



Funding the Republic

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

Press Release

NG's Budget Deficit Reaches P64.3 billion in October 2021
Budget Shortfall at P1.2 Trillion as of End-October 2021

MANILA, Philippines, 25 November 2021 – The National Government (NG) ran a P64.3 billion budget deficit in October on the back of 10.90% year-over-year (YoY) revenue growth alongside a 9.60% increase in government spending. The year-to-date (YTD) budget deficit consequently widened to P1.2 trillion, 27.94% or P262.8 billion higher than the budget gap posted in the same period last year and is at 65% of the P1.9 trillion 2021 revised program¹.

Revenue Performance

Total revenue for October grew by 10.90% or P24.9 billion to reach P253.1 billion from the P228.2 billion collected last year. Tax collection made up 87% or P219.1 billion of the total whereas non-tax revenue contributed the remaining 13% or P34.0 billion. Cumulative collection as of end-October stood at P2.5 trillion, equivalent to 86% of the P2.9 trillion revised program for the year and registered a 5.00% or P118.6 billion improvement from a year ago.

The Bureau of Internal Revenue's (BIR) net collection for the month increased to P162.1 billion², 6.60% or P10.0 billion higher versus last year's achievement of P152.1 billion. BIR's YTD collection of P1.7 trillion likewise reflected a 6.83% or P109.0 billion increase over similar collections in 2020 and comprised 82% of its revised full year target of P2.1 trillion.

The Bureau of Customs (BOC) managed to grow its collection by 9.76% or P4.9 billion from P50.6 billion a year ago to P55.5 billion in October 2021. This resulted in BOC's cumulative uptake of P525.4 billion for the 10-month period, 17.10% or P76.7 billion better than the P448.6 billion attained in the same period in 2020 and represented 85% of the P616.7 billion adjusted program for the year.

Total Bureau of the Treasury (BTr) income for October amounting to P9.0 billion grew by 30.01% or P2.1 billion YoY mainly attributed to higher dividend remittances as well as NG share from PAGCOR profit and investment income. BTr's total aggregate collection of P114.5 billion from January to October, meanwhile, declined by 45.07% or P94.0 billion due to the high base effect of last year's remittances in compliance with Bayanihan I. BTr's YTD performance, however, has already outperformed the original full year program of P74.7 billion by 53.31% or P39.8 billion driven by higher

¹ Based on the FY 2021 Fiscal Program approved during the 179th DBCC Meeting on May 18, 2021.

² Net of tax refund amounting to P883.0 million; October Gross total BIR collection is P163.0 billion inclusive of tax refund.

dividend remittances, earnings from BSF/SSF holdings, as well as interest on advances from GOCCs and income from deposits with BSP.

October revenue collections from other offices (other non-tax including privatization proceeds and fees and charges) amounted to P25.0 billion, achieving a YoY growth of 47.58% from last year's P17.0 billion. Cumulative collection of P129.7 billion similarly expanded by 23.92% or P25.0 billion on a YTD basis partly attributed to the remittance of unutilized funds from the Philippine International Trading Corporation (PITC) amounting to P6.8 billion.

Expenditures

NG disbursement for October reached P317.4 billion, 9.60% or P27.8 billion above the P289.6 billion disbursed for the same month last year. YTD expenditure of P3.7 trillion similarly surpassed the previous year's spending performance for the same period by 11.51% or P381.4 billion.

Ninety percent (90%) or P285.8 billion of the total disbursements for the month was for primary expenditures, which posted 6.86% or P18.3 billion growth for the month. This pushed the cumulative primary expenditures to P3.3 trillion, improving by 11.61% or P345.6 billion YoY.

Interest payments (IP) for October rose to P31.5 billion, up by 42.89% or P9.5 billion over last year mainly due to coupon payments for newly issued Treasury Bonds. This led to YTD IP of P370.9 billion, exceeding the figures recorded for the equivalent period a year ago by 10.70% or P35.8 billion.

For the Jan-Oct 2021 period, IP accounted for 10.04% of the total expenditures, declining from 10.12% recorded last year. IP as a percentage of revenues, on the other hand, increased from the previous year's level of 14.13% to 14.89%.

Primary Surplus/ (Deficit)

Excluding interest payments, NG's primary deficit for October was at P32.8 billion – a 16.64% or P6.5 billion decline from last year's primary balance of P39.3 billion. Despite this, the cumulative primary deficit for the January-October 2021 period still increased to P832.5 billion, up by 37.48% or P227.0 billion YoY.

Fiscal Indicators

Real GDP growth for Q3 expanded by 7.1 YoY from the 11.6% contraction a year ago. The Q3 deficit stands at 9.18% of GDP, up from last year's 7.59%. Similarly, the Deficit-to-GDP ratio for the first three quarters increased to 8.29% from 6.88% a year ago. Revenue effort as of end-Q3 dropped to 16.29% from last year's level of 16.77%. Tax effort, on the other hand, managed to improve to 14.76% from 14.50% in the comparable period last year. Lastly, expenditure effort increased to 24.59% from the previous year's 23.65%.

Fiscal Performance

For the Period Indicated
(In Billion Pesos)

Year-on-Year

Particulars	October p/			
	2020	2021	Diff	YoY
REVENUES	228.2	253.1	24.9	10.90%
Tax Revenues	204.3	219.1	14.7	7.21%
BIR ^{1/}	152.1	162.1	10.0	6.60%
BOC	50.6	55.5	4.9	9.76%
Other Offices	1.7	1.4	(0.2)	-14.76%
Non-Tax Revenues	23.9	34.0	10.1	42.50%
BTr	6.9	9.0	2.1	30.01%
Other Offices	17.0	25.0	8.1	47.58%
EXPENDITURES	289.6	317.4	27.8	9.60%
Interest Payments	22.1	31.5	9.5	42.89%
Others	267.5	285.8	18.3	6.86%
SURPLUS/ (DEFICIT)	(61.4)	(64.3)	(2.9)	4.77%
Primary Surplus/ (Deficit)	(39.3)	(32.8)	6.5	-16.64%

1/ Net of tax refund amounting to P883.0 million; October Gross total BIR collection inclusive of tax refund is P163.0 billion.

Year-to-Date

Particulars	January to October p/			
	2020	2021	Diff	YoY
REVENUES	2,371.6	2,490.2	118.6	5.00%
Tax Revenues	2,058.5	2,246.1	187.5	9.11%
BIR ^{1/}	1,596.0	1,705.0	109.0	6.83%
BOC	448.6	525.4	76.7	17.10%
Other Offices	13.9	15.7	1.7	12.58%
Non-Tax Revenues	313.1	244.2	(68.9)	-22.02%
BTr	208.5	114.5	(94.0)	-45.07%
Other Offices	104.6	129.7	25.0	23.92%
EXPENDITURES	3,312.2	3,693.6	381.4	11.51%
Interest Payments	335.0	370.9	35.8	10.70%
Others	2,977.2	3,322.7	345.6	11.61%
SURPLUS/ (DEFICIT)	(940.6)	(1,203.4)	(262.8)	27.94%
Primary Surplus/ (Deficit)	(605.5)	(832.5)	(227.0)	37.48%

1/ Net of tax refund amounting to P5.1 billion; As of end- October Gross BIR collection is P1.7 trillion inclusive of tax refund.