

**DOF Economic Bulletin on National Government (NG)
Revenue Collection Performance for the First Three Quarters of 2020**

NG revenues dropped by 7.9% in the first three quarters of 2020 as the country battled a pandemic that led to nominal GDP slumping 8.6% during the period.

Tax revenues dropped by 11.3% as BIR collections slid by 9.9% and BOC collections by 15.3%. Other taxes which include motor vehicle taxes and forestry charges dropped by 27.6%.

Non-tax revenues rose by 21.6% due primarily to higher dividend remittances and repayment of interest and advances by GOCCs. BTr income soared to P201.6 billion, almost twice the P118.6 billion earned in the same period last year. BTr receipts benefited from robust collections of dividend remittances on national government shares of stocks which compensated for the decline in the share in profits from PAGCOR. The Bayanihan to Heal as One Act also empowered the President to reprogram, reallocate and realign unutilized funds from government entities to finance programs to counter the Covid-19 pandemic.

Expenditures rose by 15.1% to P3,022.7 billion to support programs to counter the Covid-19 pandemic. This includes the Social Amelioration Program and subsidies to Philhealth and National Housing Authority (NHA). On the other hand, prudent debt management has led to P15.0 billion in savings from interest payments that rose to P313.0 billion, 4.6% below the original program of P328.0 billion for the first three quarters.

Table 1. REVENUES, JANUARY-SEPTEMBER			
	2019	2020	Growth (%)
TOTAL REVENUES	2,327.9	2,143.5	-7.9%
TAX REVENUES	2,090.5	1,854.8	-11.3%
BIR	1,602.8	1,443.9	-9.9%
BOC	470.0	398.0	-15.3%
OTHER OFFICES	17.7	12.8	-27.6%
NON-TAX REVENUES	237.3	288.4	21.6%
EXPENDITURES	2,626.9	3,022.7	15.1%
NG BALANCE	(299.0)	(879.2)	194.1%
Nominal GDP	14,009.2	12,809.1	-8.6%

Source: PSA, BTr

Revenue effort rose by 0.1 percentage point from 16.6% in 2019 to 16.7% in 2020, Tax effort, however, dropped by 0.4 percentage point, from 14.9% to 14.50% due to lower collections from BIR, BOC and other offices.

Expenditure effort rose to 23.6%, 4.8 percentage points higher than the 18.8% recorded in the same period last year. The growth in expenditures led to a higher NG deficit which settled at 6.9% of GDP. This is almost a half of the projected NG deficit (P1.298 trillion equivalent to 10.1% of GDP) for the period.

Table 2. REVENUE EFFORT, JANUARY-SEPTEMBER			
	2019	2020	CHANGE
REVENUE EFFORT	16.6%	16.7%	0.1%
TAX EFFORT	14.9%	14.5%	-0.4%
BIR	11.4%	11.3%	-0.1%
BOC	3.4%	3.1%	-0.3%
OTHER OFFICES	0.1%	0.1%	0
NON-TAX REVENUE EFFORT	1.7%	2.3%	0.6%
EXPENDITURE EFFORT	18.8%	23.6%	4.8%
NG BALANCE	-2.1%	-6.9%	-4.8%

Source: PSA, BTr

DOF View

The fiscal reforms adopted by the Duterte administration, including tax reforms and the utilization of idle savings in the public sector, boosted the revenue effort to the highest first three quarters' level in history. These reforms have made the country one of the six strongest emerging economies to meet the challenges of the pandemic.

The country should continue to adopt fiscal reforms, particularly tax reforms still pending in Congress, to sustain these fiscal gains.

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