

**[DBM CIRCULAR LETTER NO. 2002-11, MAY 17,
2002, May 17, 2002]**

**CLARIFICATION ON THE NON-IMPLEMENTATION OF EXECUTIVE
ORDER NO. 190**

1.0 The Government Service Insurance System (GSIS) has requested clarification from the Department of Budget and Management (DBM) on whether or not Executive Order (EO) No. 190 was implemented.

2.0 EO No. 190, dated 21 December 1999, directed the DBM to remit directly the contributions and other remittances of local government units (LGUs) to the concerned National Government Agencies (NGAs), Government Financial Institutions (GFIs) and Government Owned and/or Controlled Corporations (GOCCs). This EO authorized DBM to deduct from the Internal Revenue Allotment (IRA) of LGUs the said premium contributions,

3.0 In view of the strong objections of the Union of Local Authorities of the Philippines (ULAP), the umbrella organization of the leagues of local government units, DBM did not implement the provisions of EO No. 190. Subsequently, EO No. 9 dated 29 March 2001 was issued, revoking, among others, the provisions of EO. No. 190.

4.0 We, therefore, would like to clarify that no deductions for the payment of premium contributions and withholding taxes of local governments were made from the IRA of LGUs. Thus, no remittances were made by DBM to GSIS, Bureau of Internal Revenue (BIR), Home Development Mutual Fund (HDMF) and Philippine Health Insurance Corporation (Philhealth) for the purpose.

5.0 The LGUs are therefore mandated to directly remit the contributions to GSIS, HDMF and Philhealth.

Adopted: 17 May 2002

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Secretary