



Funding the Republic

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

Press Release

Full-Year NG Budget Deficit Narrows to P1.6 Trillion in 2022
Shortfall Stands at 7.3% of GDP

Manila, Philippines, 28 February 2023 – The NG's budget deficit for 2022 reached P1.6 trillion, 3.35% or P56.0 billion less than last year's P1.7 trillion shortfall and within the P1.7 trillion¹ full-year program. The fiscal outturn was driven by revenue growth of 17.97% outpacing the 10.35% expansion in government spending. The 2022 deficit was equivalent to 7.33% of GDP, down from 8.60% in 2021 and below the 7.58% program. Meanwhile, the budget gap for December widened to P378.4 billion, 11.94% or P40.4 billion higher than the P338.0 billion recorded a year ago as the increase in public expenditures (P77.2 billion) outweighed the increase in government receipts (P36.9 billion).

Netting out interest payments from expenditures, NG recorded a P1.1 trillion primary deficit for 2022, dropping by 10.43% or P129.4 billion from 2021's primary deficit of P1.2 trillion and 2.34% below program. On the other hand, the primary deficit for December 2022 increased to P334.8 billion, up by 7.75% or P24.1 billion from a year ago.

Revenue Performance

Full-year revenue collection amounting to P3.5 trillion showed a 17.97% or P540.0 billion improvement from the 2021 outcome and was 7.31% or P241.4 billion better compared to the P3.3 trillion¹ programmed for the year. Ninety-one percent (91%) or P3.2 trillion of the total was derived from tax revenues, exceeding the target by 2.57% and growing by 17.41% YoY. Non-tax collections comprised the balance of 9% while also registering a 23.74% YoY growth and surpassing the 2022 program by almost 98% or P160.7 billion. Meanwhile, the December 2022 collection of P268.2 billion was likewise higher compared to the previous year's tally by 15.95% or P36.9 billion.

Revenue effort for 2022 improved to 16.10% from 15.48% in 2021 and better than the 15.17% program. Tax effort also grew to 14.62% from 14.13% a year ago and was above the 14.42% target.

The Bureau of Internal Revenue (BIR) managed to improve its overall collection for 2022 by 12.39% (P257.5 billion) to P2.3 trillion². The P179.3 billion raised by the agency for December went up by P16.9 billion or 10.42% from the December 2021 level. However, the full-year collection was still behind by 2.38% or P56.9 billion when compared to the P2.4 trillion full-year program.

¹ Based on the approved Quarterly Fiscal Program by the DBCC during their 181st meeting held on May 24, 2022.

² Net of P7.0 billion total tax refund; FY 2022 Gross BIR collections (inclusive of tax refund) is P2.3 trillion. December tax refund was P2.1 billion while December Gross BIR collection is P181.4 billion.

Collections by the Bureau of Customs (BOC) climbed to P862.4 billion (net of P4.8 billion tax refund) in 2022, outperforming the P643.6 billion raised a year ago by 34.01% or P218.9 billion and 19.53% or P140.9 billion above the P721.5 billion 2022 target. BOC's robust revenue performance was supported by efforts to ensure the recovery of deficient duties and taxes, improve tax compliance, tariffs on rice imports, and public auctions of overstaying cargo³. The Bureau's December 2022 revenue of P73.2 billion was also up by 21.40% or P12.9 billion over the previous year's comparable figure.

Income collected and generated by the Bureau of the Treasury for the year hit P154.8 billion, far exceeding the P63.4 billion full-year program by P91.3 billion and was 23.48% or P29.4 billion more than the 2021 revenue performance. BTR's robust collection was largely driven by higher remittances of dividends on shares of stocks, income from Bond Sinking Fund investments, and interest on NG deposits. The P6.6 billion income for December similarly indicates a 38.31% or P1.8 billion YoY expansion.

Total collections from other offices (other non-tax including privatization proceeds and fees and charges) as of end-2022 amounted to P170.4 billion, breaching the P101.1 billion program by 68.63% or P69.4 billion and rising by 23.97% (P33.0 billion) YoY. The upturn included the one-off remittances from DSWD and PCSO⁴ and higher collections from the BCDA and DFA⁵. December collections of P7.8 billion was more than doubled the P3.1 billion December 2021 outturn.

Expenditures

Total NG disbursements for FY 2022 expanded to P5.2 trillion from P4.7 trillion a year ago. The strong 10.35% YoY growth, equivalent to P484.0 billion increase, was driven by the larger National Tax Allotment shares of local government units in line with the first year of implementation of the *Mandanas* Ruling; higher capital expenditures mainly from road and transport infrastructure program, and defense modernization projects; personnel services expenses owing to the implementation of the third tranche of Salary Standardization Law V and release of other personnel benefits; as well as interest payments. For December 2022, total expenditures stood at P646.6 billion, 13.57% (P77.2 billion) faster compared to the 2021 spending performance.

Compared to the program, the full-year actual disbursements outperformed the P5.0 trillion¹ target for 2022 by 4.14%, largely attributed to the faster execution of capital outlay projects amid the lowest COVID-19 alert level classification for most parts of the country; implementation of targeted subsidy programs to mitigate the impact of higher food and fuel prices; and payment of compensation and other benefits for COVID-19 healthcare workers in health facilities. Nevertheless, the better-than-expected revenue and economic performance allowed the government to accommodate the higher spending outturn within the P1.65 trillion (7.6% of GDP) deficit program for 2022.

³ <https://customs.gov.ph/boc-port-of-naia-destroys-1-7m-worth-of-unsafe-goods/>

⁴ DSWD remittance of the P7.3 billion unutilized Unconditional Cash Transfer (UCT) Program funds and the PCSO's P2.6 billion mandatory contribution to Universal Health Care (RA 11223).

⁵ BCDA's remittance of AFP's share from the disposition of assets and DFA's collections.

The bulk or 90% of the total disbursements went to primary expenditures (net of interest payments) amounting to P4.7 trillion which rose by 9.67% or P410.6 billion from a year ago. Similarly, the full-year primary expenditures outpaced the 2022 program by 4.84% or almost P215.0 billion. December primary expenditure reached P603.0 billion, also up by P61.0 billion (11.25%) on a YoY basis.

Interest payments (IP) for 2022 summed up to P502.9 billion, reflecting a 17.10% or P73.4 billion increase from P429.4 billion in 2021 as international and domestic monetary policy tightening to address heightened inflation drove up borrowing rates. Nevertheless, the full-year total was still 1.90% below the P512.6 billion program, translating to P9.7 billion in savings. December IP also grew by 59.57% (P16.3 billion) YoY to P43.6 billion.

Full-year interest payments as share of expenditures grew to 9.75% compared with 9.18% a year ago but was lower than the projected 10.35%. Meanwhile, IP as a percentage of total revenue dropped to 14.18% from 14.29% in 2021 and was below the 15.51% target.

Fiscal Performance
For the Period Indicated
(In Billion Pesos)

Year-on-Year

Particulars	December				January to December p/ (Actual)			
	2021	2022	Diff	YoY	2021	2022	Diff	YoY
REVENUES	231.3	268.2	36.9	15.95%	3,005.5	3,545.5	540.0	17.97%
Tax Revenues	223.5	253.9	30.4	13.61%	2,742.7	3,220.3	477.6	17.41%
BIR ^{1/}	162.4	179.3	16.9	10.42%	2,078.1	2,335.7	257.5	12.39%
BOC ^{2/}	60.3	73.2	12.9	21.40%	643.6	862.4	218.9	34.01%
Other Offices	0.8	1.4	0.6	70.53%	21.0	22.2	1.2	5.69%
Non-Tax Revenues	7.8	14.3	6.5	82.73%	262.8	325.2	62.4	23.74%
BTr	4.7	6.6	1.8	38.31%	125.3	154.8	29.4	23.48%
Other Offices	3.1	7.8	4.7	150.84%	137.5	170.4	33.0	23.97%
EXPENDITURES	569.3	646.6	77.2	13.57%	4,675.6	5,159.6	484.0	10.35%
Interest Payments	27.3	43.6	16.3	59.57%	429.4	502.9	73.4	17.10%
Others	542.0	603.0	61.0	11.25%	4,246.2	4,656.8	410.6	9.67%
SURPLUS/ (DEFICIT)	(338.0)	(378.4)	(40.4)	11.94%	(1,670.1)	(1,614.1)	56.0	-3.35%
Primary Surplus/ (Deficit)	(310.7)	(334.8)	(24.1)	7.75%	(1,240.7)	(1,111.3)	129.4	-10.43%

^{1/} December gross BIR collection is P181.4 billion inclusive of tax refund amounting to P2.1 billion. Full-year gross collection is P2.3 trillion when total tax refund of P7.0 billion is considered.

^{2/} December gross BOC collection is P73.9 billion, inclusive of the P698.0 million tax refund. Full-year gross collection is P867.2 billion, total tax refund of P4.8 billion.

Program vs Actual

Particulars	January-December 2022			
	Prog	Actual	Diff	%
REVENUES	3,304.1	3,545.5	241.4	7.31%
Tax Revenue	<u>3,139.6</u>	<u>3,220.3</u>	<u>80.7</u>	<u>2.57%</u>
BIR	2,392.6	2,335.7	(56.9)	-2.38%
BOC	721.5	862.4	140.9	19.53%
Other Offices	25.5	22.2	(3.3)	-12.89%
Non-Tax Revenue	<u>164.5</u>	<u>325.2</u>	<u>160.7</u>	<u>97.71%</u>
BTr	63.4	154.8	91.3	144.05%
Other Offices	101.1	170.4	69.4	68.63%
EXPENDITURES	4,954.6	5,159.6	205.0	4.14%
Operating exp.	4,442.0	4,656.8	214.8	4.84%
Interest Payments	512.6	502.9	(9.7)	-1.90%
SURPLUS/ (DEFICIT)	(1,650.5)	(1,614.1)	36.4	-2.20%
Primary Surplus/ (Deficit)	(1,137.9)	(1,111.3)	26.6	-2.34%