

## DOF Economic Bulletin on National Government (NG) Fiscal Performance for the First Quarter 2019

NG revenues rose by 11.0% in the first quarter of 2019, outstripping nominal GDP growth which registered 7.4% for the quarter.

Tax revenues grew by 10.2%, exceeding the 7.4% nominal GDP growth, with BIR collections rising by 10.7% and BOC collections rising by 9.3%. This is due to second phase of TRAIN 1 and continued tax administration reforms.

Non-tax revenues rose by 17.6% due to higher collections of dividend remittances on national government shares of stocks, guarantee fees, and share in the profits of the Philippine Amusement and Gaming Corporation or PAGCOR.

Expenditures decelerated to 0.8% in the first quarter of 2019 compared to 25.4% in the same quarter of 2018. This is due to the delay in the approval of the General Appropriations Act by Congress.

Revenue effort rose by 0.5 percentage point to 16.3% in the first quarter of 2019 compared to 15.8% in the same quarter of last year. Tax effort also rose by 0.3 percentage point, from 14.3% to 14.6%.

Expenditure effort declined to 18.5%, lower than the 19.7% recorded in the first quarter of 2018 due to the reenacted budget. The moderated growth in expenditures led to a lower NG deficit which settled at 2.1% of GDP.

<b>Table 1. Revenues in Billion Pesos</b>						
	<b>2018</b>	<b>% YOY</b>	<b>2018Q1</b>	<b>% YOY</b>	<b>2019Q1</b>	<b>% YOY</b>
TOTAL REVENUES	2,850.2	15.2	619.8	16.4	687.7	11.0
TAX REVENUES	2,566.0	14	558.7	16.4	615.8	10.2
BIR	1,951.9	10.1	423.1	14.2	468.2	10.7
BOC	593.1	29.4	129.8	24.6	141.9	9.3
OTHER OFFICES	93.9	13.5	5.8	6.7	5.8	-0.4
NON-TAX REVENUES	284.2	28	61.1	16.6	71.9	17.6
EXPENDITURES	3,408.5	20.7	772.0	25.4	778.0	0.8
NG BALANCE	(558.3)	59.2	-152.2	83.4	-90.2	40.7
Nominal GDP	17426.2	10.2	3915.4	9.8	4206.9	7.4

Source: DOF, BTr

<b>Table 2. REVENUE EFFORT</b>				
	<b>2018</b>	<b>2018Q1</b>	<b>2019Q1</b>	<b>Dif f</b>
REVENUE EFFORT	16.4	15.8	16.3	0.5
TAX EFFORT	14.7	14.3	14.6	0.3
BIR	11.2	10.8	11.1	0.3
BOC	3.4	3.3	3.4	0.1
OTHER OFFICES	0.1	0.1	0.1	0.0
NON-TAX REVENUE EFFORT	1.6	1.6	1.7	0.1
EXPENDITURE EFFORT	19.6	19.7	18.5	-1.2
NG BALANCE	-3.2	-3.9	-2.1	1.7

Source: DOF, BTr

### **DOF View**

The delay in the passage by Congress of the 2019 Budget weakened expenditures and the domestic economy. National Government (NG) underspending was estimated at P69.5 billion using the difference between the full year expenditure program of 9.8% and the actual Q1 expenditure growth of 0.8%. There is an urgent need for the Department of Budget and Management (DBM) to issue the Budget Circular for the General Appropriations Act promptly in order to continue infrastructure projects that have been delayed due to budget deadlock in Congress.

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