



*Funding the Republic*

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

## Press Release

### **NG Budget Deficit Rises to P225.4 billion in June 2023 H1 Budget Gap Narrows to P551.7 billion**

**MANILA, Philippines, 28 July 2023** – The National Government (NG) recorded a P225.4 billion budget deficit for June, 4.58% or P9.9 billion above the previous year's level. The higher deficit was due to a 7.91% year-over-year (YoY) drop in government receipts even as expenditures contracted by 2.59%. Meanwhile, the NG's cumulative budget gap for the 6-month period dropped to P551.7 billion, 18.17% lower compared to last year's shortfall of P674.2 billion due to the higher revenue outturn for the period. The H1 budget gap is also 28.49% below the P771.5 billion<sup>1</sup> mid-year deficit program.

#### **Revenue Performance**

NG revenue collection dipped by 7.91% or P23.0 billion YoY to P267.3 billion in June 2023. Nevertheless, total revenue of P1.9 trillion for the first semester was still higher by 7.68% (P132.6 billion) compared to collections for the same period a year ago and surpassed the program by 2.72% (P49.2 billion). Eighty-nine percent (89%) of the YTD collections were generated from taxes, while the remaining eleven percent (11%) came from non-tax collections.

The Bureau of Internal Revenue (BIR) exhibited a 5.07% or P8.8 billion YoY contraction in its June collection of P164.7 billion<sup>2</sup>. On the other hand, BIR's overall collection as of end-June grew by 7.65% or P86.7 billion YoY to P1.2 trillion, albeit 2.57% (P32.2 billion) lower versus the P1.3 trillion mid-year program.

Similarly, the Bureau of Customs' (BOC) collections of P74.1 billion for June went down by 2.72% (P2.1 billion) from last year's comparable outturn. However, compared to last year, the Bureau's YTD performance improved by 9.26% (P36.7 billion) to P433.4 billion. Moreover, the agency's YTD performance was 3.04% or P12.8 billion better compared to the P420.7 billion H1 target driven by its anti-smuggling operations.

Income collected and generated by the Bureau of the Treasury (BTr) slid to P10.8 billion for the month, 48.19% (P10.0 billion) lower YoY due to lower dividend remittances. BTr's YTD income of P93.0 billion likewise dropped by 10.68% (P11.1 billion) over last year's P104.1 billion. Nevertheless, BTr's 6-month performance surpassed the program for the period by 92.20% or P44.6 billion and was already 59.52% (P34.7 billion) higher than the P58.3 billion full-year program driven by higher income from BSF investment, dividend remittances, as well as NG share from PAGCOR profit and interest income from NG deposits.

<sup>1</sup> Based on the approved Quarterly Fiscal Program by the DBCC during their 184<sup>th</sup> meeting held on April 24, 2023.

<sup>2</sup> Net of P1.7 billion tax refund; June gross BIR collection was P166.4 billion. H1 total BIR collection is at P1.2 trillion inclusive of a P3.0 billion tax refund.

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Revenue collections from other offices (other non-tax including privatization proceeds and fees and charges) amounting to P17.7 billion just barely exceeded last year's level. Meanwhile, the cumulative revenue rose to P110.2 billion, surpassing both the P82.0 billion recorded a year ago and the H1 program by 34.26% (P28.1 billion) and 34.82% (P28.4 billion), respectively.

## **Expenditure Performance**

NG expenditures for June slowed to P492.7 billion, 2.59% or P13.1 billion below last year's P505.8 billion partly due to the lower National Tax Allotment shares of Local Government Units and outstanding checks, or those checks issued but not yet presented for payment or encashment by suppliers or creditors, in various agencies. Total disbursements as of end-June stood at P2.4 trillion, slightly up by 0.42% or P10.1 billion YoY but short of the P2.6 trillion H1 program by 6.60% (P170.5 billion), attributed mainly to substantial outstanding checks recorded as of end-June 2023 amounting to P124.1 billion per consolidated bank reports.<sup>3</sup> Moreover, the lower-than-programmed Interest Payments (IP); ongoing implementation of some social protection programs, particularly the registration and validation of beneficiaries; as well as billing concerns from suppliers/creditors, such as late submissions of billing statements and compliance with documentary requirements have affected the spending outturn for the period.

Net of IP, government primary spending for June decreased by 6.23% (P29.2 billion) to P439.8 billion. The P2.1 trillion aggregate primary expenditures for the 6-month period also represented a 0.70% or P15.1 billion contraction from the previous year and a 6.59% shortfall against the P2.3 trillion mid-year projection.

June IP increased by 43.89% or P16.1 billion from a year ago to P52.9 billion. This brought the cumulative IP to P282.5 billion, up by 9.81% compared to last year's first semester total of P257.2 billion but 6.72% below the P302.8 billion program for the period. The cumulative share of IP out of total expenditure and revenue for H1 2023 increased to 11.71% and 15.18% from 10.71% and 14.89%, respectively, in the previous year.

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

Netting out interest payments from expenditures, NG posted a P172.5 billion primary deficit for June, declining by 3.50% or P6.3 billion from 2022's primary deficit of P178.8 billion. The YTD primary deficit of P269.3 billion was also down by P147.7 billion or 35.43% from the previous year and 42.55% below the H1 program.

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<sup>3</sup> Status of NCA Utilization Report as of June 30, 2023. Consolidated Bank Reports from Government-Servicing Banks. Available at [https://www.dbm.gov.ph/wp-content/uploads/e-Fund\\_Releases/NCA-Disbursement/2023/June/WEBSITE-As-of-June-2023-By-Agency.pdf](https://www.dbm.gov.ph/wp-content/uploads/e-Fund_Releases/NCA-Disbursement/2023/June/WEBSITE-As-of-June-2023-By-Agency.pdf)

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

**Year-on-Year**

Particulars	June p/				Jan - June p/ (Actual)			
	2022	2023	Diff	YoY	2022	2023	Diff	YoY
<b>REVENUES</b>	<b>290.3</b>	<b>267.3</b>	<b>(23.0)</b>	<b>-7.91%</b>	<b>1,727.5</b>	<b>1,860.1</b>	<b>132.6</b>	<b>7.68%</b>
<b>Tax Revenues</b>	<b>251.8</b>	<b>238.9</b>	<b>(12.9)</b>	<b>-5.12%</b>	<b>1,541.3</b>	<b>1,657.0</b>	<b>115.7</b>	<b>7.50%</b>
BIR <sup>1/</sup>	173.5	164.7	(8.8)	-5.07%	1,132.5	1,219.2	86.7	7.65%
BOC	76.2	74.1	(2.1)	-2.72%	396.7	433.4	36.7	9.26%
Other Offices	2.0	0.0	(2.0)	-99.55%	12.1	4.4	(7.7)	-63.89%
<b>Non-Tax Revenues</b>	<b>38.5</b>	<b>28.4</b>	<b>(10.1)</b>	<b>-26.13%</b>	<b>186.2</b>	<b>203.1</b>	<b>17.0</b>	<b>9.13%</b>
BTr	20.8	10.8	(10.0)	-48.19%	104.1	93.0	(11.1)	-10.68%
Other Offices	17.8	17.7	(0.1)	-0.34%	82.0	110.2	28.1	34.26%
<b>EXPENDITURES</b>	<b>505.8</b>	<b>492.7</b>	<b>(13.1)</b>	<b>-2.59%</b>	<b>2,401.7</b>	<b>2,411.9</b>	<b>10.1</b>	<b>0.42%</b>
Interest Payments	36.8	52.9	16.1	43.89%	257.2	282.5	25.2	9.81%
Others	469.0	439.8	(29.2)	-6.23%	2,144.5	2,129.4	(15.1)	-0.70%
<b>SURPLUS/ (DEFICIT)</b>	<b>(215.5)</b>	<b>(225.4)</b>	<b>(9.9)</b>	<b>4.58%</b>	<b>(674.2)</b>	<b>(551.7)</b>	<b>122.5</b>	<b>-18.17%</b>
<b>Primary Surplus/ (Deficit)</b>	<b>(178.8)</b>	<b>(172.5)</b>	<b>6.3</b>	<b>-3.50%</b>	<b>(417.0)</b>	<b>(269.3)</b>	<b>147.7</b>	<b>-35.43%</b>

<sup>1/</sup> Net of P1.7 billion tax refund; June gross BIR collection was P166.4 billion. H1 total BIR collection is at P1.2 trillion inclusive of a P3.0 billion tax refund.

**Program vs Actual**

Particulars	Jan-June			
	Prog <sup>1/</sup>	Actual	Diff	%
<b>REVENUES</b>	<b>1,810.9</b>	<b>1,860.1</b>	<b>49.2</b>	<b>2.72%</b>
<b>Tax Revenue</b>	<b>1,680.8</b>	<b>1,657.0</b>	<b>(23.8)</b>	<b>-1.42%</b>
BIR	1,251.4	1,219.2	(32.2)	-2.57%
BOC	420.7	433.4	12.8	3.04%
Other Offices	8.8	4.4	(4.4)	-50.14%
<b>Non-Tax Revenue</b>	<b>130.1</b>	<b>203.1</b>	<b>73.1</b>	<b>56.16%</b>
BTr	48.4	93.0	44.6	92.20%
Other Offices	81.7	110.2	28.4	34.82%
<b>EXPENDITURES</b>	<b>2,582.4</b>	<b>2,411.9</b>	<b>(170.5)</b>	<b>-6.60%</b>
Operating exp.	2,279.6	2,129.4	(150.2)	-6.59%
Interest Payments	302.8	282.5	(20.3)	-6.72%
<b>SURPLUS/ (DEFICIT)</b>	<b>(771.5)</b>	<b>(551.7)</b>	<b>219.8</b>	<b>-28.49%</b>
<b>Primary Surplus/ (Deficit)</b>	<b>(468.7)</b>	<b>(269.3)</b>	<b>199.4</b>	<b>-42.55%</b>

<sup>1/</sup> Based on the approved Quarterly Fiscal Program by the DBCC during their 184<sup>th</sup> meeting held on April 24, 2023.