**DOF Economic Bulletin on Revenue Performance**

2 June 2015

Revenues grew by 18.1% in the first quarter of 2015, outstripping the 5.5% growth in nominal GDP. Both tax and non-tax revenues grew at double-digit rates.

Tax revenues rose by  13.4% with BIR collections rising by 16.0% and BOC collections expanding by 6.7%, likewise exceeding the nominal GDP growth.  Meanwhile, collections of other offices declined by 12% due to lower motor vehicle tax and immigration tax.

Non-tax revenues grew by 56.6 percent as BTr income rose by 80.7%, from P21.0 billion to P37.9 billion and others by 41.14% (from P20.8 billion to P29.4 billion).

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| **Table 1. REVENUES , January-March** |   |   |   |
|   | 2014 | 2015 | % Growth |
|   |         P billion |   |
| TOTAL REVENUES |       398.4 |       470.5 | **18.1%** |
| TAX REVENUES |       355.2 |       402.9 | **13.4%** |
|      BIR | 264.7 | 307.1 | **16.0%** |
|      BOC | 86.5 | 92.3 | **6.7%** |
|     OTHER OFFICES |          4.0 |          3.5 | **-12.0%** |
| NON-TAX REVENUES |        43.2 |        67.6 | **56.6%** |
|  |  |  |  |
| EXPENDITURES |       482.5 |       504.0 | **4.5%** |
|   |  |  |  |
| NG BALANCE |       (84.1) |       (33.5) | **-60.2%** |

Expenditures grew by only 4.5% thus, the deficit dropped by 60.2% relative to the same period last year.

**The exceptional increase in revenue collections led to the revenue effort rising from 13.84% last year to 15.49%, a 1.66 percentage point rise, the highest first quarter revenue effort increment ever achieved\*.**

**The tax effort also rose by 0.93 percentage point to 13.27% due to tax administration improvements. This is also the highest first quarter increment except in 2006 when the VAT reform was passed.**

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| **Table 2. TAX EFFORT, January-March** |   |   |
|   | **2014** | **2015** |
| **REVENUE EFFORT** | **13.84%** | **15.49%** |
| TAX EFFORT | 12.34% | 13.27% |
|    BIR | 9.19% | 10.11% |
|   |  |   |
|    BOC | 3.00% | 3.04% |
|    OTHERS | 0.14% | 0.12% |
| NON-TAX REVENUE EFFORT | 1.50% | 2.23% |
|  |  |  |
| **EXPENDITURE EFFORT** | **16.76%** | **16.60%** |
| **NG BALANCE** | **-2.92%** | **-1.10%** |
| **DEBT-GDP RATIO** | 45.4% | 45.2%\* |

\* April

A combination of the lower deficit, stable interest rates and strong peso led to the continuing drop in the  debt-GDP ratio to 45.2% in April, from the year-end 2014 ratio of 45.4%.

The strong fiscal position shall buttress economic growth in succeeding quarters.

\* Quarterly fiscal data started to be compiled in 1989.