

**DOF-DBM Joint Circular
No. 2000-2
April 04, 2000**

FOR : All Heads Of Departments, Bureaus, Commissions, Agencies, Offices And Instrumentalities Of The National Government, Including Government-Owned Or Controlled Corporations

SUBJECT : Implementing Rules And Regulations For Executive Order Nos. 197 And 218.

1.0 PURPOSE

This Circular is issued to promulgate the rules and regulations implementing Executive Order No. 197, dated January 13, 2000, directing all departments, bureaus, commissions, agencies, offices and instrumentalities Government, including government-owned or controlled corporation increase their rates of-fees and charges by not less than twenty (20%) percent and Executive Order No. 218, dated March 15, 2000, reactivating the Task Force on Fees and Charges and providing guidelines for the review of the proposed rate increases of fees and charges under EO 197.

2.0 SCOPE

This Circular shall apply to all national government departments, bureaus, commissions, agencies, offices and instrumentalities of the National Government, including government-owned or controlled corporations rendering services to the public for a fee or charge. It shall not, however, apply to the follows:

2.1 Fees and imposed by the Department of Foreign Affairs for the processing of passports of Overseas Filipino Workers;

2.2 Fees and changes related to constitutionally mandated free or subsidized services charged by departments, bureaus, offices, units, and agencies, including government-owned and controlled corporations, such as in education, (government colleges and universities and in health services to paupers; and

2.3 Services exempted by international Agreements.

3.0 DIFINITION OF FEES AND CHARGES

3.1 Fees and charges refer to levies imposed on direct recipients of public goods and services by agencies and GOCCs in the exercise of mandated regulatory and service delivery functions.

4.0 DETERMINATION OF RATES

4.1 The rates of fees and charges shall be revised at just and reasonable rates sufficient to recover the full costs of services rendered. The upgrading of rates shall in no case be less than (20%) percent except as may be determined by the Task Force on Fees and Charges.

4.2 In determining the rates of fees and charges to be recommended for adoption when to recover the full cost of the services rendered, the increase is beyond 20%, the following factors shall be taken into consideration.

- a) the direct cost of rendering the service based on current appropriation which shall include, the cost of supplies and materials; salaries and wages of personnel directly involved in the overhead costs of

the agency or department including the depreciation costs of equipment used

- b) the length of time the fee or charge has not been revised;
- c) the fees and charges imposed by other national government bureaus, agencies, offices or government-owned or controlled corporations for similar or comparable services.

4.3 The revised rates, shall whenever practicable, be uniform for similar or comparable services and functions offered by other government entities. They shall also approximate the cost of comparable services being offered by private sector entities. Some of the criteria that can be considered to determine comparability are the value of manpower resources used; the technology adopted; and the equipment required in rendering the service.

4.4 The proposed revised rates shall, if required by the government entity's charter or where appropriate, such as when the proposed revisions are expected to have a significant social impact, be subjected to a public hearing before approval. In cases where the conduct of a public hearing is not mandated by law, this shall be upon the discretion of the Department Secretary or head of the entity concerned.

5.0 APPROVAL AND EFFECTIVITY OF THE REVISED RATES

5.1 The revised rates shall be subject to the approval of the Department Secretary concerned or his equivalent. In the case of national government agencies that are not attached to a specific department or equivalent agency, the revised rates shall be approved by the highest ranking

official. In the case of GOCCs, the revised rates shall be approved by their governing boards: Provided, however, that in cases where the proposed revisions are reviewed by the Task Force on Fees and Charges as provided for in item 7.4 below, the Task Force recommendations shall be taken into consideration before the revisions are approved.

5.2 The revised rates shall become effective 15 days following the completion of the public information and publication requirement under item 6.1 below.

6.0 PUBLIC INFORMATION, PUBLICATION AND IMPLEMENTATION

6.1 Upon approval of the revised rates, the national government agency or GOCC shall inform the public of such revised rates by publishing them in a newspaper of general circulation in the Philippines or by posting the schedule in a conspicuous place in their respective office premises, both at the head or central office and in all field or branch offices nationwide. Such schedule of rates shall be accompanied by a list of the services to be provided by the agency together with the frequency/time when the service is to be delivered.

7.0 RESPONSIBILITY OF THE TASK FORCE ON FEES AND CHARGES

The Task Force on the Revision of Fees and Charges created under Administrative Order No. 255 issued on February 20, 1996 shall immediately be reactivated and reconstituted per provisions of EO No. 218 and shall have the following composition: Department of Finance (Chair), Department of Budget and Management (Co-Chair), Bureau of the Treasury, National Tax Research Center and Commission on Audit. It shall have the following additional functions:

- 7.1 Monitor compliance with EO 197 and subsequent revisions of fees and charges.
- 7.2 Provide technical assistance in upgrading the rates of fees and charges upon request of the agency concerned.
- 7.3 Pass upon any request for exemption from EO 197 based on the following:
- a) Present fees are already at full cost or almost at full cost so that any increase to achieve the levels of full cost recovery shall be less than the required twenty (20%) percent.
 - b) The agency has already increased its rates of fees and charges within the last twelve (12) months from the effectivity of EO 197 the rate of increase was at least 20 percent, provided, however, that the exemption that may be granted on this basis shall cease after twelve months following said effectivity date.
 - c) Any other strong justification, such as probable significant negative impact of the mandated increase on the common good and public welfare; in such cases, the exemption shall be subject to final approval by the Secretary of Finance and Secretary of Budget and Management
- 7.4 Review and recommend, on a continuing basis, the adjustment of the fees and charges of certain agencies, before the same and approved by the Department of Head of Agency concerned, based on the following criteria:
- a) The agency's collections from fees and charges represent a major contribution to government revenues.

- b) The fees collected by the agency are socially sensitive.
- c) The fees have not been adjusted for the last five years from the effectivity of EO No. 197.
- d) The fees are not intended merely to recover costs but rather, or also to fulfill a regulatory function or control a particular activity.

The National Tax Research Center (NTRC) head the Inter-Agency Technical Secretariat of the Task Force.

8.0 REPORTING OF COMPLIANCE

- 8.1 Heads of national government agencies and GOCCs shall submit a report on the revision of rates as approved and implemented, to the Task Force on the Revision of Fees and Charges, through the National Tax Research Center (NTRC), copy furnished the Department of Budget and Management through the Budget Programming Service, not later than 30 days after its effectivity. The report shall both the old and new/revised rates presented comparatively and the estimated amount of collections expected as a result of the new rates. It shall also be accompanied by the study/computation used for recovering costs of the delivery of services.
- 8.2 In submitting their annual budget proposals to the DBM, national government agencies and GOCCs shall include the estimated revenues from fees and charges, disclosing the incremental revenues from the revised rates which are proposed to be levied for the budget year.

9.0 MONITORING OF COLLECTION

The Bureau of the Treasury shall closely monitor the collections of fees and charges remitted by various agencies. It shall prepare a quarterly report of collections based on the daily report of deposited collections submitted by authorized agent banks and compare these with the expected amount of collections submitted to the DBM. Likewise, GOCCs shall prepare a similar quarterly report of collections and submit this to the Bureau of the Treasury.

10.0 REPEALING CLAUSE

All Circulars or parts thereof which are inconsistent with this Circular are hereby repealed or modified accordingly.

11.0 EFFECTIVITY

This Circular shall take effect immediately.

(Sgd.) BENJAMIN E. DIOKNO
Secretary
Department of
Budget and Management

(Sgd.) JOSE T. PARDO
Secretary
Department of
Finance