



REPUBLIC OF THE PHILIPPINES

Department of Budget and Management
Malacañang, Manila



LEGAL OPINION NO. N-B-2002-01

SUBJECT : **National Government Budgeting – Remittance of Revenues to the National Government**

ISSUE : Whether or not the Public Estates Authority (PEA), in compliance with its mandates under Republic Act (R.A.) Nos. 7279, 7656 and 8435, can remit to the National Government (NG) the whole amount of its net revenue earnings for CY 2001.

FACTS : The Chairperson of PEA sought an opinion on the above-cited issue, in view of the following provisions of law:

- 1) R.A. No. 7279 dated 26 February 1981 (Urban Development and Housing Act of 1992) – mandated that a minimum of fifty percent (50%) from the annual net income of the PEA shall be used by the National Housing Authority to carry out its programs of land acquisition for resettlement purposes under said Act.
- 2) R.A. No. 7656 dated 09 November 1993 (An Act Requiring GOCCs to Declare Dividends under Certain Conditions to the National Government and for Other Purposes) – mandated all GOCCs to declare and remit at least 50% of their annual net earnings as cash, stock or property dividends to the National Government. Such dividends accruing to the National Government shall be received by the National Treasury and recorded as income of the General Fund.
- 3) R.A. No. 8435 dated 22 December 1997 (Agriculture and Fisheries Modernization Act of 1997) – mandated the DBM to include annually in the next six (6) years, as part of the President's program of expenditures for submission to Congress, an amount not less than P17,000,000.00, for the implementation of said Act. Other sources of funds shall be from the following: (a) Fifty percent (50%) of the net earnings of the PEA.

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Apparently, the above-quoted provisions of law earmarked portions of the net earnings of the PEA for different purposes, resulting to more than 100% allocation thereof.

OPINION : The net earnings of the PEA should be remitted to the National Treasury and shall accrue to the General Fund, from which the requirements of R.A. Nos. 7279 and 8435 shall be sourced and accordingly appropriated pursuant to existing budgeting laws, rules and regulations.

Section 65 of Presidential Decree No. 1445 (The Government Auditing Code of the Philippines) as reiterated under Section 44, Chapter 4, Book VI of E.O. No. 292 (The Administrative Code of 1987) provides:

“Unless otherwise specifically provided by law, all income accruing to the departments, offices and agencies by virtue of the provisions of existing laws, orders and regulations shall be deposited in the National Treasury or in the duly authorized depository of the Government and shall accrue to the unappropriated surplus of the General Fund of the Government.”

Such legal mandate is applicable in this case since the pertinent provisions of R.A. Nos. 7279 and 8435 did not provide that the PEA earnings shall not accrue to the General Fund of the Government but, on the other hand, have merely identified that the PEA net earnings shall be a fund source for the projects/programs established thereunder.

REFERENCE: Letter of the Secretary dated 03 January 2002 to Hon. Ernest F.O. Villareal, Chairman, PEA

Recommended:


JANET B. ABUEL
Director, LLS

Approved:


EMILIA T. BONCODIN
Secretary