



REPUBLIC OF THE PHILIPPINES  
**HOUSE OF REPRESENTATIVES**  
QUEZON CITY

**TWENTIETH CONGRESS**  
First Regular Session

House Bill No. **794**



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Introduced by Representative SHIRLYN L. BAÑAS-NOGRALES

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**EXPLANATORY NOTE**

Section 6, Article X of the 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.” To give effect to this constitutional mandate, Republic Act No. 7160, otherwise known as the “Local Government Code of 1991,” was enacted.

Under this law, all local government units (LGUs) – provinces, cities, municipalities, and barangays - were granted a just share in national taxes through what is known now as the National Tax Allotment (NTA). However, Section 285 of RA 7160 imposed a limitation: the financial requirements of barangays created by LGUs after the effectivity of the Code shall be the responsibility of the LGU concerned. This means that barangays established after the enactment of RA 7160 by local ordinances are not entitled to a share in the NTA.

Among all LGUs, the barangay is the basic political unit. It serves as the primary implementing arm of government policies, plans, programs, projects, and activities at the community level. It also functions as a venue for amicable settlement of disputes.

Barangays may be created either by a law passed by Congress or by an ordinance enacted by the Sangguniang Panlalawigan, Sangguniang Bayan, or Sangguniang Panlungsod within their respective jurisdictions. Regardless of how they are created, all barangays perform the same functions, carry the same duties and responsibilities, and are mandated by law to be self-reliant. They exercise powers and discharge responsibilities necessary and appropriate for the efficient and effective delivery of basic services to the community.

At present, there are 42,046 barangays across the country. However, due to the limitation set by the Local Government Code, only 41,913 barangays receive a share in the NTA, amounting to ₱129.8 billion this year. Amending RA 7160 to ensure that all barangays – including those created by local government units – receive a just share in the NTA is crucial to fulfilling the purpose for which these barangays were established and to enable them to effectively serve their communities.

In view of the foregoing, the approval of this Bill is highly recommended.

  
**SHIRLYN BAÑAS-NOGRALES**



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**AN ACT**  
**PROVIDING FOR A JUST AND EQUAL SHARE IN THE INTERNAL**  
**REVENUE ALLOTMENT FOR BARANGAYS CREATED BY LOCAL**  
**GOVERNMENT UNITS, AMENDING FOR THE PURPOSE SECTION**  
**285 OF REPUBLIC ACT NO. 7160, ALSO KNOWN AS THE “LOCAL**  
**GOVERNMENT CODE OF 1991”**

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

**SECTION 1.** Section 285 of Republic Act No. 7160 is hereby amended, to read as follows:

“Section 285. *Allocation to Local Government Units.* - The share of local government units in the NATIONAL TAX allotment shall be allocated 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 pesos (₱80,000.00) *per annum* chargeable against the twenty percent (20%) share of the barangay from the NATIONAL TAX allotment, and the balance to be allocated on the basis of the following formula:

- (a)  $x \times x$ ;
- (b)  $x \times x$ ;
- (c)  $x \times x$ .”

**“PROVIDED, FINALLY, THAT BARANGAYS CREATED BY LOCAL GOVERNMENT UNITS AFTER THE EFFECTIVITY OF THIS CODE SHALL**

HAVE A JUST SHARE IN THE NATIONAL TAX ALLOTMENT FOR  
PURPOSES OF THEIR FINANCIAL REQUIREMENTS.”

**SECTION 2.** This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

*Approved,*