



*Funding the Republic*

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

**National Government Deficit Widens to P1,371.4 billion in 2020**  
***Full-Year Shortfall at 7.63% of GDP***

**MANILA, Philippines, 26 February 2021** – The National Government (NG) ran a P1,371.4 billion budget deficit for 2020, 24.45% lower than the revised full-year program of P1,815.4 billion<sup>1</sup>, but was more than double the previous year's P660.2 billion shortfall. The wider fiscal gap for the year reflects the 11.31% year-over-year (YoY) growth in public spending combined with the 8.97% reduction in government receipts resulting from the economic impact of the Covid-19 pandemic. The FY 2020 deficit was equivalent to 7.63% of GDP, lower than the 9.63% revised program, but much higher compared to the 3.38% registered in 2019. Nonetheless, this is broadly in line with the 7.6% of GDP deficit outlook reported during the 178<sup>th</sup> Development Budget Coordination Committee (DBCC) Meeting in December 2020. Meanwhile, the budget gap for the month of December reached P302.6 billion, up by 20.50% from the P251.1 billion incurred in the same month in 2019.

**Revenue Performance**

Government revenue for 2020 narrowed to P2,856.0 billion, 8.97% or P281.5 billion lower against the P3,137.5 billion raised in 2019, but 13.34% better than the P2,519.8 billion revised program for the year. Of the total, 87.69% or P2,504.4 billion was generated through tax collection, outperforming the revised program by 13.57% but lower by 11.44% YoY. Meanwhile, the remaining 12.31% or P351.5 billion sourced from non-tax revenue grew by 13.52% over the 2019 level and exceeded the revised estimate by 11.74%. December collections of P238.5 billion represents a 1.95% or P4.7 billion drop from 2019's revenue performance.

The Bureau of Internal Revenue's (BIR) full-year net collection stood at P1,951.0 billion<sup>2</sup>, surpassing its revised goal of P1,685.7 billion by 15.74% or P265.3 billion, but still 10.32% lower compared to the 2019 outturn. Meanwhile, BIR's December tax take inched up to P163.4 billion from the P162.6 billion achieved in 2019.

The Bureau of Customs (BOC) booked P537.7 billion<sup>3</sup> in revenue in 2020, also higher than its revised full-year target of P506.1 billion by 6.23% or P31.5 billion backed by the improved valuation and gradual improvement of importation volume as well as intensified collection efforts by the agency. BOC's YTD collection for 2020, however, still lagged behind 2019's P630.3 billion by 14.69% or P92.6 billion. Likewise, BOC's uptake for December slowed to P45.3 billion, decreasing by 13.13% or P6.9 billion on a YoY basis.

<sup>1</sup>As reported in the FY 2021 BESF. 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 total tax refund of P5.3 billion, Jan-Dec Gross BIR collections (inclusive of tax refund) is P1,956.3 billion.

<sup>3</sup>Net of total tax refund of P4.1 billion, Jan-Dec Gross BOC collections (inclusive of tax refund) is P541.8 billion.

Income collected and generated by the Bureau of the Treasury (BTr) reached P219.7 billion as of end-December 2020, growing by 49.93% or P73.2 billion YoY and 3.00% above the P213.3 billion revised program. Growth was propelled by higher dividends, other government service income and interest on advances from GOCCs, compensating for the lower share from PAGCOR profit and interest income from NG deposits. Meanwhile, BTr income for December contracted by 29.07% or P3.4 billion YoY to P8.4 billion weighed down by lower share from PAGCOR income and dividend remittance.

Full year revenues from other offices (other non-tax including privatization proceeds and fees and charges) amounted to P131.9 billion, posting a 19.17% or P31.3 billion decrease over 2019's collection. This was mainly due to the disruption brought by the COVID-19 pandemic on the operations and collections of various collecting agencies. The YTD figure, however, was 30.12% or P30.5 billion higher versus the P101.3 billion revised target for the year. Collections for December amounting to P20.8 billion, on the other hand, improved by 30.56% or P4.9 billion from 2019's outturn driven by BCDA and DFA<sup>4</sup> remittances.

## Expenditures

Total disbursement for 2020 grew by 11.31% or P429.7 billion YoY to P4,227.4 billion owing to the implementation of various Covid-19 mitigation and recovery measures. This, however, was still lower by 2.49% or P107.8 billion against the P4,335.2 billion revised full-year program as some of the economic relief measures under RA 11494 or the "*Bayanihan* to Recover as One Act" (*Bayanihan* II) is still ongoing<sup>5</sup>. Nonetheless, full-year spending improved from the performance during the first nine months of 2020, where disbursements fell below the program for the period by 7.5% or P246.2 billion.

Meanwhile, disbursements for December reached P541.1 billion, up by 9.46% or P46.7 billion from the equivalent period in 2019. Government spending was buoyed by releases of NG subsidy, particularly for the Philippine Health Insurance Corporation's (PHIC) premium subsidy and the Unconditional Cash Transfer (UCT) coursed through the Land Bank of the Philippines (LBP); as well as disbursements by the Commission on Higher Education (CHED) for the Universal Access to Quality Tertiary Education (UAQTE) Program, and by the Department of Health (DOH), Department of Labor and Employment (DOLE), and Department of Social Welfare and Development (DSWD) for health, employment assistance, and social programs, respectively, under the *Bayanihan* II.

Primary expenditure totaled P3,847.0 billion as of end-December 2020, 11.93% or P410.1 billion higher than 2019's comparable outturn and just 1.71% behind the revised program. Similarly, December primary spending of P515.8 billion increased by 10.86% or P50.5 billion from the P465.3 billion posted in 2019.

Interest payments (IP) of P380.4 billion for 2020 was up by 5.41% or P19.5 billion from 2019 largely due to higher domestic borrowing in the first three quarters which includes Retail Treasury Bonds and reissuances of fixed rate treasury bonds. However, compared to the original full year program, YTD IP was lower by 15.64%,

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<sup>4</sup> BCDA remittances of AFP's share from the disposition proceeds from sale and non-sale transactions and DFA income (DFA-CDC) for second semester of 2020.

<sup>5</sup> The availability of appropriations under the *Bayanihan* II (RA 11494) was extended to June 30, 2021 pursuant to RA 11519.

generating savings of P70.5 billion, and still 9.71% below the revised projection. Furthermore, December IP dropped by 13.01% YoY to P25.3 billion due to fluctuations of FX and libor rates, as well as lower t/bill rates.

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

Net of interest payments, NG's primary deficit for 2020 was recorded at P991.0 billion, far exceeding 2019's primary balance of P299.4 billion, but 28.91% short of the P1,394.1 billion revised program. Similarly, the primary deficit of P277.3 billion for December grew by 24.90% or P55.3 billion YoY.

### **Fiscal Indicators**

Revenue effort slowed to 15.89% in 2020 from 16.08% in 2019 but higher than the revised program of 13.36%. Tax effort also decreased to 13.93% in 2020 from 2019's 14.49% but above the 11.69% revised target.

Meanwhile, as a percentage of expenditures, total IP for FY 2020 accounted for 9.00%, compared to 9.50% in 2019 and the revised target of 9.72%. Lastly, IP as a percentage of total revenue was at 13.32% in 2020, increasing from 11.50% in 2019 due to lower collections though still below the 16.72% revised target.

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

**Year-on-Year**

Particulars	December				January to December (Actual)			
	2019	2020	Diff	YoY	2019	2020	Diff	YoY
<b>REVENUES</b>	<b>243.3</b>	<b>238.5</b>	<b>(4.7)</b>	<b>-1.95%</b>	<b>3,137.5</b>	<b>2,856.0</b>	<b>(281.5)</b>	<b>-8.97%</b>
<b>Tax Revenues</b>	<b>215.5</b>	<b>209.3</b>	<b>(6.2)</b>	<b>-2.87%</b>	<b>2,827.8</b>	<b>2,504.4</b>	<b>(323.4)</b>	<b>-11.44%</b>
BIR <sup>1/</sup>	162.6	163.4	0.8	0.48%	2,175.5	1,951.0	(224.5)	-10.32%
BOC <sup>2/</sup>	52.2	45.3	(6.9)	-13.13%	630.3	537.7	(92.6)	-14.69%
Other Offices	0.8	0.7	(0.1)	-14.74%	22.0	15.7	(6.3)	-28.64%
<b>Non-Tax Revenues</b>	<b>27.8</b>	<b>29.2</b>	<b>1.4</b>	<b>5.20%</b>	<b>309.7</b>	<b>351.5</b>	<b>41.9</b>	<b>13.52%</b>
BTr	11.8	8.4	(3.4)	-29.07%	146.5	219.7	73.2	49.93%
Other Offices	16.0	20.8	4.9	30.56%	163.1	131.9	(31.3)	-19.17%
<b>EXPENDITURES</b>	<b>494.4</b>	<b>541.1</b>	<b>46.7</b>	<b>9.46%</b>	<b>3,797.7</b>	<b>4,227.4</b>	<b>429.7</b>	<b>11.31%</b>
Interest Payments	29.1	25.3	(3.8)	-13.01%	360.9	380.4	19.5	5.41%
Others	465.3	515.8	50.5	10.86%	3,436.9	3,847.0	410.1	11.93%
<b>SURPLUS/ (DEFICIT)</b>	<b>(251.1)</b>	<b>(302.6)</b>	<b>(51.5)</b>	<b>20.50%</b>	<b>(660.2)</b>	<b>(1,371.4)</b>	<b>(711.2)</b>	<b>107.72%</b>
<b>Primary Surplus/ (Deficit)</b>	<b>(222.0)</b>	<b>(277.3)</b>	<b>(55.3)</b>	<b>24.90%</b>	<b>(299.4)</b>	<b>(991.0)</b>	<b>(691.7)</b>	<b>231.05%</b>

*1/ December gross BIR collection inclusive of P923.0 million tax refund is P164.3 billion. Full-year gross collection is P1,956.3 billion with a total tax refund of P5.3 billion.*

*2/ December gross BOC collection is P48.6 billion, inclusive of the P3.2 billion tax refund. Full-year gross collection is P541.8 billion, total tax refund of P4.1 billion.*

**Program vs Actual**

Particulars	January-December			
	Prog	Actual	Diff	%
<b>REVENUES</b>	<b>2,519.8</b>	<b>2,856.0</b>	<b>336.2</b>	<b>13.34%</b>
<b>Tax Revenue</b>	<b>2,205.2</b>	<b>2,504.4</b>	<b>299.2</b>	<b>13.57%</b>
BIR	1,685.7	1,951.0	265.3	15.74%
BOC	506.1	537.7	31.5	6.23%
Other Offices	13.3	15.7	2.4	18.01%
<b>Non-Tax Revenue</b>	<b>314.6</b>	<b>351.5</b>	<b>36.9</b>	<b>11.74%</b>
BTr	213.3	219.7	6.4	3.00%
Other Offices	101.3	131.9	30.5	30.12%
<b>EXPENDITURES</b>	<b>4,335.2</b>	<b>4,227.4</b>	<b>(107.8)</b>	<b>-2.49%</b>
Operating exp.	3,913.9	3,847.0	(66.9)	-1.71%
Interest Payments	421.3	380.4	(40.9)	-9.71%
<b>SURPLUS/ (DEFICIT)</b>	<b>(1,815.4)</b>	<b>(1,371.4)</b>	<b>444.0</b>	<b>-24.45%</b>
<b>Primary Surplus/ (Deficit)</b>	<b>(1,394.1)</b>	<b>(991.0)</b>	<b>403.0</b>	<b>-28.91%</b>