



*Funding the Republic*

REPUBLIKA NG PILIPINAS  
KAGAWARAN NG PANANALAPI  
**KAWANIHAN NG INGATANG-YAMAN**  
(BUREAU OF THE TREASURY)  
Intramuros, Manila 1002

**Press Release**

**NG Budget Deficit Narrows to P138.5 billion in September 2020**  
*Year-to-date Budget Deficit Reaches P879.2 Billion*

**MANILA, Philippines, 23 October 2020** – The National Government (NG) recorded a budget deficit of P138.5 billion in September, 22.42% lower compared with the P178.6 billion posted over the same period last year. The budget gap narrowed as the 10.19% year-over-year (YoY) decline in revenue collections was matched by a 15.45% dip in public spending. Nonetheless, the year-to-date (YTD) deficit has widened to P879.2 billion, almost three times higher than the shortfall from a year ago, but still 32.30% below the revised program<sup>1</sup> of P1.298 trillion for the period.

**Revenue Performance**

Government collections dropped by 10.19% year-over-year (YoY) to P212.4 billion in September. Of the total, 91% or P193.0 billion were from taxes while the remaining 9% or P19.4 billion came from non-tax sources. The resulting cumulative collections for the nine-month period also decreased to P2.143 trillion, 7.92% lower than the 2019 comparable revenue, but 8.80% above the P1.970 trillion revised target. To date, 85% of the P2.520 trillion full-year program has been collected.

Collections by the Bureau of Internal Revenue (BIR) for September reached P140.6 billion<sup>2</sup>, declining by 6.56% or P9.9 billion from the same month last year. Similarly, BIR's cumulative collection of P1.444 trillion for the January-September period registered a 9.91% reduction from last year's performance, but was 10.19% higher than the revised program of P1.310 trillion set for the period.

The Bureau of Customs (BOC) revenue performance for the month was 13.69% lower YoY, totaling P50.8 billion. The BOC's resulting cumulative revenue as of end-September amounting to P398.0 billion also declined by 15.32% or P72.0 billion from the previous year's outturn, but surpassed the revised program of P372.2 billion by 6.96%.

The Bureau of the Treasury's (BTr) income of P8.6 billion for September dropped by 19.35% YoY mainly due to the 87.40% contraction in NG share from PAGCOR income and the timing of remittance of interest on advances from GOCCs offsetting the higher dividend collection from NG shares of stocks. However, the January-September BTr income of P201.6 billion was still 69.95% higher compared to the P118.6 billion collected last year and P1.0 billion above the revised program. YTD collections also outperformed its original full-year target of P82.3 billion by P119.3 billion buoyed by higher dividend collection and other government service income.

<sup>1</sup> Based on the approved DBCC Ad referendum dated July 28, 2020 with revised macroeconomic assumptions and fiscal program in line with the impact of the COVID-19 pandemic.

<sup>2</sup> Net of tax refund amounting to P556.0 million; September total BIR collection inclusive of tax refund is P141.2 billion. Year-to-date gross BIR collections is at P1.4 trillion inclusive of tax refunds amounting to P2.6 billion.

Revenues from other offices (other non-tax including privatization proceeds and fees and charges) amounted to P10.8 billion in September, 27.57% less compared to the 2019 outturn due to the impact of the pandemic outbreak. This reduced the cumulative collection to P87.1 billion from January to September, down by 26.71% YoY, but exceeding the revised program by 13.85%.

## **Expenditures**

NG expenditures for September declined by 15.45% YoY to P350.9 billion due to the timing of subsidy releases and the base effect of higher infrastructure spending in the same month last year. Despite this, YTD spending still achieved a 15.07% YoY growth, boosted by COVID-19 related expenditures but was still 7.53% lower than the revised program of P3.269 trillion. The lag is attributed mainly to measures under RA No. 11494 or the *“Bayanihan to Recover as One Act”* which are still to be implemented following the approval of the law last September 11, 2020.

Primary expenditures (net of interest payments) exhibited a YoY contraction of 17.32% for the month, reaching P307.6 billion. Nevertheless, the January-September primary balance of P2.710 trillion grew by 16.14% or P376.5 billion over last year’s figure but still missed the revised program by 7.86%.

September Interest payments (IP) amounting to P43.4 billion was broadly equal to last year’s level as favorable FX rates for foreign IP offset the marginal increase in domestic payments for reissued bonds. Total IP of P313.0 billion for the first nine months of the year grew by 6.55% or P19.2 billion YoY, but was 4.58% lower than the revised program. However, compared to the original program, YTD IP was still 13.56% below the P362.1 billion program, generating savings of P49.1 billion.

As a percentage of expenditures, IP for January-September 2020 accounted for 10.35% compared with 11.18% a year ago. Meanwhile, IP as a percentage of revenues, went up to 14.60% from 12.62% last year due to lower collections.

## **Primary Surplus/ (Deficit)**

Netting out interest payments from expenditures, NG recorded a P95.2 billion primary deficit for September, 29.75% lower than the previous year’s deficit of P135.5 billion. The resulting YTD primary deficit, on the other hand, climbed to P566.2 billion, much wider compared to the P5.2 billion primary deficit posted in the same period of 2019.

**Fiscal Performance**  
For the Period Indicated  
(In Billion Pesos)

**Year-on-Year**

Particulars	September			
	2019	2020	Diff	YoY
<b>REVENUES</b>	<b>236.5</b>	<b>212.4</b>	<b>(24.1)</b>	<b>-10.19%</b>
<b>Tax Revenues</b>	<b>211.0</b>	<b>193.0</b>	<b>(17.9)</b>	<b>-8.51%</b>
BIR <sup>1/</sup>	150.5	140.6	(9.9)	-6.56%
BOC	58.8	50.8	(8.0)	-13.69%
Other Offices	1.7	1.7	(0.0)	-1.54%
<b>Non-Tax Revenues</b>	<b>25.6</b>	<b>19.4</b>	<b>(6.2)</b>	<b>-24.13%</b>
BTr	10.7	8.6	(2.1)	-19.35%
Other Offices	14.9	10.8	(4.1)	-27.57%
<b>EXPENDITURES</b>	<b>415.1</b>	<b>350.9</b>	<b>(64.1)</b>	<b>-15.45%</b>
Interest Payments	43.1	43.4	0.3	0.63%
Others	372.0	307.6	(64.4)	-17.32%
<b>SURPLUS/ (DEFICIT)</b>	<b>(178.6)</b>	<b>(138.5)</b>	<b>40.0</b>	<b>-22.42%</b>
<b>Primary Surplus/ (Deficit)</b>	<b>(135.5)</b>	<b>(95.2)</b>	<b>40.3</b>	<b>-29.75%</b>

*1/ Net of tax refund amounting to P556.0 million; September total BIR collection inclusive of tax refund is P141.2 billion.*

Particulars	January to September (Actual)			
	2019	2020	Diff	YoY
<b>REVENUES</b>	<b>2,327.9</b>	<b>2,143.4</b>	<b>(184.5)</b>	<b>-7.92%</b>
<b>Tax Revenues</b>	<b>2,090.5</b>	<b>1,854.8</b>	<b>(235.7)</b>	<b>-11.28%</b>
BIR <sup>1/</sup>	1,602.8	1,443.9	(158.8)	-9.91%
BOC	470.0	398.0	(72.0)	-15.32%
Other Offices	17.7	12.8	(4.9)	-27.57%
<b>Non-Tax Revenues</b>	<b>237.4</b>	<b>288.6</b>	<b>51.2</b>	<b>21.58%</b>
BTr	118.6	201.6	83.0	69.95%
Other Offices	118.8	87.1	(31.7)	-26.71%
<b>EXPENDITURES</b>	<b>2,626.9</b>	<b>3,022.7</b>	<b>395.8</b>	<b>15.07%</b>
Interest Payments	293.7	313.0	19.2	6.55%
Others	2,333.2	2,709.7	376.5	16.14%
<b>SURPLUS/ (DEFICIT)</b>	<b>(299.0)</b>	<b>(879.2)</b>	<b>(580.2)</b>	<b>194.06%</b>
<b>Primary Surplus/ (Deficit)</b>	<b>(5.2)</b>	<b>(566.2)</b>	<b>(561.0)</b>	<b>10689.69%</b>

*1/January-September tax refund amounted to P2.6 billion; Total gross BIR collection is P1.446 trillion.*