



Funding the Republic

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

Press Release

**National Government Budget Deficit
Narrows to P122.2 Billion in May 2023**
January-May Budget Gap Eases to P326.3 Billion

MANILA, Philippines, 27 June 2023 – The National Government’s (NG) budget deficit for May stood at P122.2 billion, 16.73% or P24.6 billion less than the previous year’s shortfall of P146.8 billion. The lower deficit for the period was brought about by the 9.35% increase in NG receipts overtaking the 0.88% marginal growth in NG expenditures. The cumulative budget gap for the first five months of the year amounting to P326.3 billion similarly declined by 28.86% or P132.4 billion on a year-on-year (YoY) basis.

Revenue Performance

Revenue collection for May 2023 reached P333.4 billion, surpassing the P304.9 billion recorded in the same month last year by 9.35% (P28.5 billion). Moreover, total revenue as of the end-May stood at P1.6 trillion, showing a 10.83% increase or P155.6 billion more compared to the previous year. This growth was attributed to improvements in both tax and non-tax collections, which grew by 9.71% and 20.56% YoY, respectively.

The Bureau of Internal Revenue’s (BIR) net collections reached P213.3 billion¹, down slightly by 1.54% or P3.3 billion for the month. Meanwhile, the Bureau’s overall collection for the 5-month period increased by 9.95% or P95.5 billion to P1.1 trillion from last year’s P959.0 billion.

The Bureau of Customs (BOC) raised P77.9 billion for the month, topping the previous year’s outturn for the same period by 17.56% or P11.6 billion. This improved the agency’s YTD performance by 12.10% (P38.8 billion) over last year to reach P359.3 billion.

The Bureau of the Treasury’s (BTr) income for the month swelled to P24.9 billion, more than twice the level posted in 2022. The sharp increase was attributable to higher dividend and PAGCOR remittances, investment income, and interest on NG deposits. Meanwhile, BTr’s cumulative collection from January to May inched down to P82.2 billion from the previous year’s P83.4 billion mainly due to lower dividend remittances which decreased by 44.79% YoY².

Other offices (other non-tax revenues including privatization proceeds and fees and charges) contributed P16.8 billion in May, posting robust YoY growth of 49.78% or P5.6 billion. YTD collection of P95.8 billion reflects a 48.95% (P31.5 billion) growth from last year’s comparable period.

¹ Net of P235.0 million tax refund; May total BIR collection is P216.9 billion inclusive of tax refund.

² Dividend remittances dropped in 2023 owing to the lower 2022 performance of GOCCs used as basis for the computation of dividends.

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Expenditure Performance

Government spending of P455.7 billion for May 2023 marginally increased by 0.88% (P4.0 billion) from last year's P451.7 billion, as the lower National Tax Allotment (NTA) shares of Local Government Units³ and net lending assistance to government corporations weighed down the growth of disbursements. Net of these items, however, spending grew by 5.7% (P20.8 billion), mainly attributed to higher capital expenditures of the Department of Public Works and Highways, and Department of Transportation for their road and transport infrastructure projects, respectively, as well as larger personnel services expense with the release of the mid-year bonus of qualified government employees. YTD disbursement as of end-May amounting to P1.9 trillion similarly showed a moderate YoY expansion of 1.22% or P23.2 billion.

Primary spending (net of interest payments) which comprised 90.93% of total expenditure for the month, amounted to P414.32 billion, lower by 0.85% compared to its level in the previous year partly due to lower NTA releases. Meanwhile, the resulting cumulative primary expenditures for the 5-month period improved by 0.84% (P14.1 billion) to P1.7 trillion YoY.

Total interest payments (IP) for May totaled P41.3 billion, increasing by 22.21% or P7.5 billion from last year. The P229.6 billion YTD figure similarly grew by 4.13% or P9.1 billion over the comparable period. As a percentage of revenue, IP for the 5-month period accounted for 14.41%, declining from the previous year's 15.34%. On the other hand, its share to expenditure increased to 11.96% from 11.63% a year ago.

Primary Surplus/ (Deficit)

Excluding interest payments from expenditures, NG's primary deficit for May stood at P80.9 billion, down by 28.39% (P32.1 billion) on a YoY basis. Consequently, the cumulative primary deficit slid to P96.7 billion, 59.39% lower than the previous year's primary budget deficit of P238.2 billion as of end-May.

³CY 2023 NTA is lower than last year mainly due to the lower national tax collections for CY2020 (the base year for the NTA computation) brought about by the impact of the COVID-19 pandemic.

Fiscal Performance
For the Period Indicated
In Billion Pesos

Year-on-Year

Particulars	May p/			
	2022	2023	Diff	YoY
REVENUES	304.9	333.4	28.5	9.35%
Tax Revenues	284.8	291.7	6.9	2.43%
BIR 1/	216.6	213.3	(3.3)	-1.54%
BOC	66.3	77.9	11.6	17.56%
Other Offices	1.9	0.5	(1.4)	-72.85%
Non-Tax Revenues	20.1	41.7	21.6	107.35%
BTr	8.9	24.9	16.0	179.71%
Other Offices	11.2	16.8	5.6	49.78%
EXPENDITURES	451.7	455.7	4.0	0.88%
Interest Payments	33.8	41.3	7.5	22.21%
Others	417.9	414.3	(3.5)	-0.85%
SURPLUS/ (DEFICIT)	(146.8)	(122.2)	24.6	-16.73%
Primary Surplus/ (Deficit)	(113.0)	(80.9)	32.1	-28.39%

1/ Net of tax refund amounting to P263.0 million; May total BIR collection is P213.5 billion inclusive of the tax refund.

Year-to-Date

Particulars	Jan - May p/ (Actual)			
	2022	2023	Diff	YoY
REVENUES	1,437.2	1,592.8	155.6	10.83%
Tax Revenues	1,289.6	1,414.8	125.2	9.71%
BIR 1/	959.0	1,054.5	95.5	9.95%
BOC	320.5	359.3	38.8	12.10%
Other Offices	10.1	1.1	(9.0)	-89.53%
Non-Tax Revenues	147.7	178.0	30.4	20.56%
BTr	83.4	82.2	(1.1)	-1.34%
Other Offices	64.3	95.8	31.5	48.95%
EXPENDITURES	1,895.9	1,919.1	23.2	1.22%
Interest Payments	220.5	229.6	9.1	4.13%
Others	1,675.5	1,689.6	14.1	0.84%
SURPLUS/ (DEFICIT)	(458.7)	(326.3)	132.4	-28.86%
Primary Surplus/ (Deficit)	(238.2)	(96.7)	141.5	-59.39%

1/ January-May tax refund of P1.6 billion; Total gross BIR collection is P1,056.1 billion.