



Republic of the Philippines
DEPARTMENT OF FINANCE

Roxas Boulevard Corner Pablo Ocampo, Sr. Street
Manila 1004

December 10, 2021

PRESS RELEASE

REF: USEC GIL BELTRAN

Chief Economist

Department of Finance

Email: gbeltran@dof.gov.ph

**DOF Economic Bulletin
on National Government Revenue and Expenditure Effort**

Revenue effort dropped to 16.29% in the first three quarters of 2021 due to last year's robust nonrecurrent GOCC dividends collected under the Bayanihan 1 Act to boost programs to combat the COVID-19 virus. Net of nonrecurrent GOCC dividends, revenue effort rose by 0.23 percentage point, from 15.67% in the first three quarters of 2020 to 15.9% during the same period in 2021. (Table 1)

Tax effort rose by 0.25 percentage point to 14.76% from 14.51% last year due to the digitalization of revenue collection operations which enabled BIR and BOC to improve efficiency. BIR tax effort dropped marginally from 11.30% to 11.24%, due to the shift to imported petroleum products with the closure of a domestic refinery. BOC tax effort rose from 3.11% to 3.42%, up by 0.31 percentage point.

Expenditure effort rose to 24.59%, the highest in the country's history and 0.94 percentage point higher than the 23.65% recorded in 2019.

The NG deficit settled at 8.29% of GDP, higher than 6.88% deficit set last year as the country continued to battle the COVID-19 pandemic.

Table 1. REVENUE EFFORT	JANUARY- SEPTEMBER R	JANUARY- SEPTEMBER R	
	2020	2021	CHANG E
REVENUE EFFORT	16.77%	16.29%	-0.48%
REVENUE EFFORT (ex GOCC dividends)	15.67%	15.90%	0.23%
TAX EFFORT	14.51%	14.76%	0.25%
BIR	11.30%	11.24%	-0.06%
BOC	3.11%	3.42%	0.31%
OTHER OFFICES	0.10%	0.10%	0.00%
NON-TAX REVENUE EFFORT	2.26%	1.53%	-0.73%
EXPENDITURE EFFORT	23.65%	24.59%	0.94%

NG BALANCE	-6.88%	-8.29%	-1.42%
Sources: Bureau of the Treasury, Philippine Statistics Authority			

DOF View

Fiscal reforms boosted the tax effort by 0.25 percentage point to 14.76%. This is the second highest third quarter tax effort, next to the pre-pandemic 2019 level which was the highest in the country's history.

The country should continue to adopt fiscal reforms, particularly tax reforms still pending in Congress, to sustain these fiscal gains. Due to fiscal reforms, the country was able to fund the unprecedented fiscal requirements imposed by the pandemic and, at the same time, protect its strong macroeconomic fundamentals.

-oOo-