

Comparing the ARMM Law (RA 9054) and the Wealth Sharing Annex, Bangsamoro Framework Agreement

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| <p>ARTICLE IX <i>Fiscal Autonomy</i></p> <p>SECTION 1. <i>Revenue Source.</i> – The Regional Government shall have the power to create its own sources of revenues and to levy taxes, fees, and charges, subject to the provisions of the Constitution and this Organic Act.</p> <p>SEC. 2. <i>Fiscal Autonomy.</i> – The Regional Government shall enjoy fiscal autonomy in generating and budgeting its own sources of revenue, its share of the internal revenue taxes and block grants and subsidies remitted to it by the central government or national government or any donor.</p> | <p>All taxing powers already devolved to the ARMM by R.A. no. 9054 and other legislations shall be exercised by the Bangsamoro.</p> <p>V. Fund Transfers from Central Government</p> <p>A. The central Government shall provide a block grant to the Bangsamoro. The Bangsamoro block grant shall be based on a formula provided in the Bangsamoro Basic Law which in no case shall be less than the last budget received by the ARMM immediately before the establishment of the Bangsamoro Transition Authority. The Basic Law shall also provide a system of automatic appropriation for and regular release of the block grant. The formula shall be subject to review by the Central Government and the Bangsamoro Government after ten years, on the basis of need and actual revenues generated.</p> |

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| <p>The utilization of its share of the internal revenue taxes and block grants or subsidies from the central government or national government shall be subject to a semi-annual and annual audits by the Commission on Audit and to the rules and regulations of the Department of Budget and Management. All accountable officials of the Regional Government shall, upon demand, furnish the Commission on</p> | <p>B. The Central Government shall also provide for a Special Development Fund to the Bangsamoro for rehabilitation and development purposes upon the ratification of the Bangsamoro Basic Law. The amount of the Fund that shall be proposed by the Transition Commission in the drafting of the Bangsamoro Basic Law shall be recommended by a joint needs assessment team to be created by the panels for this purpose.</p> <p>C. The Bangsamoro’s annual block grant shall undergo internal budget processes and shall be allocated by the Bangsamoro Government in an appropriations act.</p> <p>D. Once the Bangsamoro attains financial self-sustainability, it will also assist other regions in their development efforts.</p> <p>IX. Auditing Body</p> <p>The Bangsamoro auditing body shall have auditing responsibility over public funds utilized by the Bangsamoro. The Bangsamoro Basic Law shall provide for a clear delineation of the Bangsamoro auditing body. This should be without prejudice to the power, authority and duty of the</p> |

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| <p>Audit all documents, papers, and effects necessary for the completion of the audit. Failure to do so shall empower the President or the Secretary of Finance to reduce, suspend, or cancel the release of funds intended for the autonomous region to the extent of the amounts that cannot be audited for reasons attributable to the officials of the autonomous region or are unaccounted for after audit. XXX</p> <p>SEC. 5. <i>Uniform, Equitable Taxation; Prohibition Against Confiscatory Taxes, Fees.</i> – In enacting revenue-raising measures, the Regional Assembly shall observe the principles of uniformity and equity in taxation and shall not impose confiscatory taxes or fees of any kind. Until a regional tax code shall have been enacted by it, the Regional Assembly may not revoke or amend, directly or indirectly, any city or municipal ordinances imposing taxes or fees on purely local businesses. Prior to the revocation or amendment of such city or municipal ordinances, the Regional Assembly shall consult with the city or municipal government concerned.</p> <p>SEC. 6. <i>Payment of Taxes.</i> – Corporations, partnerships, or firms</p> | <p>national Commission on Audit to examine, audit and settle all accounts pertaining to the revenues and the use of funds and property owned and held in trust by any government instrumentality including GOCCs. The Bangsamoro shall ensure transparency mechanisms consistent with open government practices.</p> <p>I.B. In enacting revenue-raising measures, the Bangsamoro shall observe the principles of uniformity and equity in taxation and shall not impose confiscatory taxes or fees of any kind.</p> <p>I.6. The Bangsamoro shall have the power to establish offices for the</p> |

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| <p>directly engaged in business in the autonomous region shall pay their corresponding taxes, fees, and charges in the province or city, where the corporation, partnership, or firm is doing business.</p> <p>Corporations, partnerships, or firms whose central, main, or head offices are located outside the autonomous region but which are doing business within its territorial jurisdiction, by farming, developing, or utilizing the land, aquatic, or natural resources therein, shall pay the income taxes corresponding to the income realized from their business operations in the autonomous region to the city, or municipality where their branch offices or business operations or activities are located.</p> <p><i>SEC. 7. Extent of Tax Powers; Exceptions.</i> – Unless otherwise provided herein, the taxing power of the regional government and of the provinces, cities, municipalities, and barangay located therein shall not extend to the following:</p> <p>(a) Income tax, except when levied on banks and other financial institutions;</p> <p>(b) Documentary stamps tax;</p> <p>(c) Taxes on estate, inheritance, gifts, legacies, and other acquisitions <i>mortis causa</i>, except as otherwise provided by law;</p> <p>xxx</p> | <p>purpose of assessing and collecting the taxes mentioned herein.</p> <p>I.7. The Central Government shall extend assistance to the Bangsamoro Government in the matter of tax administration and fiscal management. This assistance shall include capacity building and training programs.</p> <p>I.A.2. Where all taxable elements are within the Bangsamoro, capital gains tax, documentary stamp tax, donors and estate tax, shall be levied by the Bangsamoro and not by the national Bureau of Internal Revenue (BIR), and the same shall be provided in the Basic Law. Where all taxable elements are not situated entirely within the Bangsamoro, the intergovernmental fiscal policy board shall address problems relations to implementation.</p> <p>Copies of the returns of on the said taxable elements shall be provided to</p> |

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| <p>SEC. 8. <i>Sources of Regional Government Revenue.</i> – The sources of revenues of the Regional Government shall include, but are not limited to, the following:</p> <p>(a) Taxes, except income taxes, imposed by the Regional Government;</p> <p>(b) Fees and charges imposed by the Regional Government;</p> <p>XXX</p> | <p>the national BIR for purposes of implementing number 3 below.</p> <p>3. Revenues from the additional taxes beyond those already devolved to the ARMM and the Bangsamoro share in revenues derived from exploration, development and utilization of natural resources will be deducted from the amount comprising the annual block grant. This is without prejudice to the just share of the Bangsamoro’s constituent local government units in the national taxes.</p> <p>These deductions shall be suspended for four years from the full operation of the Bangsamoro.</p> <p>III. Fees and Charges</p> <p>The Bangsamoro will have the power to levy taxes and charges pursuant to the powers and functions that it shall exercise in accordance with the list of concurrent and exclusive powers in the Annex on Power Sharing, including powers already granted under Republic Act no. 9054 and other legislations.</p> |

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| <p>SEC. 9. <i>Sharing of Internal Revenue, Natural Resources Taxes, Fees and Charges.</i> – The collections of a province or city from national internal revenue taxes, fees and charges, and taxes imposed on natural resources, shall be distributed as follows:</p> <p>(a) Thirty-five percent (35%) to the province or city;</p> <p>(b) Thirty-five percent (35%) to the regional government;</p> <p>and</p> <p>(c) Thirty percent (30%) to the central government or national government.</p> <p>The share of the province shall be apportioned as follows forty-fivepercent (45%) to the province, thirty-five percent (35%) to the municipality and twenty percent (20%) to the barangay. The share of the city shall be distributed as follows: fifty percent (50%) to the city and fifty percent (50%) to the barangay concerned.</p> <p>XXX</p> <p>SEC. 15. <i>Collection and Sharing of Internal Revenue Taxes.</i> – The share of the central government or national government of all current year collections of internal revenue taxes, within the area of autonomy shall, for a period of five (5) years be allotted for the Regional Government in the Annual Appropriations Act.</p> <p>XXX</p> | <p>Central government taxes, fees and charges collected in the Bangsamoro, other than tariff and customs duties, shall be shared as follows:</p> <p>a. twenty five (25%) percent to the Central Government</p> <p>b. Seventy five (75%) percent to the Bangsamoro, including the shares of the local government .</p> <p>The Bangsamoro Basic Law may provide that the twenty-five percent (25%) due to the Central Government will be remitted to the Bangsamoro for a limited period of time.</p> <p>VI. The Bangsamoro is also authorized to issue bonds, debentures, securities, collaterals, notes and obligations to finance self-liquidating, income producing development or livelihood projects pursuant to priorities established in its approved development plan.</p> |

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| <p>SEC. 10. <i>Treasury Bills, Notes and Other Debt Papers.</i> –The Regional Government may issue treasury bills, bonds, promissory notes, and other debt papers or documents pursuant to law enacted by the Regional Assembly.</p> <p>SEC. 11. <i>Economic Agreements.</i> – Subject to the provisions of the Constitution, the Regional Government shall evolve a system of economic agreements and trade compacts to generate block grants for regional investments and improvements of regional economic structures which shall be authorized by law enacted by the Regional Assembly. Pursuant to specific recommendations of the Regional Economic and Development Planning Board, the Regional Government may assist local government units in their requirements for counterpart funds for foreign-assisted projects. XXX</p> <p>SEC. 14. <i>Foreign or Domestic Loans.</i> – The Regional Governor may be authorized by the Regional Assembly to contract foreign or domestic loans in</p> | <p>The Bangsamoro shall appropriate in its annual budget such amounts as are sufficient to pay their loans and other indebtedness incurred. The Bangsamoro may also redeem or retire bonds, debentures, notes and other obligations.</p> <p>The Bangsamoro may borrow from government financial institutions when it needs to finance its development needs.</p> <p>F. The Bangsamoro may receive grants derived from economic agreements entered into or authorized by the Bangsamoro Assembly (donations, endowments, and other forms of aid), subject to the reserved powers of the Central Government over foreign affairs.</p> <p>G. The Bangsamoro shall also be entitled to benefits resulting from conventions to which the Central Government is a party.</p> <p>VI. Contracting Loans and Overseas Development Assistance (ODA)</p> |

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| <p>accordance with the provisions of the Constitution. The loans so contracted may take effect upon approval by a majority of all the members of the Regional Assembly.</p> <p>In all cases, the Regional Government shall remit to the local government units their respective shares within sixty (60) days from the end of each quarter of the current taxable year.</p> <p>The provinces, cities, municipalities, and barangays within the area of autonomy shall continue to receive their respective shares in the Internal Revenue Allotment (IRA), as provided for in Section 284 of Republic Act No. 7160, the Local Government Code of 1991.</p> <p>The five-year (5) period herein abovementioned may be extended upon mutual agreement of the central government or national government and the Regional Government.</p> | <p>The Bangsamoro shall have the authority to contract loans, credits and other forms of indebtedness with any government or private bank and other lending institutions, except those requiring sovereign guaranty, which require Central Government approval. The Central Government shall assist the Bangsamoro in complying with the requirements for a speedy issuance of the sovereign guaranty, to finance local infrastructure and other socio-economic development projects in accordance with Bangsamoro-approved development plan.</p> <p>Overseas Development Assistance (ODA) shall be availed of by the Bangsamoro to achieve inclusive growth and poverty reduction, particularly through the implementation of priority development projects for the attainment of the Millennium Development Goals.</p> <p>In pursuit of its development goals, the Bangsamoro may enter into build-operate-transfer type arrangements under public-private partnerships for the financing, construction, operation and maintenance of any financially viable infrastructure facilities. These arrangements may likewise be supported by foreign or domestic loans, in accordance with relevant laws.</p> |

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| <p>SEC. 7. <i>Representatives in Government-Owned or -Controlled Corporations.</i> – The Regional Government shall be represented in the board of directors or in the policy-making bodies of government-owned or -controlled corporations that operate businesses directly or through their subsidiaries in the autonomous region.</p> | <p>II. A. Government income derived from the operations of Bangsamoro government-owned and controlled corporations, financial institutions, economic zones and freeports operating therein, shall go to the Bangsamoro government.</p> <p>B. The Bangsamoro shall have authority and control over existing government-owned and controlled corporations and financial institutions operating exclusively in the Bangsamoro territory, after determination by the intergovernmental fiscal policy board of its feasibility.</p> <p>C. An intergovernmental mechanism shall be created to determine the participation of the Bangsamoro in the ownership and management of Al-Amanah Islamic Investment Bank of the Philippine and the Southern Philippines Development Authority (SPDA).</p> <p>D. The Bangsamoro Government shall be represented in the board of directors or in the policy-making bodies of government-owned or controlled corporations that operate a substantial portion of their businesses directly or through their subsidiaries in the Bangsamoro or where the Bangsamoro has substantial interest.</p> |

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| <p>ARTICLE XII <i>Economy and Patrimony</i> XXX</p> <p>(b) <i>Sharing Between Central Government or National Government and Regional Government in Strategic Minerals Revenues, Taxes, or Fees.</i> Fifty percent (50%) of the revenues, taxes, or fees derived from the use and development of the strategic minerals shall accrue and be remitted to the Regional Government within thirty (30) days from the end of every quarter of every year. The other fifty percent (50%) shall accrue to the central government or national government.</p> <p>(c) <i>Sharing Between Regional Government and Local Government Units in Strategic Minerals Revenues,</i></p> | <p>The manner of such representation shall be determined in the Basic Law.</p> <p>E. The intergovernmental fiscal policy board shall determine the participation of the Bangsamoro Government in the results of operation of government-owned or controlled corporation and its subsidiaries operating in the Bangsamoro. It shall also determine a formula for the share of the Bangsamoro Government from the results of said operations.</p> <p>VIII. Natural Resources</p> <p>Government income derived from the exploration, development and utilization of all natural resources within the Bangsamoro shall be allocated as follows:</p> <ol style="list-style-type: none"> 1. With respect to non-metallic minerals (sand, gravel, and quarry resources) within the Bangsamoro, such revenues shall pertain to the Bangsamoro and its local government units. 2. With respect to metallic minerals within the Bangsamoro, seventy-five percent (75%) of such revenues shall pertain to the Bangsamoro. 3. With respect to fossil fuels (petroleum, natural gas, and coal) and |

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| <p><i>Taxes, or Fees.</i> The share of the Regional Government mentioned above is hereby apportioned as follows: thirty percent (30%) to the Regional Government; twenty percent (20%) to all the provinces; fifteen percent (15%) to all the cities; twenty percent (20%) to all the municipalities; and fifteen percent (15%) to all the barangays. If there are no cities in the autonomous region as of the date the sharing above mentioned is done, the share of the cities shall be divided equally by all the provinces, municipalities, and barangay in the autonomous region.</p> <p>Art. XII Sec 10 The Board shall serve as the planning, monitoring, and coordinating agency for all development plans, projects, and programs intended for the autonomous</p> | <p>uranium, the same shall be shared equally between the Central and Bangsamoro government. Both parties shall endeavour to provide for a review mechanism in the Basic Law with regard to this sharing arrangement.</p> <p>The shares of the Bangsamoro above shall include those for its constituent local government units, as shall be provided by law.</p> <p>The Bangsamoro Sustainable Development Body referred to in the Framework Agreement (Part IV, Section 8) shall get funding support from the proceeds of the revenues collected from these sources.</p> <p>VIII. Additional Fiscal Powers</p> <p>Both parties recognize the Bangsamoro aspiration for the exercise of additional fiscal powers in order to reach full fiscal autonomy and shall cooperate towards achieving this goal through necessary processes and modalities.</p> <p>XI. Bangsamoro Development Plan</p> <p>The Bangsamoro shall formulate its development plans, consistent with national development goals but</p> |

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| <p>region. It shall evaluate and recommend for approval by the Regional Assembly, the annual work programs and comprehensive development plans of the autonomous region. Once approved, it shall be the duty of the Regional Governor to ensure the proper implementation of the said annual work programs and comprehensive development plans.</p> <p>The Board shall formulate a master plan for a systematic, progressive, and total development of the region. The master plan shall take into account the development plans of the province, city, municipality, and barangay concerned as mandated by Republic Act No. 7160, the Local Government Code of 1991.</p> | <p>recognizing their unique needs and aspirations. Towards this end, the Bangsamoro may participate in national development planning. The plan shall also consider the revenue generation efforts needed for the post-conflict rehabilitation, reconstruction and development in the region.</p> <p>X. Intergovernmental Fiscal Policy Board</p> <p>The intergovernmental fiscal policy board shall be composed of the heads and/or representatives of the appropriate ministries and offices in the Bangsamoro Government. The Central Government shall likewise be represented in the Board until full fiscal autonomy is achieved. The board may create a secretariat and sub-committees as it may deem necessary.</p> <p>To address revenue imbalances and fluctuations in regional financial needs and revenue-raising capacity of the Bangsamoro, the Board shall undertake periodic review of the taxing powers, tax base and rates of the Bangsamoro government, wealth sharing arrangements, sources of revenues, vis-a-vis the development needs of the Bangsamoro. An annual report shall be submitted by the body to the Central Government and the Bangsamoro Government.</p> |

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| | <p>XII. Gender and Development</p> <p>In the utilization of public funds, the Bangsamoro shall ensure the needs of women and men are adequately addressed. For this purpose, the Bangsamoro shall set aside at least 5% of the official development funds that it receives for support programs and activities for women in accordance with a gender and development plan.</p> |