



Funding the Republic

REPUBLIKA NG PILIPINAS
KAGAWARAN NG PANANALAPI
KAWANIHAN NG INGATANG-YAMAN
(BUREAU OF THE TREASURY)
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Press Release

Revenue and Expenditure Beats Program for First Half of 2018 ***Year-to-date Budget Deficit Lower than Programmed by P71.3 Billion***

23 July 2018, Manila, Philippines – National Government (NG) revenue collection and expenditures exceeded their respective programs for the first half of the year resulting in a P193.0-billion deficit which is 27% lower than programmed alongside 25% year-on-year growth. Likewise, fiscal results for June 2018 indicates a lower-than-programmed deficit of P54.3 billion, down 40% from the June 2017 level, on the back of strong revenue growth exceeding the acceleration in government spending.

Revenue Performance

Year-to-date revenue collection amounted to P1,410.5 billion, beating the target by 8% or P105.7 billion in registering a 20% increase from the previous year. Meanwhile, revenues reached P224.2 billion for June, reflecting 25% year-on-year growth.

Strong Bureau of Internal Revenue (BIR) collections from the previous months ensured a better-than-programmed year-to-date collection of P964.5 billion which is 3% better than programmed and 14% higher year-on-year. The Bureau credits improved tax administration and the impact of the Tax Reform for Acceleration and Inclusion (TRAIN) Law for the strong performance during the first half of the year. However, the BIR¹ managed just 4% year-on-year growth in collections in June, its lowest for 2018, bringing in P136.8 billion for the month.

In total, the Bureau of Customs (BOC) has collected P279.4 billion from January to June 2018, indicating 33% growth in the year-to-date total which tops the target by 3%. Proper valuation and tariff classification of goods, as well as a strengthened campaign against illegal trade contributed to the sustained good performance of the Bureau. The BOC² collected P50.0 billion for the month, 41% better than its collections in June of the previous year and continuing its double-digit year-on-year growth since the beginning of the year and 12th straight going back to July 2017.

Bureau of the Treasury (BTr) income of P66.1 billion for the first semester was more than double the P31.5 billion program and 25% higher year-on-year. To date, BTr has already exceeded its full year target by P10.4 billion on account of higher dividend collections. For June, BTr income increased 66% year-on-year to P7.8 billion due to higher remittance of dividends on NG shares of stocks, guarantee fees and share in PAGCOR profit.

¹ June BIR Collection net of tax refund paid to various claimants amounts to P1.7 billion; Gross BIR collection (inclusive of tax refund) is P138.510 billion. January to June Gross BIR collection is P968.971 billion, total tax refunds of P4.461 billion.

² June BOC Collection net of tax refund amounts to P111 million; June total BOC collection inclusive of tax refund is P50.2 billion. January to June Gross BOC collection is P280.898 billion, total tax refunds of P1.510 billion.

Year-to-date collections from other offices rose to P89.7 billion, 64% higher than the 2017 level and 71% better than the program. For June, non-tax revenue from other offices was P21.2 billion higher year-on-year with a total of P28.2 billion. This is partly attributed to the transfer of P13.5 billion in bond proceeds from UCPB for the Coconut Industry Investment Fund to the Special Account in the General Fund (SAGF) for Coco Levies. Excluding the one-off transfer will still bring year-to-date growth to 39% showing improved collections of other offices.

Expenditure Performance

Total expenditures posted strong growth of 20% over the last six months. This is mainly due to a 22% boost in primary expenditures (total disbursements net of interest payments), bringing the January to June level of total expenditures to P1,603.6 billion and exceeding the target by 2% or by P34.4 billion. However, compared to previous months, NG spending growth slowed down to 3% year-on-year in June to total P278.5 billion.

Of the total expenditures, interest payments amounted to P165.5 billion for the first half of the year. Aggregate interest payments is still 4% within program and generated savings of P7.5 billion despite a 9% year-on-year growth. Total interest payments also accounted for just 10.3% of total disbursements, down from 11.4% a year ago. Interest payments amounted to P24.1 billion in June and is up by 25% from a year ago mostly due to domestic interest payments of P19.5 billion including those for 5-year Retail Treasury Bonds issued in December 2017. Foreign interest payments of P4.6 billion is also up by 9% due to the weaker peso and the increase in floating interest rates for the month.

Primary Surplus/ (Deficit)

The January to June primary deficit of P27.5 billion is P24.6 billion more than the P2.9 billion in 2017 but 70% below program. The national government registered a P30.2-billion primary deficit for June, lower by 58% from a year ago still owing to stronger revenues.

Fiscal Performance
For the Period Indicated
(In Billion Pesos)

Year-on-year

Particulars	June				January to June (Actual)			
	2017	2018	Diff	YoY	2017	2018	Diff	YoY
REVENUES	179.8	224.2	44.4	25%	1,176.4	1,410.5	234.2	20%
Tax Revenues	168.1	188.2	20.1	12%	1,068.9	1,254.7	185.8	17%
BIR ^{1/}	131.2	136.8	5.5	4%	848.0	964.5	116.5	14%
BOC ^{2/}	35.4	50.0	14.6	41%	210.3	279.4	69.1	33%
Other Offices	1.5	1.4	(0.1)	-6%	10.6	10.8	0.2	2%
Non-Tax Revenues	11.7	36.0	24.3	207%	107.5	155.8	48.4	45%
BTr	4.7	7.8	3.1	66%	52.7	66.1	13.4	25%
Other Offices	7.0	28.2	21.2	302%	54.7	89.7	35.0	64%
EXPENDITURES	270.7	278.5	7.8	3%	1,330.8	1,603.6	272.7	20%
Interest Payments	19.3	24.1	4.8	25%	151.6	165.5	13.9	9%
Others	251.4	254.4	3.0	1%	1,179.3	1,438.0	258.8	22%
SURPLUS/ (DEFICIT)	(90.9)	(54.3)	36.6	-40%	(154.5)	(193.0)	(38.5)	25%
Primary Surplus/ (Deficit)	(71.6)	(30.2)	41.4	-58%	(2.9)	(27.5)	(24.6)	851%

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^{1/} Net of tax refund amounting to P1.730 billion; June total BIR collection inclusive of tax refund is P138.510 billion.

January to June Gross BIR collection is P968.971 billion, total tax refunds of P4.461 billion

^{2/} Net of tax refund amounting to P111 million; June total BOC collection inclusive of tax refund is P50.160 billion.

January to June Gross BOC collection is P280.898 billion, total tax refunds of P1.510 billion.

Program vs Actual

Particulars	January to June			
	Prog	Actual p/	Diff	%
REVENUES	1,304.8	1,410.5	105.7	8%
Tax Revenues	1,220.9	1,254.7	33.8	3%
BIR ^{1/}	938.7	964.5	25.8	3%
BOC ^{2/}	270.3	279.4	9.1	3%
Other Offices	11.9	10.8	(1.1)	-9%
Non-Tax Revenues	83.9	155.8	71.9	86%
BTr	31.5	66.1	34.7	110%
Other Offices	52.4	89.7	37.3	71%
EXPENDITURES	1,569.1	1,603.6	34.4	2%
Interest Payments	173.0	165.5	(7.5)	-4%
Others	1,396.1	1,438.0	41.9	3%
SURPLUS/ (DEFICIT)	(264.3)	(193.0)	71.3	-27%
Primary Surplus/ (Deficit)	(91.3)	(27.5)	63.8	-70%

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