



REPUBLIC OF THE PHILIPPINES

## Department of Budget and Management

Malacañang, Manila

MAR 12 2012

**HON. JOSEPH EMILIO A. ABAYA**

Representative, 1<sup>st</sup> District, Cavite  
Chairman, Committee on Appropriations  
House of Representatives  
Batasan Complex, Quezon City

Dear Chairman Abaya:

This pertains to your letter dated February 14, 2012, endorsing *(i)* referrals of legislators; and *(ii)* Sanggunian Resolutions of various local government units (LGUs), requesting President Benigno Simeon C. Aquino III, the Senate President, the Speaker of the House of Representatives and the Secretary of this Department to suspend the reduction of the Internal Revenue Allotment (IRA) in FY 2012.

The IRA share for the 43,592 LGUs is formula based pursuant to Sections 284 and 285 of Republic Act No. 7160, the Local Government Code of 1991. It represents the 40% share of local government units from the national internal revenue taxes (NIRT) collection from the third year preceding the current fiscal year. Hence, the FY 2012 IRA is based on the NIRT collections of FY 2009 as certified by the Bureau of Internal Revenue (BIR).

The level of the IRA is determined based on the BIR certification submitted to this Department annually indicating the amount of the *(i)* total NIRT collections of the base year; and *(ii)* 40% share of the LGUs. Per the BIR certification, the IRA share of the LGUs for the current year amounting to ₱273 Billion is 4.8% lower than the FY 2011 IRA shares of ₱286 Billion. Consequently, the corresponding share of the individual LGU decreased in 2012.

Finally, DBM finds no legal basis to suspend the reduction in the level of the IRA.

In view of the foregoing and in the absence of a legal basis, we regret that we cannot give due course on the request.

Very truly yours,

  
**FLORENCIO B. ABAD**  
Secretary

copy furnished:

**HON. MARIA CARMEN ZAMORA-APSAY**

Representative  
1<sup>st</sup> District, Compostela Valley  
House of Representatives, Quezon City

**HON. PEDRO P. ROMUALDO**

Representative  
Lone District, Camiguin  
House of Representatives, Quezon City

**HON. BASILIO A. VIDAD**

Mayor  
Municipality of Dinás  
Zamboanga del Sur

**HON. CAESAR IAN E. ACENAS**

Vice Mayor  
Office of the City Council  
Cagayan de Oro City

**HON. JOSE F. RODRIGUEZ**

Mayor  
Municipality of San Marcelino  
Zambales

**MR. LORIMER J. OLARIO**

Secretary to the Sanggunian  
Sangguniang Bayan of Polanco  
Zamboanga del Norte

**HON. JOHNNY FLORES S. BACONGALLO**

Mayor  
Municipality of Patnongon  
Antique

**HON. PAZ S. RAFANAN**

Vice Mayor  
Municipality of Villasis  
Pangasinan

**MR. NICOLAS P. BACOSA**

Secretary to the Sanggunian  
Sangguniang Bayan of Agutaya  
Palawan

**MR. KHALID A. ATEGA, JR.**

Secretary to the Sanggunian  
Sangguniang Bayan of Bacoor  
Brgy. Tabing Dagat, Bacoor, Cavite

**HON. ROMULO O. SOLIVIO**

Mayor  
Municipality of Surallah  
South Cotabato

**Asst. Directo MARIANO A. GABITO**

Department of Interior and Local Government  
A. Francisco Gold Condominium II  
EDSA corner Mapagmahal St., Diliman, QC

**HON. CESAR C. COLINA, SR.**

Mayor  
Municipality of Maragusan  
Compostela Valley

**HON. ROMMEL T. LABASAN**

Acting Mayor  
Municipality of Pinili  
Ilocos Norte

**HON. RICARTE R. PADILLA**

Mayor  
Municipality of Jose Panganiban  
Camarines Norte

**HON. NENITA M. SUYAO**

President  
League of Municipalities of the Philippines  
Bukidnon Chapter

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Mayor  
Municipality of Tukuran  
Zamboanga del Sur

**HON. MA. LUISA D. ROMUALDO**

Mayor  
Municipality of Mambajao  
Camiguin

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Secretary to the Sanggunian  
Sangguniang Panlalawigan of Marinduque  
Santol, Boac, Marinduque

**MR. JOSE P. CARRANCEJA**

Secretary to the Sanggunian  
Sangguniang Bayan of Daet  
Camarines Norte

**HON. BENJIE Y. BAGUIO**

Mayor  
Municipality of Kapatagan  
Lanao del Norte

**HON. ROEL O. PARAS**

Mayor  
Municipality of Malalag  
Davao del Sur

**HON. ANTONIO C. RODRIGUEZ, JR.**

Mayor  
Municipality of Capas  
Tarlac