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## **PDAF and IRA**

THE recent decision of the Supreme Court—through GR 208566, 208493 and 209251—to declare the Priority Development Assistance Fund (PDAF) of lawmakers as unconstitutional certainly brings hope to taxpayers that the taxes they paid to the government are properly used for public purposes.

In recent years the PDAF, also known as the pork barrel, has been eating up much of public funds, which are largely generated from the national internal-revenue collections of the government. The PDAF is not without any purpose. It has been there for years, albeit in various forms, with the noble purpose of alleviating poverty in the countryside. As we all know, the PDAF is used by some legislators, particularly members of the House of Representatives, to fund what they perceive as significant projects in their respective districts.

Apparently, one reason being put forth by some defenders of the pork-barrel system is that legislators, particularly House members, are arguably in the best position to identify the developments their legislative districts need. It has been supposed that they would know the needs of their constituents. Thus, they must have the power to fund the projects they identified as needed in their respective districts. Personally, I found this inconsistent with the policy on the autonomy of local government units (LGUs). In fact, to ensure their autonomy, LGUs all over the country share much of the national internal-revenue collections of the national government.

The share of the LGUs in these collections is referred to as the Internal Revenue Allotment (IRA).

Under Section 284 of Republic Act 7160, or the Local Government Code of 1991, LGUs share 40 percent in national internal-revenue taxes, based on the collection of the third fiscal year preceding the current one. Further, under Section 283 of the tax code, 50 percent of the national taxes collected under Sections 106 (value-added tax [VAT] on the sale of goods), 108 (VAT on sale of services) and 116 (percentage tax) of the tax code, in excess of the increase in collections for the immediately preceding year, shall be distributed as follows: 20 percent shall accrue to the city or municipality where such taxes are collected and shall be allocated in accordance with Section 150 of the Local Government Code; and 80 percent shall accrue to the national government. Also, Section 287 of the tax code grants LGUs an equitable share in the proceeds derived from the utilization and development of the national wealth within their respective areas.

In addition to the IRA of the LGUs, these units also have the power to raise revenues in their respective territorial jurisdictions. This all the more negates the necessity of maintaining the pork-barrel system. Indeed, as the Supreme Court ruled, the pork-barrel system subverts genuine local autonomy, since legislators are allowed to intervene in affairs of a purely local nature, despite the existence of capable local institutions.

The allegedly massive misuse of taxpayers' money paved the way for the Supreme Court to check the validity of the PDAF. In declaring the unconstitutionality of the PDAF, the High Court found that the pork-barrel system violates the principle of the separation of powers of the three branches of the government.

The High Court ruled that the PDAF article, or allocations in the 2013 General Appropriations Act, and all other past and present similar provisions of law that constitute the pork-barrel system are unconstitutional for allowing legislators "to wield, in varying gradations, non-oversight, post-enactment authority in vital areas of budget executions," and, thus, violates the principle of the separation of powers. The High Court also nullified the laws that provided lawmakers lump-sum allocations to fund their chosen projects.

The abolition of the PDAF will certainly boost Bureau of Internal Revenue collections, as taxpayers are expected to be more willing to pay their taxes, now that they are assured once again that taxes paid to the government will really be used for public purposes.

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