DEPARTMENT OF FINANCE

1990 ANNUAL REPORT

FACING THE CHALLENGES OF A NEW DECADE

Republic of the Philippines
DEPARTMENT OF FINANCE
Manila

MESSAGE FROM THE SECRETARY

The economy slowed down to 3.7 percent in 1990 from 5.6 percent in 1989 in the face of natural disasters and the Middle East conflict. Thus, the fiscal sector faced a double squeeze---from higher government expenditures arising from the need to provide for the rehabilitation of disaster-ravaged areas and the higher cost of borrowing, and lower-than-programmed revenue collection due to the shrinkage of the tax base.

Despite these difficulties, the fiscal sector recorded a 17.6 percent increase in revenues in 1990, generating an increment of P27.2 billion over 1989 levels. The ratio of tax revenues to GNP reached 14.1 percent, the highest ever in post-war history. The increase was due primarily to improvements in collection efficiency in the Bureau of Customs (BOC) and the Bureau of Internal Revenue (BIR), and the vigilance of the Economic Intelligence and Investigation Bureau (EIIB) in thwarting attempts at tax evasion and avoidance.

But the successes in revenue mobilization efforts fell a little short of the country's expenditure requirements so that the budget deficit climbed to 2.8 percent of GNP, kindling inflation and interest rates, and further contributing to the economic slowdown. Thus before the year ended, an economic stabilization program was adopted to reverse the growing macroeconomic imbalances.

The fiscal scenario in 1990 was brightened by the improvement of treasury operations and cash management techniques, the implementation of debt stock and debt service reduction schemes, the acceleration of the privatization program, and the continuing decentralization efforts to boost local government units' self-financing capacity. Meanwhile, the insurance industry remained stable primarily due to the close supervision by the Insurance Commission and an increasing number of farmers benefited from the insurance schemes of the Philippine Crop Insurance Corporation.

For 1991, we will stress on the implementation of an economic stabilization program designed to reduce the budget deficit, dampen inflationary pressures and cut down interest rates. We will also improve on the programs and projects initiated in the past. As a result, we expect revenues to rise to P230.8 billion, 27.2 percent higher than the 1990 level. Tax revenues are projected to set another historical landmark with the rise of the tax effort to 16.2 percent.

JESUS P. ESTANISLAO
Secretary

TABLE OF CONTENTS

THE ECONOMY IN 1990 AND THE ROLE OF THE DOF 2

I. NATIONAL GOVERNMENT RESOURCE MOBILIZATION 8

A. Revenue Generation 8

B. Borrowings 12

II. CASH, DEFICIT AND DEBT MANAGEMENT 15

A. Cash Operations 15

B. Deficit Management 16

C. Debt Management and Debt Restructuring 18

D. Cash Balance 21

III. RATIONALIZATION OF GOVERNMENT CORPORATE FINANCIAL OPERATIONS 22

A. Resource Mobilization of Monitored Corporations 23

B. Privatization 25

C. Planning and Performance System 27

IV. RESOURCE MOBILIZATION OF LOCAL GOVERNMENT UNITS 29

V. PERFORMANCE OF ATTACHED AGENCIES 31

VI. HIGHLIGHTS OF PERTINENT DEPARTMENT ORDERS, MEMORANDA AND CIRCULARS AFFECTING THE OPERATIONS OF THE DEPARTMENT 35

THE ECONOMY IN 1990 AND THE ROLE OF THE DOF

The year 1990 marked the beginning of a decade with a call for a broader scope and deeper intensity of policy reforms. The series of internal and external shocks experienced by the country in 1990 upset the macroeconomic balance which past stabilization efforts have intended to achieve to put the economy on a sustainable growth path. These shocks include the severe natural calamities such as the earthquake and the drought, power shortages and the turmoil in the Middle East. Their adverse impact was manifested in the deterioration of the economic environment. A higher government deficit arising from the unexpected allocation of funds to alleviate the impact of these shocks and the faster implementation of development projects due to streamlined project implementation procedures contributed to the upsurge of inflation and interest rates. The shrinkage of export markets due to international uncertainties and the loss of the Middle East market led to the deterioration in the exchange rate. Higher oil prices further fanned the fire of inflation resulting in macroeconomic imbalances. Thus, the economy suffered a decline in output growth and investment levels.

Reflecting the macroeconomic stress induced by these series of unexpected shocks are the trends in the Gross National Product (GNP), investments, the budget deficit and the current account deficit of the balance of payments. Real GNP growth slowed down from 5.6 percent in 1989 to 3.7 percent in 1990. In terms of sectoral performance, modest gains were achieved by the agriculture and industry sectors which grew by 1.9 percent and 1.1 percent, respectively, in 1990. Investments also declined by 0.4 percent in real terms in 1990. In the fiscal sector, the National Government's budget deficit rose from 2.3 percent in 1989 to 2.8 percent of GNP in 1990. The current account deficit likewise deteriorated from 3.3 percent in 1989 to 5.8 percent of GNP in 1990.

As a result of these developments, the average inflation rate accelerated from 8.5 percent in 1989 to 13.1 percent in 1990. Interest rates likewise increased steadily in 1990 with average 91-day Treasury bill rates increasing by about 4.1 percentage points to 23.4 percent in 1990.

	1989	1990
Nominal GNP (₱B)	911.2	1,068.6
GNP, real growth (%)	5.6	3.7
Inflation rate (%)	8.5	13.1
Exchange rate (₱/$)	21.7	24.3
91-day T-bill rate (%)	19.3	23.4

Table 1. Macroeconomic Indicators, 1989-1990.

Viewed against these consequences of the exogenous strains on the economy, macroeconomic policy adjustments were required to improve prospects for recovery and allow the economy to rise from this critical phase. A key component of the policy reforms undertaken by the government in 1990 was fiscal deficit reduction. The Department of Finance played a crucial role in attaining this objective through efficient public sector resource mobilization and prudent fiscal management. The fiscal adjustment measures implemented by the Department in 1990 were, by and large, steps in this direction. The policy emphasis was on five major elements: improvement of the government's revenue raising capability, reduction of debt stock and debt service burden, rationalization of the financial and operational performance of the government corporate sector, acceleration of privatization efforts, and provision of more political and financial autonomy to local government units.

The government's revenue-generating capability was mainly enhanced through administrative and procedural reforms aimed at improving tax collection efficiency. As a result, the Department, through the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BOC), generated 17.7 percent more of total revenues collected in 1989, reaching P 181.5 billion in 1990. BIR and BOC contributed 68.8 percent and 30.0 percent of total tax revenues, respectively. A substantial portion of increased collections of BIR was due primarily to increased efficiency in the collection of income taxes and the value-added tax, and the increase in the tax rate on "sin" products. On the other hand, BOC's improved collections arose from increased valuation of imports, accelerated auction sales and increased efficiency in the collection of due accounts from deferred and suspended payments as well as from matured bonds.

To safeguard the financial resources of the government and maximize their utilization, the Department, through the Bureau of Treasury (BTr), continued to institute reforms to improve treasury operations and cash management techniques. In 1990, the BTr recorded P400.3 billion cash inflows to the National

NATIONAL GOVERNMENT CASH OPERATIONS
1989-1990
(In Billion Pesos)

	1990	1989	PERCENT INC/(DEC)
TOTAL REVENUES	181.46	154.24	17.6
Tax Revenues	151.13	122.46	23.4
Non-Tax Revenues	30.33	31.78	(4.6)
TOTAL EXPENDITURES	210.93	175.04	20.5
of which:			
Tax Expenditures	1.60	0.93	72.0
Allotments to LGUs	7.59	5.23	45.1
Interest Payments	72.21	56.89	26.9
Subsidy	13.25	6.20	113.7
Equity	4.43	2.91	52.2
Net Lending	(0.79)	2.28	(134.6)
DEFICIT	29.47	20.80	41.7
% OF GNP			
Revenues	17.0%	16.9%	
Tax	14.0%	13.4%	
Non-tax	2.8%	3.5%	
Expenditures	19.7%	19.2%	
Deficit	2.8%	2.3%	

Government's coffers as against P419.7 billion cash disbursements.

The second element in the fiscal effort was the adoption of policies to reduce the burden of domestic and external debt. During the year, the National Government borrowed from both domestic and foreign sources, debt service payments of which reached P 106.6 billion or about 51% of total budgetary expenditures. High domestic interest rates contributed substantially to the rising debt service burden. In 1990, several mechanisms for the reduction of the debt stock and debt service obligations were put into place by the Department. On the foreign loans, debt/asset and debt/debt conversion programs were implemented. Total savings realized by the National Government from these debt relief measures reached P1.64 billion during the year. On the domestic front, innovative measures were introduced to mitigate the pressure on local interest rates and make macroeconomic fiscal management less difficult.

Central to the third element in the fiscal strategy is the minimization of the budgetary support granted by the National Government to supplement the financial requirements of government corporations. The Department therefore implemented policy reforms aimed at improving the financial efficiency and independence of the monitored corporations, and strengthening the National Government's capability to supervise their operational and financial activities. These reforms included the improvement of the performance evaluation system and the establishment of a corporate reporting system and performance incentive scheme.

Privatization is also an important element in the fiscal strategy mix. For the past four years since its implementation, privatization has been a significant source of revenues for the National Government. Since 1987, privatization transactions have generated a total of P37.9 billion in gross revenues which for 1990 alone accounted for P15.4 billion. These were achieved mainly through the sale of transferred assets and the disposition of government-owned or -controlled corporations.

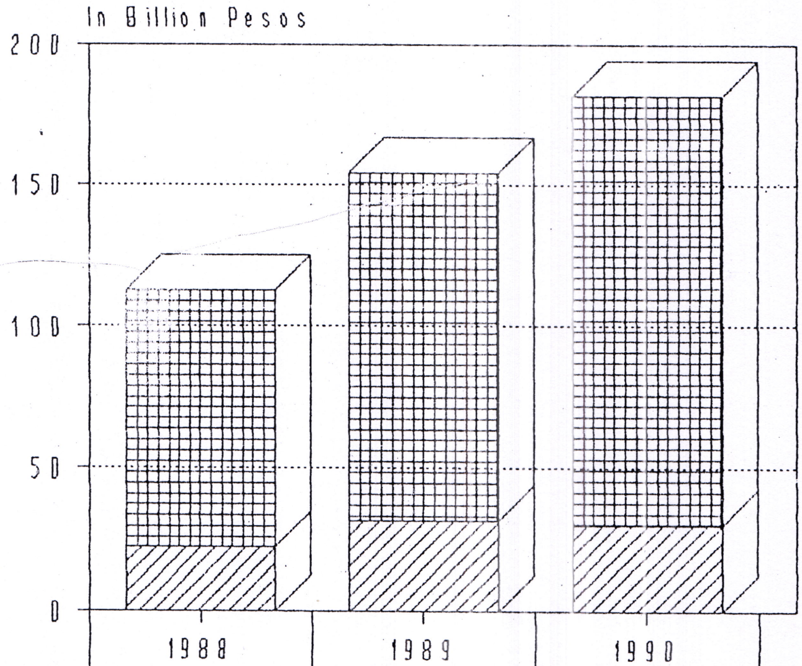
Finally, in line with the decentralization thrust of the government, the Department, through the Bureau of Local Government Finance (BLGF), continued to implement policies designed to improve the financial viability of local government units and transform them into financially stable, self-reliant units capable of participating in the pursuit for national economic growth.

Meanwhile, the attached agencies of the Department supported its goal of promoting domestic resource mobilization and sound fiscal and financial management of the economy. The Economic Intelligence and Investigation Bureau (EIIB) undertook measures to minimize smuggling, illegal logging and other forms of economic subversion. The Philippine Crop Insurance Corporation (PCIC) improved and expanded the coverage of its rice and corn insurance services amidst unfavorable weather conditions afflicting the agricultural sector. The National Tax Research Center (NTRC) conducted basic studies as bases for the introduction of tax reform measures to increase revenues, promote equity in the tax system and harness tax policy as a tool for economic development. The Fiscal Incentives Review Board (FIRB) reviewed petitions for tax and duty exemptions and endorsed its evaluation for consideration of the proper authorities. The Insurance Commission (IC) promoted the growth and stability of the insurance industry and safeguarded the rights and interests of the insurance-buying public. Lastly, the Philippine Export and Foreign Loan Guarantee Corporation (PHILGUARANTEE) continued its rehabilitation efforts to improve its export finance program.

I. NATIONAL GOVERNMENT RESOURCE MOBILIZATION

A. Revenue Generation

In 1990, total revenues hit P181.46 billion, exceeding the 1989 collections of P154.24 billion by P27.22 billion or 17.7 percent. These, however, fell short of the program of P186.70 billion by 2.8 percent due largely to the slowdown in economic activities resulting from the escalating costs of production and the devastating calamities which hit the major economic centers.



	1988	1989	1990
Total	112.86	154.24	181.46
Tax Revenues	90.35	122.46	151.13
Non-Tax Revenues	22.46	31.78	30.33

Source: BTr

Fig. 1. *National Government Revenues, by Major Source, 1988-1990.*

Tax revenues totalling P151.13 billion surpassed the 1989 tax revenue collections of P122.46 billion by P28.67 billion or 23.4 percent whereas non-tax revenues of P30.33 billion dropped by P1.45 billion or 4.6 percent from the preceding year's level of P31.78 billion.

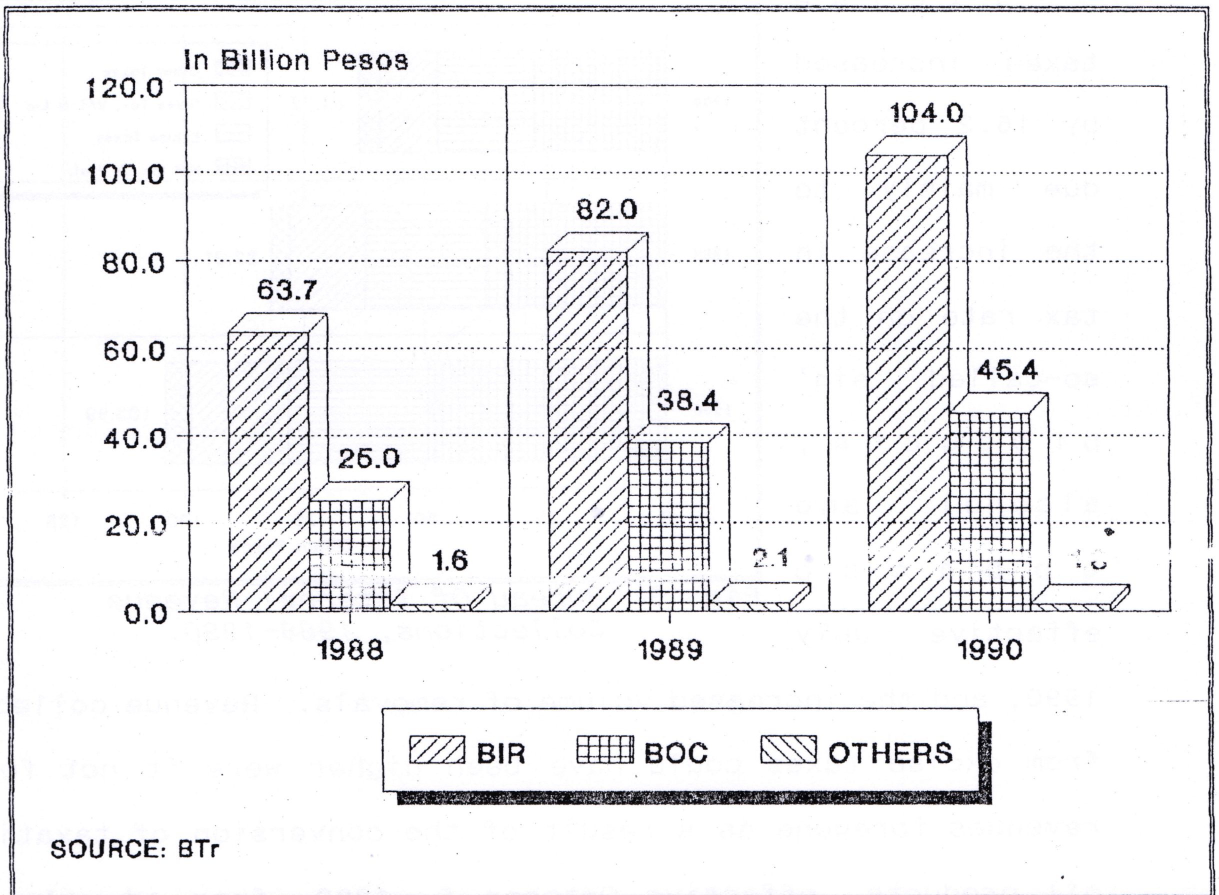


Fig. 2. *National Government Tax Revenues by Collecting Agency, 1988-1990.*

Of the total tax revenues, the Bureau of Internal Revenue's (BIR) contribution of P104.00 billion accounted for 68.8 percent, followed by the Bureau of Customs (BOC) with P45.38 billion (30.0 percent) and other offices with P1.77 billion (1.2 percent). BIR's consolidated collections continue to be led by net income and profits, and excise taxes. Higher income tax collections arose primarily from increased incomes due to the salary standardization in the Government sector and minimum wage adjustments in the private sector in July 1989. This was likewise enhanced by reforms initiated by BIR which improved tax awareness among taxpayers and enforced strict remittances by tax withholding agents.

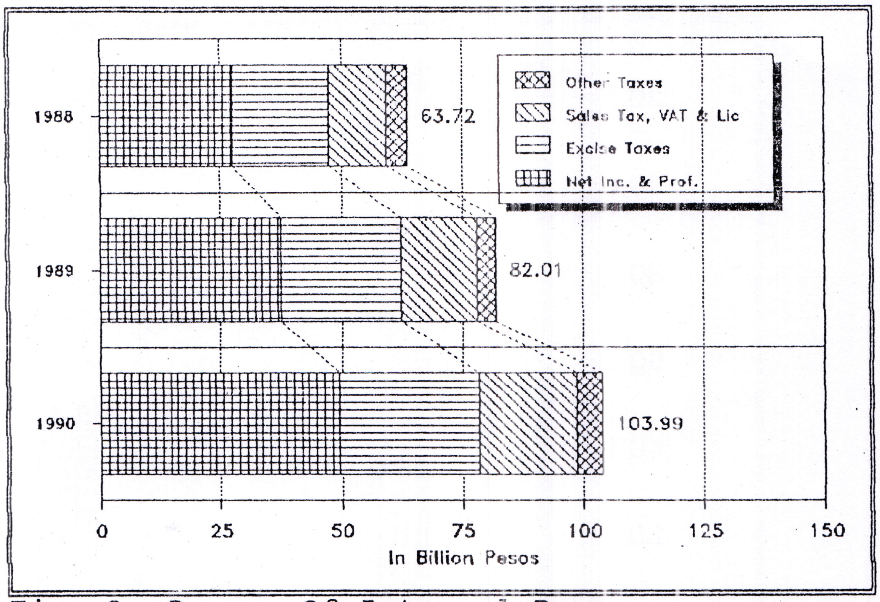


Fig. 3 *Bureau Of Internal Revenue Collections, 1988-1990.*

Excise taxes increased by 16.2 percent due mainly to the increase in tax rate on the so-called 'sin' products, alcohol and tobacco effective July 1990, and the increased volume of removals. Revenue collections from excise taxes could have been higher were it not for the revenues foregone as a result of the conversion of taxation on oil products, effective October 5, 1990, from ad valorem to specific tax pursuant to Republic Act No. 6965.

The value-added tax has already proven its worth as an important source of government revenues, having grown at rates comparable, if not higher, than other major sources of revenues. As in 1989, the 1990 VAT collection growth rate of 29.6 percent is higher than the overall growth rate of internal revenue taxes of 26.6 percent.

Collections of the BOC, on the other hand, rose to P45.38

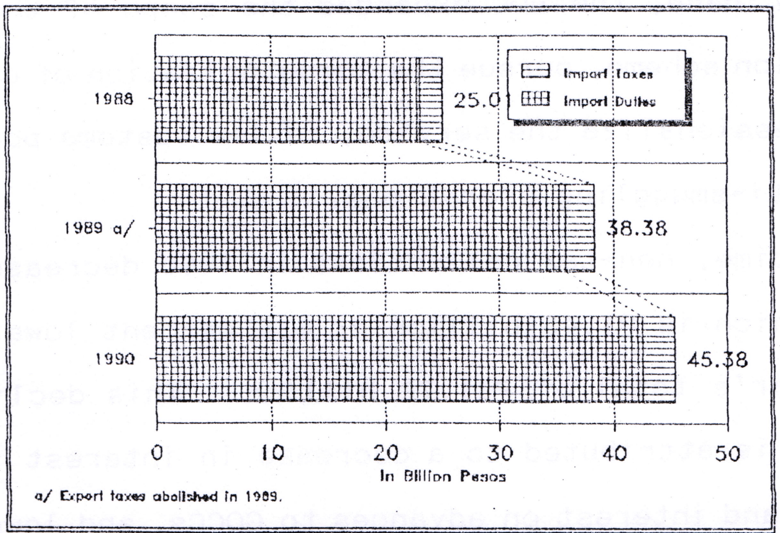


Fig. 4 *Bureau of Customs Collections, 1988-1990.*

billion, 18.3 percent over the previous year's collections of P38.38 billion. The increased collection in customs duties and taxes can be attributed to the higher valuation of imports, and the continuing administrative changes and procedural improvements that are continually being introduced in the BOC.

Furthermore, administrative and procedural reforms started in 1989 were continued and boosted by additional measures adopted in early 1990 by both the major collecting agencies, the BIR and the BOC. These include the raffle of sales invoices/receipts to motivate consumers to demand receipts; imposition of VAT on sugar; and auction sale of seized goods.

Implemented in the latter part of 1990 were the creation of additional special tax courts to handle exclusively tax evasion cases; the mandatory requirement for the stamping and registration of sales receipts; and, the inclusion of ordinary sale of assets in the coverage of income tax. Other measures introduced and expected to be implemented in 1991 are the modification of revenue regulations on the use of cash registers and, the requirement for banks and other lending institutions to furnish the BIR with financial information on their borrowers in order to effectively implement internal revenue laws.

On the other hand, the BOC expanded the scope of the pre-shipment inspection scheme, pursue the computerization of customs operations, professionalize the service, review customs policies and intensify anti-smuggling operations.

In the meantime, non-tax collections in 1990 decreaseed to P30.33 billion which is P1.45 billion or 4.6 percent lower than the preceding year's total of P31.78 billion. This decline in non-tax revenues is attributed to a decrease in interest income from investments and interest on advances to GOCCs, and lower ESF inflows. ESF inflows in 1990 is P2.72 billion lower than in 1989 because of the advanced release of approximately P1.41 billion in 1989 for the debt buyback program.

Grant availments totalled P2.38 billion which includes P2.26 billion foreign and P0.12 billion domestic grants, respectively. Grant commitments from foreign sources, on the other hand, amounted to $461.30 million, of which the largest contribution came from the United States with 21 grant agreements valued at $288.90 million (inclusive of the Economic Support Fund of $93.80 million).

B. Borrowings

The National Government borrowed from local and foreign sources to finance the budget gap and the scheduled debt repayments. In 1990, domestic borrowings formed a major financing source with the issuance of Treasury Bills amounting to P362.99 billion and Treasury Notes worth P5.70 billion. The

Government also issued dollar-denominated T-Bills (P2.31 billion), reconstruction bonds (P2.0 billion) and Tulong sa Bayan Bonds (P0.04 billion) for rebuilding the infrastructure damaged by the earthquake.

Foreign loan availments of the NG in 1990 amounted to P23.9 billion. Of this amount, P18.3 billion or 76.6 percent represents availments of quick-disbursing program loans which includes P7.1 billion ($254.0 million) for the reconstruction and rehabilitation of infrastructure damaged by the July 16 earthquake.

(In Million Pesos)

	Amount	%
Treasury Bills	362,989.1	97.31
Treasury Notes	5,699.4	1.53
$ Denominated T-Bills	2,310.0	0.62
Reconstruction Bonds	1,999.0	0.53
Tulong Sa Bayan Bonds	42.4	0.01
T O T A L	373,039.9	100.00

Source: 1990 Cash Operation Statement, Bureau of the Treasury.

Table 2 *Gross domestic Securities Floated, 1990.*

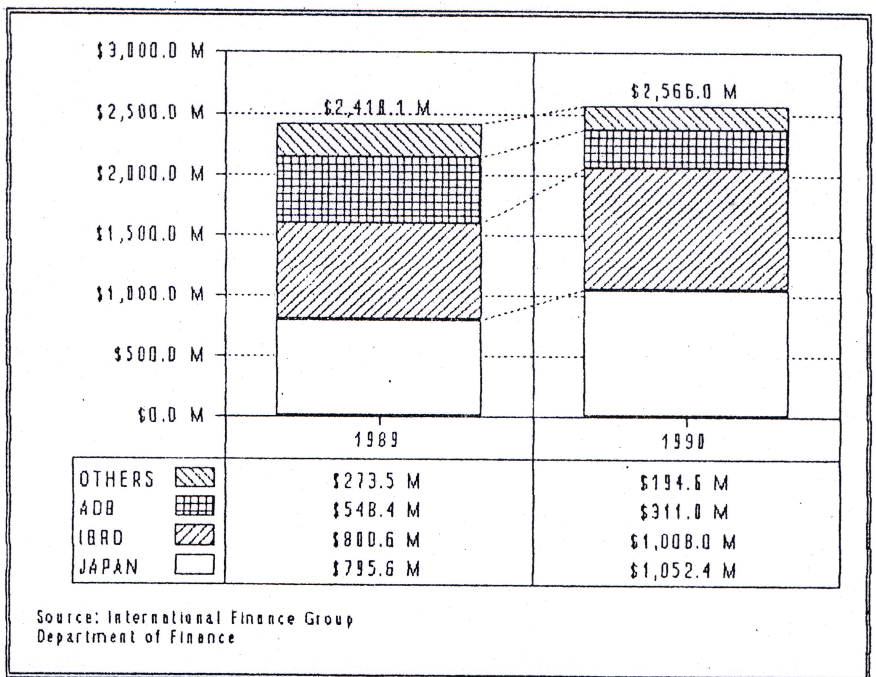


Fig. 5 *Loan Agreements Signed, by Major Creditor, 1989-1990.*

During the year, the DOF continued to work for foreign loans/assistance for development projects at the most concessional rates. Forty-five (45) new loans with a total commitment of $2,566 million were signed in 1990. Of these, 35 loan agreements amounting to $2,073 million were entered into by the Department on behalf of the NG. The remaining $493 million were guarantees extended to government corporations.

Twenty-one percent (21%) or $549.4 million of the loans contracted were intended for power and electrification projects while $520.0 million were contracted for multi-purpose projects. The rest were utilized for transportation/communication, general infrastructure, agriculture, water resources and social development.

II. CASH, DEFICIT AND DEBT MANAGEMENT

A. Cash Operations

The Department of Finance through the BTr manages the cash operations of the National Government and keeps records of its transactions. The BTr recorded a total cash inflow of P400.32 billion in 1990 which is 8.9 percent lower than the 1989 level of P439.20 billion. Of this amount, P181.46 billion or 45.3 percent was accounted for by budgetary revenues which include collections by the BIR, BOC, and other offices. The remaining amount of P218.86 billion came from non-budgetary receipts which include receipts from trust liabilities, refunds for cash advances and over payments, loan proceeds for relending to government corporations, and receipts from securities unloaded.

Total disbursements for the year amounted to P419.72 billion, P210.93 billion of which were budgetary expenditures. The rest (P208.79 billion) were non-budgetary disbursements which include payments of trust liabilities; refund of cash advances, overpayment and unobligated advances; and relending to government corporations.

To enhance its cash management operations, the BTr in coordination with the Department of Budget and Management (DBM) issued Joint Circular No. 1-90 on 01 March 1990. The Modified Disbursement System (MDS) improves upon the old system of disbursement by eliminating the need to release funds to agencies beyond what is actually required by these agencies for any given period. This effectively provides NG with greater flexibility in the management and control of NG cash balances to support fiscal and monetary objectives. To further enhance the scheme, Joint Circular 1-90A was issued in the last quarter of 1990 providing for closer coordination between the BTr and the DBM in releasing funds based on the short term calculations of cash availability.

B. Deficit Management

The Department, jointly with the DBM, assists the NG in limiting its cash budget deficit within manageable levels so as not to "crowd out" the private sector from the domestic credit market.

However, 1990 budgetary expenditures exceeded last year's level by 20.5 percent or by P35.89 billion due to the need to provide assistance to areas adversely affected by natural disasters and the higher capital expenditures arising from the faster execution of development projects as a result of streamlined implementation procedures. Likewise, interest payments which comprise 34.2 percent of total NG expenditures increased due to higher interest rates. The higher expenditure level resulted in a cash budget deficit of P29.47 billion . The deficit is higher by P8.67 billion or 41.7 percent over last year's deficit of P20.80 billion. In proportion to GNP, the cash ubudget deficit was 2.8 percent in contrast to the previous year's level of 2.3 percent.

In late 1990, measures were initiated to arrest the

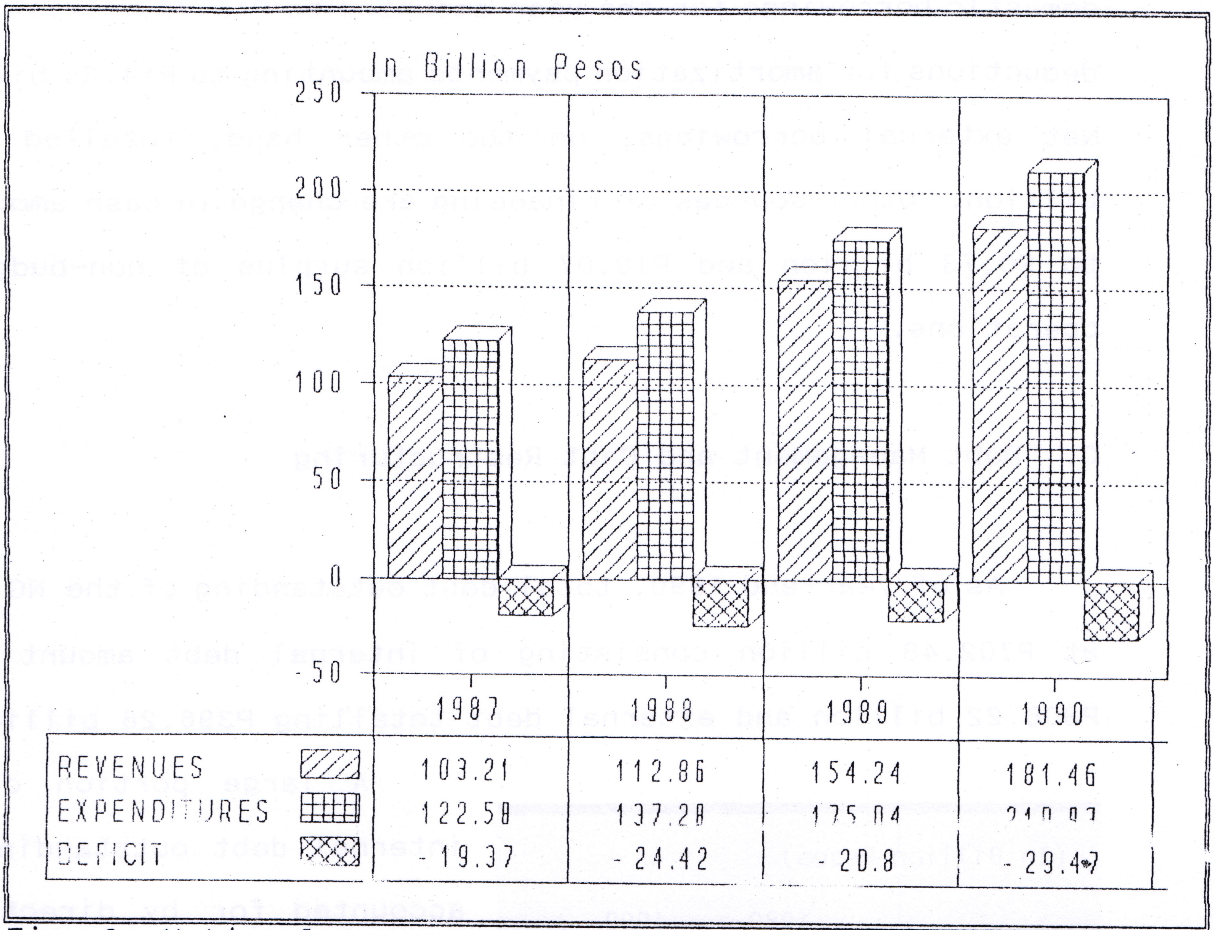


Fig. 6 *National Government Cash Operations, 1987-90.*

burgeoning budgetary deficit. One of these measures is the imposition of an additional duty of five percent (5%) ad valorem on all imported articles which was provided for under Executive Order No. 438[1]. This is designed as a temporary and stop-gap measure to provide the NG additional revenues to finance the budgetary requirements needed for sustained economic development pending the passage by Congress of other revenue generating measures which require legislative action.

In the meantime, the NG resorted to both domestic and foreign borrowings to finance the budgetary deficit. Net

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[1] This Order was later repealed by Executive Order No. 443 dated January 3, 1991 which increased the additional import duty to nine percent (9%).

domestic borrowings for the year amounted to P15.75 billion after deductions for amortization payments amounting to P14.35 billion. Net external borrowings, on the other hand, totalled P4.38 billion. Other sources of financing are change in cash amounting to P0.73 billion and P10.07 billion surplus of non-budgetary operations.

C. Debt Management and Debt Restructuring

As of year-end 1990, total debt outstanding of the NG stood at P702.48 billion consisting of internal debt amounting to P306.22 billion and external debt totalling P396.26 billion.

(In Billion Pesos)	1989	1990
Internal Debt	295.97	306.22
Direct	289.32	301.79
Guaranteed	6.65	4.43
External Debt	647.05	396.26
Direct	244.39	299.76
Guaranteed	402.66	96.50
T o t a l	943.02	702.48

Source: Bureau of the Treasury

Table 3 *Total Outstanding Debt, As of End-December of the Year Indicated.*

A large portion of the internal debt outstanding was accounted for by direct debt which aggregated to P301.79 billion as compared to the 1989 level of P289.32 billion. On the other hand, external debt outstanding went down by P250.79 billion from its 1989 level of P647.05 billion. This is mainly due to a drastic drop in guaranteed external debt outstanding from P402.66 billion in 1989 to P96.50 billion in 1990 as a result of the Government's policy thrust of minimizing the issuance of guarantees to government-owned or -controlled corporations.

Total debt service expenditures of the NG amounted to P106.62 billion in 1990, of which 63.4 percent and 36.6 percent represented payments for domestic and foreign obligations, respectively. This amount represents an increase of 24.4 percent or P20.92 billion over the previous year's level.

Of the total debt service payments, almost a half or P53.30 billion went to interest payments on domestic obligations which increased by 30.3 percent over the 1989 level. Principal repayments on domestic debt reached P14.35 billion, P5.06 billion of which were paid for NG assumed liabilities.

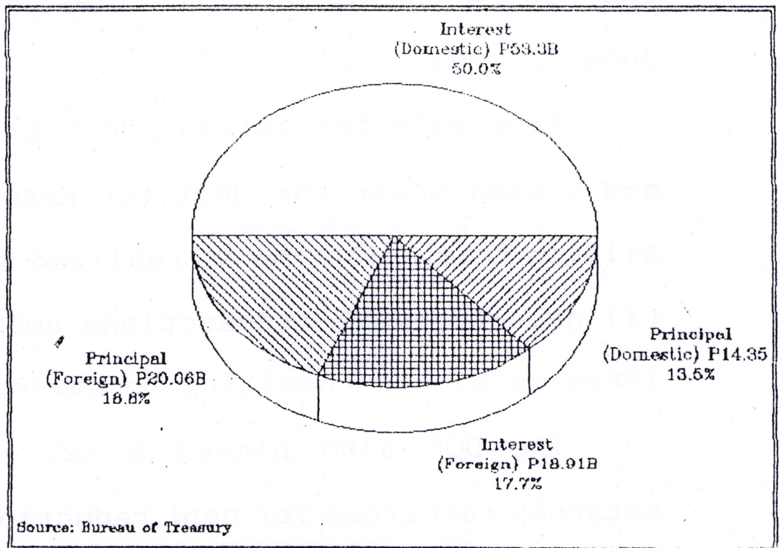

Fig. 7 Distribution of National Government Debt Service Payments, 1990.

On the other hand, repayments of principal on foreign obligations swelled by 29.9 percent from the previous year's amount to P20.06 billion, with P7.88 billion and P9.63 billion constituting amortization on loans directly contracted and loans assumed by the NG, respectively. Interest payments on foreign obligations amounted to P18.91 billion. Of these payments, 54.8 percent represented interest charges on NG directly contracted loans.

Concerned with the adverse effects that a huge debt service burden may impose on the budget and to sustain economic growth, the Department continued to vigorously explore and pursue debt relief measures.

Bilateral agreements with 14 countries were negotiated and concluded bringing to a close bilateral negotiations to implement the third Paris Club Agreed Minute and thus paving the way for the restructuring of maturities due from September 1, 1989 to June 30, 1991.

Proposals for foreign debt prepayment were also processed and closed under the debt-for-asset program amounting to P3.33 billion from which the NG realized savings of P1.49 billion. Two (2) debt-for-debt transactions amounting to P0.36 billion were likewise closed resulting to savings of P0.15 billion.

The DOF also played a key role in the mobilization of external resources for debt reduction through discounted purchase of debt at 50 percent of nominal value which allowed for the retirement of debts amounting to US$1.34 billion in 1990. Official credits secured to finance this operation include US$123 million from the International Monetary Fund, US$150 million from the World Bank and US$107 million from the Export-Import Bank of Japan.

On the domestic front, Administrative Order No. 173 was issued on 18 June 1990 primarily to provide for innovative measures to reduce the pressure on domestic interest rates and thereby minimize the cost of borrowings of the NG in the domestic market. Guidelines to implement the Order were embodied under Department Order No. 6-90 which requires, among others, all government-owned or -controlled corporations (GOCCs), government financial institutions, and local government units to invest their idle funds and/or convert their current holdings of Treasury Bills, into medium to long term government securities and/or special fixed term deposits with the Central Bank thru the BTr. Similar arrangements were likewise concluded with the Government Service Insurance System and the Social Security System.

D. Cash Balance

For the year ending December 31, 1990, the NG's total cash balance for all funds deposited in the Treasury Vault and in authorized government depository banks stood at P87.73 billion as against P86.99 billion registered in 1989. The bulk of this amount, constituting 84.4 percent, is deposited with the Central Bank of the Philippines.

III. RATIONALIZATION OF GOVERNMENT CORPORATE FINANCIAL OPERATIONS

The NG monitors the operational and financial activities of several government-owned or -controlled corporations (GOCCs). Initially, 18 GOCCs were identified, namely: the National Power Corporation (NPC), Philippine National Oil Company (PNOC), Metropolitan Waterworks and Sewerage System (MWSS), National Irrigation Administration (NIA), National Development Company (NDC), Light Rail Transit Authority (LRTA), Local Waterworks and Utilities Administration (LWUA), National Electrification Administration (NEA), National Housing Authority (NHA), Philippine National Railways (PNR), Philippine Ports Authority (PPA), National Food Authority (NFA), Philippine Air Lines (PAL), Philippine Tourism Authority (PTA), Home Insurance and Guarantee Corporation (HIGC), Home Development and Mutual Fund (HDMF), National Mortgage and Finance Corporation (NHMFC) and Ninoy Aquino International Airport Authority (NAIAA). The number of monitored GOCCs were increased to 25 under Memorandum Order No. 263 dated 16 November 1989 to include Philippine Export and Foreign Loan Guarantee Corp. (Philguarantee), Philippine Deposit Insurance Corp. (PDIC), Philippine Fisheries Development Authority (PFDA), Philippine Retirement Authority (PRA), Public Estates Authority (PEA), Metro Manila Transit Corporation (MMTC) and the Export Processing Zone Authority (EPZA).

In 1990, the Department continued to play an important role in the formulation of reforms to improve the financial and operational performance of these monitored GOCCs and reduce their reliance on NG budgetary support. The Department's involvement in the GOCCs includes pursuing policy objectives in their resource mobilization, helping accelerate the implementation of the privatization program , trimming of the bureaucracy and improving monitoring techniques through the institution of a performance evaluation system and better corporate planning.

A. Resource Mobilization of Monitored Corporations

Since the institution of policy reforms for government corporations, the fourteen (14) major non-financial government corporations[2] have been able to maintain a positive internal cash generation (ICG). In 1990 this amounted to P8.20 billion. This is however lower than the previous year's level of P11.97 billion mainly as a result of a decline in PNOC's sales volume of petroleum products. The decline can be attributed to the upsurge in crude oil prices brought about by uncertainties following the Middle East Crisis.

Meanwhile, total capital expenditures of the 14 major non-financial government corporations continued their upward trend registering P27.26 billion in 1990, an increase of 82 percent over the 1989 level of P14.97 billion. The NPC accounted for 42 percent of the total capital expenditures mainly due to the effects of the deterioration of the value of the peso vis-a-vis the dollar. This effectively made the foreign exchange components of NPC's projects more expensive. As a consequence of the increase in capital expenditures coupled with the decline in

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[2] These are the NPC, PNOC, MWSS, NIA, NDC, LRTA, LWUA, NEA, NHA, PNR, PPA, NFA, EPZA and MMTC.

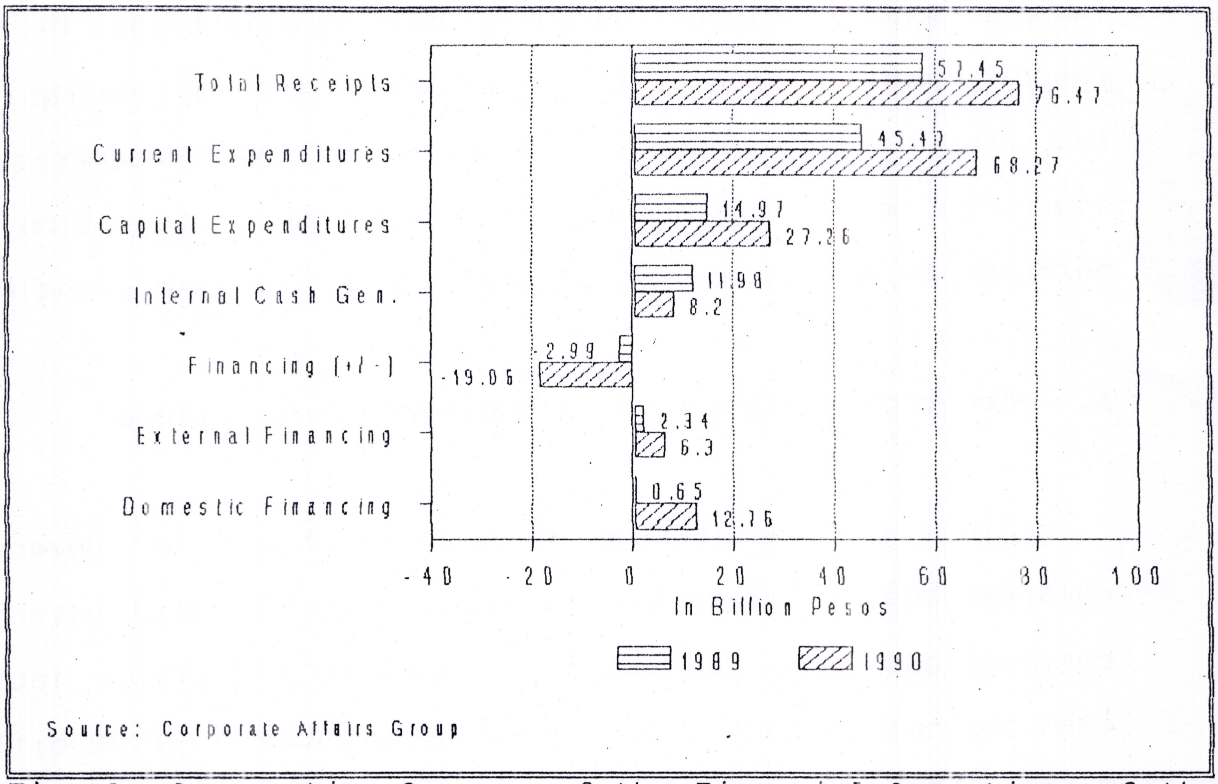

Fig. 8 *Comparative Summary of the Financial Operations of the 14 Major Non-Financial Government Corporations, 1989-90.*

internal cash generation, the fourteen major corporations incurred a financing deficit of P19.06 billion compared to the 1989 deficit of only P2.99 billion.

Similarly, the ten (10) other monitored government corporations[3] incurred a consolidated financing deficit totalling P2.4 billion in 1990. The NHFMC suffered the largest financing deficit of P3.1 billion due to substantial mortgage take-outs reflected in their capital expenditures followed by the PFDA (P98.9 million) and the HDMF (P47.2 million). These deficits more than offset the financing surpluses achieved in 1990 by the NAIAA (P336.5 million), the PTA (P251.6 million) and the PDIC (P185.6 million).

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[3] These are the HIGC, HDMF, NHMFC, NAIAA, PTA, PFDA, PRA, PEA, PDIC and Philguarantee.

B. Privatization

The Government's commitment to facilitate divestment of the remaining transferred assets (TAs)[4] and GOCCs for privatization was vigorously supported by the Department through the Committee on Privatization (COP) in coordination with the Asset Privatization Trust (APT) and other disposition entities.

Since the issuance of Proclamation No. 50 on December 8, 1986 which created the COP and APT, nearly 300 accounts have been fully or partially sold . As a result, a total of P37.88 billion in gross revenues has been generated through the Government's privatization efforts: P31.52 billion from the disposition of transferred assets (TAs) and

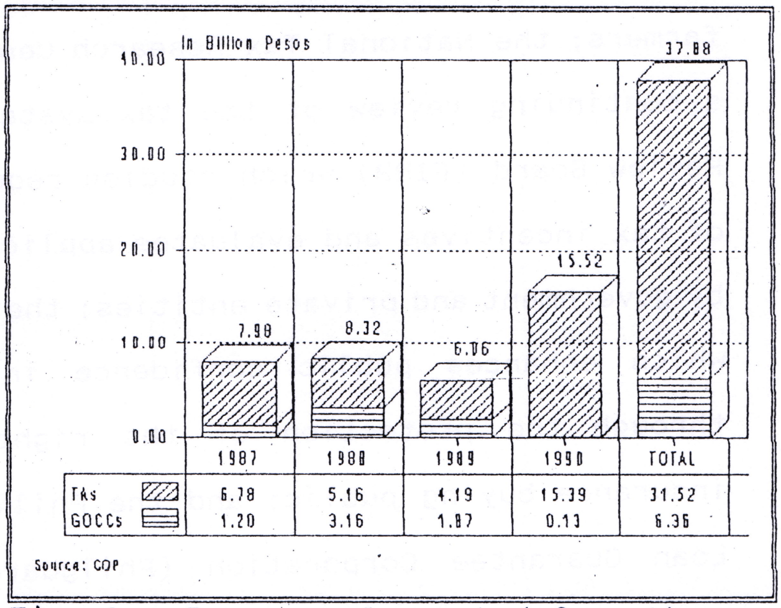

Fig. 9 *Revenues Generated from the Disposition of Government-Owned or -Controlled Corporations and Transferred Assets, 1987-1990.*

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[4] The TA accounts refer to non-performing accounts transferred by certain government financial institutions to the National Government which the latter entrusted to APT for disposition. This portfolio is composed of 399 accounts belonging to various sectors such as agriculture, manufacturing, mining, services and utilities. Fifty-eight percent (58%) or 230 accounts (176 fully and 54 partially) of this portfolio were sold during the period 1987-1990.

V. PERFORMANCE OF ATTACHED AGENCIES

The attached agencies supported the Department's goal of promoting domestic resource mobilization and sound fiscal and financial management of the economy in 1990. Activities in support of specific sectoral concerns were undertaken by the Economic Intelligence and Investigation Bureau (EIIB) which is involved in operations to minimize smuggling, illegal logging and other forms of economic subversion; the Philippine Crop Insurance Corporation (PCIC) which provides insurance protection to farmers; the National Tax Research Center (NTRC) which conducts a continuing review of the tax system; the Fiscal Incentives Review Board (FIRB) which studies requests for the restoration of tax incentives and evaluates applications for tax incentives by government and private entities; the Insurance Commission (IC) which enhances public confidence in the insurance industry through the protection of the rights and interests of the insurance buying public; and the Philippine Export and Foreign Loan Guarantee Corporation (Philguarantee) which widens the credit access of exporters and small entrepreneurs by providing guarantee coverage for their loans.

In 1990, EIIB apprehension and seizure operations yielded an estimated market value of P1.51 billion of cash and goods resulting to incremental revenues for the NG. These came mostly in the form of additional internal revenue collections from delinquent accounts (P0.97 billion) and auction sale of seized smuggled goods. Other apprehensions are in the form of narcotic

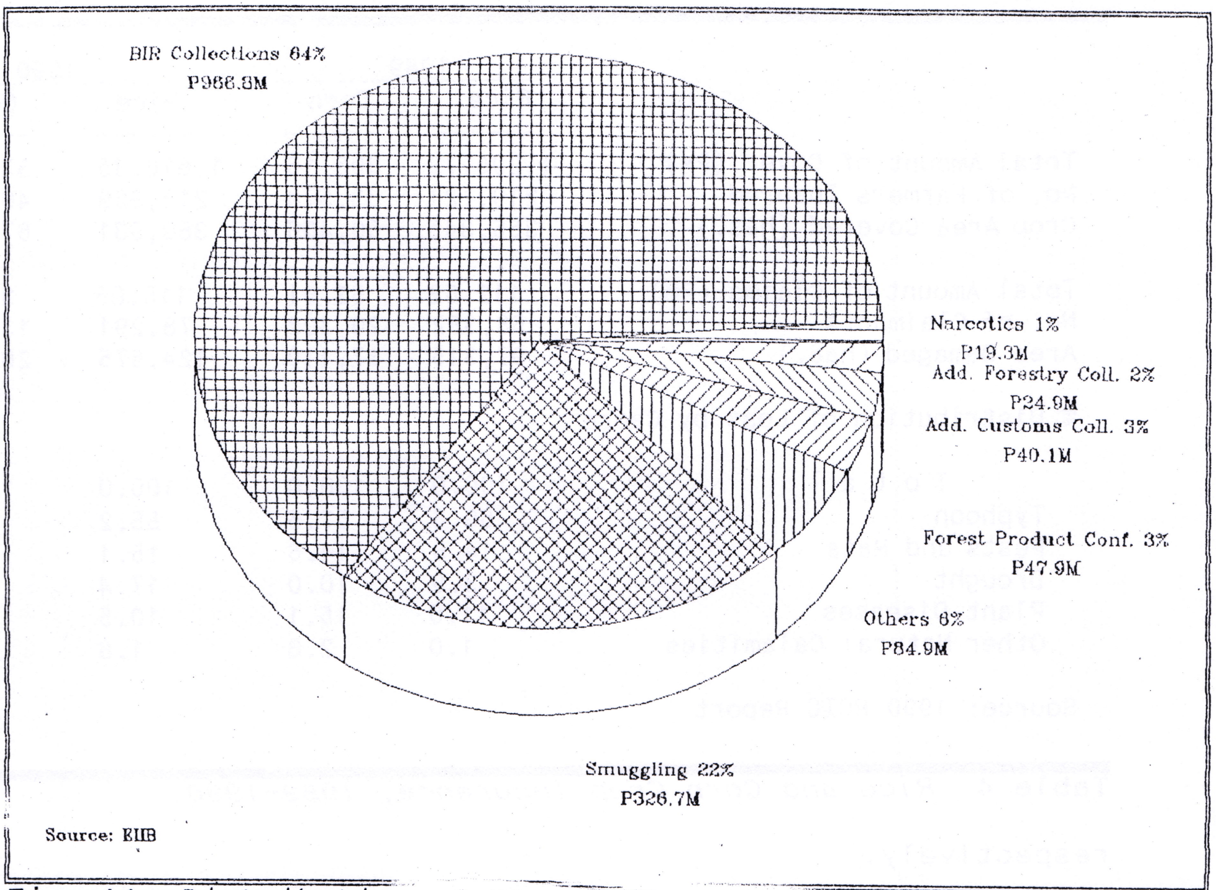

Fig. 14 *Distribution of EIIB Apprehensions and Seizures, 1990,*

seizures and forest product confiscations.

The PCIC increased its policy coverage over 1989 levels by 22.1 percent to P1.95 billion, broken down into P1.61 billion and P0.34 billion for rice and corn crop insurance, respectively. In terms of hectarage, PCIC insurance policies, which benefitted 254,379 rice and corn farmers, covered 418,689 hectares, an increase over the preceding year by 1,080 beneficiaries and 1,938 hectares. Despite the combined effect of a 27.6 percent increase in total revenues and a 9.8 percent fall in indemnities, the PCIC posted a net loss of P46.66 million compared to a net income of P3.31 million in 1989. This is mainly due to substantial increases in operating expenses and taxes which increased by 32.5 percent (P21.50 million) and 186.1 percent (P10.62 million),

	1989		1990	
	Rice	Corn	Rice	Corn
Total Amount of Cover (PM)	1,295.72	305.16	1,616.35	337.73
No. of Farmers Insured	219,721	33,578	213,969	40,410
Crop Area Covered (has.)	356,345	60,406	350,931	67,758
Total Amount of Claims (PM)	112.52	53.91	115.06	34.46
No. of Claimants	58,382	20,308	78,291	13,891
Area Damaged (has.)	97,315	37,119	124,675	26,820
% Distribution of Loss by Cause				
Total	100.0	100.0	100.0	100.0
Typhoon	69.6	57.5	55.2	19.4
Pests and Rats	14.5	14.6	15.1	11.0
Drought	3.9	10.0	17.4	61.2
Plant Diseases	11.0	15.1	10.5	7.2
Other Natural Calamities	1.0	2.8	1.8	1.2

Source: 1990 PCIC Report

Table 4 *Rice and Corn Crop Insurance, 1989-1990.*

respectively.

In line with its mandate on tax policy formulation, the NTRC conducted basic studies which served as bases for the introduction of tax reform measures aimed at increasing government revenues, promoting equity in the tax system and harnessing tax policy as a tool for economic development. Some of these studies include a proposal to increase tax rates on rental income of both non-resident owners of sea vessels and owners/lessors of aircraft, and the imposition of a 1.5% tax on the transfer or sale of real property held for three (3) years or less with a gross selling price of P3.0 million or more. It likewise initiated/supported tax policy changes consistent with national goals and priorities. Among those which they supported were the modification of the excise tax on "sin" products to raise additional revenues and the revision of the form of taxation on petroleum products from ad valorem to specific.

During the year in review, a total of fifty-nine (59) resolutions were issued by the FIRB. Of these, thirty-two (32) were endorsements to the DBM on subsidy availment of various government corporations while twenty (20) were amendments on the validity date of the Certificates of Entitlement.

In 1990, the IC issued 26,310 licenses and certificates of registration to insurance and reinsurance companies. Total investments approved by the Commission amounted to P2.58 billion, 11.69 percent over total 1989 investments of P2.31 billion.

In 1990, Philguarantee's exposure on guarantees on exports reached P1,104 million, an increase of 0.6 percent over last year's level of P1,097 million. The average upward adjustment in guarantee fees of 128 percent increased Philguarantee's income from this source from P15 million [illegible] million in 1990. This, in turn, contributed substantially to the increas[illegible] total revenues which rose by 28% to P162 million . However, due to its foreign debt and the peso devaluation, Philguarantee registered a net loss of P168 million. To accelerate Philguarantee's rehabilitation, a US-based firm, First Washington Associates, was chosen to provide consultancy services primarily aimed at establishing a pre-shipment export finance guarantee program. The program is the main thrust of Philguarantee's operations in the next two years.

HIGHLIGHTS OF PERTINENT
DEPARTMENT ORDERS, MEMORANDA AND CIRCULARS
AFFECTING THE OPERATIONS
OF THE DEPARTMENT

DEPARTMENT ORDERS

During the year 1990, a total of 67 Department Orders were issued. Of the total Orders, 24 were concerned with the implementation of the ZonalValues of Real Properties in various municipalities and districts for Internal Revenue Tax Purposes.

DO No. 6-90	Implementation of the Zonal Values of Real Properties in the City of San Carlos, under Revenue District Office No. 7, Calasiao, Pangasinan, Revenue Region I, Baguio City for Internal Revenue Tax Purposes
DO No.11-90	Implementation of the Zonal Values of Real Properties in the City of Tacloban under Revenue District Office No. 65, Revenue Region 8, Tacloban City, for Internal Revenue Tax Purposes
DO No. 12-90	Implementation of the Zonal Values of Real Properties in the City of Bacolod, under Revenue District Office No. 56, Revenue Region 6B, Bacolod City, for Internal Revenue Tax Purposes
DO No. 19-90	Amendment to DO No. 51-87 dated March 26, 1987 implementing the revised Values of Real Properties in the Municipalities of Makati for Internal Revenue Tax Purposes
DO No. 20-90	Amendment to DO No. 90-88 dated April 26, 1988 implementing the revised Zonal Values of Real Properties in the Municipalities of Mandaluyong and San Juan for Internal Revenue Tax Purposes
DO No. 22-90	Implementation of the Zonal Values of Real Properties in the City of Lapu-Lapu, under Revenue District Office No. 59, Mandaue City, Revenue Region 7 Cebu City, for Internal Revenue Tax Purposes
DO No. 23-90	Implementation of the Zonal Values of Real Properties in the City of Mandaue, under Revenue District Office No. 59, Revenue Region 7, Cebu City for Internal Revenue Tax

Purposes

DO No. 25-90	Implementation of the Zonal Values of Real Properties in the City of Iloilo, under Revenue District Office No. 54, Revenue Region 6A, Iloilo City for Internal Revenue Tax Purposes
DO No. 29-90	Implementation of the Zonal Values of Real Properties in General Santos City under Revenue District Office No. 87, Revenue Region 11A Cotabato City, for Internal Revenue Tax Purposes
DO No. 34-90	Implementation of the revised Zonal Values of Real Properties in the Municipalities of Pasig, Taguig, and Pateros under Revenue Region 481, Quezon City for Internal Revenue Tax Purposes
DO No. 39-90	Amendment to DO No. 113-88 dated December 14, 1988 implementing the revised Zonal Values of Real Properties in the districts of Binondo and Sta. Cruz for Internal Revenue Tax Purposes
DO No. 40-90	Implementation of the Zonal Values of Real Properties in the City of Lucena, under Revenue District Office No. 39, Revenue Region 4C, San Pablo City, for Internal Revenue Tax Purposes
DO No. 41-90	Amendment to DO No. 94-88 dated July 11, 1988 implementing the Revised Zonal Values of Real Properties in the Districts of Tondo and San Nicolas for Internal Revenue Tax Purposes
DO No. 43-90	Amendment to DO No. 136-87 dated December 7,1987 implementing the Revised Zonal Values of Real Properties in North Quezon City for Internal Revenue Tax Purposes
DO No. 44-90	Amendment to DO No. 138-87 dated December 7, 1987 implementing the Revised Zonal Values of Real Properties in South Quezon City for Internal Revenue Tax Purposes
DO No. 45-90	Amendment to DO No. 9-87 dated February 2, 1987 implementing the Revised Zonal Values of Real Properties in the City of Pasay for Internal Revenue Tax Purposes
DO No. 46-90	Amendment to DO No. 114-88 dated October 4, 1988 implementing the Revised Zonal Values of Real Properties in the districts of Quiapo,

San Miguel and Sampaloc for Internal Revenue Tax Purposes

DO No. 54-90	Implementation of the Zonal Values of Real Properties in the City of Iligan, under Revenue District Office No. 78, Revenue Region 10A, Cagayan de Oro City, for Internal Revenue Tax Purposes
DO No. 55-90	Implementation of the Zonal Values of Real Properties in the City of Butuan, under Revenue District Office No. 80, Revenue Region 10B, Butuan City for Internal Revenue Tax Purposes
DO No. 56-90	Implementation of the Zonal Values of Real Properties in the City of Cagayan de Oro, under Revenue District Office No. 75, Revenue Region 10A, Cagayan de Oro City for Internal Revenue Tax Purposes
DO No. 57-90	Implementation of the Zonal Values of Real Properties in the City of Legaspi, under Revenue District Office No. 47, Revenue Region No. 5, Legaspi City, for Internal Revenue Tax Purposes
DO No. 61-90	Implementation of the Zonal Values of Real Properties in the Municipalities of San Fernando, Province of Pampanga, under Revenue District Office No. 18, Revenue Region 3A, San Fernando, Pampanga for Internal Revenue Tax Purposes
DO No. 62-90	Implementation of the Zonal Values of Real Properties in the Municipality of Tuguegarao, Province of Cagayan, under Revenue District Office No. 9, Revenue Region 2, Tuguegarao, Cagayan for Internal Revenue Tax Purposes
DO No. 63-90	Implementation of the Zonal Values of Real Properties in the City of Naga, under Revenue District No. 45, Revenue Region 5, Legaspi City for Internal Revenue Tax Purposes

In addition to these Department Orders, the Department of Finance also issued other noteworthy Department Orders touching on various policy and administrative areas. These include the following:

DO No. 1-90	Distribution and issuances of Residence Certificates for CY 1990
DO No. 2-90	Conduct of a Plan Implementation Conference for CY 1990 for the Bureau of Local

Government Finance

DO No. 5-90	Creating a Task Force to prepare the position of the Department of Finance on the various provisions of Article X (Fiscal Autonomy) of Republic Act 6734 -- Organic Act for the Autonomous Region of Muslim Mindanao
DO No. 10-90	Creation of a Task Force to inquire into the feasibility of the proposal to condone the unpaid mandatory contributions of LGUs to the PC-INP and/or relieve once and for all the LGUs from said mandatory obligation
DO No. 14-90	Creation of an Inter-Agency Committee composed of Usec. Ruben O. Fruto as Chairman and representatives from the Board of Investments (BOI), Bureau of Internal Revenue (BIR), and the Bureau of Customs (BOC) as members to review, study, develop and recommend the issuance of guidelines, rules/regulations for systematic procedures in processing claims for tax credits.
DO No. 21-90	Further amending MO # 23-86, entitled "Revised Rules and Regulations for the issuances, placement, sale, servicing and redemption of Treasury Bills under RA 245, as amended" and repealing amendatory DO No. 95-88, Series of 1988
DO No.27-90A	Minimum paid-up capital stock requirement to rehabilitate an insurance company, life or non-life or a professional reinsurer
DO No. 32-90	Creation of Ad Hoc Committee to propose rules in the availment of compromise agreement by copper mining companies with Usec. Ruben O. Fruto as chairman
DO No. 48-90	Providing for Rules and Regulations governing Tulong Sa Bayan Bonds
DO No. [illegible]	[illegible] the Economic Intelligence and Investigation Bureau (EIIB), in coordination with the Bureau of Internal Revenue (BIR), to conduct the investigation of tax evasion cases in order to avoid duplication and obviate possible conflict
DO No. 52-90	Designating Atty. Eligio Macatangay, Atty. Demosthenes Tanoy (DOF), Atty. John Patrick Corpuz, and Miss Angeli Marissa Saga, (BLGF) as Special Investigators for the purpose of fact finding a preliminary investigation on

	the alleged participation of Mr. Ismael Pamintuan, OIC-Provincial Treasurer of Tarlac in the anomalous disbursement of public funds.
DO No. 65-90	Amending Sec. 1 of Article IV of DO No. 48-90, otherwise known as Rules and Regulations governing Tulong Sa Bayan Bonds
DO No. 66-90	Rules and Regulations to implement Memo Circular No. 121 entitled "Directing all Departments, Bureaus, Commissions, Agencies, Offices and Instrumentalities of the National Government, including GOCCs, to revise their fees and charges at just and reasonable rates sufficient to cover administrative costs"

DEPARTMENT CIRCULARS

DC No. 1-90	Pursuant to the provisions of ERB Resolution No. 89-17 authorizing reduction in the oil companies' existing cost recovery/netback on the different petroleum products by an average amount of 4.74 centavos per liter of product sold, adjusted to 9.87 centavos with the imposable ad valorem tax effective September 1, 1989, it is hereby promulgated that the OPSF foreign exchange reference rate is set at ₱21.90 per U.S. dollar.
DC No. 4-90	Pursuant to ERB Resolution No. 90-03 dated 16 April, 1990, specifying among others, that the peso-dollar reference rate of ₱22.22 per U.S. dollar used by the Board as basis in the price review of January 1990 had markedly increased during the period January-February 1990 to about ₱22.54 per U.S. dollar, it is hereby promulgated that the OPSF foreign exchange rate is set at ₱22.54 per U.S. dollar.
DC No. 6-90	Guidelines for Sections 1, 2 and 3 of Administrative Order No. 173 dated 18 June 1990, providing for certain innovative measures for the government to reduce the pressure on domestic interest rates.

DEPARTMENT MEMORANDUM ORDER

DMO No. 1-90	Proper accomplishment of the Advice of Checks Issued and Cancelled (ACIC) under the Modified Disbursement System.

REVENUE MEMORANDUM ORDERS

The Bureau of Internal Revenue issued several Revenue Memorandum Orders. The most significant of such orders are as follows:

RMO No. 1-90	Amendments to the provisions of a "Revised Schedule of Compromise Penalties" for internal revenue violations as prescribed in RMO 26-86
RMO No. 3-90	Ocular inspection of business premises of VAT applicants
RMO No. 11-90	Priority key VAT implementing programs
RMO No. 16-90	Implementation of a Modified Disbursement System in the BIR pursuant to Memorandum Order No. 276 of the Office of the President dated January 12, 1990 prescribing the modification of the Government Disbursement System
RMO No. 19-90	Delegation of authority to issue authority to release imported goods (ATRIG) for motor vehicles imported under the No-Dollar Importation Program
RMO No. 20-90	Proper execution of the waiver of the statute of limitations under the National Internal Revenue Code
RMO No. 24-90	Filing of Tax Returns and Payment of Internal Revenue Taxes
RMO No. 35-90	Prescribing additional guidelines in the issuances and enforcement of Subpoena Duces Tecum
RMO No. 36-90	Guidelines for selecting taxpayers 1988 returns for detailed audit
RMO No. 39-90	Prescribing the guidelines and procedures in monitoring and coordinating the activities of Kalakalan 20 , a Countryside Barangay Business Enterprises (CBBE) in compliance with BIR requirements.
RMO No. 43-90	Amendment of RMO 37-90 prescribing revised policy guidelines for examination of returns and issuance of Letters of Authority to Audit
RMO No. 46-90	Amendments to RMO 7-85 providing for reports

the alleged participation of Mr. Ismael Pamintuan, OIC-Provincial Treasurer of Tarlac in the anomalous disbursement of public funds.

DO No. 65-9Ø Amending Sec. 1 of Article IV of DO No. 48-9Ø, otherwise known as Rules and Regulations governing Tulong Sa Bayan Bonds

DO No. 66-9Ø Rules and Regulations to implement Memo Circular No. 121 entitled "Directing all Departments, Bureaus, Commissions, Agencies, Offices and Instrumentalities of the National Government, including GOCCs, to revise their fees and charges at just and reasonable rates sufficient to cover administrative costs"

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DC No. 4-9Ø Pursuant to ERB Resolution No. 9Ø-Ø3 dated 16 April, 199Ø, specifying among others, that the peso-dollar reference rate of ₱22.22 per U.S. dollar used by the Board as basis in the price review of January 199Ø had markedly increased during the period January-February 199Ø to about ₱22.54 per U.S. dollar, it is hereby promulgated that the OPSF foreign exchange rate is set at ₱22.54 per U.S. dollar.

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RMO No. 43-90	Amendment of RMO 37-90 prescribing revised policy guidelines for examination of returns and issuance of Letters of Authority to Audit
RMO No. 46-90	Amendments to RMO 7-85 providing for reports

	on taxable transactions for the exchange of information program under the Philippine Tax Treaty
RMO No. 49-90	Prescribing guidelines in the application of VAT Ruling No. 033-89

BIR REVENUE MEMORANDUM CIRCULARS

RMC No. 1-90	Effectivity of BIR Ruling subjecting household insecticide to VAT
RMC NO. 7-90	Creditable withholding tax on sales, exchange or transfers of real property
RMC No. 14-90	Withdrawal of tax exemption privileges previously employed by the Armed Forces of the Philippines Commissary (AFPCES) and the Philippine Constabulary/Integrated National Police Service Store System (PC/INPSSS) starting January 1,1990
RMC No. 37-90	Exclusion from Gross Income of Dividend received from a domestic corporation and the share of an individual partner in a partnership subject to tax under Sec. 24(A) of the Tax Code
RMC No. 51-90	Publishing Department Administrative Order No.2, series of 1990, implementing the guidelines, rules and regulations governing Countryside and Barangay Business Enterprises pursuant to R.A. 6810, otherwise known as "Kalakalan 20"
RMC No. 53-90	Publishing the provision of R.A. 6956, dated June 18,1990, an act modifying the excise tax on distilled spirits, wines, fermented liquor and cigarettes amending Sec. 138 (A) and (B) 139, 140 and 142 (C) and (D) of the National Internal Revenue Code, as amended
RMC No. 74-90	Taxability of Prizes from small town lotteries (STL)
RMC No. 81-90	Status of the Philippine Tax Treaties
RMC NO. 85-90	Publishing the specific tax rates on certain petroleum products pursuant to R.A. 6965 revising the form of excise tax therefore from ad valorem to specific tax
RMC No. 92-90	Publishing the revised ad valorem taxes on certain petroleum products as a result of the

change in company netback per Energy Regulatory Board Resolution No. 90-13 dated October 9, 1990

RMC No.97-90 Further extending the deadline for the availment of the privilege of last priority, in audit under RMC No. 93-90 and RMC No. 75-90, as amended

RMC No.101-90 Determination of when cause of action for willful failure to pay deficiency tax occurs, and the prescription under Sec. 280 of the Tax Code

RMC No.102-90 Publishing Sections 7(1), (2) and (5) and (8) of R.A. 6971, otherwise known as the "Productivity Incentives Act of 1990"

BIR REVENUE REGULATIONS

RR No. 1-90 Creditable withholding tax on sale, exchange or transfer of real property

RR No.5-90 Amendments to Revenue Regulation No. V-39, otherwise known as the Tobacco Products Regulations

RR No. 8-90 Amendments to Sections 1, 2 and 9 of Revenue Regulation No. 6-85

RR No. 9-90 Rules and regulations to implement the subsidy availment of AFPCES and INPSSS

CUSTOMS MEMORANDUM ORDERS

The Bureau of Customs (BOC) issued several Customs Orders Memorandum Orders Outlining in detail the rules and regulations to be followed in the exercise of its functions. Those relating to the Bureau of Customs are listed below:

CMO No. 3-90 Providing for guidelines to be observed on all shipments consigned to GOCCs that shall no longer be released under deferred payment.

CMO No. 6-90 Directing that effective January 1, 1990 , fertilizer importations made by the Fertilizer Pesticide Authority (FPA) shall no longer be entitled to subsidy availment under the Tax Entitlement Fund (TEF).

CMO No. 15-90 Providing for accounts of enumerated agencies' that shall be collected under subsidy availment , chargeable against the

1990 Tax Expenditures Fund subject to availability of funds.

CMO No. 28-90	Providing for procedures in forfeiture of bonds to complement the provisions of CMO No. 129-88 and 70-89.
CMO No. 31-90	Providing for rules and regulations supplementary to, and modifying certain provisions of, CMO No. 110-89 establishing the One Stop Processing Center (OSPC) for the No-Dollar Imports of Motor Vehicles.
CMO No. 59-90	Providing for rules and regulations implementing CAO No. 5-90 dated July 17,1990 in the disposition of forfeited cargoes and other cargoes under Custom's custody as enumerated in Section 2601 of the Tariff and Customs Code of the Philippines.
CMO No. 65-90	Providing consolidated guidelines for special processing of Air Cargo at the Ninoy Aquino International Airport.
CMO No. 70-90	Providing for the responsibilities of the Office/Personnel concerned in the effective implementation of the Modified Disbursing System (MDS) pursuant to Memorandum Order No. 276 of the President, as implemented by Circular Letter No. 90-5 and Joint Circular No. 1-90.
CMO No. 71-90	Providing for a summary of procedure in the release of certain shipments subject to seizure to expedite the collection of, and maximize the revenue due from said shipments and to prevent congestion at the piers.
CMO No. 76-90	Providing for procedure in the issuance of clearance to releases and/or transfers of shipments from the Security Warehouse.
CMO No. 86-90	Directing that all shipments, regardless of value, manifested/declared to be transhipped through any of the SGS-covered countries en route to the Philippines, shall be subject to 100% examination.

CUSTOMS ADMINISTRATIVE ORDER

CAO No. 5-90	Rules and regulations implementing Memorandum Order No. 258 dated 27 September 1989, issued by the President, in the disposition of forfeited cargoes and other cargoes under

	Customs Custody as enumerated in Section 2601 of the Tariff and Customs Code of the Philippines, as amended.
CAO No. 6-90	Amending CAO No. 2-79 dated 19 June 1979, CAO No. 5-80 dated 20 May 1980, and CAO No. 4-81 dated 11 December 1981, providing for the annual/biennial renewal of the authority to operate a Customs bonded warehouse.
CAO No. 8-90	Establishing a uniform rate to be charged by licensed customs brokers for their services (brokerage fee) in all ports of the Philippines amending CAO No. 3-89 (undated).

SUMMARY OF RESOLUTIONS APPROVED BY THE FISCAL INCENTIVES REVIEW BOARD

A. Resolution endorsing to the Office of the President for consideration as an Administrative Bill, the restoration of the tax and duty exemption privileges previously enjoyed by HDMF.

FIRB RESOLUTION NO.	SUBJECT	DATE
12-90	Home Development Mutual Fund	15 March, 1990

B. Resolutions endorsing to the Department of Budget and Management (DBM) the subsidy availment of government corporations and agencies.

FIRB RESOLUTION NO.	SUBJECT	DATE
12-90	Home Development Mutual Fund	15 March 1990
13-90	National Electrification Administration	15 March, 1990
14-90	Fertilizer and Pesticide Authority	15 March, 1990
15-90	Cultural Center of the Philippines	15 March, 1990

16-90	Metropolitan Waterworks and Sewerage System	15 March, 1990
17-90	Light Rail Transit Authority	19 April, 1990
18-90	Fertilizer and Pesticide Authority	19 April, 1990
19-90	Philippine Aerospace Development Corporation	19 April, 1990
20-90	Home Development Mutual Fund	19 April, 1990
23-90	Philippine Heart Center	24 May, 1990
24-90	National Kidney Institute	24 May, 1990
25-90	Philippine National Railways	24 May, 1990
30-90	National Irrigation Administration	8 June, 1990
32-90	Philippine Crop Insurance Corporation	8 June, 1990
34-90	National Electrification Administration	6 July, 1990
35-90	Metropolitan Waterworks and Sewerage System	6 July, 1990