



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
GEN. SOLANO ST., SAN MIGUEL, MANILA

BUDGET CIRCULAR

No. 2019-2

Date: March 4, 2019

TO : ALL HEADS OF DEPARTMENTS AND AGENCIES IN THE NATIONAL GOVERNMENT, INCLUDING STATE UNIVERSITIES AND COLLEGES (SUCs), GOVERNMENT-OWNED OR -CONTROLLED CORPORATIONS (GOCCs), AND GOVERNMENT FINANCIAL INSTITUTIONS (GFIs); CHIEF EXECUTIVES OF LOCAL GOVERNMENT UNITS (LGUs); AND ALL OTHERS CONCERNED

SUBJECT : GUIDELINES IMPLEMENTING CERTAIN PROVISIONS OF ADMINISTRATIVE ORDER NO. 14, s. 2018

1.0 Purpose

This Circular is being issued pursuant to Section 9 (a) of Administrative Order (AO) No. 14 dated December 10, 2018 entitled, "*Consolidating and Rationalizing the Rules on the Acquisition of Government Motor Vehicles, Adopting a Centralized System of Procurement Therefor, and for Other Purposes*" to provide the specific guidelines on the following:

- 1.1 Allowable engine displacements of motor vehicles that may be purchased by government agencies; and
- 1.2 Approving authorities for the acquisition of government motor vehicles.

2.0 Coverage

This Circular shall apply to all national government agencies under the Executive Branch and its instrumentalities, including SUCs, GOCCs, and GFIs; and LGUs.

3.0 General Guidelines

- 3.1 The term "motor vehicle" shall refer to any of the following:
 - a. Any self-propelled, four (4)-wheeled road vehicle, including, but not limited to, sedans, coupes, station wagons, convertibles, pick-ups, vans, assembled owner- or passenger-type jeeps/jitneys/jeepneys, sports utility vehicles (SUVs), asian utility vehicles (AUVs), crossover utility vehicles (CUVs), and multi-purpose vehicles (MPVs);
 - b. Motorcycles;

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- c. Delivery trucks, fire trucks, dump trucks, and buses;
 - d. Heavy equipment, such as bulldozers, payloaders, graders, forklifts, amphibian trucks, and cranes;
 - e. All-terrain vehicles, armored vehicles and specific-purpose vehicles;
 - f. Aircraft; and
 - g. Motorized bancas, motorized boats, and seacraft, as may be defined in relevant laws and issuances.
- 3.2 All government entities covered in this Circular are prohibited from acquiring and/or using luxury vehicles for their operations. A luxury vehicle shall refer to any of the following:
- a. Car (sedan or hatchback) with an engine displacement exceeding 2500cc, if gasoline-fed; or 3500cc, if diesel-fed; and/or with an engine exceeding four (4) cylinders;
 - b. Passenger van or pick-up type vehicle with an engine displacement exceeding 2500cc, if gasoline-fed; or 3000cc, if diesel-fed; and/or with an engine exceeding four (4) cylinders;
 - c. AUV/CUV/MPV with an engine displacement exceeding 2500cc, if gasoline-fed; or 2800cc, if diesel-fed; and/or with an engine exceeding four (4) cylinders; or
 - d. SUV with an engine displacement exceeding 2700cc, if gasoline-fed; or 3000cc, if diesel-fed; and/or with an engine exceeding four (4) cylinders.
- 3.3 The acquisition of the following motor vehicles is not covered by this Circular:
- a. Vehicles used for security reasons and purposes for the President and Vice-President;
 - b. Vehicles donated in kind to the Philippine Government or any of its agencies and instrumentalities by foreign governments, and bilateral and multilateral institutions;
 - c. Vehicles used for visiting foreign dignitaries maintained by the Office of the President (OP)-Proper and the Department of Foreign Affairs; and
 - d. Vehicles acquired using funds from existing official development assistance programs according to the terms thereof.

4.0 Required Approval of Requests for the Acquisition of Motor Vehicles

- 4.1 The Secretary of Budget and Management is authorized to approve the following:
- a. Requests of government offices, including GOCCs, GFIs and SUCs, except the OP and Other Executive Offices (OEOs), for the acquisition of the following types of motor vehicles, chargeable against their respective appropriations authorized for the purpose:
 - a.1 Specific-purpose vehicles, such as medical ambulances, military and police patrol vehicles, armored vehicles, prisoners' vans, and fire trucks;
 - a.2 Heavy equipment, such as road construction equipment, cargo transport equipment, farm machinery, waste management/environmental sanitation equipment, and similar vehicles/equipment;
 - a.3 Locally-assembled owner- or passenger-type jeeps;
 - a.4 Motorized bancas/boats;

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- a.5 Vehicles for mass transport when necessary in the interest of public service; and
 - a.6 Motorcycles and tri-wheel vehicles.
- b. Requests of departments, including agencies, GOCCs and GFIs attached thereto, and SUCs, except the OP and OEOs, for the acquisition of motor vehicles not mentioned under Section 4.1.a, such as those which are used in the exercise of executive functions and transport of personnel, equipment, supplies, products and materials, e.g., cars, AUVs, CUVs, MPVs, SUVs, passenger vans and pick-ups.
 - c. Requests of LGUs for the acquisition of any of the motor vehicles enumerated under Section 4.1.a of this Circular, if the budgetary source thereof is the National Government funds under the General Appropriations Act (GAA).
- 4.2 All requests for acquisition of motor vehicles by attached agencies, including GOCCs and GFIs, shall be endorsed to the approving authority by the Department where they are attached to.
 - 4.3 Local Chief Executives, including *Punong Barangays*, are authorized to approve the requests of their respective LGUs for the acquisition of any of the motor vehicles enumerated under Section 4.1.a of this Circular, if the budgetary source thereof is the LGU's local funds.
 - 4.4 The Secretary of the Interior and Local Government is authorized to approve the requests of LGUs for the acquisition of motor vehicles not enumerated under Section 4.1.a of this Circular, regardless of the source of funds.
 - 4.5 Requests for the acquisition of government motor vehicles which are not under the approving authority of the Secretary of Budget and Management, the Local Chief Executives, and the Secretary of the Interior and Local Government under Sections 4.1, 4.3 and 4.4, respectively, of this Circular, including all types of aircraft and seacraft, except motorized bancas/boats, shall be submitted to the Secretary of Budget and Management for evaluation, who shall submit his recommendation to the OP as the approving authority for the purpose.
 - 4.6 Similarly, requests for the acquisition of motor vehicles by the OP and OEOs shall be submitted to the Secretary of Budget and Management for evaluation, who shall submit his recommendation to the OP as the approving authority for the purpose.

5.0 Typology, Classification and Specifications of Motor Vehicles

The typology, classification and specifications of motor vehicles, as indicated under Budget Circular (BC) No. 2017-1 dated April 26, 2017¹, which are not inconsistent with this Circular, shall continue to be applied until superseded.



¹ Amending Budget Circular No. 2016-5 Entitled, "Revised Guidelines on the Acquisition and Use of Government Motor Vehicles" dated August 22, 2016

6.0 Use of Alternative Fuel Vehicles

National government agencies, including GOCCs and GFIs, SUCs, and LGUs are encouraged to dedicate a percentage of their vehicular requirements to the purchase of motor vehicles using alternative fuel types, such as biofuels, flexi-fuel, natural gas, and solar and electric power, subject to the limitations prescribed under Section 3.2 of this Circular.

7.0 Repeal

The provisions of National Budget Circular (NBC) No. 446 dated November 24, 1995², as amended by NBC No. 446-A dated January 30, 1998³, BC No. 2017-1 dated April 26, 2017, and all other circulars and issuances that are not consistent with this Circular are hereby rescinded/superseded accordingly.

8.0 Effectivity

This Circular shall take effect immediately upon publication in the Official Gazette or in a newspaper of general circulation.


BENJAMIN E. DIOKNO
Secretary





² *Guidelines on the Acquisition and Rental of Motor Vehicles*

³ *Amending NBC No. 446 dated November 24, 1995 on the Subject "Guidelines on the Acquisition and Rental of Motor Vehicles"*