



2012 ANNUAL REPORT

Breaking Barriers Transforming Lives

Good Governance is Good Economics



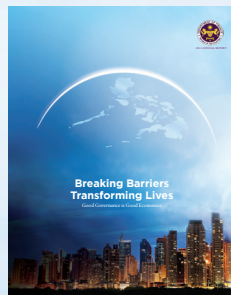


Cover Story

The cover depicts an evolution of progress. The buildings of Makati skyline were captured symbolizing the rise of the economy, with smaller structures from the left transforming to skyscrapers to the right.

At the backdrop, a similar transformation can be gleaned as cloudy skies at upper left give way to a brightened horizon at the upper right portion, symbolic of the development process catalyzed by improving investment climate and a brighter future for the Filipino people.

The Philippine map with the sunrise suggests that with a more competitive economy, the country now has become more prominent in the global arena. Indeed, better governance spurred the economy into greater heights and rekindled hopes for a shared prosperity.



Makati Skyline photo courtesy of Mr. James Ona

Vision

- A strong economy with stable prices and strong growth;
- A stable fiscal situation with adequate resources for government projects and budgetary support;
- A borrowing program that is able to avoid the crowding-out effect on the private sector, and minimizes costs;
- A public sector debt profile with long maturities and an optimum mix of currencies that minimizes the impact of currency movements; and
- A strong economic growth with equity and productivity.

Mandate

Under Executive Orders 127, 127-A and 292, the Department of Finance is responsible for the:

- Formulation, institutionalization and administration of fiscal policies in coordination with other concerned subdivisions, agencies and instrumentalities of the government;
- Generation and management of the financial resources of government;
- Supervision of the revenue operations of all local government units;
- Review, approval and management of all public sector debt, domestic or foreign; and
- Rationalization, privatization and public accountability of corporations and assets owned, controlled or acquired by the government.

Mission

Our economy must be one of the most dynamic and active in the world, globally competitive and onward looking. The DOF shall take the lead in providing a solid foundation for the achievement of this objective, by building a strong fiscal position, through the:

- Formulation, institutionalization and administration of sound fiscal policies;
- Improvement of tax collection efficiency;
- Mobilization of adequate resources on most advantageous terms to meet budgetary requirements;
- Sound management of public sector debt; and
- Initiation and implementation of structural and policy reforms.

Credo

I am a public servant
in the Department of Finance.

I seize the initiative
to improve a little each day:

- in the way that I am;
- in the way I care;
- in the way I work.

I strive for excellence
in everything I do:

- by the pursuit of competence;
- by the constant search of professionalism;
- by the observance of team work.

I take the lead and serve:

- by putting country above self;
- by showing concern for others;
- by thinking of myself last.

I think and act to ensure:

- integrity in the life I live;
- the efficiency of the work I do;
- the effectiveness of the service I render.

I believe that God is my father
who cares for and helps me always.

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for Better Delivery of Service

FACES

DIRECTORY



Letter

TO THE PRESIDENT

His Excellency
Benigno S. Aquino III
President
Republic of the Philippines
Malacañang, Manila

Dear Mr. President:

On behalf of the employees and officials of the Department of Finance and its attached bureaus and agencies, I am honored to submit to your Excellency our annual report for 2012.

The report highlights significant developments during the year, with the fiscal sector serving as a catalyst for an impressive economic performance. Fiscal indicators reflect the consolidated efforts that sustained the capacity of the government to finance the growing developmental needs of the country.

We would like to take this opportunity to thank your Excellency for the guidance and support toward achieving such milestones.

Very truly yours,



CESAR V. PURISIMA
Secretary

Message

OF THE PRESIDENT

My warmest greeting to the Department of Finance on the publication of your 2012 Annual Report.

These past few years, we have collectively risen to the challenges of establishing good governance, and despite the many forces who still seek to derail our initiatives to restore accountability and transparency in our institutions, the culture of greed and self-interest that has plagued us for so long continues to give way to our shared vision of a dynamic, morally upright public service.

The DOF's solidarity has played a vital role in our drive for change. We have made great strides in ensuring the social inclusivity of our economic growth, optimizing revenue collection, and purging corruption from bureaucracy. Your very own Bureau of Customs has recently experienced massive reform, and we remain steadfast in upholding these reestablished foundations of integrity and the highest ideals of democracy.

Let this annual report reaffirm the confidence, trust, and hope of our people; may we remain steadfast in maintaining this era of national transformation, and add greater momentum to our journey towards lasting progress.



BENIGNO S. AQUINO III
President
Republic of the Philippines



MESSAGE FROM THE Secretary

The Philippine economy has evolved into one of the fastest growing in the world. The enhanced economic fundamentals are outcomes of various reforms that we pursued in cooperation with various stakeholders.

While many sovereign nations experienced fiscal challenges during the year, it is notable that the country has earned a series of credit upgrades from major credit rating agencies. This is testament that the reforms that we carried out are on the right track and helping to sustain a robust economic performance.

In fact, the country's gross domestic product in 2012 registered a 6.6 percent expansion amid a fragile global environment. The growth in the economy was achieved together with milestones in revenue collections that stood at P1.6 trillion, strong performance of the stock market, and stable local currency and interest rates.

The government scaled up spending for various programs and projects during the year while posting a budget deficit that was P36.3 billion lower than programmed. The combination of administrative and legislative measures that we pursued are starting to bear fruit.

Let me acknowledge the support of our lawmakers from the legislative branch for enacting the Sin Tax Reform Act. This reform will help us finance public health programs and other government projects that will address the needs of our citizens, while at the same time targeting improved health outcomes.

However, we need to sustain our reform agenda. We shall continue to work closely with every branch of the government in order to safeguard such milestones and further enhance our funding

capacities. This is the reason why while we embark on said reforms, we also need to harness the resources and expertise of our various partners.

We still believe in the role of the private sector in the creation of economic opportunities, even as we fully recognize the role of fiscal policies in the economy. We intervene into the market only when it is necessary, such as to create a level playing field and foster an enabling environment.

We acknowledge that a robust and conducive business climate comes only with a sustained trust on how the government handles its affairs. It is in this regard that our advocacy toward the principles of good governance is really crucial.

Let me express my gratitude to my colleagues in the DOF, our partners in other government agencies, the private sector, and the international community. The milestones that we proudly report for the fiscal year 2012 are the fruits of a close partnership that we forged in the past and that we continue to cherish. Binding ourselves together makes us more capable of transforming the lives of our people.

Very truly yours,



CESAR V. PURISIMA
Secretary

"The strong economic growth fueled optimism in the equities market, with the Philippine stock market index hitting an all-time high of 5,812.7 during the year."

– Secretary Cesar V. Purisima



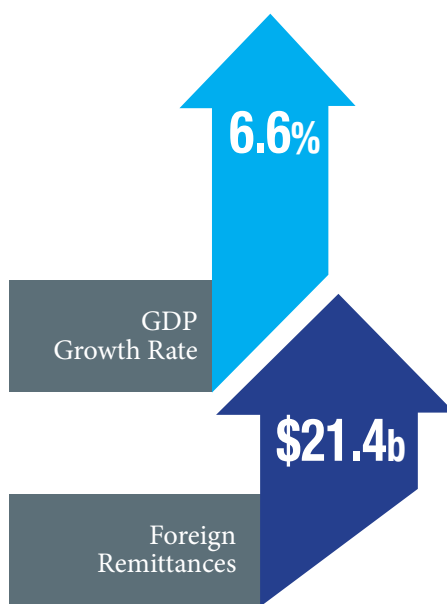


THE YEAR IN Review

For much of 2012, the Philippines was the center of economic gravity in the Association of South East Asian (ASEAN) Region, posting a better than expected 6.6 percent Gross Domestic Product (GDP) growth rate to become one of the fastest growing economies in the world.

The expansion of the economy was triggered mainly by strong services sector and influx of foreign remittances that have been the backbone of the Philippine economy for almost a decade.

A robust inflow of foreign remittances, mainly from the Overseas Filipino Workers (OFW), reached a record high of \$21.4 billion, fuelling strong consumer spending which in turn helped shield the Philippine economy from the economic crisis in the West. Likewise, the services sector kept the economy afloat as it accounts 4.2 percent of the GDP.



5 credit rating upgrades received
(S & P, Fitch, Moody's)

The strong economic growth fueled optimism in the equities market, with the Philippine stock market index hitting an all-time high of 5,812.7 during the year.

The strong economy resulted to a stronger currency. The Philippine Peso appreciated to an annual average exchange rate of P42.2. Inflation remained manageable at an average of 3.2 percent, the lowest since the 2008 global financial crisis. Lower fuel and electricity prices kept inflation in check.

A total of 42 infrastructure projects worth P439 billion were approved. These projects are geared toward achieving the goal



of the Philippine Development Plan 2011-2016. Concerned government agencies started implementing more than half of the projects during the year.

The tourism industry accounted for 7 percent of the national economy. The total tourist arrivals reached 4.3 million, the first time the country reached the 4 million-mark in tourist arrivals.

Strong economic fundamentals combined with

enhanced confidence in the government also earned the country's ranking up by 10 notches in the Global Competitiveness Report, resulting in an overall 20-notch jump under the Aquino Administration.

The Standard and Poor's (S&P), Moody's Investors Service and Fitch Group, the big 3 credit rating agencies, raised the Philippines credit rating one level below investment grade status.

This translated to a lower cost of borrowing for the Philippines.

In effect, the National Government (NG) generated total savings of around P33.8 billion from interest payments. The upgrade signaled investors' confidence on how the government handled the economy, along with the strong resolve toward good governance.

2012 EUROMONEY Finance Minister of the Year



Euromoney editor Clive Horwood awards Finance Minister of 2012 to Secretary Cesar V. Purisima on 11 October 2012.

In 2012, Finance Secretary Cesar Purisima was named Finance Minister of the Year by the leading global banking and finance publication Euromoney, for his "careful and successful stewardship" which it said "led to a shift in perception and positive view of the Philippines' economy."

It recognized that despite the natural calamities that ravaged the country the previous year, Secretary Purisima was able to lead the economy in achieving a remarkable growth amidst global macro-economic challenges in 2012.

Sec. Purisima's initiatives in promoting capital markets, both in the Philippines and across the broader ASEAN region, was likewise commended by the publication which has been nominating a Finance Minister of the Year for the past 30 years to coincide with the World Bank/IMF meetings.

"President Aquino's unwavering commitment to good governance has brought significant gains to the Philippine economy. Good news are plentiful these days: macroeconomic stability, strengthened fiscal position, increased investments in social and economic services, and improved competitiveness among other things."

– SECRETARY CESAR V. PURISIMA
Tokyo, Japan
11 October 2012



"The ratings and outlook are supported by strong external finances, a track record of macroeconomic stability, favourable economic prospects, and falling public debt ratios."

– PHILIP MCNICHOLAS
Director in Fitch's Asia-Pacific
Sovereign Ratings Group, 20 June 2012

"Despite the headwinds from softening external demand, the Philippines has demonstrated considerable economic strength and fiscal resilience. In contrast to similarly rated countries, the country is poised to record a combination of faster growth, lower inflation, exchange rate appreciation and an increase in foreign exchange reserves, while maintaining trend debt consolidation."

– MOODY'S INVESTORS SERVICE
30 October 2012

P30.8 BILLION GLOBAL PESO NOTES, ONE OF EUROMONEY'S DEALS OF THE YEAR FOR 2012

"This is continued proof that the country is one of the safest emerging markets to invest in. We welcome this award as another vote of confidence in the Aquino administration's good governance reforms, and a continued nod at the effectiveness of our proactive liability management agenda."

– SECRETARY CESAR V. PURISIMA

A nighttime photograph of a city highway with long-exposure light trails from cars. In the background, a city skyline is visible with various lit-up buildings. The title 'Funding the Development' is overlaid in large white text.

Funding the Development

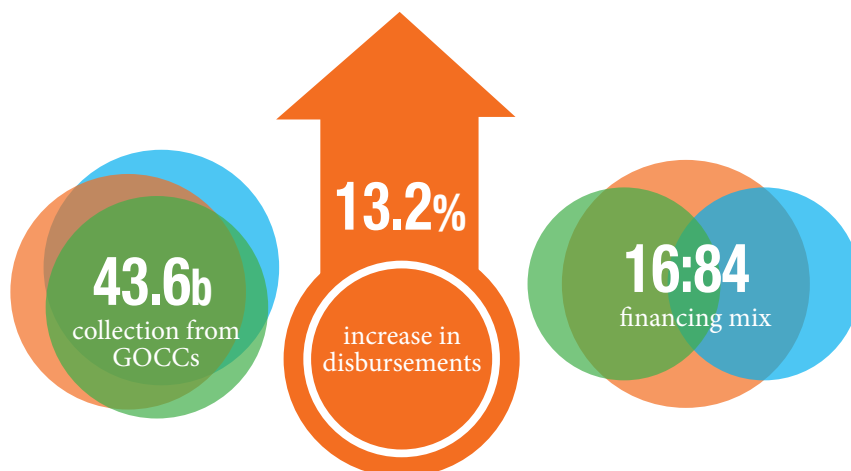
In 2012, the Department embarked on various efforts to efficiently and effectively pursue revenue generation measures to fund critical government programs that promote public welfare, enhance stability, and accelerate economic growth.



Total tax collections in 2012 stood at P1.3 trillion. Main contributors are value-added tax (VAT) and income taxes. Collections from excise products also added to the substantial amount.

With non-tax revenues reaching P173.8 billion and net privatization proceeds amounting to P8.3 billion, total revenues reached P1.6 trillion in 2012.

The privatization program generated P20 billion gross revenue in 2012, of which a total of P19.5 billion came from the proceeds of Food Terminal, Inc. (FTI). NG earned P6.5 billion in privatization revenue and P3.7 billion in dividends from the transaction after deductions.



“One of the largest ever privatization accomplishments of the Government that is only attributable to this Administration’s commitment to transparency and competitive bidding for Government transactions.”

– KAREN SINGSON
Chief Privatization Officer

PRIVATIZATION OF FTI

On 14 August 2012, the DOF’s Privatization Management Office (PMO) sold 74-hectares of the sprawling FTI in Taguig City. It is one of the largest and well-placed industrial complexes in Metro Manila, catering to more than 300 companies by providing industrial and commercial lots for medium-to-long term leases, and industrial buildings with standard-sized stalls for office, warehouse or small-scale processing operations.

Property giant Ayala Land Incorporated (ALI) won the public bidding for the said parcel of land for P23.9 billion, the single biggest landbank Ayala has acquired since taking over the Bonifacio Global City project in Taguig in 2003 and is now among ALI’s ongoing multi-billion-peso development projects.

After three failed biddings in the past, the government expects the sale to boost economic activities in Taguig and pave the way for employment opportunities. Proceeds from the sale were turned over to the Department of Agriculture, as well as to the Comprehensive Agrarian Reform Program initiatives of the Aquino administration.

Ayala aims to transform FTI into another business district and bring all its product lines into the development.

The FTI Complex lies 2.4 kilometres north of the Bicutan Interchange, 2.3 kilometres southeast of the Fort Bonifacio overpass, and about 4.4 kilometres southeast of EDSA. It is about 15 minutes’ drive from the Makati Central Business district and 20 minutes away from the Ninoy Aquino International Airport.



The GOCCs and government financial institutions (GFIs) remitted P24.9 billion dividends for 2012. This amount is 3.5 times more than the average annual dividend collections from 2002 to 2010.

Aside from dividends, NG also collected from the GOCCs fees and other form of shares from their revenue amounting to P18.8 billion. An over-all collection from the GOCCs of P43.6 billion represents 25 percent of total non-tax revenues for the same period.



TOP: Government Owned and Controlled Corporations (GOCCs) turns over dividend checks to President Benigno S. Aquino in February 2012.

BOTTOM: On 12 November 2012, President Aquino and Ayala Land Inc. chairman Fernando Zobel de Ayala applaud as Finance Secretary Cesar V. Purisima and ALI president and CEO Antonio Aquino shake hands to seal ALI's P24.3-billion acquisition of Food Terminal Inc. during a ceremony at Malacañan Palace. Also in attendance are Public Works and Highways' Secretary Rogelio Singson, Department of Transportation and Communications Secretary Jun Abaya and Taguig City Mayor Maria Laarni Cayetano.

During the ceremonial turnover by the Government Owned and Controlled Corporations (GOCCs) of dividend payments to President Aquino in February 2012, the President said that dividends from GOCCs could provide funding support for the government as it continues to embark on programs and projects for social services and job creation.

Majority of the public sector posted surpluses in 2012 with the Social Security Institutions (SSIs) such as Government Service Insurance System (GSIS)

and Social Security System (SSS) having the biggest surplus amounting to P72.7 billion. LGUs also posted a surplus of P73.6 billion.

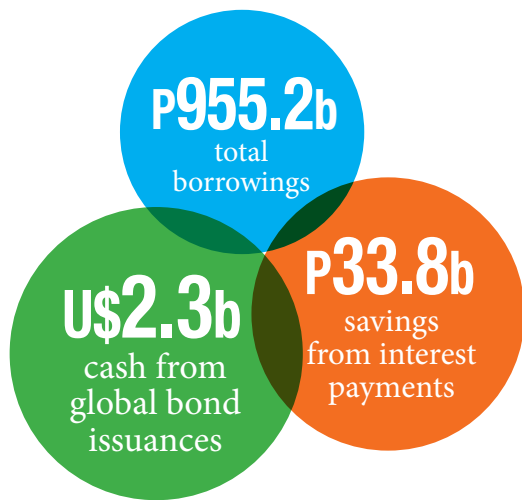
The NG raised P955.2 billion through its borrowing operations in 2012. Of the total gross borrowings, P156.6 billion came from offshore lenders while money raised from issuance of domestic securities added up to P798.5 billion, leading to a financing mix of 16:84.

Official Development Assistance (ODAs) accounted for 39 percent of total external

funding in 2012 Actual disbursements reached U\$1.4 billion (P59.8 billion), with U\$400.7 million (P18.2 billion) coming from on-going project loans, and another U\$1 billion (P41.6 billion) from program loan disbursements.

The rest of the external financing requirement was raised by tapping the international capital markets. Cash from global bond issuances in 2012 totalled U\$2.3 billion.

As a result of improved market confidence and the success of the tender offer transactions,



the average interest rate on foreign debt was cut down to 4.8 percent in 2012 from 5.1 percent in 2011.

Similarly, average interest for domestic debt went down from 6.9 percent in 2011 to 6.5 percent in 2012, as strong fiscal performance and benign inflation fanned local appetite for government securities.

Moreover, savings on interest payment (IP) registered at P4.9 billion as a result of the collective effects of lower actual interest rates, lower-than-programmed volume of T-bills issuances and higher volume of bond swaps.

On the expenditure side, the NG increased disbursements by 13.2 percent in 2012. Deficit reached P243 billion or 2.1 percent of GDP.

Meanwhile, the DOF continued to implement programs and projects geared toward development at the local level in 2012, primarily through the Municipal Development Fund Office (MDFO) and the Bureau of Local Government Finance (BLGF).

Sin Tax Reform Signed INTO LAW

On 20 December 2012, President Benigno S. Aquino III signed into law Republic Act No. 10351, otherwise known as the Sin Tax Reform Act of 2012, a sixteen-year battle to reform the country's excise tax regime for tobacco and alcohol.

This monumental achievement for health and revenue reform in the Philippines has been attempted by many previous administrations. Having the reform finally legislated puts to rest any lingering doubts on the government's ability to deliver on its Social Contract with the Filipino people.

The law is expected to generate an additional P34 billion in the first year of implementation and P184.3 billion in the next four years. A substantial share of the proceed will be spent for universal health care program and tobacco farmers' livelihood.

The passage of the sin tax bill essentially achieved the necessary reforms by correcting inequities in the tax structure that has plagued the system for decades and made prices of cigarettes and alcohol products in the country the cheapest in the world to the detriment of the Filipino's health.

Also, the excise regime for distilled spirits will be compliant with World Trade Organization standards by adopting a mixed system of P20 NRP per proof liter specific tax +15 percent NRP per proof ad valorem in 2013 and 20 percent NRP per proof in 2015, and having removed raw materials from the current basis of tax classification.

More importantly, the excise tax incidence for tobacco products jumps from 29 percent in 2012 to 63 percent by 2017, close to the international standard recommended by the World Health Organization and the World Bank that tobacco products be taxed excise at 2/3 their net retail price.

"Today, we sign, finally, a law that serves as an early Christmas gift to millions of Filipinos who will be covered by the universal health care program, who will benefit from new public clinics and hospitals that will be built, and who will be discouraged from smoking and drinking."

- PRESIDENT BENIGNO S. AQUINO III
Malacañang
20 December 2012

"This is a historic win for reforms... with the recent legislative milestones and the soaring trust and approval ratings of the President, the momentum for reforms and transformation has clearly accelerated..."

- SECRETARY CESAR V. PURISIMA
on the Sin Tax Law
Philippines News Agency
21 December 2012



Through DOF-DILG Joint Memorandum Circular No. 2010-01, additional 12 provinces and 17 cities adopted new assessments using their updated Schedule of Market Values (SMV) which serves as the basis for the imposition of real property tax. Compliance to the DOF and DILG policy grew by 123 percent from only 5 provinces and 8 cities in 2011.

LEFT (From L – R) Wijerathne Sakalasooriya and T. Asoka Peiris (Secretaries of Agriculture and Lands & Land Development, Democratic Socialist Republic of Sri Lanka) with Usec. Carlo A. Carag (DOF Undersecretary for Revenue Operations and Legal Affairs Group) during the delegation's courtesy visit at the Department of Finance on 10 July 2012.

BOTTOM: The Sri Lankan delegates with the officials of DOF and members of the LAMP2 Project during the courtesy visit on 10 July 2012.



A TOTAL OF P7.4 BILLION MDF-SGF WERE ALLOCATED IN 11 FINANCING FACILITIES IN 2012:

- **Disaster Management Assistance Fund (DMAF)** - Building resilient communities through disaster preparedness and mitigation. Provides readily accessible funds for emergency equipment and relief goods. Rehabilitates and restores infrastructures ruined by natural calamities (P0.7 billion)
- **Municipal Development Fund Project (MDFP); Mindanao Basic Urban Services Sector Project (MBUSSP); Millennium Development Goals Fund (MDGF)** - These financing windows contribute to the attainment of the MDGs by financing rural and urban infrastructures on revenue generating, social, environmental and solid waste management projects (P2.4 billion)
- **Equity for Agrarian Reform Communities Project II and Mindanao Rural Development Project** - Addresses the financing needs of LGUs as equity counterpart in ODA Projects. (P225 million)
- **Program Lending (PROLEND)** - Promotes good governance through policy reforms (P2 billion)
- **Philippine Water Revolving Fund - Standby Credit Facility (PWRP-SCF)** - Standby credit facility for water supply and sanitation in partnership with the private sector and donor agencies (P.5 billion)
- **Project Technical Assistance and Contingency Fund (PTACF)** - Financing for preimplementation activities, foreign exchange differential and other contingency needs of the LGU (P50 million)
- **Public - Private Partnership (PPP) Fund** - Supports equity counterpart of LGUs entering into a PPP Scheme (P1 billion)
- **Refinancing Facility** - Buying out LGU loans with a lower interest rate compared to other financing institutions (P.5 billion)



Project Name:

Sustainable Rice Farming

LGU: New Clarin, Bansalan, Davao del Sur

Project Cost: P.3 million

Proponent: New Clarin - Talisay Irrigators' Association



Project Name:

Repair and Rehabilitation of Pandan District Hospital

Pandan, Catanduanes

Project Cost: P5.8 million

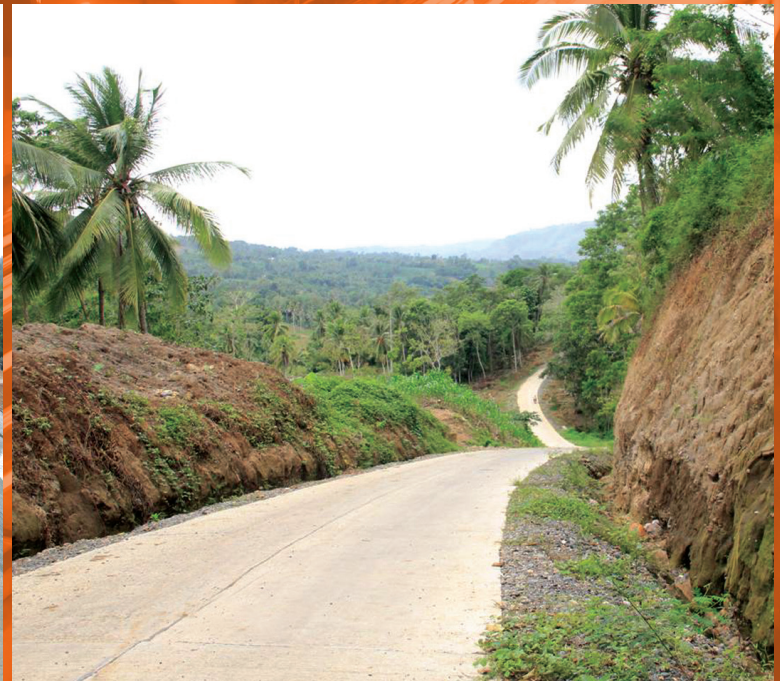


Project Name:

Rehabilitation of Seawall

Bagamonoc, Catanduanes

Project Cost: P35.7 million



Project Name:

Rehabilitation of Kikipot- Natolongan Farm-to-Market Road

Barangay Dadayag, Balindong Lanao del Sur

Length: 4.1 km

Project Cost: P2.3 million



DEVELOPING THE Capital Market

Improved corporate earnings, strong local demand, and continued macroeconomic stability accelerated the Philippine stock market performance in 2012.

The NG raised P367.8 billion in 25-year Retail Treasury Bonds, triple the 2011 level. The strong demand for this bond indicated continued trust in the ability of the government to tap the capital market for its financing requirements.

The DOF likewise continued to enhance the market through the implementation of the Capital Market Development Plan (CMDP), promotion of market discipline, and participation in international and regional agreements and cooperation.

Participation in international cooperation enabled the NG to adapt to volatile capital markets, and kept at par with international standards.

The year saw more aggressive participation of the NG in various international initiatives on cross-border transactions and integration of capital markets as well as in the ASEAN Capital Market Forum on capital market disputes.



APPROVED SELF-REGULATORY ORGANIZATION (SRO) RULES TO FURTHER PROMOTE MARKET DISCIPLINE:

1. Mark to market collateral deposit system;
2. Capital Markets Integrity Corporation (CMIC);
3. Procedure for sell-out by Securities and Clearing Corporation (SCCP); and
4. Rules on the definition of terms in the Philippine Dealing and Exchange (PDEx).

2012 POLICIES AND RECOMMENDATIONS TO REALIZE THE CMDP:

1. Draft guidelines to clarify and ensure entities' compliance with ownership requirements in the Constitution and/or existing laws;
2. Rules on Exchange Traded Funds (ETFs);
3. Disclosure Guidelines on Retirement Benefit Funds;
4. Draft guidelines on the Improvement of External Audit Independence;
5. Requirements in Registration Activities under R.A. 9485 or the Anti-Red Tape Act;
6. Guidelines and Procedures on the Use of Corporate and Partnership Names;
7. Revised Guidelines on Accreditation of Surety Companies;
8. Draft guidelines on the Outsourcing of Functions by Broker-Dealers;
9. Draft guidelines on Price (of Share Offering) Stabilization; and
10. Draft amendments to the Corporation Code of the Philippines and the Implementing Rules and Regulations of the Securities Regulations Code.

STRENGTHENING Governance

To prevent tax evasion and smuggling, and to maintain integrity in revenue collections, the 3 R's of governance under the DOF umbrella continued to work on public awareness and make a significant impact on instilling accountability and adherence to the principles of good governance.

In 2012, the Revenue and Integrity Protection Service (RIPS) accelerated its anti-corruption operation. A total of 72 personnel were investigated and 31 others were charged before the Office of the Ombudsman and Civil Service Commission.

Since 2003, RIPS has investigated a total of 242 personnel of DOF and attached agencies, filed charges against 172 of them and secured 83 favorable decisions, 21 resulted to dismissal from service and 62 to suspension from office.

On the other hand, the Run After The Smugglers (RATS) Program for 2012 reported a total of 60 cases filed with the Department of Justice (DOJ) in connection with smuggling of goods worth P1.3 billion.

BOC launched operations against piracy and violations of intellectual property rights that yielded a total of P1.1 billion worth of bogus goods, one of the highest among the different law-enforcement agencies involved in this effort, according to the National Committee on Intellectual Property Rights.

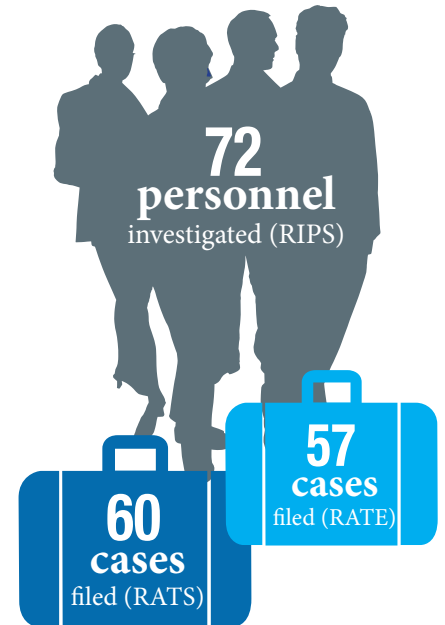
An estimated street value of P462.7 million of illegal drugs were confiscated on the same year, the

biggest in three years of RATS' campaign against illegal drugs and chemicals.

Likewise, under the Run After Tax Evaders (RATES) Program, a total of 57 cases with estimated tax liabilities amounting to P8.2 billion were filed from January-December 2012.

GOVERNANCE MEASURES INITIATED BY THE DOF:

- Pursued the pilot testing of Performance-Based Incentive Policy (PBIP) and the Performance-Based Grant System (PBGS) which serves as a framework that would guide performance-based initiatives and rationalizes intergovernmental fiscal transfers in the Philippines as approved by Development Budget Coordinating Committee (DBCC) on 20 February 2009.
The PBIP as a reform in LGU intergovernmental fiscal transfers has been the anchor of other LGU incentive programs by other government agencies.
- Inclusion of the following provisions in the General Appropriations Act (GAA) in order to improve the business environment in the country for Fiscal Year 2012: (1) a TCC Monetization Program; and, (2) allotment of over P8.2 billion budget, from a meager P500 million budget in 2011, for tax refunds under Section 112 of the National Internal Revenue Code (NIRC).
- Issuance of Memorandum Circular No. 2012-08 that provided for the Temporary Recall of the Delegated Function to Register Selected Types of Primary Cooperatives in order to protect the interest of the general public, avoid the use of the cooperative system just to benefit a few and to ensure that only genuine cooperatives are registered and given the due incentives and privileges.



GOVERNANCE MEASURES SUPPORTED BY THE DOF:

- Issuance of Joint Circular No. 4-2012 by the Permanent Committee (PC) pursuant to Executive Order No. 431 that prescribed the procedures and guidelines in the reversion of all dormant accounts, and unnecessary special and trust funds to the general fund of the NG.
- Implementation of the government-initiated Philippine Business Registry (PBR) project that facilitates business registration-related transactions by integrating the services of all agencies involved in business registration to facilitate the process.
- Compliance to DBM's National Budget Circular No. 542 dated 29 April 2012 reiterating compliance to Section 93, Transparency Seal Provisions of the 2012 GAA, wherein the national government agencies were instructed to maintain the Transparency Seal in their official websites in order to enhance governance.



EXPANDING Financial Inclusion Initiatives

For 4 consecutive years, the Philippines maintained its rank as number 1 in the world in terms of policy and regulatory framework for microfinance, as surveyed by the Economist Intelligence Unit. This signifies that the Philippines is still among the leading countries in promoting the microfinance industry.

To further expand financial inclusion, the DOF continued to implement its 2 Microinsurance projects and forged movable collateral initiatives. The most notable accomplishment of the microinsurance projects was the increase in microinsurance coverage from 3 million in 2008 to 7.8 million insured individuals in 2012. This result is also attributable to the conduct of Financial Literacy on microinsurance through two programs: Training of Microinsurance Advocates and Advocacy Seminar on Microinsurance.

The DOF and the Insurance Commission also embarked on the development of an Alternative Dispute Resolution (ADR) mechanism for microinsurance. When microinsurance reaches its full potential and claims disputes escalate, the process of going through a tedious and costly legal process can be avoided through the ADR.

These initiatives were accomplished through grants provided by ADB and German Society for International Cooperation (GIZ).

Movable collateral, aside from land, as security to generate capital is being recognized by the Government as an important

component for the development of the micro, small and medium business enterprises. In 2012, the DOF in coordination with the International Finance Corporation (IFC) forged several regional consultations to finalize the Philippine Movable Collaterals Framework that was conceptualized early that year.

Likewise, in 2012, a total of 9 insurance companies (4 life, 4 non-life and 1 composite) ventured in compulsory insurance coverage for overseas Filipino workers since its imposition in 2010. As a result, 702,000 overseas workers were covered during the year, which was 75.5 percent more

than the 400,000 insured overseas workers in 2011.

Furthermore, the DOF, through the Philippine Deposit Insurance Corporation, expanded the coverage of its waived requirement of filing of deposit insurance claims from P10,000 to P15,000 to expedite insurance settlements.

Under the expanded waiver coverage, only account holders with account balances greater than P15,000 and all depositors with

term deposits (i.e., special savings and time deposits) are required to file deposit insurance claims.

In the same year, the DOF supported the initiative to create the Remittance for Development Council (ReDC). The Council will serve as an advisory and policy-recommending body that will provide direction to and catalyse the channelling of individual and collective remittances for development, and as a consultative forum to discuss issues and concerns about remittances.

P10,000 to P15,000
expansion
in coverage of waiver claims

702,000
overseas
workers
insured

Economist Intelligence Unit The Economist

Global microscope on the microfinance business environment 2012

An index and study by the Economist Intelligence Unit



Supported by



Ministry of Foreign Affairs of the Netherlands

Rankings by category

REGULATORY FRAMEWORK AND PRACTICES

(Weighted 50% in the overall index)

Rank	Country		Rank	Country	
=1	Peru	80.0 +10.0	=28	Cameroon	45.0 -
=1	Philippines	80.0 +5.0	=28	Chile	45.0 +5.0
=3	Kenya	75.0 +5.0	=28	Costa Rica	45.0 -
=3	Pakistan	75.0 -	=28	Guatemala	45.0 -
=3	Uganda	75.0 -	=28	India	45.0 -5.0
=6	Bolivia	70.0 +5.0	=28	Nicaragua	45.0 -
=6	Cambodia	70.0 -	=28	Senegal	45.0 -
8	Paraguay	65.0 +5.0	=28	Yemen	45.0 -
=9	El Salvador	60.0 -5.0	=37	Bangladesh	40.0 -
=9	Kyrgyz Republic	60.0 -	=37	Dem. Rep. of Congo	40.0 -
=9	Mongolia	60.0 -	=37	Georgia	40.0 -10.0
=9	Rwanda	60.0 -	=37	Uruguay	40.0 -



Undersecretary and concurrently National Credit Council Executive Director Gil S. Beltran delivers opening remarks during the Financial Literacy Advocacy Seminar on Microinsurance, Hotel Stotsenberg, Clark field, Pampanga, 22 June 2012



Microinsurance Advocacy press conference, Hotel Stotsenberg, Clark field, Pampanga, 22 June 2012 with officials from the DOF, Insurance Commission, and Philippine Insurers and Reinsurance Association.

DOF issued in 2012 the Department Order No. 15-2012 prescribing step-up increases in the minimum paid-up capital (PUC) requirements for insurance companies to ensure sufficient protection to the insuring public and to further strengthen the integrity of insurance companies.

It prescribed that licensed life and non-life insurance companies must have a PUC of P250 million by 31 December 2012, increasing to P1 billion by 2020. On the other hand, a licensed professional reinsurance company must have a PUC of P1 billion by 31 December 2012 and P2 billion by 31 December 2020.



FORGING GLOBAL Alliances

The Philippine Government hosted the 45th Annual Meeting of the Board of Governors of the Asian Development Bank (ADB) on May 2 - 5, 2012 with a theme *“Inclusive Growth through Better Governance and Partnerships”*.





The Meeting provided a venue for the delegates to discuss the region's most pressing issue: how to bring the benefits of rapid growth to all levels of the society.

More than 5,000 delegates from 67 ADB-member countries came to Manila to participate in the event that took place at the Philippine International Convention Center (PICC).

"We therefore appreciate the ongoing and strong support of Governors for ADB's strategic agenda of inclusive growth. We will continue to pursue this agenda with investments in both physical and social infrastructure to create, and improve access to, economic opportunities and services. We will also further improve incentive structures to mainstream inclusive growth in our operations, including good governance and gender equality, and to capture our contribution to inclusive growth more effectively."

- ADB PRESIDENT HARUHIKO KURODA
PICC, Manila, Philippines
5 May 2012



MANILA 2012 BY THE NUMBERS



67 ADB MEMBER COUNTRIES
5,000+ ATTENDING DELEGATES
400 ATTENDING VIPs

WHO'S WHO?

Finance ministers, economic and planning ministers, government officials, representatives of the multilateral development bank community, investment bankers, business leaders, and NGO representatives



P300m BUDGET ALLOCATED BY THE PH GOVERNMENT

P178m for operating expenses, such as venue rental, technical requirements, food and beverage, and transportation

P122m for capital expenditures, such as renovation and refurbishment of the PICC

P485m AMOUNT FOR THE ASEAN INFRASTRUCTURE FUND

NEW AT MANILA 2012

ASEAN+3 parallel event at the Diamond Hotel

ADB Governors Round Table at the PICC

Small group dinners for ADB Governors hosted by key Philippine business leaders in their own homes

Philippine Corporate Investment (PCI) Pavilion, an avenue to witness the strength, resilience, and potential of the Philippines

NOTABLE EVENTS

A disaster risk financing initiative proposed by the Philippines together with the World Bank and the ADB

The ASEAN+3 Finance Ministers Meeting

Conference on Enhancing the Potential of Inclusion-Friendly Electronic Government to Persons (e-G2P) Payments



SPONSORS & PARTNERS

Diamond



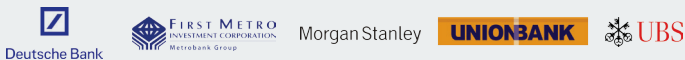
Gold



Silver



Bronze



Special Partners



Media Partners



Simultaneously, the Finance Ministers and Central Bank Governors from the Association of Southeast Asian-member countries with Japan, Korea and China held the 15th Finance Ministers and Central Bank Governors' Meeting also in Manila on May 3, 2012.

ASEAN+3 announced a doubling of the funds available under the Chiang Mai Initiative Multilateralization and the

establishment of the ASEAN Infrastructure Fund to finance the development of regional road, rail, power, water and other critical infrastructure needs.

Subsequently, Finance Ministers from the Asia-Pacific Economic Cooperation-member countries held the 19th Finance Ministers Meeting in Moscow, Russia on 30 August 2012. The meeting's main agenda focused on advancing policies to make the

financial sector more balanced and inclusive in the region, particularly in public finance governance in order to mitigate immediate global and regional challenges. The DOF is active in these discussions and will follow through with the agenda of financial inclusion initiatives when the Philippines host the 22nd APEC Finance Ministers in 2015.



TOP: The Finance Ministers and Central Bank Governors from the Association of Southeast Asian Nations with ADB Lead Economist Jayant Menon; and ASEAN Dep. Sec. Gen. Hong Hin Lim (Back Row: 1st and 2nd from the right).

BOTTOM: The Finance Ministers issue a joint statement on the global outlook and perspective for the Asia-Pacific Region, fiscal sustainability, strategies on financial literacy, and financial measures to address the impact of natural disasters.

Another international event was held in the country towards the end of the year, the 9th Asia-Pacific Tax Forum (APTF) in 3-5 October 2012. The Forum, co-hosted by the DOF and the International Tax and Investment Center (ITIC), was attended by around 150 senior participants from the Asia-Pacific region from both private and government sectors, and showcased

international best practices in taxation.

The Forum also highlighted the enhancement of tax policies to achieve efficiency in service delivery and the use of tax policies to complement non-fiscal strategies. The DOF presented country's recent and current tax reform efforts in the forum, specifically the reform of excise tax on alcohol and tobacco products.



The participants during the 9th APTF, Makati Shangri-La, October 3-5, 2012.

150

participants
attended the APTF



The delegates of the APTF, Makati Shangri-La, October 3-5, 2012.

BUILDING INSTITUTIONAL Capacity



A series of meetings with the International Monetary Fund (IMF) Mission on Government Finance Statistics (GFS) were held during the year. The objective of the mission is to assist the Department in coming up with a consolidation strategy based on the readily available data for general government units.

The IMF committed to give technical assistance to the Philippines in order to enhance the country's fiscal reporting, thus enabling the DOF to provide timely and reliable data to both public and private sector.

PHOTO: Mr. Joe Cavanagh discusses the GFS reporting framework to the participants from DOF, COA and BTr, 11 December 2012

The Revenue Integrity Protection Service (RIPS) underwent several trainings in 2012 to enhance its capacity to analyze highly technical taxation and customs matters and to determine possible culpability of government personnel. It also received several surveillance equipment to support their enhanced investigative capacity.

The above initiatives geared toward improving DOF's governance programs were financed under the World Bank's Millennium Challenge Account that will last till 2016.

The DOF also became a recipient of the Knowledge Sharing Program (KSP), a technical assistance from the Republic of Korea in 2012. The program draws from Korea's policy making experiences and provides government officials policy research findings, recommendations, and training activities on specific issues relevant to the Philippines.

TRAININGS CONDUCTED FOR RIPS:

- Anti-Graft and Corruption Laws
- Intelligence Gathering Techniques
- Basic BOC Operations, and
- Document Appreciation



Training on Anti-Graft and Corruption Laws with employees from the Internal Affairs of the BOC and BIR; Batch II, Astoria Plaza, 19 July 2012



Training in BIR Operations and Document Appreciation, Manila Diamond Hotel, 13 December 2012

ACTIVITIES TOWARD RATIONALIZATION OF FISCAL INCENTIVES:

- Implemented a project with the World Bank which aims to determine empirically the fiscal exposure of the government by producing a tax expenditure statement to be published in the annual GAA, with that of 2014 as the target.

It will provide information on the magnitude of fiscal exemptions and subsidies that NG extends to the different sectors of the economy by virtue of existing tax policies and laws. The output of the project will be a valuable input in crafting tax policies in the near future.

- Completed a study on Non-investment related Tax Incentives that looks at the scope of preferential tax treatment of various non-investment or social activities which the government chose to support. It provided specific recommendations on how to address the problems connected with assessing the fiscal impact of non-investment incentives. The study was financed by Japan International Cooperation Agency (JICA).
- Conducted an IMF-DOF workshop on fiscal incentives on 5 October 2012 regarding IMF studies and findings on the developments in the tax system in the region, the conditions and justifications for designing more rational fiscal incentive systems according to the needs of the economy, and factors that affect the investment environment of a country.



Deputy Director Sanjeev Gupta, Fiscal Affairs Department of the IMF (at the back) delivers the keynote presentation during the workshop on fiscal incentives. Other workshop presenters are (from left to right) Mr. Kiyoshi Nakayama, Mr. Selcuk Caner of Fiscal Affairs Department, IMF; and Mr. Daisuke Kotegawa of Cannon.



Participants in the DOF-IMF workshop on fiscal incentives, from various government agencies, business sectors, academe and civil societies.



“... we want to align the interests of our people with the interests of the government and the interests of the country. This is a great way to promote good governance and a sure antidote to corruption.”

- SECRETARY CESAR V. PURISIMA



ENHANCING Human Resources

The DOF conceptualized the first ever master's degree scholarship program customized for its employees. The initiative to enhance the technical and management skills of its personnel was a response to the demand for a more professional cadre of civil servants within the DOF family of agencies and offices.

The program is designed to equip public finance personnel with higher level of education on budgeting and program analysis, public debt and capital markets, revenue policy and administration, and benefit-cost analysis, among others.

Pursuant to Republic Act 9710, otherwise known as the Magna Carta of Women, the DOF participated in the formulation of the 2012-2016 Women's Empowerment and Development toward Gender Equality Plan (WEDGE Plan). The conduct





Participants are all ears as guest speaker, Ms. Ma. Alegria Bing Limjoco, Chairman of the Philippine Franchise Association and Vice-President of the Philippine Chamber of Commerce, discusses the nature of franchising industry.

of the second WEDGE planning workshop was made possible through DOF sponsorship with Landbank of the Philippines (LBP) support.

To attract graduating students from different universities to join the government service, the DOF conducted its first Summer Internship Program. This Program has been supplemented with observation tours to the Department's attached bureaus and agencies.

The Program exposed the students to actual work situation and hands-on training in DOF offices. The 2012 interns were not only granted the opportunity to assist DOF personnel in providing support in the conduct of the 45th ADB Annual Meeting of the Board of Governors that was held in the country that year, but they were given the privilege to attend its post activities as well.

GAD ACTIVITIES ATTENDED BY THE DOF FOCAL PERSONS:

- Orientation on the Revised GAD Plan and Budget Guidelines
- GAD Planning and Budgeting Workshop
- GAD Planning and Budgeting Seminar
- Capacity Building on Gender Analysis
- Gender Sensitivity Training

REGULAR SEMINARS BEING CONDUCTED BY THE DOF FOR ITS PERSONNEL AND ATTACHED AGENCIES:

- Friday Learning Sessions
- Quarterly Lecture
- National Statistics Month Seminar

PHOTOS RIGHT:

TOP: Interns' visit to the Bureau of Treasury, 5 May 2012;

MIDDLE AND BOTTOM: Secretary Cesar V. Purisima gets to know each and every intern to encourage more young people to work for the government.



IMPROVING Operations AND UTILIZING Technology FOR BETTER DELIVERY OF SERVICE

ECONOMIC UPDATE									
Department of Finance, Manila		http://www.dof.gov.ph		September 7, 2013					
	2008	2009	2010	2011	2012	As of	2013	As of	
PRODUCTION AND INVESTMENT									
GNI (At Current Prices, P Billion)									
January-December	9,776.2	10,652.5	10,852.4	11,588.2	12,608.7		13,753.2		re
January-June	4,568.5	5,044.4	5,229.0	5,599.1	6,053.3		6,581.2		
October-December	2,415.5	2,640.3	2,725.3	2,901.3	3,150.7		3,368.6		
GNI (At Current Prices, US\$ Billion)									
January-December	219.8	223.8	240.9	267.8	298.5		327.5		re
January-June	111.9	108.4	113.3	127.4	140.3		161.7		
April-June	59.4	55.4	58.8	66.4	73.9		83.6		
GNI REAL GROWTH (%)									
January-December	5.0%	6.1%	-2.0%	2.8%	6.5%		5.5%		re
January-June	0.0%	6.0%	-0.5%	2.0%	6.1%		7.3%		
April-June	0.0%	7.6%	-1.0%	1.9%	6.5%		6.8%		
GDP (At Current Prices, P Billion)									
January-December	7,423.2	7,687.0	9,003.5	9,708.3	10,564.9		11,890.3		re
January-June	3,494.3	3,609.8	4,266.3	4,664.3	5,041.0		5,492.5		
April-June	1,633.9	1,869.9	2,245.8	2,424.3	2,623.2		2,848.4		
GDP (At Current Prices, US\$Billion)									
January-December	166.9	161.3	199.6	224.1	250.1		283.3		re
January-June	85.6	76.1	93.1	106.2	116.8		134.9		
April-June	45.1	39.2	48.5	55.5	61.5		69.9		
GDP REAL GROWTH (%)									
January-December	4.2%	1.1%	7.0%	3.0%	6.8%		6.7%		re
January-June	4.2%	1.3%	8.4%	4.6%	6.5%		7.6%		re
April-June	3.1%	1.4%	6.1%	3.6%	7.1%		7.5%		
By Industry									
Industry	4.8%	1.9%	11.0%	2.3%	8.4%		10.1%		re
Manufacturing	4.3%	0.0%	11.2%	4.7%	5.4%		9.7%		re
Agriculture, Fishery & Forestry	0.0%	-0.7%	-0.2%	2.7%	2.7%		3.3%		re
Services	4.0%	2.6%	7.1%	5.1%	7.9%		7.0%		re
By Expenditure Share									
Investment	23.6%	-8.9%	31.6%	2.0%	-3.2%		37.8%		re
Fixed Capital Investment	3.2%	-4.1%	22.0%	-2.0%	10.4%		12.7%		re
Personal Consumption	3.7%	0.0%	3.4%	5.7%	0.6%		5.3%		re
Government Consumption	0.3%	10.3%	4.6%	2.1%	12.2%		15.3%		re
Exports of goods & services	-2.7%	-7.8%	21.0%	-2.8%	8.0%		-7.0%		re
Imports of goods & services	-2.2%	-11.8%	25.5%	-7.1%	10.7%		-0.4%		re
Exports of goods & services	1.8%	-8.1%	22.5%	-1.0%	5.4%		-0.7%		re
GNI PER CAPITA (US\$) (Nominal)									
January-December	2,436	2,424	2,559	2,700	3,000		3,204		re
GDP PER CAPITA (US\$) (Nominal)									
January-December	1,850	1,749	2,123	2,340	2,564		2,850		re
GNI PER CAPITA REAL GROWTH (%)									
January-December	3.1%	3.0%	3.0%	0.0%	4.5%		3.5%		re
January-June	-1.8%	4.6%	-2.4%	0.7%	4.2%		5.3%		re
April-June	-1.8%	5.3%	-2.6%	0.0%	6.5%		6.8%		re
GDP PER CAPITA REAL GROWTH (%)									
January-December	2.2%	-1.0%	5.6%	1.7%	4.9%		4.7%		re
January-June	1.6%	-1.6%	3.6%	3.6%	4.7%		4.7%		re
GROSS NATIONAL INCOME (PPP, US\$) 2/									
January-December	1,818	1,858	4,318	4,480	4,612		5,122		re



DEPARTMENT OF FINANCE
ELECTRONIC BULLETIN

ECONOMIC UPDATE

- Production and Investment (p1)
- Production and Investment (p2)
- Public Finance (p1)
- Public Finance (p2)
- Public Sector Investment
- Balance of Payment (p1)
- Balance of Payment (p2)
- Balance of Payment (p3)
- External Debt
- Public Debt (p1)
- Public Debt (p2)
- Population and Employment
- Money and Finance (p1)
- Money and Finance (p2)
- Money and Finance (p3)
- Banking System
- Commercial Banking System
- Corporate Indicators

Real Sector

Fiscal Sector

Monetary
Sector

ECON Update

NG Budget

Tax Effort

1: 1 USD = 43.7400 PHP 2013-09-18 BSP Reference Rate

PH: 1 JPY = 0.4412 PHF 08:39 AM



To provide fast service to the transacting public, the DOF instituted a queuing mechanism utilizing number cards to improve the system for granting tax exemption.

The less costly system is being operationalized by designating an Officer of the Day from 8:00 a.m. to 5:00 p.m. on a monthly basis. For the same purpose, Action Officers are designated at least twice a month.

In 2012, the DOF invested in technological innovations to improve the Department's overall efficiency and performance. Such programmes typically include new software tools and modified working processes, and are aimed at providing better information and service.

Electronic Bulletin Board is a real-time information system which stores economic and statistical data, thus making a significant reduction in paper copy and improving the speed and "reach" of communication with stakeholders.

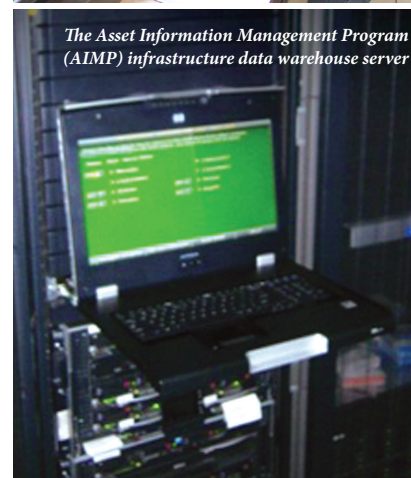
The **Collaborative Mailing System** unifies communications system and makes it easier for employees to exchange information via internal and external network.

The second year of the implementation of the 3 year **Asset Information Management Program** in 2012 resulted in the installation of information systems in DOF and the conduct of systems trainings for its MIS personnel.

The program aims to establish a systematic, strategic and integrated revenue management system for assets-related transactions utilizing IT infrastructure, applications and solutions for improved revenue collection. This will enhance the capability of the DOF and the BIR to contribute toward achieving the government's overall development agenda.

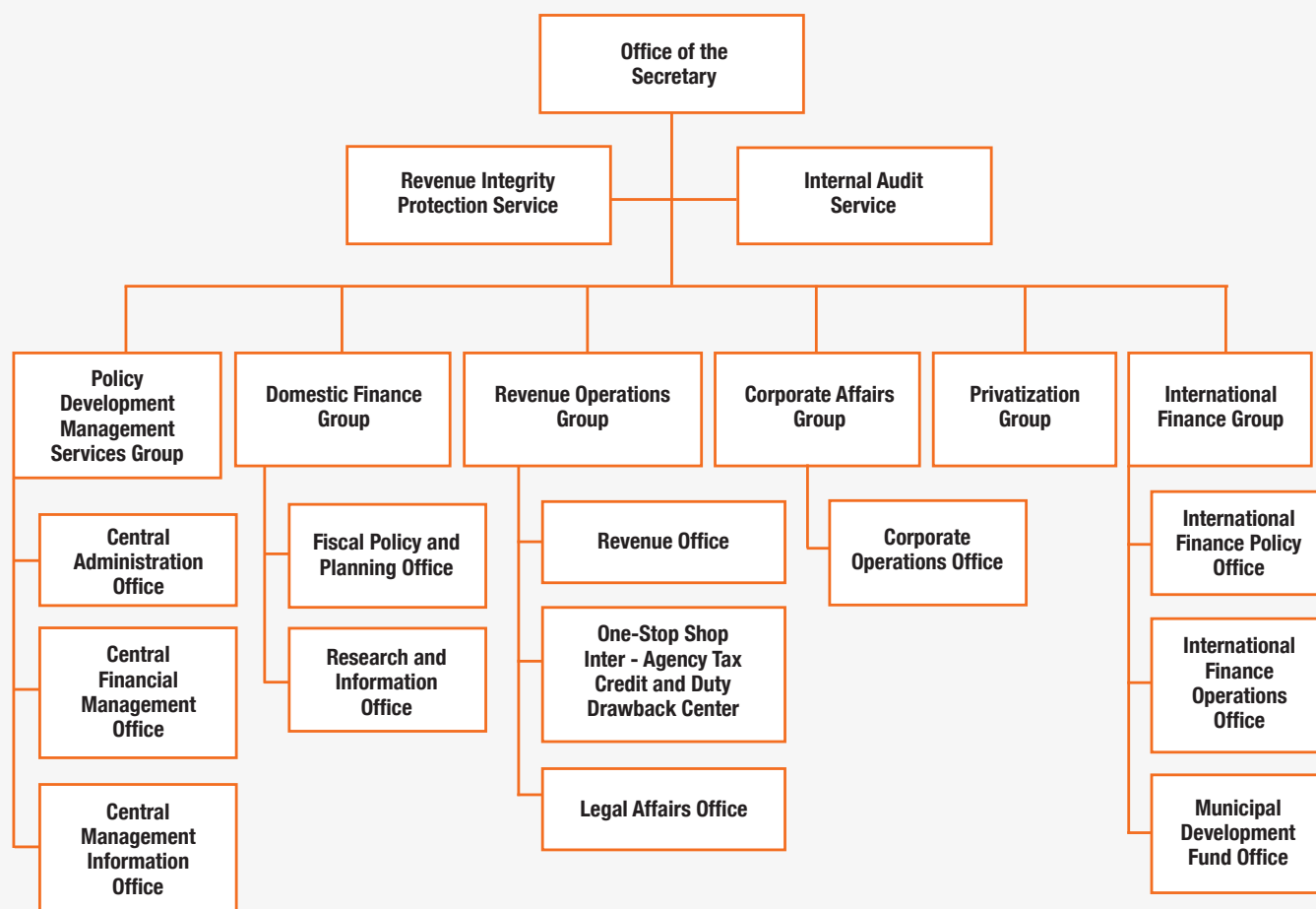
Likewise, the DOF embarked in a technical co-operation project with United Nations Conference on Trade and Development (UNCTAD) for the updating of computer-based Debt Management and Financial Analysis System (DMFAS) to further enhance its capacity to effectively manage its finances.

The updated system will enhance capacities for reporting, statistical, operational and analytical purposes. This will pave the way for the rationalization of the IT systems that relate to DOF's debt management.





Organizational Structure





Secretary Cesar V. Purisima

The authority and responsibility for the exercise of the mandate of the Department and for the discharge of its power and functions shall be vested in the Secretary of Finance, who shall have supervision and control of the Department and shall be appointed by the President.



Management Team

Left to Right: Undersecretary Carlo A. Carag, Undersecretary Gil S. Beltran, Undersecretary Jeremias N. Paul, Secretary Cesar V. Purisima, Undersecretary John Philip J. Sevilla





Office of the Undersecretary- Domestic Finance Group

The DFG is primarily responsible for forecasting and programming revenues of the NG; cash programming and monitoring of NG finances; undertaking studies on capital market development, debt management, resource mobilization, fiscal reforms, etc.



Office of the Undersecretary - Revenue Operations Group

The ROG processes requests for tax exemptions, reviews tax rulings, revenue and customs regulations for issuance; reviews protest cases; general supervision and coordination of internal revenue and customs operations.



Office of the Undersecretary - International Finance Group

The IFG secures foreign grants and loans; initiates and negotiates foreign borrowing and debt restructuring; participates in policy formulation regarding external resource mobilization; coordinates with other government agencies regarding international agreement on trade, investment, tax treaties and other international arrangements.



Office of the Undersecretary - Corporate Affairs Group

The CAG monitors the cash flows of the government corporate sector; provides technical support in the privatization of transferred accounts and government corporations; formulates and implements policies affecting government-owned and controlled corporations (GOCCs).

Office of the Undersecretary - Privatization Group

The Privatization Office provides technical and administrative assistance to the Secretary of Finance in the exercise of his function as Chairman of the Committee on Privatization. It evaluates and reviews issues involved in the prospective privatization or disposal of government corporation assets, monitors the implementation of dispositive actions for transferred assets and GOCCs approved by the President including the introduction of necessary legislation thereon, and assesses the aggregative and sectoral financial and socio-economic impact of the privatization or disposal of specific transferred or corporate assets in coordination with other appropriate and concerned entities.



Office of the Undersecretary - Policy Development Management and Services Group

The PDMSG provides administrative and financial management support to the Groups in DOF OSEC; designs and manages the human resource development program of the Department; coordinates activities of the bureaus, agencies and corporations under the DOF and with other institutions on matter of national importance and in ensuring that directives and collaborative undertakings for executive offices on common concerns are promptly considered; and attends to public relations and related concerns.



Office of the Secretary

The authority and responsibility for the exercise of the mandate of the Department and for the discharge of its power and functions shall be vested in the Secretary of Finance, who shall have supervision and control of the Department and shall be appointed by the President.



Domestic Finance Group - Research and Information Office

The Research and Information Office (RIO) is primarily responsible for tax policy formulation, legislative liaison work on tax, financial and economic proposals, and information dissemination activity.



Domestic Finance Group - Fiscal Policy and Planning Office

Formulates long-range and annual projections of revenue needs, cash position and borrowing capacity of the Government as basis for policy decisions of the Department; Supervise policy research and development on fiscal and tax measures undertaken by the operating bureaus and offices of the Department; Coordinate with other government agencies on policy research as it impacts on fiscal and tax measures.



Revenue Operations Group - Revenue Office

The Revenue Office is responsible for processing of applications for exemption from payment of duties or taxes on importations of qualified applicants and chartered entities; Reviews discussions of the BOC in seizure, forfeiture, dumping, auction, abatement and refunds, protest and other tariff and customs related cases.

Revenue Operations Office - One-Stop Shop Inter - Agency Tax Credit and Duty Drawback Center

The Center was established as the governments response to the mounting complaints being aired by the private sector over the countrys highly chaotic and inefficient tax credit and duty drawback system. The Center was formed primarily to serve as one of the governments pillars in its export promotion and investment generation drive by making the various tax credit and duty drawback incentive programs readily accessible to legitimate exporters.





Revenue Operations Group - Legal Affairs Office

LAO Provides legal services and opinions to and conducts legal research on the domestic and international aspect of taxes, customs, and tariff, as appropriate within the Department as well as bureaus and offices under it.

International Finance Group - International Finance Policy Office

IFPO provides advisory and technical supports services with respect to international economic, financial and trade developments and their implications for the Philippine economy. IFPO also provides inputs into the formulation of fiscal, monetary, financial, foreign trade, budgetary, balance of payments and exchange rate policies.



International Finance Group - International Finance Operations Office

IFOO provides advisory and technical support services in the formulation, evaluation and execution of Philippine negotiating positions and options with respect to the restructuring of external debt, as well as new loans and grants, from bilateral and multilateral financial institutions.



International Finance Group - Municipal Development Fund Office

Executive Order no. 41 created the Municipal Development Fund office (MDFO) to assume the administration of the Special Revolving Fund that aims to establish an effective mechanism that would enable local government units (LGUs) to avail funds local and international assistance for the implementation of various social and economic development projects. The MDFO through its various programs, projects and activities provides assistance to LGUs in financing development projects, help establish LGUs credit worthiness, and promote fiscal discipline.





Corporate Affairs Group - Corporate Operations Office

COO initiatives are: 1) to increase the net contributions of GOCCs to the National Treasury, 2) to make the government corporate sector responsive to financial and fiscal reforms, and 3) to instill public accountability and financial discipline in GOCCs.



Policy Development Management and Services Group - Central Administration Office

The CAO supervises services relating to personnel human resource development and general service administration, property and supplies procurement and custody, and maintenance of central files, and corresponding reporting system.





Policy Development Management and Services Group - Central Financial Management Office

The CFMO supervises activities relating to budget preparation and management, accounting and internal audit.



Policy Development Management and Services Group - Central Management Information Office

The CMIO monitors and evaluates programs and projects, including those that are executed by operating Bureaus and Offices; Formulates policies, plans and procedures for data control and systems management; act as the central repository of existing and future computer files.



Revenue Cluster

Undersecretary Jeremias N. Paul, Jr. (Domestic Finance Group), Undersecretary Carlo A. Carag (Revenue Operations Group), Commissioner Kim S. Jacinto-Henares (Bureau of Internal Revenue), Chairperson Ofelia A. Marquez (Central Board of Assessment Appeal), Exec. Dir. Trinidad A. Rodriguez (National Tax Research Center), Commissioner Rozzano Rufino B. Biazon (Bureau of Customs), Chairman Emmanuel M. Santiaguel (Cooperative Development Authority), Exec. Dir. Salvador M. Del Castillo (Bureau of Local Government Finance)



Liability Management and Capital Markets Development Cluster

Commissioner Emmanuel F. Dooc (Insurance Commission), Chairperson Teresita J. Herbosa (Securities and Exchange Commission), President Francisco S. Magsajo, Jr. (Philippine Export- Import Credit Agency), National Treasurer Rosalia V. De Leon (Bureau of Treasury), President Valentin A. Araneta (Philippine Deposit Insurance Corporation)

Privatization/PPP/GOCC Cluster

Chief Privatization Officer Karen G. Singson (Privatization and Management Office), Undersecretary John Philip J. Sevilla



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OFFICE OF THE SECRETARY	(632) 523-9215;523-6051;526-7336;523-9251;523-9219;526-8474 (Telefax)
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Revenue Integrity Protection Service (RIPS)	404-1775
DOMESTIC FINANCE GROUP	
Office of the Undersecretary	523-5671
Office of the Assistant Secretary	523-5678
Fiscal Policy and Planning Office	523-3825 (Telefax)
Office of the Director	524-0607
Fiscal Policy Division	524-0607
Fiscal Planning Division	525-4332
Statistics Division	525-4332
Special Studies Division	523-3825 (Telefax)
National Credit Council	523-3825 (Telefax)
Research and Information Office	
Office of the Director	526-6968
Research and Liaison Division	524-0618
Information Division	524-0619
REVENUE OPERATIONS GROUP	
Office of the Assistant Secretary	526-0531
Office of the Director	526-7490
Customs and Tariff Division	526-7311
International Revenue Division	526-8476
Research Monitoring Division	526-7311
Mabuhay Lane	526-8458
One-Stop-Shop Tax Credit and Duty Drawback-Center	
Office of the Director	526-0076
OSS-Operations	523-9217
OSS-TCCIAD/TDM	526-8450
OSS-Receiving	526-1308
OSS-Policy	526-0842
OSS-MIS	526-1781
OSS-Admin	526-0076
OSS-BOC	526-0751
OSS-BIR	526-8849
OSS-Post Audit	526-1308
Legal Affairs Office	
Office of the Director	526-8449
International Legal Services Division	
Domestic Legal Services Division	
Hearing and Litigation	

OFFICE	CONTACT DETAILS
INTERNATIONAL FINANCE GROUP	
Office of the Undersecretary	523-9221
International Finance Operations Office	
Office of the Director	526-9990
Debt Structuring Division & ADB	526-9990
Multilateral Assistance Division	523-9912
Bilateral Assistance Division	523-9911
International Finance Policy Office	400-7446
Office of the Director	
International Economy Division	
External Adjustment Division	400-7446;514-8981
Municipal Development Fund Office	(Trunkline) 523-9936;523-9937
Office of the Director	(Direct Line) 523-9935
Office of the Deputy Director	(DL) 525-9185
Finance Division	(DL) 521-7192 local 204
Accounting Division	523-7192 local 210
CORPORATE AFFAIRS GROUP	
Office of the Undersecretary	525-1321
Office of the Assistant Secretary	523-9938
Corporate Operations Office	
Office of the Director	527-3826
Corporate Policy Research Division	525-7309
Corporate Programs Division	
Infrastructure Division	
GFI	
PRIVATIZATION GROUP	
Office of the Undersecretary	523-5727;525-1321;523-5143 (Fax)
Privatization Office	524-1633
Office of the Director	524-1633
Appraisal and Evaluation Division	524-1633
Issues and Procedures Division	524-1633
POLICY DEVELOPMENT & MANAGEMENT SERVICES GROUP	
Office of the Undersecretary	523-5727
Central Administration Office	
Office of the Director	526-1265
Personnel Services Division	525-0244
Medical and Dental Clinic	526-6967
Central Records and Management Division	526-8470
General Services Division	526-4786;525-4512 (Fax)
Property and Procurement Section	526-4786
Cash Section	526-5573
Library Section	526-8410
Central Financial Management Office	
Office of the Director	526-8166
Budget Division	526-8464;523-5624;523-6674 (Fax)
Accounting Division	523-6674 (Fax)
Management Division	526-6932
Central Management Information Office	526-8467;525-4697
Office of the Director	525-4451



Annual Report Committee

(Seated from L-R) Ma. Teresa S. Habitan, Gil S. Beltran, Joselito S. Almario

(Standing from L-R) Ricardo P. Toquero, Aurora Luz D. Villaviray, Irene S.C. Salazar, Irene R. Sta. Ines, Joel L. Campipi, Jr.



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