

**Malacañang**

**MANILA**

**MEMORANDUM CIRCULAR NO. 61-A**

**AMENDING MEMORANDUM CIRCULAR NO. 61**

**PRESCRIBING THE GUIDELINES FOR THE IMPLEMENTATION OF  
R.A. NO. 7171 DATED JANUARY 9, 1992**

In order to insure the effective implementation of R.A. 7171, entitled "An Act to promote the Development of the Farmers in the Virginia Tobacco Producing Provinces", and providing for the share of such beneficiary provinces equivalent to 15% of the excise taxes on locally manufactured Virginia type cigarettes, the following guidelines are hereby promulgated:

**1.0 COVERAGE**

- 1.1 This implementing circular shall cover the Department of Budget and Management, the Bureau of Internal Revenue, the National Tobacco Administration, and Provinces producing Virginia Tobacco, including the local government units (municipalities and cities) of each province.

**2.0 FUNCTIONAL RESPONSIBILITIES OF CONCERNED AGENCIES**

- 2.1 The Department of Budget and Management shall:

- 2.1.1 Include in the Internal Revenue Allotment (IRA) portion of the National Expenditure Program (NEP) which shall serve as the basis for inclusion in the annual General Appropriations Act (GAA), an amount equivalent to 15% of the excise taxes on locally manufactured Virginia type cigarettes based on actual BIR collection for the second calendar year preceding the year of distribution.

- 2.1.2 On the basis of NTA certification, determine the (1) qualified beneficiary provinces and their respective local government units (municipalities and cities) by taking into account their average annual Virginia Tobacco production which should not be less than one million kilos, and (2)

compute the corresponding amount of their respective shares, based on the adjusted Virginia acceptances.

2.1.3 Taking into account the cash management and programming procedures, and budgetary constraints, to issue a funding check directly to the LGUS (province, cities and municipalities) of beneficiary provinces monthly, based on the Advice of Allotment released for this purpose.

2.2 The Bureau of Internal Revenue shall:

2.2.1 Collect and set aside the equivalent of 15% of the excise tax collection on locally manufactured Virginia type cigarettes for the second calendar year preceding the year of distribution;

2.2.2 Submit to the DBM for the purpose of budget preparation, a certification as to amount set aside not later than April 15 of the current year.

2.3 The National Tobacco Administration shall:

2.3.1 Implement a system for documentation and reporting of Virginia Tobacco production and Tobacco Acceptances by the Trading Centers in the beneficiary provinces, and such other information as may be deemed necessary for the purpose, viz., total volume of tobacco production per province, district, cities and municipalities.

2.3.2 Provide the Department of Budget and Management (DBM) and the Local Government Units (LGUs) concerned with a certification duly approved by the NTA Administrator, of Virginia Tobacco production and Virginia Tobacco acceptances by province, including congressional districts, cities and municipalities of each beneficiary province, for the immediate past year, provided, however, that such CERTIFICATION shall be submitted to the DBM not later than the first quarter of the current year.

2.4 Local Government Units

- 2.4.1 The Local Government Units (Province, municipalities and cities) of each beneficiary province shall proportionately receive from the province's share in accordance with 3.3.3.
- 2.4.2 The LGUs of the beneficiary provinces shall record separately the receipts and disbursements of funds in order to account the balance of the funds released to them.
- 2.4.3 The LGUs of the provinces concerned shall ensure that the projects to be implemented are duly approved by their legislative councils (Sangguniang Bayan, Panlalawigan, Panglungsod) through an appropriation ordinance or resolution.

### 3.0 GUIDELINES

- 3.1 Basis in the computation of fund equivalent to fifteen (15%) percent.
  - 3.1.1 The fund equivalent to fifteen (15%) percent of the excise taxes on locally manufactured Virginia type cigarettes shall be computed based on the actual collections, as certified by the Bureau of Internal Revenue (BIR), for the second calendar year preceding the year of distribution (budget year).
- 3.2 Determination of Qualified Beneficiary Provinces
  - 3.2.1 The qualified beneficiary provinces shall be determined by DBM based on their average annual production of not less than one million kilos for the immediate past two (2) years using as basis the CERTIFICATION duly approved by the NTA administrator.
  - 3.2.2 The initial year for purposes of determining the average annual production shall start in 1991 and onwards.
- 3.3 Financing and Remittance Scheme, and Utilization and Sharing.
  - 3.3.1 The fund allotted equivalent to the said fifteen (15%) shall be divided on a pro-rata basis among

such beneficiary provinces based on the respective annual volume of adjusted Virginia tobacco acceptances for the immediate past year as certified by the National Tobacco Administration. For purposes of determining the pro-rata shares, the immediate past year should be understood to mean two years preceding the budget year. If year 1994 is the budget year, two years preceding is year 1992.

3.3.2 The Department of Budget and Management shall release such share directly to the LGUs of the provinces concerned on a quarterly basis by way of issuance of Advice of Allotment and cash allocation by issuing a funding check on a monthly basis using the certification issued by the Bureau of Internal Revenue as to the amount of the said excise tax actually collected and remitted to the bureau of Treasury, subject to usual cash programming procedure and budgetary constraint.

3.3.3 The respective shares of the LGUs of a beneficiary province shall be distributed as follows:

30% to the provincial government of the beneficiary province;

40% to the municipalities and cities to be further distributed as follows: (a) 50% to be divided equally among all the municipalities and cities of the beneficiary province, and (b) 50% to be divided according to volume of their respective tobacco production;

30% to the municipalities and cities in the congressional districts of a beneficiary province in consultation with the representatives of the congressional districts of the province. The share of each congressional district shall be based on the volume of tobacco production within each district.

PROVIDED, that, 50% of the all shares accruing to the Local Government units are used for barangay economic development projects.

3.3.4 The respective shares of the LGUs of a beneficiary province shall be treated as a special account under the general fund of the LGUs of provinces to be utilized for the following projects:

3.3.4.1 Cooperative projects that will enhance better quality of products, increase productivity, guarantee the market and as a whole increase farmer's income;

3.3.4.2 Livelihood projects particularly the development of alternative farming systems to enhance farmers' income;

3.3.4.3 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; and

3.3.4.4 Infrastructure projects such as farm-to-market roads.

4.0 This Circular shall take effect immediately.

(Sgd.) **FIDEL V. RAMOS**  
President of the Philippines

By the President:

(Sgd.) **TEOFISTO T. GUINGONA, JR.**  
Executive Secretary

Manila, November 28, 1993