



Funding the Republic

REPUBLIKA NG PILIPINAS
KAGAWARAN NG PANANALAPI
KAWANIHAN NG INGATANG-YAMAN
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Press Release

NG Records P191.4 Billion Fiscal Deficit for March 2021 Q1 Budget Gap Widens to P321.5 billion

MANILA, Philippines, 27 April 2021 – The National Government (NG) achieved a P191.4 billion fiscal deficit for March, rising from P71.6 billion last year as government expenditure grew by 22.33% year-over-year (YoY) while revenue generation dropped by 17.37%. The resulting budget deficit for the first quarter surged to P321.5 billion from the P86.2 billion deficit incurred in the first three months of 2020.

Revenue Performance

Total revenue for the month narrowed to P216.2 billion, 17.37% below last year's performance due to the high base effect of dividend remittances in 2020¹. Eighty-eight percent (88%) of the total collection came from taxes while the remaining 12% was generated through non-tax revenue. The P696.5 billion year-to-date (YTD) collection for Q1 likewise slipped by 8.73% or P66.6 billion compared to P763.1 billion in the equivalent period last year.

The Bureau of Internal Revenue's (BIR) uptake for the month inched up by 1.28% YoY to P133.4 billion, net of P830 million for tax refunds. The Bureau's cumulative collection of P469.7 billion as of end-March was also slightly above last year's outturn of P468.8 billion.

The Bureau of Customs (BOC) collected P54.7 billion in March, growing by 22.57% YoY behind improved valuation and intensified collection efforts. This increased BOC's aggregate revenue for the Jan-Mar period to P149.2 billion, up by 2.66% or P3.9 billion over the previous year's take.

The Bureau of the Treasury's (BTr) income amounting to P16.1 billion for March significantly declined from the P77.0 billion earned for the same month a year ago. The drop was attributed to dividend remittances which declined by P51.0 billion relative to last year's influx due to the *Bayanihan to Heal as One Act*. Other factors included the lower collection of interest on advances from GOCCs and NG share from PAGCOR income. These same factors reduced BTr's cumulative collection to P39.3 billion, 64.63% slower than the end-March 2020 income.

Collections from other offices (other non-tax including privatization proceeds and fees and charges) amounted to P10.0 billion in March, reflecting a 39.60% increase over 2020's comparable outturn owing to a low base effect from the imposition of stricter lockdown measures for the same month last year. Meanwhile, the resulting YTD collection of P31.1 billion was roughly at pace with the previous year's Q1 total.

¹ Most GOCCs remitted dividends in March 2020 in compliance with Republic Act No. 11469 otherwise known as *Bayanihan to Heal as One Act* dated 24 March 2020.

Expenditures

NG disbursements for March climbed to P407.6 billion, surpassing the previous year's level by 22.33% or P74.4 billion, buoyed mainly by the disbursements for the infrastructure projects of the DPWH, as well as for the various social welfare programs of the DSWD, DOLE, and the OWWA. The continuing implementation of the *Bayanihan* II for initiatives such as the Rice Resiliency Program of the DA and health programs of the DOH also contributed significantly to the strong spending performance in March. This pushed the total expenditure as of end-March to P1,017.9 billion, outstripping last year's Q1 disbursements of P849.2 billion by 19.86%.

Primary expenditures for the reference month also grew by 24.08% YoY to P359.9 billion, bringing the YTD primary spending to P892.1 billion which is also higher than the previous year's figure by 22.31%. Meanwhile, interest payments (IP) for the month reached P47.7 billion, up by 10.56% over last year's payment of P43.1 billion primarily due to the settlement of discount for the 10-year FXTBs reissued for the month. As a result, the total IP of P125.9 billion for the Jan-Mar period increased by 4.98% compared to the P119.9 billion paid in the first quarter of 2020.

As a percentage of expenditures, interest payments for the first three months of the year accounted for 12.36% declining from 14.12% a year ago. Meanwhile, IP as a percentage of total revenues increased from 15.71% to 18.07% taking into account lower collections over the period.

Primary Surplus/ (Deficit)

Netting out interest payments from expenditures, the government registered a primary deficit of P143.8 billion for the month which was significantly higher than the P28.5 billion posted in March 2020. Meanwhile, the resulting primary balance for the first quarter of the year reverted to a deficit of P195.6 billion from last year's P33.7 billion surplus.

Fiscal Performance
For the Period Indicated
In Billion Pesos

Year-on-Year

Particulars	Mar p/			
	2020	2021	Diff	YoY
REVENUES	261.6	216.2	(45.4)	-17.37%
Tax Revenues	177.5	190.1	12.6	7.09%
BIR ^{1/}	131.7	133.4	1.7	1.28%
BOC	44.6	54.7	10.1	22.57%
Other Offices	1.2	2.0	0.8	71.27%
Non-Tax Revenues	84.1	26.1	(58.0)	-68.98%
BTr	77.0	16.1	(60.8)	-79.05%
Other Offices	7.1	10.0	2.8	39.60%
EXPENDITURES	333.2	407.6	74.4	22.33%
Interest Payments	43.1	47.7	4.6	10.56%
Others	290.1	359.9	69.8	24.08%
SURPLUS/ (DEFICIT)	(71.6)	(191.4)	(119.8)	167.34%
Primary Surplus/ (Deficit)	(28.5)	(143.8)	(115.3)	404.58%

1/ Net of tax refund amounting to P830 million; March BIR collection inclusive of tax refund is P134.2 billion.

Particulars	Jan - Mar p/ (Actual)			
	2020	2021	Diff	YoY
REVENUES	763.1	696.5	(66.6)	-8.73%
Tax Revenues	620.7	626.0	5.4	0.87%
BIR	468.8	469.7	0.9	0.18%
BOC	145.3	149.2	3.9	2.66%
Other Offices	6.5	7.2	0.7	9.94%
Non-Tax Revenues	142.4	70.4	(72.0)	-50.56%
BTr	111.2	39.3	(71.9)	-64.63%
Other Offices	31.2	31.1	(0.1)	-0.42%
EXPENDITURES	849.2	1,017.9	168.7	19.86%
Interest Payments	119.9	125.9	6.0	4.98%
Others	729.3	892.1	162.7	22.31%
SURPLUS/ (DEFICIT)	(86.2)	(321.5)	(235.3)	273.11%
Primary Surplus/ (Deficit)	33.7	(195.6)	(229.3)	-680.07%