



Funding the Republic

Republic of the Philippines
KAGAWARAN NG PANANALAPI
KAWANIHAN NG INGATANG-YAMAN
(BUREAU OF THE TREASURY)
Intramuros, Manila



Press Release

Full Year 2023 Revenue and Disbursement Meet Program Levels Budget Gap Improves Sharply to 6.2% of GDP

Manila, Philippines, 29 February 2024 – The National Government (NG) ran a P1.512 trillion budget deficit for FY 2023, marking a 6.32% (P102.0 billion) year-over-year (YoY) decrease but slightly wider than the P1.499 trillion program¹ by 0.85% or P12.7 billion. The narrower fiscal gap for the year was attributed to the 7.86% increase in revenue collection, surpassing the 3.42% growth in government spending. The FY 2023 deficit stood at 6.2% of GDP, a little over the 6.1% program² but was significantly below the 7.3% deficit-to-GDP ratio recorded in 2022, indicating progress of fiscal consolidation. Meanwhile, NG's budget deficit for December 2023 increased by 5.97% or P22.6 billion to P401.0 billion YoY resulting from the 2.24% acceleration in expenditures alongside a 3.03% decline in revenue collections.

Revenue Performance

Total revenue for the year was P3.824 trillion, up by 7.86% or P278.6 billion from a year ago driven by improvements in both tax and non-tax revenue during the period. The FY 2023 outturn also exceeded the P3.729 trillion program by 2.55% or P95.1 billion driven primarily by overperformance of non-tax collections. Broken down, 89.68% or P3.429 trillion was taxes which grew by 6.49% YoY. Non-tax sources accounting for the remaining balance of 10.32% or P394.8 billion similarly topped the previous year's outcome and were more than double the program for the year. Meanwhile, NG collection for December amounting to P260.1 billion slipped by 3.03% or P8.1 billion YoY.

The Bureau of Internal Revenue (BIR) collected P2.517 trillion³ for FY 2023, showing a 7.76% increase from the previous year's P2.336 trillion. However, it fell short of the P2.639 trillion program by 4.63% (P122.2 billion) in large part due to the shift in the schedule of the Value-Added-Tax returns remittance implemented in January 2023⁴. This is evident in the agency's collection for December which shrank to P174.3 billion from P179.3 billion in the same month a year ago.

Full-year collections by the Bureau of Customs (BOC) were registered at P883.2 billion (net of P4.2 billion tax refund), growing by 2.41% or P20.8 billion over last year's P862.4

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

² For FY 2023, the higher than programmed deficit-to-GDP ratio is attributed to the higher than programmed deficit and lower than expected GDP growth. In 2023, the economy grew by 5.6%, lower than the 6.0% to 7.0% DBCC-approved target.

³ Net of P8.4 billion tax refund; Full-year gross collection is P2.525 trillion.

⁴ BIR's Memorandum Circular No. 5-2023 requires the filing of Quarterly VAT Returns within twenty-five days following the close of each taxable quarter wherein the transaction transpired pursuant to RA 10963 (TRAIN Law).

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billion and was 1.04% (P9.0 billion) above the P874.2 billion FY 2023 program. BOC's strong performance may be attributed to its enhanced revenue collection efforts, intensified anti-smuggling measures as well as digitalization projects for trade facilitation. Meanwhile, BOC's uptake for December 2023 slowed to P71.2 billion, 2.68% (P2.0 billion) lower compared to last year's achievement of P73.2 billion.

Bureau of the Treasury (BTr) income for FY 2023 surged to P227.6 billion, exceeding the previous year's outturn of P154.8 billion by 47.09% (P72.9 billion). Similarly, the Bureau outperformed the P58.3 billion FY 2023 program on account of higher remittances of dividends from GOCCs, income from investments, and interest on NG deposits, as well as NG share in PAGCOR profit. The P11.3 billion income collected and generated by the BTr for December 2023 likewise notched a significant improvement of 72.67% (P4.8 billion) from the same period last year.

Total revenue from other offices (other non-tax including privatization proceeds and fees and charges) slid by 1.91% (P3.3 billion) YoY to P167.2 billion in 2023 behind the base effect of one-off remittances in 2022⁵. However, the cumulative collection was still 25.92% or P34.4 billion higher than the FY 2023 target. On a YoY basis, total collections for December 2023 dropped by 72.48% (P5.6 billion) to P2.1 billion from P7.7 billion in the previous year.

Expenditures

Full-year disbursements reached P5.336 trillion, 3.42% or P176.6 billion higher than the comparable level in 2022 and were 2.06% above the P5.228 trillion program. December 2023 expenditures of P661.0 billion likewise grew by 2.24% (P14.5 billion) compared to the P646.6 billion spent in the same month last year.

Primary expenditures which accounted for 88.23% of total FY 2023 expenditures increased by 1.10% to P4.708 trillion from 2022's P4.657 trillion and were 1.95% above the target of P4.618 trillion. Meanwhile, the primary spending for December 2023 stood at P600.4 billion, registering a marginal decline of 0.43% over the same period a year ago. The lower National Tax Allotment shares of Local Government Units for 2023 weighed down on the overall growth of spending. Nonetheless, other productive expenditures, particularly infrastructure and other capital outlays, as well as personnel services expenses, helped buoy government disbursements in 2023.

Meanwhile, interest payments (IP) for 2023 reached P628.3 billion, up by 24.95% (P125.5 billion) over last year caused by the tightening of global funding conditions and the impact of higher borrowing to provide stimulus during the pandemic. The actual IP were also above the full-year program by 2.89% or P17.7 billion mainly due to additional policy rate tightening throughout 2023 brought about by stubborn inflation. IP for December 2023 amounting to P60.7 billion also increased by 39.15% (P17.1 billion) from last year's P43.6 billion.

⁵ Higher collections in FY 2022 from the BCDA's remittance of AFP share from the disposition of assets, DFA's collections and DSWD remittance of unutilized balance from the Unconditional Cash Transfer (UCT) Program.

Primary Surplus/ (Deficit)

Net of interest payments, NG's primary deficit for 2023 slowed to P883.8 billion, 20.47% lower compared to last year, and lagged behind the FY 2023 program by 0.56% (P5.0 billion). On the other hand, the primary deficit for December grew by 1.65% (P5.5 billion) to P340.3 billion YoY.

Fiscal Indicators

Revenue effort for 2023 dipped to 15.7% from 16.1% last year but was better than the 15.2% program. Tax effort also dropped to 14.1% from 14.6% a year ago and was below the 14.4% target. Meanwhile, total expenditure was at 22.0% of GDP, surpassing the 21.3% implicit target but lower than the 23.4% attainment in 2022, in line with the NG's fiscal consolidation efforts. Total IP as a percentage of expenditures for FY 2023 accounted for 11.8%, up from 9.8% a year ago and were slightly above the 11.7% implied projection. Lastly, IP as a percentage of total revenue were at par with the 16.4% implicit target but higher than 2022's 14.2%.

Fiscal Performance

For the Period Indicated

(In Billion Pesos)

Year-on-Year

Particulars	December				January to December p/ (Actual)			
	2022	2023	Diff	YoY	2022	2023	Diff	YoY
REVENUES	268.2	260.1	(8.1)	-3.03%	3,545.5	3,824.1	278.6	7.86%
Tax Revenues	253.9	246.6	(7.3)	-2.86%	3,220.3	3,429.3	209.0	6.49%
BIR ^{1/}	179.3	174.3	(5.0)	-2.79%	2,335.7	2,517.0	181.3	7.76%
BOC ^{2/}	73.2	71.2	(2.0)	-2.68%	862.4	883.2	20.8	2.41%
Other Offices	1.4	1.1	(0.3)	-21.13%	22.2	29.1	6.9	30.92%
Non-Tax Revenues	14.3	13.5	(0.9)	-5.96%	325.2	394.8	69.6	21.41%
BTr	6.6	11.3	4.8	72.67%	154.8	227.6	72.9	47.09%
Other Offices	7.7	2.1	(5.6)	-72.48%	170.4	167.2	(3.3)	-1.91%
EXPENDITURES	646.6	661.0	14.5	2.24%	5,159.6	5,336.2	176.6	3.42%
Interest Payments	43.6	60.7	17.1	39.15%	502.9	628.3	125.5	24.95%
Others	603.0	600.4	(2.6)	-0.43%	4,656.8	4,707.9	51.1	1.10%
SURPLUS/ (DEFICIT)	(378.4)	(401.0)	(22.6)	5.97%	(1,614.1)	(1,512.1)	102.0	-6.32%
Primary Surplus/ (Deficit)	(334.8)	(340.3)	(5.5)	1.65%	(1,111.3)	(883.8)	227.5	-20.47%

^{1/} December gross BIR collection is P177.7 billion inclusive of P3.4 billion tax refund. Full-year gross collection with a total tax refund of P8.4 billion is P2.525 trillion.

^{2/} December gross BOC collection is P72.9 billion, including the P1.7 billion tax refund. Full-year gross collection is P887.5 billion, total tax refund of P4.2 billion.

Program vs Actual

Particulars	January-December			
	Prog	Actual	Diff	%
REVENUES	3,729.0	3,824.1	95.1	2.55%
Tax Revenue	3,537.9	3,429.3	(108.7)	-3.07%
BIR	2,639.2	2,517.0	(122.2)	-4.63%
BOC	874.2	883.2	9.0	1.04%
Other Offices	24.6	29.1	4.5	18.23%
Non-Tax Revenue	191.1	394.8	203.8	106.65%
BTr	58.3	227.6	169.3	290.50%
Other Offices	132.8	167.2	34.4	25.92%
EXPENDITURES	5,228.4	5,336.2	107.8	2.06%
Operating exp.	4,617.8	4,707.9	90.1	1.95%
Interest Payments	610.7	628.3	17.7	2.89%
SURPLUS/ (DEFICIT)	(1,499.4)	(1,512.1)	(12.7)	0.85%
Primary Surplus/ (Deficit)	(888.8)	(883.8)	5.0	-0.56%