

GUIDELINES ON THE COMPUTATION, REMITTANCE AND REPORTING PROCEDURES

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Pursuant to Chapter 2, Section 290 of the Local Government Code of 1991 granting share to Local Government Units (LGUs) on the gross collection derived by the National Government from mining taxes, royalties, and such other taxes, fees or charges including related surcharges, interests or fines, and from its share in any co-production, joint venture or production sharing agreement in the utilization and development of the national wealth within their territorial jurisdiction, following are the guidelines on the computation, remittance and reporting procedures for the information of all concerned:

A. Share of the Local Government Units from any Government-Owned or Controlled Corporation (GOCC)

1. The share of the LGUs from the proceeds derived by any GOCC engaged in the exploration and development of coal and geothermal shall be computed quarterly at one per cent (1%) of the gross proceeds, or 40% of the Office of Energy Affairs (OEA) share including related surcharges, interests or fines.
2. The aforesaid share shall be directly remitted by such GOCC to the provincial, city, municipal or barangay treasurer concerned within five (5) days after the end of each quarter. Within 3 days from the date of remittance, the GOCC concerned shall furnish the Treasurer of the Philippine with a copy of the remittance advice.
3. The aforesaid remittance to the LGUs shall be deducted from the total OEA share and the corresponding official receipts issued by the treasurer of the LGU shall be attached to the quarterly reports submitted by the GOCC to OEA with corresponding remittance of net OEA share.
4. In case of assessment of additional OEA share resulting from our examination of the revenues and expenditures reported by the GOCC, the share of the LGU shall be computed based on the final assessment. The OEA has the right to adjust any previous remittances made by the GOCC to the Local Government Units as a result of our audit.

B. Share of LGUs from Private Holders of Coal Operating Contracts, Geothermal and Petroleum Service Contracts - The computation and remittances of the share of LGUs from private holders of coal operating contract, geothermal and petroleum contract shall be in accordance with Article 390 of the rules and regulations implementing the Local Government Code which is hereby quoted:

"a) The computation of 40% share of each LGU in the proceeds from the development and utilization of coal from the preceding year, indicating the corresponding share of each province, city, municipality, and barangay where the national wealth is being developed and/or utilized, shall be submitted by the revenue collecting agencies (OEA) to DBM not later than the fifteenth (15th) of March of each ensuing year.

b) The allotment representing the share of each LGU shall be released without need of any further action, directly to the provincial, city, municipal, or barangay treasurer, as the case may be, on a quarterly basis within five (5) days after the end of each quarter, and which shall not be subject to any lien or holdback that may be imposed by the National Government."

Accordingly and in accordance with the above provisions, all claims of LGUs share from private holders of Coal

Operating and Service Contracts shall be submitted directly to the Department of Budget and Management (DBM).

For your information and guidance.

Adopted: 3 Sept. 1992

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