

MALACAÑANG
Manila

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 846

**MONETIZATION OF THE UNAPPROPRIATED AND UNRELEASED SHARE OF
LOCAL GOVERNMENT UNITS PRODUCING VIRGINIA TOBACCO FROM
THE 15% EXCISE TAX COLLECTION ON LOCALLY MANUFACTURED
VIRGINIA-TYPE CIGARETTES FOR THE CALENDAR YEARS 2002 TO
2009 AMOUNTING TO P5,810,192,796.00**

WHEREAS, Republic Act No. 7171 and Memorandum Circular No 61-A provide that local government units (LGUs) producing Virginia Tobacco shall have a fifteen percent (15%) share from excise tax collected on locally manufactured Virginia-type cigarettes;

WHEREAS, the Bureau of Internal Revenue (BIR) Revenue Resolution No. 12-2008 provides that Virginia-type cigarettes shall refer to cigarettes containing Virginia-type leaf tobacco, whether imported or locally produced, as one of the raw materials thereof;

WHEREAS, the funds shall be utilized for projects to advance the self-reliance of Virginia Tobacco farmers;

WHEREAS, there are unreleased appropriations for the years CYs 2002, 2005-2008, and an unappropriated share of LGUs for CYs 2002-2004 accumulating to P5,810,192,796.00;

WHEREAS, in accordance with the above statutory mandate, the accumulated unappropriated and unreleased share of the beneficiary LGUs producing tobacco products can be released without disrupting the fiscal targets of the country to maintain macroeconomic stability.

NOW, THEREFORE, I, GLORIA MACAPAGAL-ARROYO, President of the Republic of the Philippines, by the powers vested in me by law, do hereby order:

SECTION 1. RELEASE OF THE ACCUMULATED SHARES OF THE BENEFICIARY LGUs FROM 2002 TO 2009. The Department of Finance (DOF), Department of Budget and Management (DBM), Bureau of Internal Revenue (BIR) and the National Tobacco Administration (NTA) shall all take the necessary steps to ensure that the beneficiary LGUs get their respective shares from the unreleased and unappropriated portion of the 15% of the excise tax collection on Virginia-type Cigarettes for CYs 2002 to 2009 amounting to P5,810,192,796.00 through a monetization program.



SECTION 2. MONETIZATION PROGRAM. Monetization Program (MP), should be this availed of by the beneficiary LGUs, will give such beneficiaries the option to collect in advance from the trustee bank/s their respective shares at a discounted value, net of interests and other charges.

SECTION 3. RESPONSIBILITES.

A. Bureau of Internal Revenue. The BIR shall:

- Submit to DBM a certification representing the 15% of the excise tax collection on Virginia-type cigarettes for the purpose of providing an appropriation cover.

B. National Tobacco Administration. The NTA shall:

- Submit to DBM a certification, duly approved by the NTA Administrator, of Virginia Tobacco production and Virginia Tobacco acceptances by province, including congressional districts, cities and municipalities of each beneficiary province.

C. Department of Budget and Management. The DBM shall:

- Determine the share of each beneficiary LGU from the unreleased portion of 15% excise tax collection on the basis of the BIR certification and NTA certification of volume and production and trade acceptances.
- Issue the corresponding Notice of Payment Schedule (NPS) to inform the beneficiary LGUs of their shares.
- Provide an annual appropriation cover for the purpose.

D. Department of Finance. The DOF shall:

- Provide the letter of confirmation of the National Government that the P5,810,192,796.00 constitutes an obligation of the Republic of the Philippines.
- Favorably endorse to the Bangko Sentral ng Pilipinas or other regulatory agencies, as the case may be, the application to secure the necessary financial features for the investment certificates that may be issued to improve the net proceeds to the beneficiaries.
- At the option of the recipient LGU, make an arrangement with the trustee bank on the requirements for the opening of the necessary Special Trust Account; and



- Arrange with the Bureau of Treasury to make available its facilities, including but not limited to, the Registry of Scripless Securities (ROSS), the Automated Debt Action Processing System (ADAPS), and such other facilities as may be required and necessary for the auctioning process and the implementation of the Monetization Program.

E. **Government Financial Institution/s.** The government financial institution/s (GFI/s) designated by the recipient LGU for this undertaking shall serve as trustee bank/s for purposes of monetizing the shares of beneficiary LGUs. All transactions relative to the monetization program shall be undertaken in accordance with the existing accounting, auditing and budgeting rules and regulations. A list of the beneficiary LGUs that availed of the MP shall be submitted to the DBM.

F. **Local Government Units.** The beneficiary LGUs which will enroll in the monetization scheme shall accomplish and submit the pertinent documents required in the monetization program.

G. **Commission on Audit.** The COA shall provide guidelines in the recording of the obligation in the books of account of the National Government.

SECTION 4. SEPARABILITY CLAUSE. If any section or provision of this Executive Order shall be declared unconstitutional or invalid, the other sections or provisions not affected thereby shall remain in full force and effect.

SECTION 5. EFFECTIVITY. This Executive Order shall take effect immediately.

DONE in the City of Manila this *16th* day of *November*, in the year of Our Lord, Two Thousand and Nine.

Gloria M. Arroyo



By the President:

Eduardo R. Ermita
EDUARDO R. ERMITA
Executive Secretary

