

MALACAÑANG
Manila

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 723

RELEASE OF THE AMOUNT OF TWELVE BILLION FIVE HUNDRED SEVENTY-SIX MILLION NINE HUNDRED THIRTY-EIGHT THOUSAND PESOS (P12,576,938,000.00) FOR THE INTERNAL REVENUE ALLOTMENT DIFFERENCE DUE TO THE REENACTMENT OF THE GENERAL APPROPRIATIONS ACTS IN FISCAL YEARS 2001 and 2004

WHEREAS, Section 6 of Article X of the Constitution and Section 284 of Republic Act (R.A.) No. 7160 or the Local Government Code of 1991 mandates that LGUs shall have a share in the national internal revenue taxes which shall be automatically released to them;

WHEREAS, due to the reenactment of the FYs 2000 and 2003 General Appropriations Acts in FYs 2001 and 2004, respectively, a total amount of P12,576,938,000.00 in Internal Revenue Allotment (IRA) shares of LGUs was not released;

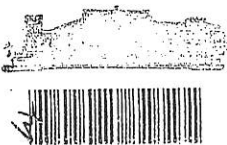
WHEREAS, the unreleased IRA amount corresponds to the difference between the National Expenditure Program levels computed according to the formula prescribed in R.A. No. 7160 and the appropriations for IRA under the reenacted budgets for FYs 2001 and 2004;

WHEREAS, in accordance with the above constitutional and statutory mandates, the IRA differential of P12,576,938,000.00 can be released without disrupting the fiscal and deficit targets of the country and thereby 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 IRA DIFFERENTIAL IN CYS 2001 AND 2004. The Departments of Finance, Budget and Management and Interior and Local Government shall take the necessary steps to ensure that the LGUs get their respective shares from the P12,576,938,000.00 unreleased IRA differential for FYs 2001 and 2004 either on installment basis for a period of seven (7) years starting FY 2009 up to FY 2015, or avail in advance their respective shares from the unreleased IRA through a monetization program.

SECTION 2. IRA MONETIZATION PROGRAM. The IRA Monetization Program (IMP) will give LGUs the option to collect in advance from the trustee banks



their respective shares from the P12.5 billion IRA differential at a discounted value, net of interest and other charges.

SECTION 3. RESPONSIBILITIES.

A. Department of Budget and Management. The DBM shall:

1. Determine the share of each LGU from the P12,576,938,000.00 unreleased IRA differential on the basis of the formula prescribed in R.A. No. 7160 and issue the corresponding Notice of Payment Schedule (NPS) to inform the LGUs of their share and the schedule of payment.
2. Compute the LGU shares based on the status of the LGUs existing in FYs 2001 and 2004. Conversions or creations of LGUs after FYs 2001 and 2004 respectively shall not be considered in the computation for the said years.

B. Department of Finance. The DOF shall:

1. Provide the confirmation letter of the National Government to acknowledge that the P12,576,938,000.00 constitutes an obligation of the Republic of the Philippines.
2. Favorably endorse to the Bangko Sentral ng Pilipinas and 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.
3. Open the necessary Special Trust with the trustee banks.
4. 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 IRA Monetization Program.

C. Department of the Interior and Local Government. The DILG shall provide assistance to the LGUs that will participate in the IRA Monetization Program and shall consolidate and submit to the DOF the relevant Subscription Agreement, if any, and the corresponding Sanggunian Resolution executed by the LGUs concerned that will state, among others, the Special Purpose Trust (SPT) to be constituted and designated, the authority of head of the LGU to bind the LGU for the IMP participation; and the trustee bank that will receive the proceeds of the monetized IRA.



D. **Government Financial Institutions.** The government financial institutions (GFIs) designated for this undertaking shall serve as trustee banks for purposes of receiving the proceeds of monetized IRA shares of LGUs. A Special Trust Account shall be established by the LGUs with the GFIs for the purpose. All transactions relative to the IRA Monetization Program shall be undertaken in accordance with the existing accounting, auditing and budgeting rules and regulations. A list of LGUs that availed of the IMP shall be submitted to the DBM.

E. **Local Government Units.** LGUs that will participate in the IMP shall accomplish and submit the pertinent documents required herein. The utilization of funds shall be in accordance with accounting, auditing, budgeting and procurement rules and regulations.

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

SECTION 4. SEPARABILITY CLAUSE. If any section or provision 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.

SECTION 5. EFFECTIVITY. This Executive Order shall take effect immediately upon publication in a national newspaper of general circulation.

DONE in the City of Manila this 12th day of MAY, in the year of our Lord, Two Thousand and Eight.

Gloria M. Arroyo



By the President:

Eduardo R. Ermita

EDUARDO R. ERMITA
Executive Secretary



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