REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTENRAL REVNEUE

Quezon City

9 July 2009

REVENUE MEMORANDUM CIRCULAR NO. 42 -2009

SUBJECT : Publishing the Full Text of the DOF-DBM-DILG-DENR Joint Circular No. 2009-1 on the Updated Guidelines and Procedures on the Release of the Share of Local Government Units from the Collections Derived by the National Government from Mining Taxes.

TO : To All Internal Revenue Officers, Employees and Others Concerned

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For the information and guidance of all internal revenue officers, employees and others concerned, hereunder is the full text of the DOF-DBM-DILG-DENR Joint Circular No. 2009-1 dated March 31, 2009.

"Republic of the Philippines
DEPARTMENT OF FINANCE
DEPARTMENT OF BUDGET AND MANAGEMENT
DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
DOF-DBM-DILG-DENR Joint Circular No. 2009-1
March 31, 2009

FOR : **The Governors, Municipal and City Mayors, Barangay Chairmen, Sanggunian Members and Other Local Government Officials; All Others Concerned**

SUBJECT : **UPDATED GUIDELINES AND PROCEDURES ON THE RELEASE OF THE SHARE OF LOCAL GOVERNMENT UNITS FROM THE COLLECTIONS DERIVED BY THE NATIONAL GOVERNMENT FROM MINING TAXES**

1.0 BACKGROUND

Under Section 290 of Republic Act (RA) No. 7160 and its Implementing Rules and Regulations, local government units (LGUs) are entitled to a 40% share from the gross collection derived by the National Government (NG) from the preceding fiscal year from mining taxes as defined under Chapter VII of the National Internal Revenue Code (NIRC), as amended.

2.0 PURPOSE

This circular is issued to streamline and update the guidelines and procedures for the release of LGUs' shares particularly from mining taxes.

The specific objectives are as follows:

2.1 To expedite the processing and release of the LGUs' allocable shares from the mining taxes thru a simplified process with timeframe requirements.

2.2 To enhance the correctness and accuracy of mining tax collections for purposes of ensuring that the full benefits from these tax collections will be received by the concerned LGUs.

2.3 To clarify the roles and responsibilities of all the national government agencies involved in the implementation of this Circular.

2.4 To amend the provisions of DBM-DOF-DENR-DOE Joint Circular No. 2006-1 dated February 13, 2006 relative to the guidelines and procedures on the release of the shares of LGUs from the development and utilization of national wealth, particularly collections of mining taxes.

3.0 ROLES AND RESPONSIBILITIES

The following national government agencies shall endeavor to establish and share among themselves on a timely basis, information and an updated database to facilitate the exchange of information needed for the smooth and reliable processing and release of the shares of LGUs from mining taxes.

3.1 Department of Finance – Bureau of Internal Revenue (BIR), shall

3.1.1 Submit to the Department of Budget and Management (DBM), in coordination with DOF, for budget preparation purposes, the estimated or projected mining tax to be collected for the current year and the corresponding forty percent (40%) share of the LGUs on or before March 15 of every year. The said estimated or projected mining tax collection shall be equivalent to the amount of excise tax from the mining industry allocated from the total revenue target of the BIR.

3.1.2 Prepare and approve a Joint Certification with the Bureau of the Treasury (BTr), for budget execution purposes, the actual collections from mining taxes during each calendar quarter and the schedule of the corresponding shares of the beneficiary LGUs. The said certification shall be transmitted to the BTr, for validation and approval purposes, within seventy five (75) days immediately after the end of the calendar quarter.

In the preparation of the said schedule of shares of certain LGUs where the mining sites/operations are located in two (2) or more provinces, or in two (2) or more component cities, or in two (2) or more barangays, the updated masterlist of land area officially issued by the Land Management Bureau (LMB) and the updated census of population officially issued by the National Statistics Office shall be adopted as basis in computing the allocable share of the affected LGUs.

3.1.3 Determine the correct mining taxes paid and collected during the immediately preceding year based on the estimated and actual volumes and values of the mineral products submitted by the MGB.

3.2 Department of Finance - Bureau of the Treasury (BTr), shall

3.2.1 Validate and approve the Joint Certification transmitted by the BIR within thirty (30) days immediately after receipt thereof. The said certification shall be validated from the reports transmitted by the BTr Regional Offices and Authorized Agent/Government Depository Banks.

3.2.2 Transmit to the DBM the duly validated and approved Joint Certification within forty five (45) days immediately after the actual receipt of said certification and schedule of LGU shares from the BIR.

3.2.3 Furnish the BIR a copy of the validated and approved Joint Certification accompanied by the summary of recorded mining tax deposits and/or collections and the Journal Entry Voucher issued representing total BIR

collections, within fifteen (15) days from transmittal thereof to the DBM.

3.3 Department of Environment and Natural Resources (DENR)

Mines and Geosciences Bureau (MGB), shall

3.3.1 Furnish the BIR not later than the end of February, the estimated annual volumes and values of metallic mineral production of mining companies for the current year.

3.3.2 In order to assist in the enhancement of the mining tax collections, furnish the BIR not later than the end of March, the actual volumes and values, on a per project basis, of metallic minerals produced during the immediately preceding year.

For non-metallic minerals, the actual volumes and values of production, on a per permittee/project basis during the immediately preceding year, shall be furnished to the BIR not later than the end of October of the ensuing year.

3.3.3 Provide the BIR, within 60 days after the end of each quarter, the list of new metallic permittees, actual volumes and values of their respective production and extraction sites.

Land Management Bureau (LMB), shall

3.3.4 Furnish the BIR an updated copy of the consolidated masterlist of land area not later than December 15 of every third year after CY 2001, after coordination with the DBM.

3.4 Department of the Interior and Local Government (DILG) – Bureau of Local Government Supervision (BLGS), shall

3.4.1 Prepare and submit to the BIR not later than the 15th day of May, the validated list of actual extraction sites of all non-metallic mineral products with a summary of LGUs where such production/extraction originated.

3.4.2 Enjoin the Local Chief Executives (LCEs) to ensure submission by mining permittees of the quarterly production and sales report form to the MGB Regional Offices.

3.4.3 Furnish the DBM, BIR and BTr with the updated masterlist of LGUs during the 1st quarter of each year.

3.5 Department of Budget and Management (DBM) – Regional Operations and Coordination Service (ROCS) and Regional Offices (ROs), shall

3.5.1 Program, for budget preparation purposes, the amount representing the LGUs' shares of the mining taxes in the budget of the following year, based on the estimated or projected mining taxes to be collected for the current year and the corresponding 40% share of the LGUs submitted by the BIR.

3.5.2 Release the shares of the LGUs in the mining taxes by issuing the allotment and the corresponding cash allocation based on the Joint Certification issued by the BIR and BTr of mining tax collections and the schedule of the corresponding shares of the beneficiary LGUs. The Funding Check shall be deposited to the Government Servicing Banks (GSBs) for direct credit to the account of the beneficiary LGUs.

3.5.3 Release the LGUs' shares based on the Joint Certification issued by the BIR and BTr of mining tax collections during the first three (3) quarters of the calendar year in February of the ensuing year. Releases based on mining taxes collected during the fourth quarter shall be released in May of the ensuing year.

4.0 DISTRIBUTION OF SHARES OF LGUs

4.1 Pursuant to Section 292 of R.A. No. 7160, the 40% share of the LGUs from the preceding year's collections of mining taxes shall be distributed as follows:

Particulars	% of Distribution				
	Province	Component City/ Municipality	Highly Urbanized/ Independent Component City	Barangay	Total
Where the natural resources are located in the Province and in one city/municipality/ Barangay	20	45		35	100
Where the natural resources are located in a highly urbanized or independent component city and in one barangay			65	35	100
Provided, however, that where the natural resources are located in two (2) or more provinces, or in two (2) or more component cities or municipalities, or in two (2) or more highly urbanized or independent component cities or in two (2) or more barangays, their respective shares shall be computed on the basis of:					
Population			70		
Land Area			30		

5.0 FUNDING SOURCE

5.1 The 40% share of LGUs from the gross mining tax collections derived by the national government from the preceding fiscal year shall be released chargeable against the current year's General Appropriations Act.

6.0 TIMELINES FOR THE SUBMISSION, PROCESSING AND RELEASE OF THE SHARES OF LGUs

Period	BIR Submission of Joint Certification to BTr	BTr Validation and Submission of Joint BIR & BTR Certification to DBM	Release of Funds by DBM
1ST Qtr. Collection (March 31 of the current year)	June 15 of current year	July 31 of current year	Within February of ensuing year
2nd Qtr. Collection (June 30 of the current year)	September 15 of current year	October 31 of current year	
3rd Qtr. Collection (September 30 of the current year)	December 15 of current year	January 31 of ensuing year	
4th Qtr. Collection (December 31 of the current year)	March 15 of ensuing year	April 30 of ensuing year	Within May of ensuing year

7.0 EFFECTIVITY CLAUSE

This Joint Circular shall take effect immediately.

MARGARITO B. TEVES
Secretary
Department of Finance

ROLANDO G. ANDAYA, JR.
Secretary
Department of Budget and Management

RONALDO V. PUNO
Secretary
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SILG09-001071

JOSE L. ATIENZA, JR.
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SENR-019742

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All revenue officials and employees are enjoined to give this Circular as wide a publicity as possible.

(Original Signed)
SIXTO S. ESQUIVIAS IV
Commissioner of Internal Revenue

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