by an act of Congress or by an ordinance passed by the Sangguniang Panlalawigan or Sangguniang Panlungsod as the case maybe (Section 6, RA 7160). The "Local Government Units" referred to in Section 6 of the Constitution include the barangay regardless of the mode of its creation. Therefore, the last paragraph of Section 285 of the Local Government Code is directly in conflict with the Constitution and no authority or legal right must be derived from it.

Barangays as the basic political units, serve as the primary planning and implementing units of government policies, plans, programs, projects, and activities in the community (Section 384, RA 7160). It would be anomalous to expect from barangays created under the Local Government Code to properly discharge this role if they are deprived of their just share in the internal revenue taxes. Hence, the removal of the last paragraph of Section 285 of RA 7160 will give the barangays the means to comply with their responsibilities and mandate to the people, and to reconcile once and for all the constitutional and statutory provisions as discussed above.

For the reasons cited, the approval of this bill is therefore, earnestly requested.


ERLPE JOHN "PING" M. AMANTE



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AN ACT

GRANTING THE BARANGAYS CREATED UNDER REPUBLIC ACT 7160, OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE OF 1991 AS AMENDED, THEIR INTERNAL REVENUE ALLOTMENT (IRA), AMENDING FOR THIS PURPOSE SECTION 285 OF REPUBLIC ACT 7160, AND FOR OTHER PURPOSES

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

SECTION 1. *Title.* – This Act shall be known and cited as the “Barangay IRA Act of 2013”.

SECTION 2. *Declaration of Policy.* – It is hereby declared to be the policy of the State that Barangay is the basic political unit, and as such, serve as the primary planning and implementing units of government policies, plans, programs, projects, and activities in the community. Hence, a barangay must be provided with sufficient support for it to properly discharge its noble duty to the people.

SECTION 3. *Definition of IRA.* – As used in this Act, IRA means Internal Revenue Allotment as defined and computed in Section 285 of Republic Act 7160.

SECTION 4. Section 285 of Republic Act 7160, otherwise known as the Local Government Code of 1991, is hereby amended by removing the entire last paragraph of the said provision to read as follows:

Section 285. *Allocation to Local Government Units.* - The share of local government units in the internal revenue allotment shall be collected in the following manner:

- (a) Provinces - Twenty-three percent (23%);
- (b) Cities - Twenty-three percent (23%);
- (c) Municipalities - Thirty-four percent (34%); and
- (d) Barangays - Twenty percent (20%)

Provided, however, That the share of each province, city, and municipality shall be determined on the basis of the following formula:

- (a) Population - Fifty percent (50%);
- (b) Land Area - Twenty-five percent (25%); and
- (c) Equal sharing - Twenty-five percent (25%)

Provided, further, That the share of each barangay with a population of not less than one hundred (100) inhabitants shall not be less than Eighty thousand (P80,000.00) per annum chargeable against the twenty percent (20%) share of the barangay from the internal revenue allotment, and the balance to be allocated on the basis of the following formula:

- (a) On the first year of the effectivity of this Code:
 - (1) Population - Forty percent (40%); and
 - (2) Equal sharing - Sixty percent (60%)
- (b) On the second year:
 - (1) Population - Fifty percent (50%); and
 - (2) Equal sharing - Fifty percent (50%)
- (c) On the third year and thereafter:
 - (1) Population - Sixty percent (60%); and
 - (2) Equal sharing - Forty percent (40%).

SECTION 5. *Period of release.* - Newly created barangays under the Local Government Code of 1991 shall be entitled to their Internal Revenue Allotment only on the third fiscal year after the year wherein they were created, and must be based on the internal revenue taxes on the year they were created.

SECTION 6. The Department of Budget and Management, in coordination with the Department of Finance and the Department of Interior and Local Government shall issue the necessary rules and regulations within sixty (60) days after the effectivity of this Act.

SECTION 7. *Repealing Clause.* - All laws, decrees, executive orders, proclamations, rules and regulations, or parts thereof inconsistent herewith are hereby repealed or modified accordingly.

SECTION 8. *Separability Clause.* - If any provision of this Act is held invalid or unconstitutional, the other provisions not affected hereby shall remain valid and subsisting.

SECTION 9. Effectivity. - This Act shall take effect fifteen (15) days after its publication in at least two (2) national newspapers of general circulation.

Approved,