

JOINT MEMORANDUM CIRCULAR NO. 001-2022

IMPLEMENTING GUIDELINE FOR THE EFFICIENT SYSTEM OF DOCUMENTATION AND REPORTING OF TOBACCO ACCEPTANCES AND ISSUANCE OF CERTIFICATE OF TOBACCO PRODUCTION

WHEREAS, excise taxes on tobacco accounts to an average of 0.53% of the Annual Gross Domestic Products and a specific portion of excise tax collection is allocated to the tobacco-producing local government units (LGUs) based on the volume of production as certified by the NTA and endorsed by the Department of Agriculture as basis for the Department of Budget and Management (DBM) in the computation of LGU shares.

WHEREAS, the LGUs are greatly benefitted from the tobacco excise tax collections as they will have the necessary funds to implement the programs and projects specifically enumerated or allowed under R.A. Nos. 7171 and 8240, as amended.

WHEREAS, the NTA observed that based on the Purchase Invoice Vouchers (PIVs), tobacco production for LGUs do not jive with the tobacco area actually planted with tobacco as reported by the different NTA Branch Offices. Based on the PIVs, some LGUs tend to either exceed or fall short the national average tobacco production per hectare. Thus, LGUs which exceeds the national average have higher share of excise tax while LGUs with recorded below the average production are deprived of their legitimate share.

In order to resolve the discrepancies in the recording of tobacco production, the DA and NTA deemed it necessary to adopt an efficient system of documentation, reporting and issuance of certification of tobacco production.

LEGAL BASES:

On January 9, 1992, Republic Act No. 7171 (An Act to Promote the Development of Farmers in the Virginia Tobacco Producing Provinces) was adopted to extend special support to the farmers of the Virginia tobacco-producing provinces from the proceeds of excise tax collections on locally manufactured Virginia-type cigarettes through cooperative, livelihood, agro-industrial and infrastructure projects.

On November 21, 1996, Republic Act No. 8240 (An Act Amending Sections 138, 140 and 142 of the National Internal Revenue Code), likewise allocated to extend special support to the farmers of the Virginia tobacco-producing provinces through cooperative, livelihood and agro-industrial projects. The shares of the tobacco-producing provinces shall be computed by the Department of Budget and based on the NTA records of acceptances at the tobacco trading centers/buying stations.

Both RA Nos. 7171 and 8240 were amended by Republic No. 10351 to include fund utilization for the provision of inputs, trainings and other support for tobacco farmers who shall shift to production of other agricultural products, financial support for tobacco farmers who are displaced or who cease to produce tobacco, alternative farming and agro-tourism.

Pursuant to RA 10351, DOF-BIR-DOH-DBM-DA Joint Circular No. 001-2014 was adopted on January 30, 2014. Section 6 of Rule VI of the Joint Circular mandates the Department of Agriculture and the NTA to implement an efficient system of documentation and reporting of tobacco production and to endorse and submit to the DBM the list of beneficiary LGUs and their corresponding volume of production.

In view of the foregoing, the following implementing guideline is hereby adopted for the information and compliance by all concerned, to wit:

Section 1. Short Title. This guideline shall be known as the "Tobacco Production Documentation and Certification Guideline".

Section 2. General Purpose. This guideline is hereby promulgated to ensure the effective and efficient implementation in the documentation and reporting of tobacco acceptances and issuance of certificate of tobacco production pursuant to RA Nos. 7171 and 8240, amended by RA No. 10351, as implemented by DOF-BIR-DOH-DBM-DA Joint Circular No. 001-2014.

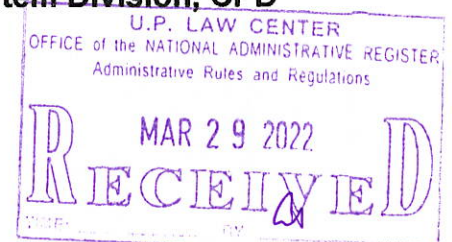
Section 3. Specific Purposes. This guideline is adopted for the following specific purposes, to wit:

- a. Enhancement of existing documentation procedures for a more efficient monitoring and recording of tobacco acceptances vis-à-vis verification of area of tobacco production;
- b. Improvement of processes in the validation and verification of areas with standing tobacco crops; and
- c. Adoption of documentation system of tobacco production, in addition to the data generated from the Purchase Invoice Vouchers (PIVs), such as the use of modern technologies, i.e., Global Positioning System (GPS) and/or other cloud-based and analysis applications/solution that will provide precise position, monitor and assess growth progress of tobacco area to ensure high-accuracy estimation on the volume of tobacco production per barangay/municipality/province.

Section 4. Coverage. This guideline shall cover the Tobacco Production starting Crop Year 2021-2022. Specifically, the certificate of tobacco production shall cover the tobacco acceptances starting with Trading Year 2022.

Section 5. Creation of National Technical Committee (NTC). There shall be created a National Technical Committee which shall be composed by:

1. **Chairman** - NTA Administrator/CEO
2. **Vice-Chairman** - Deputy Administrator for Operations
3. **Members** -
 - Manager, Regulation Department
 - Manager, Corporate Planning Department
 - Manager, Finance Department
 - Manager, Farm Technology and Services Department
 - Manager, Industrial Research Department
 - Representative from the Branch Offices' Managers to be designated by the Administrator/CEO upon the recommendation of the DAOP.
 - Chief TPRO, Tobacco Leaf Regulation Division, RD
 - Chief, Management Information System Division, CPD



The NTC shall be primarily responsible in the consolidation and safeguarding of the data generated from the implementation of this guideline. They shall have the authority to verify all submissions of the NTA Branch Offices relative to this guideline and shall act as an advisory committee for the proper and efficient implementation thereof. All matters related with this guideline shall be resolved by the NTC and their decision shall be final and executory.

The NTC shall convene annually not later than February 28 of each year. Upon the call and discretion of the Chairman or upon the request of any of its Members, the NTC may conduct as many meetings as may be necessary.

Section 6. Creation of Branch Office Joint Monitoring Team (JMT). A Joint Monitoring Team (JMT) for each NTA Branch Office shall be created to be composed by:

1. **Chairman** - **NTA Branch Manager (most senior in terms of appointment)**
2. **Co-Chairman** - **NTA Branch Manager (in case a province has two (2) NTA Branch Offices)**
3. **Members** - **Buying Station Representative with the highest tobacco acceptances for the last three (3) years.**
 - **Branch Office Chief Agriculturists or next in rank. In case a province has two NTA Branch Offices, both Chief Agriculturists shall seat as Members**
 - **Provincial Agriculturist of the province where the NTA Branch Office is located.**
 - **One (1) Municipal Agriculturist chosen from the municipality with the highest volume of production from the immediately preceding tobacco season.**



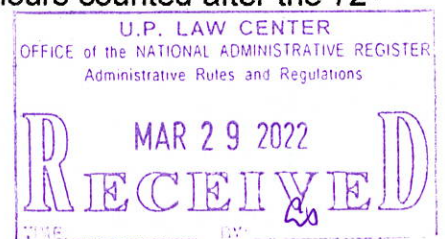
The JMT shall have the responsibility to:

1. Maintain and update the Branch Level record of tobacco production area, and by type, list of farmer-cooperators;
2. Conduct ocular inspection of the said tobacco production areas and the existence of farmer-cooperators;
3. Prepare the monitoring form as herein provided;
4. Responsible and primarily accountable in the authenticity of the branch level records of tobacco production;
5. Submit periodic reports to the National Technical Committee or as often as directed by the NTC; and
6. Perform such other duties and responsibilities as may be necessary and desirable under this guideline as directed by the NTC.

The JMT shall conduct joint monitoring of tobacco production areas at least three (3) times during the tobacco season, as follows:

1. 20 to 25 days after transplant;
2. 30 to 35 days after transplant' and
3. At least 7 days prior to harvesting;

In case of force majeure, the JMT shall immediately convene within 72 hours after the occurrence of force majeure and conduct mandatory joint monitoring of affected areas to determine extent of damage. A report of the joint monitoring during force majeure shall be submitted to the National Technical Committee within 24 hours counted after the 72-hour period as above mentioned.



Section 7. Data Base Generation Procedure. The first procedure to be adopted under this guideline is the establishment of an annual data base creation as to tobacco production area, size, specific location of farm area, tobacco type and subtype and names and other personal circumstances of tobacco farmers.

The process of data base generation shall involve the following, to wit:

- 1) data acquisition of existing and available data from the NTA Farm Technology and Services Department, Regulation Department, Industrial Research Department, Branch Offices, LGUs and list of contracted farmers and record of acceptances of licensed tobacco buying stations and other registered tobacco buyers. Data acquired from previous year/s shall be updated based on the joint validation of standing crops and supported by GPS coordinates;
- 2) all tobacco buyers are mandated to provide their data as to area of production and volume of acceptances whenever required in writing by the NTA;
 - a) all data gathered shall form part of the updated annual data base of the NTA. The data base shall be jointly validated and shall bear the conformity of majority of the Members of the Joint Monitoring Team.
 - b) The data base may be updated periodically as often as necessary during the planting season and prior to harvesting. Updating of data base shall be undertaken if any of the following circumstances arises and subject to the prior confirmation/validation from the FTSD and/or IRD, to wit:
 - 1) Typhoon/La Niña/Freak Rain/Flood;
 - 2) Prolonged Drought/El Niño;
 - 3) Bacterial/Viral/Pest Infestation/Wilt; and
 - 4) Other occurrences of similar nature.
 - c) Any verified occurrence shall be converted into percent of damages, per production area and the same percentage shall be adopted as corresponding of reduction as to estimated yield.
- 3) The existing procedure of data collection and recording of tobacco acceptances based on PIVs and Certificates of Purchase (COPs) shall continue to be implemented only with respect to the total volume of acceptances is concerned. Farm location indicated in these documents shall no longer be a controlling factor; and
- 4) The total volume of tobacco acceptances, segregated into sub-types, during a particular crop year, shall be divided by the total area planted, also segregated into sub-types. The resulting quotient shall be the average production per hectare per type and sub-type which shall be multiplied by the total area of production, per LGU, as validated, shall be the basis in the issuance of the Certificate of Volume of Production.

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Section 7. Capability Enhancement and Orientation-Workshop Seminar. For purposes of unified understanding of the provisions and proper implementation of this guideline, the Regulation Department and the FTSD shall jointly conduct capability enhancement trainings and workshops for all NTA Officials, Employees, LGU Representatives and Representative from the Tobacco Buyers. The RD and FTSD, if necessary, may tap the services of a third party service provider to conduct the training/workshop.

Section 8. Periodic Monitoring of Standing Tobacco Crop. The Joint Monitoring Team shall undertake periodic monitoring of standing crops at least three (3) times in a cropping season or as often as may be necessary due to occurrence of fortuitous events. The JMT shall use RD Monitoring Form No. 001 (Annex "A") in the conduct of monitoring and shall be signed by at least majority of the its members. The signatures of majority of the members shall render the monitoring report as valid and final.

Section 9. Security, Integrity and Transparency of Record of Production and Acceptances. In order to maintain security, integrity and transparency of the record of



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production and acceptances, the updated data base shall be maintained centrally and electronically by the Management Information Services Division, Corporate Planning Department, with security features. The updated data base of tobacco production shall be continuously posted in the NTA Website.

Security features shall include protection from unauthorized access or interference of the data base. The data base shall be the sole responsibility of the NTA Administrator. Any updating of the data base as authorized above may be undertaken upon authorization by the NTA Administrator using a designated username and password. Any updating of the data base shall be reported immediately by the NTA Administrator to the NTA Governing Board.

Integrity of the data base shall ensure that no other person including the system administrator, except the NTA Administrator, shall be able to update the content/s of the data base. The MISD shall include in the data base a security feature that provides a trail for the date and time when the system was accessed and when the updating of the data base was undertaken to ensure verification of the system at any time.

Section 10. Timeliness of Issuance and Endorsement of the Consolidated and Reconciled Certificate of Volume of Production. On or before March 15¹ of the current year after two (2) years from the crop year in consideration, the NTA shall submit to the Secretary of the Department of Agriculture the Consolidated and Reconciled Certificate of Tobacco Production for the latter's endorsement to the DBM.

Not later than April 15 of the current year, the DA Secretary shall endorse the Consolidated and Reconciled Certificate of Tobacco Production to the Department of Budget and Management (DBM). The certificate of volume of production shall be published in the NTA Website².

Section 11. Cases for Resolution. Interpretation of any provisions of this Joint Memorandum Circular and related matters not covered herein shall be promptly resolved by the DA and NTA not later than twenty-one (21) calendar days from the day it is submitted for resolution.

Section 12. Separability Clause. If any provision of this JMC is declared invalid or unconstitutional, the other provisions not affected thereby shall remain valid and subsisting.

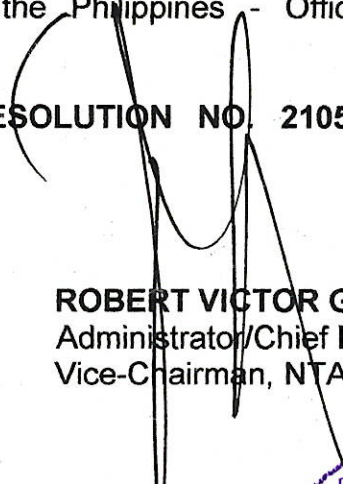
Section 13. Repealing Clause. All existing issuances and guidelines which are inconsistent with this JMC are hereby repealed, amended or revised accordingly.

Section 14. Effectivity. This JMC shall take effect after fifteen (15) days after its publication/filing with the University of the Philippines - Office of the National Administrative Register (ONAR).

APPROVED UNDER NTA BOARD RESOLUTION NO. 2105-2022 DATED 21 JANUARY 2022.



WILLIAM D. DAR, PhD.

Secretary, Department of Agriculture
Chairman, NTA Governing Board


ROBERT VICTOR G. SEARES, JR.
Administrator/Chief Executive Officer
Vice-Chairman, NTA Governing Board

DEPARTMENT OF AGRICULTURE
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¹ Item 2.1.3 of the DA-DBM-NTA Joint Memorandum Circular (JMC) No. 2020-01 dated June 25, 2020
² Item 2.1.4 of the DA-DBM-NTA Joint Memorandum Circular (JMC) No. 2020-01 dated June 25, 2020

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RD-MONITORING FORM NO. 001

TOBACCO PRODUCTION BASED ON ACTUAL AREA PLANTED/FARMER/MUNICIPALITY/PROVINCE
 FOR CROP YEAR 2021-2022

	NAME OF FARMER	FARM LOCATION	ACTUAL AREA (ha)	TYPE-SUBTYPE OF TOBACCO PLANTED	CONTRACT GROWER		If yes Company Tie-up	PLANT COUNT	Estimated PRODUCTION (kg)
					Yes	NO			
1.									
2.									
3.									
4.									
5.									
6.									
7.									
8.									
9.									
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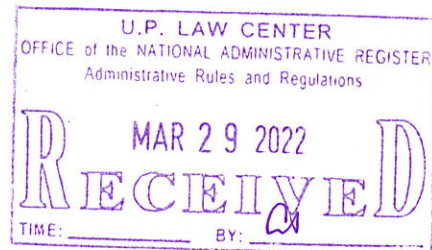
This is to certify that to the best of my knowledge the above data/information are true and correct

 Extension Worker

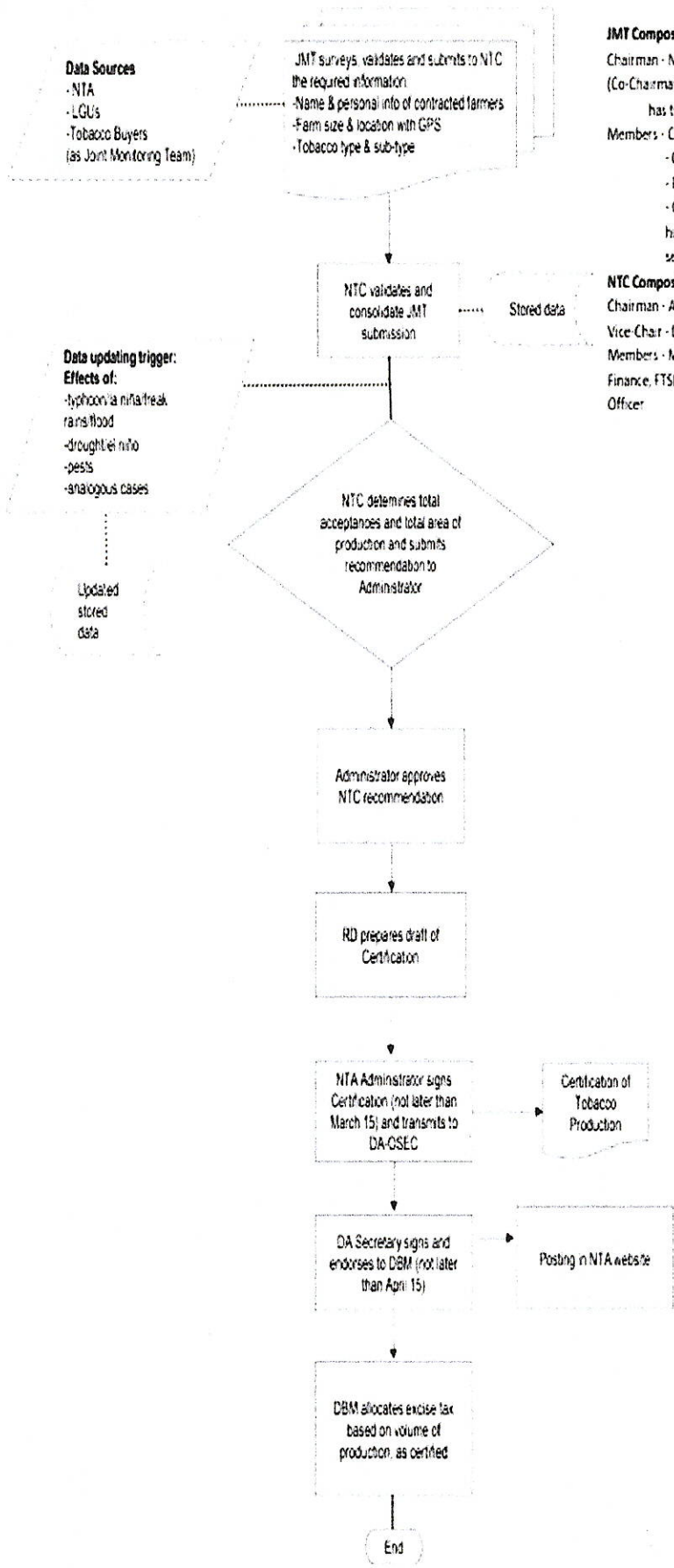
 Supervising TPRO

 CHIEF Agriculturist

 Department Mangaer



**PROCESS FLOW IN THE DOCUMENTATION AND ISSUANCE
OF CERTIFICATION OF TOBACCO PRODUCTION
(DA & NTA JOINT MEMORANDUM CIRCULAR 001-2022)**



JMT Composition:

Chairman - NTA Branch Manager (most senior in terms of appointment)
 (Co-Chairman - NTA Branch Manager of other BO in case a province has two (2) Bos)
 Members - Chief Agriculturist/s of BO/s
 - One (1) Representative from Buying Station
 - Provincial Agriculturist
 - One (1) Municipal Agriculturist from the municipality with the highest volume of production from the preceding trading season.

NTC Composition:

Chairman - Administrator
 Vice-Chair - DAOP
 Members - Managers of Regulation Department, CorPlan Dept., Finance, FTSD, IRD, One (1) BO Manager, Chief TPRO and Chief MISD Officer

