

**INTERNAL REVENUE ALLOTMENT:  
THE CASE OF BARANGAY CALAMBA,  
CEBU CITY**

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**ABSTRACT**

This study focused on exploring the knowledge level of awareness and implementation of the Internal Revenue Allotment in Barangay Calamba, Cebu City. It sought to determine the answer 1. What is the demographic profile of the respondents, 2. What is the level of awareness of the respondents towards internal revenue allotment? 3. What are the strategies used by the Barangay Captain in collecting internal revenue allotment and its level of implementation? 4. What is the perception of the respondents on the contribution of the collected Real Property Tax to the operation of Barangay Calamba? The research design used was descriptive, that is by employing percentage distribution and frequency counts in presenting and analyzing the data obtained from a sample of fifty-eight (58) respondents. A validated researcher-made questionnaire was used to collect the primary data. The findings on this study revealed there was a Barangay development plan; however, budget allocation is the problem observed, and these plans were not fully implemented. With those problems, this paper suggests that education be given importance, it is recommended that Barangay personnel and authorities participate in an integrated capacity-building program. Educating people on practical issues such as dealing with the administration of IRA towards development, not only the officials but most importantly, the residents or the ordinary people too, so that they will be able to participate and contribute to their own development.

**Keywords:** *Internal revenue allotment (IRA), Cebu City, administration, Local Government Unit*

**A. Introduction**

The Local Government Code of 1991, also known as Republic Act 7160, has significantly changed the role and involvement of local government units in the effort to advance national development. As the smallest political units, the Barangays were given the duty and power to carry out Barangay development totaling 20% of their Internal Revenue Allotment. However, issues with the management of such a fund are so clear, despite the Internal Revenue Allotment

(IRA) being allocated to Barangays for development. Therefore, in addition to the legislative and administrative tactics being employed by the government, investigations pertaining to IRA and its status, the degree of implementation in the community, should be done.

The Internal Revenue Allotment (IRA) is a portion of the Internal Revenue Collection of the National Government that is given as a grant to LGUs. The IRA can also be viewed as a share of the national taxes collected by the local government units. The Internal Revenue Allotment arose from taxes collected. The value-added tax (VAT), excise taxes, capital gain taxes, and other taxes (specified in Section 362 of the national internal revenue code) are imposed and administered by the national government. The IRA is by far the biggest component of the central grant and allotment system.

The Batas Pambansa, Blg 337, Sec. 81 states that the Barangay is the Philippine Government's primary political and administrative unit. It acts as a vehicle for the public's opinions to be expressed, distilled, taken into account, and disagreements to be settled amicably.

Moreover, Philippine taxation system provides the huge pie of the country central grant allotment system. This is the source of the national internal revenue which was shared to all local government units, agencies, department, instrumentalities and institution in the form of internal revenue allotment. This share is not adequate to sustain the growing demands of every local government's unit, thus, through the Local Government Code of 1991, the LGU were mandated to generate the local revenue. The huge locally generated revenue came from the local taxes. In other words, this has a huge contribution to keep the economy moving and help sustain the project implementation.

In the study of Brillantes (1998), it was eloquently stated that the IRA of LGU may have increased the budget of local government, but two major concerns have risen these past years. First of these concerns, according to Brillantes (1998), pertains to whether the Internal Revenue Allotment share of the local government was indeed sufficient to cover the development functions of the local government, considering the bulk of personnel devolved them. The other concern, Brillantes (1998) continued, was that, while it is true that the Internal Revenue Allotment shares of the local government have indeed increased significantly, the figures are out as significant compared to the total nation budget wherein in 1997 for example, the IRA comprised only 14 percent of the total budget, and it as to be shared by more than 41,000 local government units throughout the country. In this study it focuses on exploring the knowledge, level of awareness and implementation of the Internal Revenue Allotment in Barangay Calamba, Cebu City.

This study attempted to answer the following questions: What is the demographic profile of the respondents in terms of: Age; Gender; Civil status; Educational Attainment; Monthly Income. What is the level of awareness of the respondents in internal revenue allotment? What are the strategies used by the Barangay Captain in collecting internal revenue allotment and its level of implementation? What is the perception of the respondents on the contribution of the collected Real Property Tax to the operation of Barangay Calamba?

## **B. METHOD**

**Research Design-** This study employed the qualitative research design considering that the main focus of the inquiry was to determine the perception of the respondents on Internal Revenue Allotment. Thus, this study used Qualitative statistics such as frequency and percentage distribution.

**Respondent of the Study-** The respondents of the study focused on the registered voters of one selected Barangay which is Barangay Calamba, Cebu City.

**Sampling Technique-** It uses convenience sampling, or accidental sampling, it is a non-probability sampling method where the researcher selects sample members from only available and easily accessible participants (Etikan, et.al 2016).

## **C. RESULTS AND ANALYSIS**

**Table 1. Frequency and Percentage Distribution of the Respondent's Age**

<b>Age</b>	<b>Frequency</b>	<b>Percent</b>
18-25	6	10.3
26-35	12	20.7
36-45	14	24.14
45 above	26	44.82
<b>Total</b>	<b>58</b>	<b>100</b>

The age profile of the responders is shown in Table 1. The great majority of responses, as seen, were between the ages of 45 above. In the data of Philippine Statistics Authority, it was stated that 33.4 million (30.7%) were under 15 years of age (young dependents), while persons aged 15 to 64 years (working-age or economically-active population) totaled to 69.40 million (63.9%) In contrast, the percentages for the age groups 18 to 25, 26 to 35, 36 to 45 were 6 percent, 12 percent, and 14 percent, respectively.

**Table 2. Frequency and Percentage Distribution of the Respondent's Gender**

<b>Gender</b>	<b>Frequency</b>	<b>Percent</b>
Male	22	37.93
Female	36	62.07
<b>Total</b>	<b>58</b>	<b>100.0</b>

The gender profile of the responders is seen in Table 2. Out of 58 responses, twenty-two or 37.93 percent are male, and 36 or 62.07 percent of female. This merely indicates that female make up the majority of our respondents. Furthermore, as indicated by the Philippine Statistic Authority (2013), the populace that creates the Philippines is 51% female, and 49% male. These claims were confirmed in the data gathered in the sense that female respondents outnumbered the male respondents in this study.

**Table 3. Frequency and Percentage Distribution of the Respondent's Civil Status**

<b>Civil Status</b>	<b>Frequency</b>	<b>Percent</b>
Single	27	46
Married	29	50
Widowed	2	4
<b>Total</b>	<b>58</b>	<b>100.0</b>

The profile of the respondents in terms of their civil status is shown in Table 3. Out of 58 respondents, it is evident from the table that the majority, or at least 50 percent belong to the married demographic. The single and widowed respondents are followed by 46 percent and 4 percent, respectively.

**Table 4. Frequency and Percentage Distribution of the Respondent's Educational Attainment**

<b>Educational Attainment</b>	<b>Frequency</b>	<b>Percent</b>
Grade School	1	1.72
High School	16	27.60
Vocational Education	17	29.31
Bachelor's Degree	21	36.21
Post-Graduate	3	5.17
<b>Total</b>	<b>58</b>	<b>100.0</b>

The table 4 lists the respondents' educational backgrounds and it shows that at least 21 or 36.21 percent had a bachelor's degree. In addition, 17 or 29.31 percent of the respondents with a vocational education, while there were 16 or 27.60 with a high-school educational attainment. It is significant to observe that there were at least or 5.17 of postgraduate respondents reported.

**Table 5. Frequency and Percentage Distribution of the Respondent's Monthly Income**

<b>Monthly Income</b>	<b>Frequency</b>	<b>Percent</b>
20,000 and less	47	81.03
20,001 – 40,000	10	17.24
40,001 – 60,000	1	1.72
<b>Total</b>	<b>58</b>	<b>100.0</b>

The respondents' monthly income is presented, as noted in table 5. It was found out that majority of the respondents in this study have a monthly income of 20,000 and less. It was then followed by the 17.24 percent of the respondents with 20,001-40,000 monthly incomes, while there were 1 or 1.72 percent with 40,001-60,000 monthly income.

**Table 6. Level of Awareness of the Respondents in the Internal Revenue Allotment**

Indicators	Yes		No		Neutral	
	<i>f</i>	%	<i>f</i>	%	<i>f</i>	%
1. Are you aware of Revenue Internal Allotment funds for the Barangays?	36	62.07	19	32.76	3	5.20
2. Does the Barangay chairman inform the constituents on the Internal Revenue Allotment?	11	18.96	42	72.41	5	8.62
3. Do you agree that an Internal Revenue Allotment fund is known to the public?	41	70.70	8	13.80	9	15.52
4. Do you know how much the yearly Internal Revenue Allotment allocation to your Barangay is?	4	6.90	47	81.03	7	12.10
5. Are there project implemented out of your Barangay Internal Revenue Allotment?	12	20.70	33	56.90	13	22.41

Table 8 shows the level of awareness of the respondents towards the Internal Revenue Allotment (IRA). As stated, 62.07 percent of respondents reported they are aware of the IRA funds for the Barangay, while 32.76 percent are unaware, and 5.20 percent of the respondents said they are neutral. On the other hand, results showed that the Barangay chairman did not inform the constituent on the IRA, which garnered 72.41 percent. When it comes to the level of agreement, it shows that 70.70 percent of respondents agreed that the IRA fund is known to the public. In addition, data shows that 81.03 percent of the respondents did not know how much the yearly IRA allocation was in the Barangay; this indicates that the respondents were not knowledgeable about this matter. With regards to the information about the project implemented out of Barangay IRA, the majority (56.90%) of the respondents said "no," which simply indicates that they are not aware of the allocated project coming from the IRA. With the stated problem, it is suggested that the Barangay must strengthen its implementation so that everyone in the community will know about the project and how IRA budget has been allocated to a certain project. Lack of funds will affect the delivery of some devolved basic services; thus, Barangay officials are encouraged to initiate ways and means to generate income for the Barangay.

According to Boysillo (2017) in his studies, local government empowerment in the nation is greatly aided by Barangay governance. This is related to the leader's responsibility, justice, and transparency in performing his roles as a community servant. In table 7, it presents the strategies used by the Barangay Captain when it comes to the Internal Revenue Allotment (IRA) as perceived by the residents and respondents. It was found out that majority or 67.24

percent of the respondents said that they did not know on the criteria in determining the amount of IRA, 20.69 neutral responses, while there were few or 12.06 percent said that they know. In statement number two, it was found out that IRA shares has been released to the Barangay which garners 62.06 percent coming from the respondents.

**Table 7. Strategies used by the Barangay Captain**

Indicators	Yes		No		Neutral	
	f	%	f	%	f	%
1. Do you know the criteria in determining the amount of IRA for your Barangay?	7	12.06	39	67.24	12	20.69
2. Is your IRA shares released to your Barangay?	6	10.34	36	62.06	16	27.58
3. Does the Sangguniang Panlungsod Member influence the allocation form your Internal Revenue Allotment (IRA)?	19	32.76	25	43.10	14	24.14
4. Do you consider the giving IRA an incentive to your Barangay?	29	50	12	20.69	17	29.31
5. Do you have appropriation for development projects after giving of IRA?	14	24.14	28	48.27	16	27.58

Lastly, it was also found out that there was no appropriation for development projects after having the IRA, which means that Barangay doesn't have an allocation for projects for several reasons and factors most especially this new normal and after the two-year hiatus of pandemic. Codilla (1991) revealed that the improvement of the revenue generation of the collection performance depends heavily on the effectiveness and efficiency of the local financial administration and the awareness of the people towards governmental obligation that is to pay.

Table 8 depicts the level of implementation on different projects, plans, and basic services based on the perceptions of the respondents. According to the table, at least 55.17 percent of respondents said yes to the existence of a Barangay development plan. When asked about the projects and whether they were funded from the Barangay's 20% fund, the majority of respondents said no in statement number two. In short, there was a Barangay development plan; however, budget allocation is the problem observed. As argued by Celestino et al. (1996), an organization like a Barangay as an administrative unit of government cannot operate without funds to support its mission, vision, and goals, thus a need to have proper budget allocation is integral.

Furthermore, planned development projects received 44.83 percent no responses, 36.21 percent neutral responses, and 18.10 percent yes responses, indicating that the majority of respondents believed that planned projects were not actually implemented. Additionally, giving the IRA to the Barangay has improved

the delivery of basic services, where it garners a total of 48.30 percent "yes" responses.

**Table 8. Level of Implementation**

Indicators	Yes		No		Neutral	
	<i>F</i>	%	<i>f</i>	%	<i>f</i>	%
1. Do you have Barangay development plan?	32	55.17	22	37.93	4	6.90
2. Are the projects funded out the 20% fund within your Barangay development plan?	18	31.03	25	43.10	15	25.86
3. Are the planned development projects actually implemented?	11	18.10	26	44.83	21	36.21
4. Does the giving of IRA improve the delivery of basic services in your Barangay?	28	48.30	17	29.31	13	22.41
5. Is the amount allotted forming the 20% Development Fund sufficient in the implementation of development projects in your Barangay?	26	44.83	17	29.31	17	29.31

Strategies to be used in tax administration, as studied by Alejandro (1970), merely depend on the initiative and innovativeness of the office concerned. It is up to the office in question to decide what they want to use as long as it is not detrimental to the public interest and is not illegal. The administration of taxes at the local government level can be minimized in the long run through the strategies that the said government levels are using. The effectiveness of the strategies used is the application; the better they are, the higher the level of collection can be.

Table 4 Shows the frequency count and percentage distribution for Contribution of the Collected of the RPT. Twenty-six (26) respondents or 27.57% Agreed that one percent of the imposed real property tax goes to the Local School Board revenue, thirty-two (32) or 55.20% of the respondents were "Undecided", while 17.24% of the respondents "Disagreed".

For the second statement "Real Property Tax augments the generated Local revenue of the municipality, thirty-four (34) respondents or 58.62% responded "Agree", 31.03% for "Undecided", and 27.59% of the respondents responded "Disagree".

**Table 9. Contribution of the collected RPT**

Indicators	Agree		Undecided		Disagree	
	f	%	f	%	f	%
1. One percent (1%) of RPT goes to the Local School Board.	16	27.57	32	55.20	10	17.24
2. RPT augments the generated Local revenue of the municipality	34	58.62	18	31.03	16	27.59
3. RPT revenue is added to the fund for local development plan of the municipality	42	72.41	13	22.41	3	5.18
4. RPT funds education, and other Services that benefit the community.	43	74.14	12	20.69	3	5.18
5. RPT Funds Road and highways Construction.	26	44.83	14	24.14	18	31.03

Statement number 3 says, “Real Property Tax revenue is added to the fund for Local development plan of the municipality” gathered 72.41% responses for “Agree”, thirteen (13) or 22.41% for “Undecided”, while three (3) or 5.18% of the respondents “Disagreed”.

Particularly, the highest contribution of the collected Real Property Tax which are the real property funds for education, and other services that benefit the community which gathers 74.14% responses for “Agree”, 20.69 percent of the respondents were “Undecided,” while three (3) or 5.18% “Disagreed”.

## **D. CLOSING**

### **Summary of Findings**

This study primarily focused on exploring the knowledge, level of awareness and implementation of the Internal Revenue Allotment in Barangay Calamba, Cebu City. In particular, it is aimed at answering the following specific problem: Specifically, it sought to answer the following questions: 1. What is the demographic profile of the respondents, 2. What is the level of awareness of the respondents towards internal revenue allotment? 3. What are the strategies used by the Barangay Captain in collecting internal revenue allotment and its level of implementation? 4. What is the perception of the respondents on the contribution of the collected Real Property Tax to the operation of Barangay Calamba? A total of 58 registered voters were the respondents of the study. The instrument used in gathering the necessary data was a validated researcher-made survey questionnaire. The participants were then selected randomly using convenience sampling. The data of the study were analyzed to measure the frequency and percentage distribution of the data. Based on the data gathered, the following were the findings of the study.

1. The great majority of respondents as seen, were between the ages of 45 above.



2. Out of 58 responses, twenty-two or 37.93 percent are male, and 36 or 62.07 percent of female.
3. The majority, or at least 50 percent belong to the married demographic.
4. At least 21 or 36.21 percent had a bachelor's degree.
5. It was found out that majority of the respondents in this study have a monthly income of 20,000 and less.
6. As stated, 62.07 percent of respondents reported they are aware of the IRA funds for the Barangay, while 32.76 percent are unaware, and 5.20 percent of the respondents said they are neutral.
7. The results showed that the Barangay chairman did not inform the constituent on the IRA, which garnered 72.41 percent.
8. There was a Barangay development plan; however, budget allocation is the problem observed.
9. Barangay Development Plan were not fully implemented.

### **Conclusions**

The giving of IRA shares in the Barangays has accelerated the development efforts in this smallest political unit of the country. It performs a dual function. It provides incentives to Barangay officials to perform their duties and responsibilities and at the same time, it provides those seeds to money for development projects. It is an instrument that facilitates the materialization of devolution at the lowest political unit. It was also found out that respondents are not knowledgeable of the criteria in determining the IRA share. The Barangay does have alternative sources of funds aside from the Internal Revenue Allotment (IRA). However, they failed to make use of other sources of funds such as loans and subsidies that could have increased economic investments. The unequal distribution of Internal Revenue Allotments to the Barangays may bring inequality in the access to goods and services by the constituents of the various Barangays.

### **Recommendations**

The Barangay chairman is responsible for expanding the community's understanding of the IRA's requirements through a series of training sessions and seminars. It is advised that the suggestions of the Barangay captains on how to handle specific issues connected to the administration of the Internal Revenue Allotment (IRA) be respected in order to provide significance to local participation in the management of their own business. Such recommendations are repeated in his section for emphasis. The Barangay officials ought to increase the involvement of all Barangay residents in choosing the top projects to be funded from their 20% internal revenue allocation. The ability of Barangay officials to manage their financial resources must be improved because the proportion of Barangays receiving the Internal Revenue Allotment (IRA) is steadily rising. In this context, it is recommended that Barangay personnel and authorities participate in an integrated capacity-building program. It is founded on the justification that, as Barangay chief executives, Barangay captains ought to be informed on the various provisions governing the implementation of the projects to be implemented.

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