



Republic of the Philippines
DEPARTMENT OF FINANCE
BUREAU OF LOCAL GOVERNMENT FINANCE

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MEMORANDUM CIRCULAR NO. 007.2022

03 MAR 2022

TO : **All BLGF Central and Regional Directors;
All Provincial and City Treasurers; and Others Concerned**

SUBJECT : **Updated Annual CPI Factors for Computation and Certification
of LGU Income Pursuant to DO No. 031.2018**

For information and guidance of all concerned, attached herein is the **Updated Annual Consumer Price Index (CPI) Factors**, duly approved by the Undersecretary of Revenue Operations Group, Department of Finance (DOF), to be used in the computation and certification of the average annual income (AAI) and the annual regular income (ARI) of local government units (LGUs) for the purpose of creation, conversion, merger or abolition of LGUs, pursuant to Department Order (DO) No. 031.2018¹ dated 04 May 2018, issued by the Secretary of Finance, in line with the requirements of Republic Act (RA) No. 7160, or the Local Government Code (LGC) of 1991, as amended by RA No. 9009, as follows:

1. The 1991 CPI factors shall be used in computing and certifying: (i) the AAI for the creation of municipality and province; (ii) the latest annual income for the conversion of a component city into a highly urbanized city; (iii) the resulting AAI of the original LGU to determine if the creation or conversion of the LGU would result to AAI less than the minimum requirements prescribed in the LGC; and
2. The 2000 CPI factors shall be used in computing the AAI of a municipality or a cluster of barangays proposed to be converted into a component city. Further, the CPI factors for 2004, 2005, 2006 and 2007 shall be used in computing the resulting average ARI of the original LGU as basis in determining the resulting income classification of the original LGU, and to check whether it will not fall below its current income classification, as required under Section 8 of the LGC, and pursuant to DO No. 23-08² dated July 2008, issued by the Secretary of Finance.

All BLGF Central and Regional Directors are hereby instructed to disseminate this Memorandum Circular to all provincial and city treasurers under their respective jurisdictions, and all concerned shall be guided accordingly.




NIÑO RAYMOND B. ALVINA
Executive Director

¹ Guidelines on the Computation and Certification of Income for Creation, Conversion, Merger or Abolition of a Local Government Unit
² Prescribing the New Income Brackets for the Re-classification of Provinces, Cities and Municipalities and Amending for the Purpose Department of Finance Order No. 20-05 dated 29 July 2005.





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**Updated Annual Consumer Price Index (CPI) Factors
Pursuant to Department Order No. 031.2018**

In accordance with Department Order No. 031.2018, the following Annual CPI Factors shall be used by the Bureau of Local Government Finance (BLGF) and local treasurers in computing and certifying the annual regular income (ARI) and the average annual income (AAI) for the purpose of creation, conversion, merger or abolition of local government units for FY2022 or until updated CPI factors are issued.

Year	For LGU Creation/Conversion		For ARI Computation			
	1991	2000	2004	2005	2006	2007
2017	-	-	1.633	-	-	-
2018	-	-	1.718	1.596	-	-
2019	4.050	2.123	-	1.635	1.564	-
2020	4.155	2.178	-	-	1.604	1.559
2021	4.306	2.257	-	-	-	1.616

Issued on **22 FEB 2022**, Department of Finance, Manila.

ANTONETTE C. TIONKO

Undersecretary



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