

**MALACAÑANG**  
**Manila**

**BY THE PRESIDENT OF THE PHILIPPINES**

**EXECUTIVE ORDER NO. 843**

**RELEASE OF THE FIFTEEN PERCENT (15%) SHARE OF BENEFICIARY LOCAL GOVERNMENT UNITS (LGUs) CONSISTING OF PROVINCES, CITIES, AND MUNICIPALITIES PRODUCING BURLEY AND NATIVE TOBACCO IN THE TOTAL INCREMENTAL REVENUE COLLECTED FROM THE EXCISE TAX ON TOBACCO PRODUCTS ACCUMULATED FROM 1997 TO 2007 AMOUNTING TO P6,370,708,183.73**

**WHEREAS**, it is the intention of Republic Act (R.A.) No. 8240 to benefit communities which have contributed to the production of native and burley tobacco;

**WHEREAS**, Section 8 of Republic Act (R.A.) No. 8240, which took effect on January 1, 1997 mandates that fifteen percent (15%) of the incremental revenue collected from the excise tax on tobacco products shall be allocated and divided among the LGUs producing burley and native tobacco in accordance with the volume of tobacco leaf production which shall be automatically released to them;

**WHEREAS**, the fund shall be exclusively utilized for programs in pursuit of the objectives as enumerated in the law;

**WHEREAS**, due to the absence of the implementing rules and regulations (IRR), no funds had so far been released to the beneficiary LGUs ever since the law was enacted in 1997 leaving an accumulated allocable share of P6,370,708,183.73 as of CY 2007;

**WHEREAS**, the unreleased amount corresponds to the 15% of the excess of the actual collection of excise taxes from tobacco products as computed according to the manner prescribed in the Revenue Regulations No. 15-2008 issued and certified by the Department of Finance – Bureau of Internal Revenue;

**WHEREAS**, in accordance with the above statutory mandate, the accumulated 15% allocable share amounting to P6,370,708,183.73 from the incremental revenue on tobacco products can now be released to the beneficiary LGUs producing burley and native tobacco without disrupting the fiscal targets of the country to maintain macroeconomic stability.



**NOW, THEREFORE, I, GLORIA MACAPAGAL-ARROYO**, President of the Republic of the Philippines, by the powers vested in me by law, do hereby order:

**SECTION 1. RELEASE OF THE ACCUMULATED SHARES OF THE BENEFICIARY LGUs FROM 1997 TO 2007.** The Department of Finance (DOF), Department of Budget and Management (DBM), Bureau of Internal Revenue (BIR) and National Tobacco Administration (NTA) shall all take the necessary steps to ensure that the beneficiary LGUs get their respective shares from the unreleased 15% of the incremental revenue from the excise tax on tobacco products for years 1997 to 2007 amounting to P6,370,708,183.73 either on installment basis for a period of seven (7) years starting FY 2010 up to FY 2016, or avail in advance their respective shares through a monetization program.

**SEC. 2. MONETIZATION PROGRAM.** The Monetization Program (MP), should this be availed of by the beneficiary LGUs, will give such beneficiaries the option to collect in advance from the trustee bank/s their respective shares at a discounted value, net of interest and other charges.

**SEC. 3. RESPONSIBILITIES.**

**A. Bureau of Internal Revenue. The BIR shall:**

- Submit to DBM a certification representing the 15% of the incremental revenue collected from the excise tax on tobacco products for the purpose of providing an appropriation cover.

**B. National Tobacco Administration. The NTA shall:**

- Submit to DBM a certification showing the list of burley and/or native tobacco production LGUs and its respective volume of acceptances (in kilograms) duly approved by the NTA administrator.

**C. Department of Budget and Management. The DBM shall:**

- Determine the share of each beneficiary LGU in the unpaid 15% of the incremental revenue on the basis of the BIR certification and NTA certification of volume of acceptances and issue the corresponding Notice of Payment Schedule (NPS) to inform the beneficiary LGU's of their shares and the schedule of payment.
- Provide an annual appropriation cover for the purpose.



**D. Department of Finance. The DOF shall;**

- Provide the letter of confirmation of the National Government that the P6,370,708,183.73 constitutes an obligation of the Republic of the Philippines.
- Favorably endorse to the Bangko Sentral ng Pilipinas or other regulatory agencies, as the case may be the application to secure the necessary financial features for the investment certificates that may be issued to improve the net proceeds to the beneficiaries.
- At the option of the recipient LGU, make arrangement with the trustee bank on the requirements for the opening of the necessary Special Trust Account; and
- Make available the facilities of the Bureau of the Treasury, including but not limited to, the Registry of Scripless Securities (RoSS), the Automated Debt Auction Processing System (ADAPS), and such other facilities as may be required and necessary for the auctioning process and the implementation of the Monetization Program.

**E. Government Financial Institution/s.** The government financial institution/s (GFI/s) designated by the recipient LGU for this undertaking shall serve as trustee bank/s for purposes of monetizing the shares of beneficiary LGUs. All transactions relative to the monetization program shall be undertaken in accordance with the existing accounting, auditing, and budgeting rules and regulations. A list of the beneficiary LGUs that availed of the MP shall be submitted to the DBM.

**F. Local Government Units.** The beneficiary LGUs which will enroll in the monetization scheme shall accomplish and submit the pertinent documents required in the monetization program.

**G. Commission on Audit.** The COA shall provide guidelines in the recording of the obligation in the books of account of the National Government.

**SEC. 4. SEPARABILITY CLAUSE.** If any section or provisions of this Executive Order shall be declared unconstitutional or invalid, the other sections or provisions not affected thereby shall remain in full force and effect.

**SEC. 5. EFFECTIVITY.** This Executive Order shall take effect immediately.



PGMA Hologram # 51511



Done in the City of Manila, this 5<sup>th</sup> day of November, in the year of the Lord, Two Thousand and Nine.

*Gloria M. Arroyo*



By the President:

*Ermita*

**EDUARDO R. ERMITA**  
Executive Secretary



PGMA Hologram # 51512