

# UPDATE ON THE STATUS OF ALLOCATION TO LOCAL GOVERNMENT UNITS (ALGU)

## FY 2018 INTERNAL REVENUE ALLOTMENT

**A**s of April 16, 2018, the Department of Budget and Management has released 99.99% of the FY 2018 IRA.

Most, if not all, of the revenue that a Local Government Unit spends is sourced from their IRA. For municipalities, their IRA makes up 90% of their total revenues. For cities, which have more sources of local revenues (i.e. property taxes and government fees), their IRA accounts for 50% to 70% of their total revenues.

The **FY 2015 Census of Population by Province, City, Municipality, and Barangay** and the **FY 2001 Master List of Land Area** were taken into consideration in the computation of the FY 2018 IRA allocation of LGUs.

### Priorities in the Use of the IRA and Other Local Resources

The IRA and other local resources must first cover the cost of providing basic services and facilities, particularly those devolved by the **DOH, DSWD, DA, DENR**, as well as other agencies of the National Government

Each LGU must appropriate in its Annual Budget no less than 20% of its IRA for development projects.



**P 522.75 billion**



### FY 2018 Internal Revenue Allotment

7.37% increase from FY 2017 IRA **P 486.89 billion**  
21.96% increase from FY 2016 IRA **P 428.62 billion**

An increased IRA means an increase in the Local Government Unit's capacity to provide social services and local infrastructure projects for their communities.

The DBM directly releases the IRA at the beginning of the year, which allows the Bureau of the Treasury to download the IRA efficiently to the LGUs' bank accounts.

The FY 2018 IRA of **P 522.25 billion** is divided among the following:

| No. of LGUs          | Amount in ₱ Billion |
|----------------------|---------------------|
| 82 Provinces         | 121.59              |
| 145 Cities           | 119.77              |
| 1,478 Municipalities | 178.13              |
| 41,902 Barangays     | 103.25              |

**43,607 recipient LGUs**

Source: LBM No. 75-A



Republic of the Philippines  
**Department of Budget and Management**

[www.dbm.gov.ph](http://www.dbm.gov.ph)

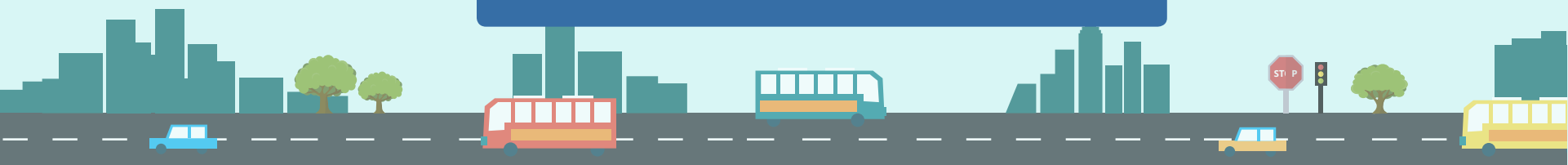
[www.facebook.com/DBMgovph](https://www.facebook.com/DBMgovph)

[www.twitter.com/DBMgovph](https://www.twitter.com/DBMgovph)

## FY 2018 SPECIAL SHARES OF LGUs IN THE PROCEEDS OF NATIONAL TAXES

**P 23.11 billion**

FY 2018 Special Shares of LGUs in the Proceeds of National Taxes



### Share in

### Appropriation

Tobacco Excise Tax (Virginia Tobacco) pursuant to R.A. No. 7171

P 12.89 billion

Tobacco Excise Tax (Burley and Native Tobacco) pursuant to R.A. No. 8240, as amended by R.A. No. 10351

P 2.93 billion

Utilization and Development of National Wealth under R.A. Nos. 7160 and 9513 (Forest Charges, Royalties from Mineral Reservation, Mining Taxes, Energy Resources)

P 3.98 billion

Gross Income Taxes paid by all Businesses and Enterprises within the ECOZONES pursuant to R.A. No. 7922

P 24.19 million

Incremental Collections from Value Added Tax pursuant to R.A. Nos. 7643 and 8424

P 3.29 billion

Value Added Tax in lieu of Franchise Tax pursuant to R.A. Nos. 6632, as amended by R.A. No. 7953 and R.A. No. 6331, as amended by R.A. No. 8407

P 2.19 million

## SHARE IN TOBACCO EXCISE TAX

Local Budget Memorandum No. 76 issued by the Department of Budget and Management on October 6, 2017 provided the guidelines on the release and utilization of the shares of Local Government Units from the collections of excise tax on locally-manufactured Virginia-type cigarettes under R.A. No. 7171 and Burley and Native Tobacco excise tax pursuant to R.A. No. 8240, as amended by R.A. No. 10351.

The funds are chargeable against the allocations to LGUs under the FY 2016 General Appropriations Act, R.A. No. 10717, Continuing Appropriations, and FY 2017 GAA, R.A. No. 10924.

The Local Budget Memorandum also emphasized the posting and reporting requirements to enhance transparency and accountability among the LGUs.

### STATUS OF RELEASE As of April 30, 2018

|   | APPROPRIATION          | SPECIAL ALLOTMENT RELEASE ORDER (SARO)* | NOTICE OF CASH ALLOCATION (NCA) | BALANCE**             |
|---|------------------------|---|---------------------------------|-----------------------|
| <b>FY 2017, General Appropriations</b>  | <b>P 17.07 billion</b> | <b>P 17.07 billion</b>                  | <b>P 9.33 billion</b>           | <b>P 7.74 billion</b> |
| Share in Tobacco Excise Tax (Virginia Tobacco) pursuant to R.A. No. 7171  | P 14.61 billion        | P 14.61 billion                         | P 7.86 billion                  | P 6.75 billion        |
| Share in Tobacco Excise Tax Pursuant to R. A. 10351 (Burley and Native Tobacco) including P 169.61 million for prior years' share of entitled cities and municipalities | P 2.46 billion         | P 2.46 billion                          | P 1.47 billion                  | P 985.54 million      |
| <b>FY 2016, Continuing Appropriations</b>   | <b>P 13.17 billion</b> | <b>P 13.17 billion</b>                  | <b>P 10.07 billion</b>          | <b>P 3.10 billion</b> |
| Share in Tobacco Excise Tax (Virginia Tobacco) pursuant to R.A. No. 7171  | P 11.15 billion        | P 11.15 billion                         | P 8.56 billion                  | P 2.59 billion        |
| Share in Tobacco Excise Tax Pursuant to R. A. 10351 (Burley and Native Tobacco) including P 169.61 million for prior years' share of entitled cities and municipalities | P 2.02 billion         | P 2.02 billion                          | P 1.51 billion                  | P 508.11 million      |

\*as of December 31, 2017

\*\*Release subject to compliance with requirements by the beneficiary LGUs



Republic of the Philippines  
**Department of Budget and Management**

[www.dbm.gov.ph](http://www.dbm.gov.ph)  
[www.facebook.com/DBMgovph](https://www.facebook.com/DBMgovph)  
[www.twitter.com/DBMgovph](https://www.twitter.com/DBMgovph)



Republic of the Philippines  
**Department of Budget and Management**

[www.dbm.gov.ph](http://www.dbm.gov.ph)  
[www.facebook.com/DBMgovph](https://www.facebook.com/DBMgovph)  
[www.twitter.com/DBMgovph](https://www.twitter.com/DBMgovph)

# USES OF THE FUND



## Shares of LGUs from the Collection of Excise Tax on Locally-Manufactured Virginia-Type Cigarettes under R.A. No. 7171

*The fund shall be utilized to advance the self-reliance of the tobacco farmers through:*

- Cooperative projects that will enhance better quality of products, increase productivity, guarantee the market, and, as a whole, increase farmers' income
- Livelihood projects particularly the development of alternative farming system to enhance farmers' income
- Agro-industrial projects that will enable tobacco farmers in the Virginia tobacco-producing provinces to be involved in the management and subsequent ownership of these projects such as post-harvest and secondary processing like cigarette manufacturing and by-product utilization
- Infrastructure projects, such as farm-to-market roads

## Shares of LGUs from the Collection of Burley and Native Tobacco Excise Tax pursuant to R.A. No. 8240, as amended by R.A. No. 10351

*The fund will be used exclusively for programs in pursuit of these objectives:*

- Programs that will provide inputs, training, and other support for tobacco farmers who shift to production of agricultural products other than tobacco including, but not limited to, high-value crops, spices, rice, corn, sugarcane, coconut, livestock, and fisheries
- Programs that will provide financial support for tobacco farmers who are displaced or who cease to produce tobacco
- Cooperative programs to assist tobacco farmers in planting alternative crops or implementing other livelihood projects
- Livelihood programs and projects that will promote, enhance, and develop the tourism potential of tobacco-growing provinces
- Infrastructure projects such as farm-to-market roads, schools, hospitals, and rural health facilities
- Agro-industrial projects that will enable tobacco farmers to be involved in the management and subsequent ownership of projects, such as post-harvest and secondary processing like cigarette manufacturing and by-product utilization

