



REPUBLIC OF THE PHILIPPINES

Department of Budget and Management
Malacañang, Manila

LEGAL OPINION NO. L-B-2002-04

- SUBJECT** : **Local Government Budgeting – IRA**
- ISSUE** : Whether the release of the Internal Revenue Allotment of Sorsogon City may be suspended.
- FACTS** : Representative Francis G. Escudero of the 1st District of Sorsogon requested for the suspension of the release of the IRA of Sorsogon City, based on the following grounds:
- 1) The City Government of Sorsogon is working without an approved Annual Budget for FY 2002 due to the failure of its Mayor to submit the executive budget within the time prescribed by the Local Government Code of 1991 (LGC).
 - 2) Sorsogon City, being a newly created city, has no annual appropriations ordinance from the preceding fiscal year which could be deemed reenacted.
- OPINION** : The request for the suspension of IRA release cannot be given favorable course unless there is a restraining order from the Court.

Section 286 of the LGC mandates the automatic release of the IRA shares of local governments, and specifically enjoins the national government from imposing any lien or holdback for whatever purpose.

Accordingly, release of IRA to LGUs cannot be suspended or withheld by the Department of Budget and Management except for a few cases enumerated under Article 383(c) of the Implementing Rules and Regulations of the LGC which reads:

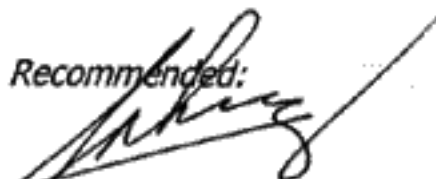
"Art. 383. *Automatic Release of IRA Shares of LGUs.*
x x x

(c) The IRA share of LGUs shall not be subject to any lien or holdback that may be imposed by the National Government for whatever purpose unless otherwise provided in the Code or other applicable laws and loan contract or project agreements arising from foreign loans and international commitments, such as premium contributions of LGUs to the Government Service Insurance System and loans contracted by LGUs under foreign-assisted projects. x x x."

The circumstances cited do not fall within the categories warranting lien or holdback of the IRA, hence, not sufficient bases to suspend the release thereof to the City of Sorsogon.

REFERENCE: Memorandum dated 01 July 2002 of the Secretary to DBM RO-V.

Recommended:



RUBY U. ALVAREZ
Director, LLS

Approved:



EMILIA T. BONCODIN
Secretary