

Republic of the Philippines
Bangsamoro Autonomous Region in Muslim Mindanao
BANGSAMORO TRANSITION AUTHORITY
Cotabato City

Third Regular Session

BTA PARLIAMENT
BTA Resolution No. 451

Bangsamoro Autonomous Region in Muslim Mindanao
Parliament
BILLS AND INDEX DIVISION
RECEIVED
Name: Sonnia Bahadum Signature: [Signature]
Date: June 21, 2021 Time:

Introduced by

MP ENGR. BANTAN ADIL-AMPATUAN, CSEE
MP ATTY. LAISA M. ALAMIA, CESE, RN
MP AMILBAHAR S. MAWALLIL

**A RESOLUTION REQUESTING THE DEPARTMENT OF BUDGET AND
MANAGEMENT (DBM) TO APPRISE THE BANGSAMORO
GOVERNMENT ON THE EFFECT OF THE MANDANAS RULING ON
THE INTERNAL REVENUE ALLOTMENT (IRA) OF THE LOCAL
GOVERNMENT UNITS (LGUs) IN BANGSAMORO AUTONOMOUS
REGION IN MUSLIM MINDANAO (BARMM)**

WHEREAS, Section 6, Article X of the 1987 Constitution states that local government units shall have a just share, as determined by law, in the **national taxes** which shall be automatically released to them;

WHEREAS, Section 6(e), Article XII, R.A. No. 11054 or the Bangsamoro Organic Law (BOL) states that one of the sources of revenues of the Bangsamoro Government include share in the National Government taxes, fees, and charges collected in the Bangsamoro territorial jurisdiction;

WHEREAS, Section 10, Article XII, BOL, further states that national government taxes, fees, and charges collected in the Bangsamoro Autonomous Region, other than tariff and customs duties, shall be shared as follows:

- a. Twenty-five percent (25%) to the National Government: Provided, That for the first ten (10) years following the effectivity of this Organic Law, this share shall accrue to the Bangsamoro Government: Provided, Further, That after this first ten (10)-year period, upon petition of the Bangsamoro Government, the National Government may extend the period as it shall deem necessary; and
- b. Seventy-five percent (75%) to the Bangsamoro Government, inclusive of the shares of the constituent local government units.

The shares in taxes, fees and charges provided under this section shall be separate and distinct from the annual block grant appropriated to the Bangsamoro Government under Section 15, Article XII;

WHEREAS, Section 284 of the Local Government Code (LGC) provides that LGUs shall have a share in the **national internal revenue taxes**;

WHEREAS, the phrase "national internal revenue taxes" as engrafted in Section 284 of the LGC is more restrictive or limiting than the term "national taxes" written in Section 6, Article X, 1987 Constitution, which should be the base from which the just share of the LGU comes;

WHEREAS, the Supreme Court ruled in the case of *Mandanas vs. Ochoa* (G. R. No. 199802, July 3, 2018) that the exclusion of other national taxes like custom duties form the base for determining the just share of the LGUs contravened the express constitutional edict in Section 6, Article X of the 1987 Constitution, thus, the just share of LGUs from the national taxes is not, and should not be, limited to "national internal revenue taxes";

WHEREAS, in the same *Mandanas* case, it was held that VATs collected pursuant to R.A. No. 7643 should be included in determining the base for computing the *just share* because such VATs are national taxes, and nothing can validly justify their exclusion.

WHEREAS, in *Mandanas*, the Supreme Court categorically ruled that the national taxes to be included in the base for computing the just share the LGUs shall henceforth be, but shall not be limited to, the following:

1. The National Internal Revenue Taxes (NIRTs) enumerated in Section 21 of the NIRC, as amended, to be inclusive of the VATs, excise taxes, and DSTs collected by the BIR and the BOC, and their deputized agents;
2. Tariff and customs duties collected by the Bureau of Customs;
3. 50% of the VATs collected in the ARMM, and 30% of all other national taxes collected in the ARMM; the remaining 50% of the VATs and 70% of the collections of the other national taxes in the ARMM shall be the exclusive share of the ARMM pursuant to Section 9 and Section 15 of R.A. No. 9054;
4. 60% of the national taxes collected from the exploitation and development of the national wealth; the remaining 40% will exclusively accrue to the host LGUs pursuant to Section 290 of the LGC;
5. 85% of the excise taxes collected from locally manufactured Virginia and other tobacco products; the remaining 15% shall accrue to the special purpose funds pursuant created in R.A. No. 7171 and R.A. No. 7227;
6. The entire 50% of the national taxes collected under Section 106, Section 108 and Section 116 of the NIRC in excess of the increase in collections for the immediately preceding year; and
7. 5% of the franchise taxes in favor of the national government paid by franchise holders in accordance with Section 6 of R.A. No. 6631 and Section 8 of R.A. No. 6632.

WHEREAS, the change in the base for computing the just share of LGUs as instructed by the decision of the Supreme Court in the *Mandanas* case, which used the provisions in the amended R.A. No. 9054 (50/50 and 30/70 sharing arrangements for VAT and for other national taxes, respectively), and the categorical provisions of the BOL (25/75 effective after 10 years of effectivity of the BOL), will inevitably have an effect on the just share or IRAs of the LGUs in BARMM;

NOW THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED, by the BTA Parliament to pass and approve this Resolution

requesting the DBM to apprise the Bangsamoro Government on the effect of the *Mandanas* Ruling on the just share or IRAs of the LGUs in BARMM.

Adopted,

Authors:



ENGR. BANTAN ADIL-AMPATUAN, CSEE

ATTY. LAISA M. ALAMIA, CESE, RN

AMILBAHAR S. MAWALLIL