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# National Government Fiscal Performance & CY 2017 Fiscal Program

Department of Finance  
6 December 2016



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# NG Fiscal Performance



## Revenues continued to sustain its double digit growth

In Billion Pesos	2013	2014	2015	Growth Rate (2015/2014)
<b>Total Revenues</b>	<b>1,716.1</b>	<b>1,908.5</b>	<b>2,109.0</b>	<b>10.5%</b>
<i>% of GDP</i>	<i>14.9%</i>	<i>15.1%</i>	<i>15.8%</i>	
<b>Tax Revenues</b>	<b>1,535.7</b>	<b>1,719.0</b>	<b>1,815.5</b>	<b>5.6%</b>
<i>% of GDP</i>	<i>13.3%</i>	<i>13.6%</i>	<i>13.6%</i>	
<b>BIR</b>	<b>1,216.7</b>	<b>1,334.8</b>	<b>1,433.3*</b>	<b>7.4%</b>
<i>% of GDP</i>	<i>10.5%</i>	<i>10.6%</i>	<i>10.6%</i>	
<b>BOC</b>	<b>304.9</b>	<b>369.3</b>	<b>367.5</b>	<b>-0.5%</b>
<i>% of GDP</i>	<i>2.6%</i>	<i>2.9%</i>	<i>2.9%</i>	
<b>Other Offices</b>	<b>14.1</b>	<b>14.9</b>	<b>14.6</b>	<b>-2.1%</b>
<b>Non-Tax Revenues</b>	<b>180.4</b>	<b>187.6</b>	<b>230.7</b>	<b>23.0%</b>
<i>% of GDP</i>	<i>1.5%</i>	<i>1.5%</i>	<i>1.7%</i>	
<b>Privatization</b>	<b>2.9</b>	<b>1.9</b>	<b>62.8</b>	<b>3126.3%</b>
<b>Expenditures</b>	<b>1,880.2</b>	<b>1,981.6</b>	<b>2,230.6</b>	<b>12.6%</b>
<i>% of GDP</i>	<i>16.3%</i>	<i>15.7%</i>	<i>15.7%</i>	
<b>Surplus/(Deficit)</b>	<b>(164.1)</b>	<b>(73.1)</b>	<b>(121.7)</b>	<b>66.5%</b>
<i>% of GDP</i>	<i>-1.4%</i>	<i>-0.6%</i>	<i>-0.9%</i>	
<b>Nominal GDP</b>	<b>11,538</b>	<b>12,645</b>	<b>13,307</b>	<b>5.2%</b>

## First nine months of 2016 deficit widened as public spending expanded

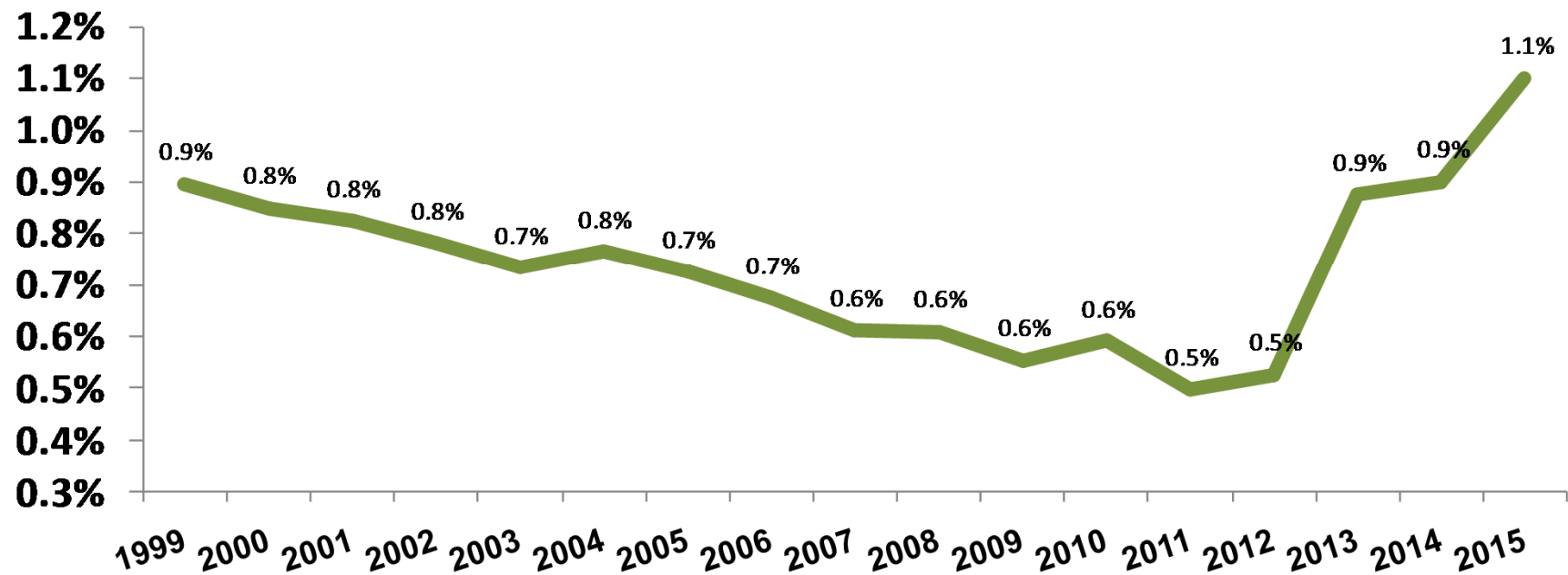
However, revenues continue to register a positive growth.

In Billion Pesos	Jan-Sep 2015	Jan-Sep 2016	Growth Rate	FY 2016 Outlook
<b>Total Revenues</b>	<b>1,605.0</b>	<b>1,646.7</b>	<b>2.6%</b>	<b>2,256.7</b>
<b>Tax Revenues</b>	<b>1,355.7</b>	<b>1,472.0</b>	<b>8.6%</b>	<b>2,044.0</b>
BIR	1,074.9	1,171.3	9.0%	1,620.0
BOC	268.2	287.9	7.3%	409.0
Other Offices	12.6	12.8	1.1%	15.0
<b>Non-Tax Revenues</b>	<b>186.5</b>	<b>174.2</b>	<b>-6.6%</b>	<b>210.7</b>
Privatization	62.7	0.0	-99.1%	2.0
<b>Expenditures</b>	<b>1,630.5</b>	<b>1,860.4</b>	<b>14.1%</b>	<b>2,645.6</b>
<b>Surplus/(Deficit)</b>	<b>(25.6)</b>	<b>(213.7)</b>	<b>736.3%</b>	<b>(388.9)</b>



## Sin Tax Reform continues to boost revenues

### Tobacco & Alcohol Excise Collections as % of GDP



Source: BIR and BOC

Notes:

Excise tax collections from 2013 to 2015, based on the Certifications submitted to DOF by BIR and BOC.

Excise tax collections for 2016, based on the latest submission of BIR to DOF. Inclusive of excise tax collections from cigarettes, fermented liquors and distilled spirits.



## Sin Tax Reform continues to boost revenues

### Total Excise Tax Collections from Alcohol and Tobacco Products (In Billion Pesos)

SIN PRODUCTS	2013	2014	2015
Alcohol Products	33.0	38.5	43.1
Tobacco Products	70.4	75.5	100.0
<b>TOTAL</b>	<b>103.4</b>	<b>114.0</b>	<b>143.1</b>

Source: BIR and BOC

**Notes:**

Excise tax collections from 2013 to 2015, based on the Certifications submitted to DOF by BIR and BOC.



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# CY 2017 NG Fiscal Program



## 2017 NG Fiscal Program

In Billion Pesos	2015 Actual	2016 Outlook	2017 BESF	Growth Rate (2017/2016)
<b>Total Revenues</b>	<b>2,109.0</b>	<b>2,256.7</b>	<b>2,481.5</b>	<b>10.0%</b>
<i>% of GDP</i>	<i>15.9%</i>	<i>15.5%</i>	<i>15.6%</i>	
<b>Tax Revenues</b>	<b>1,815.5</b>	<b>2,044.0</b>	<b>2,313.0</b>	<b>13.2%</b>
<i>% of GDP</i>	<i>13.6%</i>	<i>14.1%</i>	<i>14.5%</i>	
<b>BIR</b>	<b>1,433.3</b>	<b>1,620.0</b>	<b>1,829.2</b>	<b>12.9%</b>
<b>BOC</b>	<b>367.5</b>	<b>409.0</b>	<b>467.9</b>	<b>14.4%</b>
<b>Other Offices</b>	<b>14.6</b>	<b>15.0</b>	<b>15.9</b>	<b>5.8%</b>
<b>Non-Tax Revenues</b>	<b>230.7</b>	<b>210.7</b>	<b>166.5</b>	<b>-21.0%</b>
<b>Privatization</b>	<b>62.8</b>	<b>2.0</b>	<b>2.0</b>	<b>0.0%</b>
<b>Expenditures</b>	<b>2,230.6</b>	<b>2,645.6</b>	<b>2,959.7</b>	<b>11.9%</b>
<b>Surplus/(Deficit)</b>	<b>(121.7)</b>	<b>(388.9)</b>	<b>(478.1)</b>	<b>23.0%</b>
<i>% of GDP</i>	<i>-0.9%</i>	<i>-2.7%</i>	<i>-3.0%</i>	

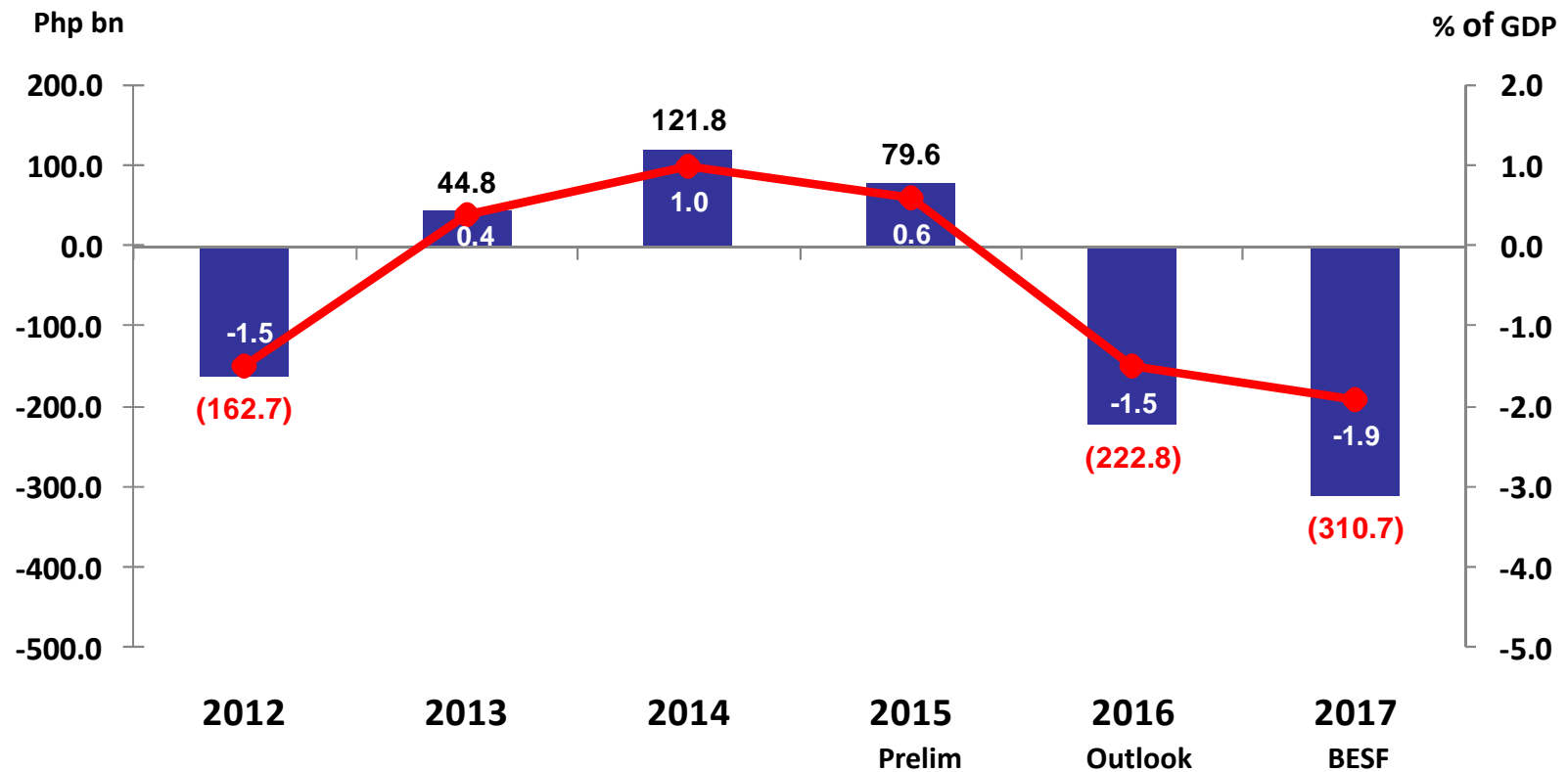


BESF – Budget of Expenditures and Sources of Financing



# Consolidated Public Sector Financial Position

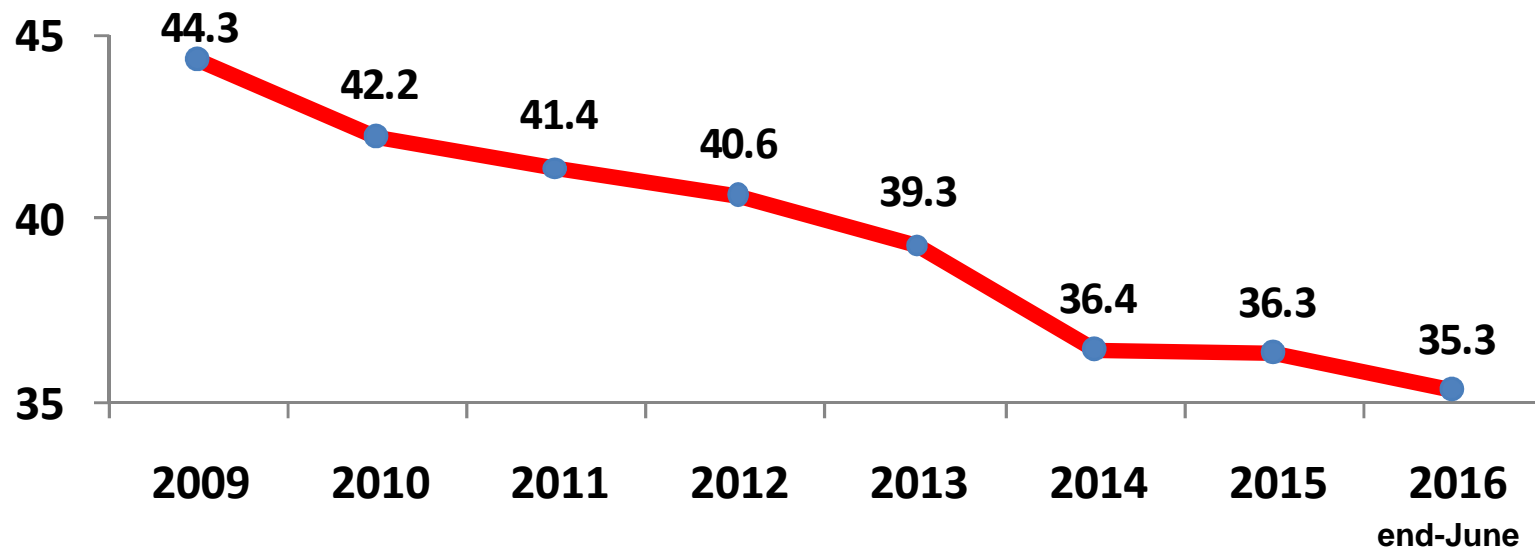
Higher Social And Infrastructure Spending



BESF – Budget of Expenditures and Sources of Financing

## General Government Debt continues to decline

General Government Debt (% to GDP)



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# Proposed Tax Reform Measures



## Tax policy reform program

- **A tax policy reform program will be presented to Congress in September 2016.**
  
- **To be successful, the tax policy reform program needs to be part of a larger reform agenda that includes:**
  - Reforming tax administration in BIR and BOC
  - Improving governance and budget reforms
  - Leveling the playing field by enhancing competition
  - Simplifying business regulations
  - Securing property rights
  - Promoting food security
  - Addressing traffic, crime, and vice



# Proposed tax policy packages

Package	Revenue eroding measures	Offsetting measures
<b>1. Personal income tax (PIT) and consumption tax</b>	<ul style="list-style-type: none"> <li>• Adjust brackets to correct “income creeping”</li> <li>• Reduce PIT max rate to 25% over time, except for the highest income earners to maintain progressivity</li> <li>• Shift to a modified gross system to simplify PIT system</li> </ul>	<ul style="list-style-type: none"> <li>• Expand the VAT base by limiting exemptions to raw food and other necessities (e.g., education, health)</li> <li>• Low income consumers and businesses are already protected by the marginal threshold, which can be adjusted if needed</li> <li>• Use targeted programs to protect the poor and vulnerable</li> <li>• Increase excise on all petroleum products &amp; index to inflation</li> <li>• Relax bank secrecy for fraud cases</li> <li>• Include tax evasion as a predicate crime to money laundering</li> </ul>



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**Thank you!**

