

NTA

BRIEFER FORM	Security Classification (if any): <input type="checkbox"/> Restricted <input type="checkbox"/> Confidential <input type="checkbox"/> Secret
File Number: DA PMS: _____	Subject: DA-NTA Joint Memo. Circular No. 2021-1 re: Guidelines on identifying Eligible and Specific Programs/Projects for Funding from the shares of Local Government Units (LGUs) from the collection of Tobacco Excise Taxes pursuant to RA No.7171 and RA No.8240, as amended by RA No. 10351, and as further amended by RA No. 11346 and List of Programs/Projects that may be funded under RA 7171.

For: The DA Secretary

From: Robert Victor G. Seares, Jr.
Administrator/CEO
National Tobacco Adm.

Date: February 4, 2022

Thru: The Chief of Staff

BACKGROUND:

1. In reference to the above, the undersigned respectfully submits the above documents for the consideration and/or approval/signature of the Honorable DA Secretary/Chairman of the NTA Governing Board
 - a. DA-NTA Joint Memo. Circular No. 2021-1 re: Guidelines on identifying Eligible and Specific Programs/Projects for Funding from the shares of Local Government Units (LGUs) from the collection of Tobacco Excise Taxes pursuant to RA No.7171 and RA No.8240, as amended by RA No. 10351, and as further amended by RA No. 11346.
 - b. List of Programs/Projects that may be funded under RA 7171.

ACTION REQUESTED:

2. For consideration and approval/ signature of the Honorable Secretary.

3BRIEFER RE: DA-NTA JOINT MEMORANDUM CIRCULAR (JMC) NO. 2021 -1
(GUIDELINES ON IDENTIFYING ELIGIBLE AND SPECIFIC PROGRAMS/PROJECTS FOR FUNDING FROM THE SHARES OF LOCAL GOVERNMENT UNITS (LGUs) FROM THE COLLECTION OF TOBACCO EXCISE TAXES PURSUANT TO REPUBLIC ACT (RA) NO. 7171 AND RA NO. 8240, AS AMENDED BY RA NO. 10351, AND AS FUTHER AMENDED BY RA NO. 11346

ACTION REQUESTED : APPROVAL/SIGNATURE OF THE JOINT MEMORANDUM CIRCULAR AND THE ATTACHED PROGRAMS AND PROJECTS

The DA-NTA JOINT MEMORANDUM CIRCULAR had been referred by the DA/OSEC to and passed the review of the DA LEGAL SERVICE and was APPROVED BY THE NTA GOVERNING BOARD, through Resolution No. 2048-2021, of 09 February 2021.

BACKGROUND INFORMATION:

EARLIER : The DA-DBM-NTA Joint Memorandum Circular 2020-1 was issued in June 2020 to govern the allocation, release, utilization by the beneficiary LGUs of their share, in accordance with the Menu, provided under RA Nos. 7171 and 8240, as amended.

Based on discussion with DBM, DA and NTA, as mandated, have to issue a Supplementary to the above JMC 2020-1, the Guidelines for identifying specific and eligible programs and projects that the beneficiary LGUs shall fund from their share from excise taxes, based on the menu under the existing laws.

THE Draft of the said DA-NTA Joint Memorandum Circular was referred by the DA/Chief of Staff to the DA Legal Service, approved, then returned to NTA to inalyze for signature of the concerned DA and NTA officials.

The FUND: Originally, Under RA No. 7171, the virginia tobacco growing LGUs are entitled to 15% of the total excise taxes collected, based on the certification issued by the BIR; AND , Under RA No. 8240, the burley and native tobacco LGUs, 15% of the increment in the said excise taxes.

Under the present law, RA 11346: A cap (maximum limit) has been provided to the above share of the LGUs, such as: PhP17 billion and PhP 4.0 billion of beneficiary LGUs of RA 7171 and 8240, effective 2022. The excise tax collection from locally manufactured tobacco increased to PhP147.5 billion, which is 8% higher than 2018's collection of PhP136.5 billion, where RA 7171 beneficiaries could have shared some PhP22.125 billion and PhP20.475 billion, respectively.

The DBM computes LGUs share, based on the official certification of the their volume of production, based on acceptances at NTA-licensed Trading Centers and buying stations, prepared/ submitted by the NTA and reviewed, approved and endorsed by the DA to the DBM.

ATTACHED: 1. DA-NTA Joint Memorandum Circular No. 2021-1.

2. List for Programs and Projects, as updated last 27 December 2021.



DUTIES OF THE DEPARTMENT OF AGRICULTURE UNDER RA No. 10351 (Sin Tax Reform Act), as implemented by DOF-BIR-DOH-DBM-DA Joint Circular No. 001-2014 (IRR of RA 10351)

RULE VI. Duties and Responsibilities of Concerned Agencies

(Sections 1 DOF; 2. BIR and BOC; 3. DOH; 4. PhilHealth; and. 5. DBM)

SECTION 6. Duties and Responsibilities of the Department of Agriculture (DA). In addition to its other duties that may be found elsewhere in these Rules, the DA in coordination with the National Tobacco Administration (NTA) shall:

- (a) Within one hundred twenty (120) days from the effectivity of these Rules , in coordination with the DBM, **issue guidelines identifying eligible and specific programs/projects** in accordance with Rule V hereof and with any network plan required under the General Appropriations Act or any other relevant plan or program of the DA. Such guidelines shall require among others, the submission by beneficiary LGUs of **Work and Financial Plans** as a funding requirement and **quarter reports on the status of projects/accomplishments**, which plans and reports shall include objectives and verifiable indicators, including but not limited to Global Positioning System (GPS) coordinates of intended and actual project sites and **photographs** of the works being constructed and/or upgraded.
- (b) **Implement an efficient system of documentation and reporting of tobacco production** (in kilograms) based on the record of acceptances by tobacco trading centers and other NTA-licensed buyers in the beneficiary LGUs;
- (c) **Endorse and submit to the DBM not later than April 15** of the current fiscal year,, copy furnished the LGUs concerned , a NTA-certified list of beneficiary tobacco producing LGUs and their corresponding volume of production (in kilograms) for the second year preceding the year of distribution to serve as basis for determining the respective shares of beneficiary LGUs; and,
- (d) Regularly update the **Registry of Tobacco Farmers** and post the same in the DA and NTA website.

RULE VIII. Reporting and Monitoring of Performance and Compliance

SEC 1. Annual Report. The DBM, DA, DOH and PhilHealth shall each submit to the Oversight Committee created under Republic Act No. 8240, an appropriate detailed report on the expenditure and utilization of the amounts earmarked under RA 10351 in the first week of August of every year. The report shall be simultaneously published in the Official Gazette and in the agency's website.

SEC. 2. Report on LGU Fund Utilization and Project Status. xxx

SEC. 3. Monitoring and Impact Assessment of LGU Fund Utilization. The DA in coordination with the NTA shall institutionalize a mechanism to monitor the utilization and **measure the impact** of the fund utilization to entitled LGUs in terms of benefits derived in accomplishing purposes set out in RA 7171 and 8240, as amended by the Act.

THIS WAS AFFIRMED UNDER THE PRESENT LAW AS IMPLEMENTED BY THE DA-DBM-NTA JMC, WHICH INCLUDED, THIS TIME, THE PROVISION OF ASSISTANCE THE CONDUCT OF PUBLIC CONSULTATION BY THE LGUS AND THE RESOLUTION IN CASE OF ISSUES ON APPROPRIATENESS/PROPRIETY OF PROJECTS