

## DOF Economic Bulletin on National Government (NG) Revenue Performance for January-September 2018

NG revenues rose by 17.2% in the first three quarters of 2018 as the first phase of TRAIN took effect, outstripping the nominal GDP growth which registered 10.0% YTD.

Tax revenues grew by 15.7%, with BIR collections rising by 11.2% and BOC collections rising by 34.2%, both exceeding the 10.0% nominal GDP growth. This is due to TRAIN 1 and improved tax administration.

Non-tax revenues rose by 32.0% due to higher collections of dividend remittances on national government shares of stocks, guarantee fees, and share in the profit of the Philippine Amusement and Gaming Corporation or PAGCOR. Higher collections from other offices also contributed to the increase, which included the one-off transfer of P13.5 billion in bond proceeds from the United Coconut Planters Bank (UCPB) for the Coconut Industry Investment Fund. Excluding the transfer, this would still show improved collection from other offices.

<b>Table 1. REVENUES</b>			
	<b>JANUARY- SEPTEMBER</b>	<b>JANUARY- SEPTEMBER</b>	
	<b>2017</b>	2018	<b>% Growth</b>
	<b>P billion</b>		
<b>TOTAL REVENUES</b>	<b>1,801.5</b>	2,111.5	17.2%
<b>TAX REVENUES</b>	<b>1,639.3</b>	1,897.5	15.7%
<b>BIR</b>	<b>1,299.2</b>	1,444.2	11.2%
<b>BOC</b>	<b>323.8</b>	434.6	34.2%
<b>OTHER OFFICES</b>	<b>16.3</b>	18.7	14.5%
<b>NON-TAX REVENUES</b>	<b>162.2</b>	214.0	32.0%
<b>EXPENDITURES</b>	<b>2,014.5</b>	2,489.7	23.6%
<b>NG BALANCE</b>	<b>(213.1)</b>	(378.2)	77.5%
<b>Nominal GDP</b>	<b>11,335.4</b>	12,472.3	10.0%

Expenditures grew by 23.6%, also exceeding the 10.0% nominal GDP growth due to the 42.6% increase in capital outlays.

<b>Table 2. REVENUE EFFORT</b>	<b>JANUARY- SEPTEMBER</b>	<b>JANUARY- SEPTEMBER</b>
	<b>2017</b>	<b>2018</b>
<b>REVENUE EFFORT</b>	<b>15.9%</b>	<b>16.9%</b>
TAX EFFORT	14.5%	15.2%
BIR	11.5%	11.6%
BOC	2.9%	3.5%
OTHER OFFICES	0.1%	0.1%
NON-TAX REVENUE EFFORT	1.4%	1.7%
<b>EXPENDITURE EFFORT</b>	<b>17.8%</b>	<b>20.0%</b>
<b>NG BALANCE</b>	<b>-1.9%</b>	<b>-3.0%</b>

Revenue effort rose by a full percentage point to 16.9%, the highest ever achieved for the first three quarters of the year.

Tax effort also rose by 0.7 percentage point, from 14.5% to 15.2%, similarly the highest three quarter tax effort ever achieved. More than a half or 0.4 percentage point is due to TRAIN and the rest or 0.3 percentage point to tax administration improvements.

Expenditure effort rose by 2.2 percentage point to 20.0%, the highest three-quarter expenditure effort, thus boosting its contribution to GDP growth.

The NG deficit settled at 3% of GDP as targeted.

### **DOF View**

Fiscal space expanded by TRAIN 1 and tax administration enabled government to boost investments and growth in the first semester. In the three quarters of 2018, NG capital outlays expanded by 42.6% in nominal terms, boosting GDP growth by a full percentage point.

Strong macroeconomic fundamentals backed by tax reforms and the Build, build, build program will continue to boost economic growth as the competitiveness of the economy rises and more jobs are created.

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