

SIXTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
Second Regular Session)



Senate
Office of the Secretary

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SENATE
P. S. R. No. 743

RECEIVED BY: JN

Introduced by Senator Miriam Defensor Santiago

RESOLUTION

DIRECTING THE PROPER SENATE COMMITTEE, TO CONDUCT AN INQUIRY IN AID OF LEGISLATION, ON THE ALLEGED UNDERPERFORMANCE OF SOME PROVINCES WITH REGARD TO THE COLLECTION OF LOCAL TAXES, BASED ON THE STATISTICS SHOWN BY THE JOINT ADVERTISEMENT OF THE DEPARTMENT OF FINANCE, BUREAU OF INTERNAL REVENUE AND TAXWATCH

WHEREAS, the Constitution, Article 2, Section 25 provides, "Each local government unit shall have the power to create its own sources of revenues and to levy taxes, fees and charges subject to such guidelines and limitations as the Congress may provide, consistent with the basic policy of local autonomy. Such taxes, fees, and charges shall accrue exclusively to the local governments";

WHEREAS, Republic Act No. 7160, Chapter 2, Article 1, also known as the Local Government Code of 1991, provides specific provisions on the taxing powers and other revenue-raising powers for provinces;

WHEREAS, on 18 June 2014, the Department of Finance (DOF), Bureau of Internal Revenue and Taxwatch published on the *Philippine Star* statistical information on the fiscal health of all 80 provinces which showed that 7 in every 10 provinces have not fully developed their local revenue base in relation to other sources of regular income, such as the Internal Revenue Allotment (IRA) and other shares from the collection of national taxes;

WHEREAS, the said advertisement showed a wide-ranging difference in the performance of revenue-raising powers by provinces in percentage point based on Estimated Annual Regular Income – from a low of 0.1% (Sulu) to as high as 45.3% (Aklan);

WHEREAS, the advertisement stated that after 22 years since the passage of the Local Government Code, fiscal decentralization for provinces have not resulted in a positive way for some provinces based on the statistics provided;

WHEREAS, the advertisement also claimed that when local government units (LGU) collect low revenues, they fail to maximize their own revenue generation capacity to spend on basic services for their people;

WHEREAS, there is a need to revisit the effectiveness of such provision on the local fiscal autonomy for provinces and review the performance of LGUs so that they could better serve their constituents, help the national government in fighting poverty, and become self-reliant local government units;

WHEREAS, considering the differences in performance indicators, as shown by the figures of the DOF, there is also a need to examine what has been each province's policy action, intervention, and development plan, or the absence thereof, that has led the province to its success or failure;

WHEREFORE, BE HEREBY IT RESOLVED BY THE PHILIPPINE SENATE to direct the proper Senate committee to conduct an inquiry, in aid of legislation, on the alleged underperformance of some provinces with regard to the collection of local taxes, based on the statistics shown by the joint advertisement of the Department of Finance, Bureau of Internal Revenue, and Taxwatch.

Adopted,

as. Miriam Defensor Santiago
MIRIAM DEFENSOR SANTIAGO