



REPUBLIC OF THE PHILIPPINES

Department of Budget and Management
Malacañang, Manila

LOCAL BUDGET MEMORANDUM

No. 63

Date June 23, 2010

TO : The Provincial Governors, City and Municipal Mayors, Barangay Chairmen, Members of Local Sangguniang Bayan/Lalawigan and Local Finance Committees, Local Budget Officers, Treasurers and All Others Concerned

SUBJECT : **FY 2010 INTERNAL REVENUE ALLOTMENT (IRA) AND OTHER RELATED BUDGET PREPARATION MATTERS**

1.0 PURPOSE

This Memorandum is issued to:

- 1.1 Inform local government units (LGUs) of their share from the FY 2010 Internal Revenue Allotment (IRA) allocation to be used in the preparation of the FY 2011 local budgets; and
- 1.2 Prescribe the guidelines in the preparation of the FY 2011 local budgets.

2.0 GENERAL GUIDELINES

2.1 Allocation of the FY 2010 IRA

Pursuant to Section 284 of R.A. No. 7160, the Local Government Code of 1991, the IRA share of the LGUs out of the P 265,802,377,000 IRA level shall be broken down as follows:

Level of LGU	No. of LGUs	Share Equivalent to the 1992 Cost of Devolved Functions/City- Funded Hospitals	Share Determined on the basis of Section 285 of R.A. No. 7160	Total IRA Shares
Provinces	81	P 2,845,490,826	P 59,644,974,912	P 62,490,465,738
Cities	121	952,132,866	59,644,974,912	60,597,107,778
Municipalities	1,501	2,678,775,428	88,170,832,479	90,849,607,907
Barangays	41,890		51,865,195,577	51,865,195,577
Total	43,593	P 6,476,399,120	P 259,325,977,880	P 265,802,377,000

2.1.1 The IRA allocation to individual LGUs took into consideration the following:

2.1.1.1 The CY 2007 Census of Population based on the final report submitted by the National Statistics Office to the Office of the President.

2.1.1.2 Continued adoption of the CY 2001 Official Masterlist of Land Area submitted by the Department of Environment and Natural Resources – Land Management Bureau pursuant to the Oversight Committee Resolution No. 1, s. 2005 dated September 12, 2005.

2.1.1.3 Conversion of Municipality of Dasmariñas, Cavite into a component city by virtue of R.A. No. 9723 and was ratified on November 25, 2009.

2.1.2 The CY 2010 IRA by regions and by level of LGU is shown in Annex 1.

2.1.3 The complete listing of IRA shares of all LGUs can be accessed through this Department's official website (www.dbm.gov.ph). The LGUs in the respective regions shall be notified of their individual IRA allocation by the DBM Regional Offices.

2.2 FY 2011 PREPARATION OF LOCAL BUDGETS

2.2.1 For the purpose of preparing the FY 2011 budget of local governments, the IRA for FY 2010 of P265.8 Billion will be used as IRA level. This is the same level adopted in the distribution of the IRA starting January 2010.

2.2.2 However, the IRA distribution of LGUs may be adjusted subject to the receipt of the entry of judgment for the following cases:

- Finality of the decision by the Supreme Court in the case of abolition of the Province of Dinagat Islands in G.R. No. 180050;

- Finality of the decision by the Supreme Court in the case of League of Cities of the Philippines (LCP) et. al. vs. Commission on Election (COMELEC) et. al. in G.R. Nos. 176951, 177499 and 178056, to recall the May 21, 2009 entry of judgment affecting the following:

LGU	RA No.	Date of Ratification
Tabuk, Kalinga	9404	June 24, 2007
Batac, Ilocos Norte	9407	June 23, 2007
Tayabas, Quezon	9398	July 14, 2007
Bogo, Cebu	9390	June 16, 2007
Carcar, Cebu	9436	July 1, 2007
Naga, Cebu	9491	Sept 2, 2007
Guinhulungan, Negros Oriental	9409	July 14, 2007
Baybay, Leyte	9389	June 16, 2007
Catbalogan, Samar	9391	June 16, 2007
Borongan, Eastern Samar	9394	June 20, 2007
Lamitan, Basilan	9393	June 18, 2007
El Salvador, Misamis Oriental	9435	June 24, 2007
Mati, Davao Oriental	9408	June 19, 2007
Bayugan, Agusan del Sur	9405	June 21, 2007
Cabadbaran, Agusan del Norte	9434	July 28, 2007
Tandag, Surigao del Sur	9392	June 23, 2007

2.2.3 The FY 2011 Annual Budgets of LGUs shall be prepared in accordance with the forms, procedures and schedules prescribed under the 2008 Edition of the Budget Operations Manual (BOM) for LGUs, which is anchored on Section 354 of the 1991 Local Government Code.

2.2.4 The annual budgets of LGUs shall be prepared in accordance with the Local Budget Preparation forms prescribed in the said revised budget operating manual as follows:

- LBP Form No. 1 – Statement of Receipts (Annex 2)
- LBP Form No. 2 – Statement of Receipts and Expenditures (Annex 3)
- LBP Form No. 3 – Programmed Appropriation and Obligation by Object of Expenditure (Annex 4)
- LBP Form No. 3A – Consolidated Programmed Appropriation and Obligation by Object of Expenditure (Annex 5)
- LBP Form No. 4 – Personnel Schedule (Annex 6)

- LBP Form No. 5 – Functional Statements, Objectives and Expected Results (Annex 7)
- LBP Form No. 6 – Statement of Debt Service (Annex 8)
- LBP Form No. 7 – Statement of Statutory and Contractual Obligations and Budgetary Requirements (Annex 9)
- LBP Form No. 8 – Statement of Fund Operation (Annex 10)

2.2.5 Likewise, LGUs shall accomplish and submit the Annual Investment Program (AIP) which shall constitute the total resource requirements for the budget year including detailed annual allocation of Program/Project/Activity (PPA) in the annual slice of the Local Development Investment Program (LDIP) and the regular operational budget item broken down into Personal Services, Maintenance and Other Operating Expenses and Capital Outlay. The AIP form is hereto attached as Annex 11.

2.2.6 The FY 2011 annual budget of LGUs shall likewise mainstream the following:

- Gender and Development (GAD) plan in their programs, activities and projects that specify women's needs and GAD concerns pursuant to R.A. No. 7192 and DBM-NCRFW-DILG Joint Circular No. 2001-1.
- plans, programs, projects, activities and services that will address the needs of older persons and those with disabilities pursuant to the provisions of Section 32 of the FY 2005 GAA and R.A. Nos. 7432, 7876, and 7277;
- facilities that will enhance the mobility, safety and welfare of differently abled persons, pursuant to R.A. No. 7277 and Batas Pambansa Blg. 344;
- activities for monitoring/surveillance of the magnitude, distribution and progression of Acquired Immune Deficiency Syndrome (AIDS) pursuant to R.A. No. 8504; and

- implementation of the programs of the Local Councils for the Protection of Children (LCPC) pursuant to R.A. No. 9344.

2.3 USE OF THE IRA

2.3.1 As mandated under Section 17(g) of the Code, the IRA and other local resources shall first cover the cost of providing basic services and facilities enumerated under Section 17(b) thereof, particularly those devolved by the Department of Health, Department of Social Welfare and Development, Department of Agriculture and the Department of Environment and Natural Resources as well as other agencies of the National Government before applying the same for the other purposes.

2.4 SPECIAL SHARES

2.4.1 In addition to the IRA, some LGUs are entitled to the following special shares in the proceeds from national taxes which shall be integrated in the total resource budget of the LGU:

- Share in the proceeds from the utilization and development of national wealth within their territorial jurisdiction pursuant to Article 388 of the Implementing Rules and Regulations of R.A. No. 7160;
- Excise tax on Virginia Tobacco pursuant to R.A. No. 7171;
- Excise tax on Burley and Native Tobacco products pursuant to R.A. No. 8240;
- Gross income taxes paid by all businesses and enterprises within the ECOZONES pursuant to R.A. No. 7227;
- Value Added Tax pursuant to R.A. No. 7643; and
- Franchise Tax pursuant to R.A. Nos. 7953 and 8407.

2.4.2 LGUs are advised to coordinate with the appropriate revenue collecting agencies and government corporations to determine the amount of their share from the above mentioned taxes.

2.4.3 The revenue collecting agencies and the Bureau of the Treasury (BTr) are requested to submit to the DBM certification of tax collection on or before May 15 for purposes of budget preparation and provision of a budget cover.

3.0 SUBMISSION OF BUDGET SUMMARIES

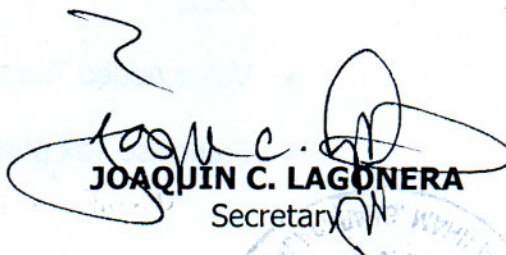
Provinces, special, highly-urbanized and independent component cities, as well as municipalities in Metro Manila shall submit to the Department of Budget and Management (DBM), through the DBM Regional Offices concerned, for FY 2009 (actual), FY 2010 (current program) and FY 2011 (proposed programs) using the forms as indicated in Annexes 1 to 11 of this Memorandum. The budget summary that will be submitted by the province shall contain the consolidated budgets of cities and municipalities within its geographical coverage. In the same manner, the budget summary that will be submitted by the cities and municipalities to their respective province shall contain the consolidated budgets of the barangays (to include newly created ones) within their geographical coverage.

4.0 PROVISION OF TECHNICAL ASSISTANCE

Technical assistance in the preparation of the FY 2011 Annual Budget may be requested from the DBM Regional Offices concerned.

5.0 The disbursement of funds out the IRA allocation and Special Shares in the Proceeds of National Taxes shall be subject to pertinent budgeting, accounting and auditing rules and regulations. Likewise, all procurements shall be made in accordance with the provisions of RA 9184 (The Government Procurement Reform Act).

6.0 Please be guided accordingly.


JOAQUIN C. LAGONERA
Secretary