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DBM hikes LGU revenue allotment to P649 B for 2020

MANILA, Philippines — Local government units (LGUs) are set to receive P648.92 billion in internal revenue allotments (IRA) for fiscal year (FY) 2020, according to the Department of Budget and Management.

Based on a memorandum signed recently by DBM officer-in-charge Janet Abuel, the share of LGUs in the IRA will rise by 12.75 percent to P648.92 billion in 2020 from P575.52 billion this year.

Abuel said the amount was computed from the actual national internal revenue taxes collections for 2017, which reached P1.779 trillion.

“For the purpose of preparing the FY 2020 annual budgets of LGUs, the total IRA shares of LGUs shall be P648.92 billion per certification of the BIR on the actual national internal revenue taxes collected in FY 2017. The FY 2020 IRA level is P73.4 billion or 12.75 percent higher than the FY 2019 IRA level,” she said.

The DBM official said the amount would be shared by 43,618 LGUs, comprised by 82 provinces, 145 cities, 1,478 municipalities, and 41,913 barangays.

In addition to the IRA, the DBM said other LGUs are also entitled to other special shares in the proceeds of national taxes. These include shares in the excise tax collections on Virginia tobacco, burly and native tobacco, value-added tax, proceeds from the utilization and development of national wealth, gross income taxes paid by enterprises within economic zones, and shares in fire code fees.

The DBM reminded LGUs that the IRA and other local resources would first cover the cost of providing basic services and facilities, particularly those devolved by the Department of Health, Department of Social Welfare and Development, Department of Agriculture and the Department of Environment and Natural Resources, as well as other agencies of the national government.

“Each LGU shall appropriate in its annual budget no less than 20 percent of its IRA for development projects as mandated under Section 287 of Republic Act 7160,” the DBM said.

Not less than five percent of the estimated revenue of LGUs from regular sources will be set aside for the Local Disaster Risk Reduction and Management Fund.

Barangays should also allocate 10 percent of the general fund of the barangay for the Sangguniang Kabataan, specifically for youth development and empowerment purposes.

The DBM has enjoined LGUs to formulate their 2020 budget plans, in line with the national government’s development plans, goals and strategies.

“To this end, LGUs are enjoined to align their programs, projects and activities (PPAs) with the priorities of the national government, specifically those embodied under the Philippine Development Plan and Public Investment Program for 2017-2022,” the DBM said.