

# [ PRESIDENTIAL DECREE NO. 144, March 03, 1973 ]

## REVISING THE PRESENT SYSTEM OF NATIONAL INTERNAL REVENUE ALLOTMENTS TO LOCAL GOVERNMENTS

**WHEREAS**, under the National Internal Revenue Code and other existing laws, internal revenue allotments are apportioned among the local governments on the basis of various formulas for distribution;

**WHEREAS**, the present system of internal revenue allotments has resulted in a lopsided distribution of funds among the local government units such that a few provinces and cities receive greater shares while the majority receive less; and

**WHEREAS**, for purposes of administrative simplicity and efficiency and in order to establish a more equitable system of distribution of allotments and introduce the developmental concept in the allocation of funds to local governments, it has become imperative and compelling to revise the present internal revenue allotment system;

**NOW, THEREFORE, I, FERDINAND E. MARCOS**, President of the Philippines, by virtue of the powers vested in me by the Constitution as Commander-in-Chief of all the Armed Forces of the Philippines, and pursuant to Proclamation No. 1081, dated September 21, 1972, and General Order No. 1, dated September 22, 1972, as amended, in order to transform the tax system into an effective tool for the implementation of the desired changes such as income redistribution and reforms in our new society, do hereby order and decree that the present system of national internal revenue allotments to local governments be revised as herein provided:

1. Twenty *per centum* (20%) of the collections from national internal revenue taxes not otherwise accruing to special funds and special accounts in the general fund shall accrue to local governments to be computed on the basis of the collections of the third fiscal year preceding the current fiscal year.
2. This allotment shall be distributed as follows:  
Thirty *per centum* (30%) to provinces  
Forty-five *per centum* (45%) to municipalities  
Twenty-five *per centum* (25%) to cities
3. The share of each local government unit shall be determined on the basis of the following formula:  
Seventy *per centum* (70%) — Population  
Twenty *per centum* (20%) — Land Area  
Ten *per centum* (10%) — Equal Sharing
4. For the first three fiscal years of implementation of this Decree (FY's 1974, 1975 and 1976) the annual allotment of any local government shall not increase by more than fifteen *per centum* (15%) nor decrease by more than fifty *per centum* (50%) of its actual allotment during the fiscal year 1970-71. Thereafter, the shares of each local government shall be determined solely on the basis of Sections 1, 2 and 3 hereof.
5. There is hereby created a Barrio Development Fund to be constituted of the ten percent shares of the barrios in real estate tax collections as provided under Republic Act No. 3590 (the Revised Barrio Charter) and annual contributions from each province, city and municipality in an amount not