

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
Quezon City

February 13, 2017

REVENUE MEMORANDUM ORDER NO. 7-2017

TO: All Revenue Officials and Employees Concerned

SUBJECT: CY 2017 BIR Collection Goal Allocation, By Implementing Office

I. BACKGROUND

The overall CY 2017 collection target of the Bureau is P 1.829 Trillion, as indicated in the BIR Collection Goal for 2017 provided by the Department of Finance (DOF) dated January 27, 2017. Out of the P 1.829 Trillion, P 1.781 Trillion is BIR Operations and P 48.140 Billion is Non-BIR Operations.

II. OBJECTIVE

This Order is being issued to establish the policies, methodology and guidelines utilized in the CY 2017 Collection Goal Allocation and to provide the resulting distribution to LTS and RRs including the Revenue District Offices (RDOs).

III. DEFINITION OF TERMS

- A. Collections from Non-BIR Operations – Income Taxes (final withholding tax) and Documentary Stamp Tax collection from government securities transactions.
- B. Collections from BIR Operations – composed of Income Taxes, Value-Added Tax, Excise Taxes, Percentage Taxes, and Other Taxes generated from transactions not classified as Non-BIR Operation.
- C. Implementing Offices (IOs) – major BIR collecting offices, the Large Taxpayers Service (LTS), Revenue Regions (RRs) and Revenue District Offices (RDOs)

IV. GENERAL POLICIES AND GUIDELINES

The following policies and guidelines were observed relative to the data requirements and goal allocation methodology used in the computation of the final goal to the implementing offices:

A. Data Used

1. The total actual collections for the period January – December, 2016, based on data from the Consolidated Monthly Statistical Report of Revenue Collections (BIR Form No.1209) as updated and validated by the concerned implementing offices with the Research and Statistics Division (RSD) as of February 3, 2017.
2. Data considered as refinements for CY 2016 Collections:
 - a. Special Taxes comprising the Taxes on Government Securities and Excise Taxes for CY 2016, per BIR Form No. 1209 reports updated as of February 3, 2017.
 - b. Non-recurring transactions from January – December, 2016 where each single transaction accounts for at least ten percent (10%) of a particular Region's / LTS total collections for a specific month, based on figures provided in BIR Form No. 1209 Reports updated as of February 3, 2017.
 - c. Other Special Taxes:
 - c.1 CY 2016 Regular Corporate Income Tax Collections from MALAMPAYA, submitted by the Large Taxpayers Service (LTS) as of January 27, 2017; and
 - c.2 CY 2016 Bangko Sentral ng Pilipinas (BSP) remittance of Final Withholding Tax (FWT) on interest due from domestic borrowings under Reverse Repurchase Agreements (RRPs), as well as other similar transactions, submitted by LTS as of January 30, 2017.
3. Other Data Considered:
 - a. Economic assumptions/indicators provided in the FY 2017 BESF;
 - b. Total CY 2017 target collections for the Final Withholding Tax and Documentary Stamp Tax on Government Securities were provided by the DOF dated January 27, 2017 and February 13, 2017, respectively. The monthly allocation was based on the monthly program provided by the Bureau of the Treasury (BTr) dated December 19, 2017;

- c. January – December, 2016 collections from transferred-in/out taxpayers:
 - c.1 Enlisted to the LTS, effective February 1, 2017 and April 1, 2017 as approved by the Commissioner dated January 17, 2017. The figures were extracted by the RSD from the ITS-CBR, as of January 30, 2017; and
 - c.2 Transferred from one RDO to another, list of transferred taxpayers submitted as of January 30, 2017. The figures were extracted by the RSD from the ITS-CBR, as of January 31, 2017.
- d. Adjusted monthly collections in 2016 due to the change in the payment deadlines from 2016 versus 2017 of the Quarterly Corporate Income Tax (BIR Form 1702Q), to align the monthly collection trend of 2016 with the expected 2017 monthly collection trend.

B. Goal Allocation Methodology

The CY 2017 Goal for BIR Operations was allocated to all IOs.

- 1. Goal Allocation by IO
 - a. The Refined CY 2016 Collections is the Actual CY 2016 Collections which were refined by taking into account the following:
 - a.1 Netting-out the 2016 collections from all Special Taxes;
 - a.2 Netting-out the non-recurring collections so that it will not be made to grow for CY 2017;
 - a.3 Addition/Reduction of CY 2016 collections from transfer-in/out taxpayers; and
 - a.4 Adjustment of 2016 collections due to the change in the payment deadlines of BIR Form 1702Q from 2016 versus 2017 in accordance with Section III.A.3.e of this Order.
 - b. The Estimated CY 2017 Collections for LTS and RRs was then computed by growing the Refined CY 2016 collections using the average growth for the last three years (CY 2014 to CY 2016).
 - c. The following taxes have been directly allocated to the LTS:
 - c.1 Goal on Excise Taxes amounting to ₱ 184.636 Billion;
 - c.2 The MALAMPAYA Income Tax goal of ₱ 6 Billion; and
 - c.3 CY 2017 goal on FWT for BSP and Bank Deposits in the amount of ₱ 18.813 Billion.

- d. CY 2016 non-recurring collections was added back to the IO concerned, *provided that the payments for the submitted transactions qualified as “non-recurring collections”, based on the required threshold as prescribed in Section IV.A.2.b. of this Order.* The CY 2017 total goal, by implementing offices is provided in Table No. 3.
- e. The amount of P 87.205 Billion (i.e., the remaining balance between the CY 2017 Goal for BIR Operations of P 1.781 Trillion (Sec. I) and the total of Estimated CY 2017 Collection of P 1.484 Trillion (Sec.IV.B.1.b), the total of CY 2017 Targets for Special Taxes under BIR Operations of P 209.842 Billion (Sec.IV.B.1.c) and the total 2016 non-recurring collections of P 277.491 Million (Sec.IV.B.1.d)), was distributed to IOs using the proportion of their respective Estimated 2017 Collection with respect to the Total Estimated 2017 Collection to offset the gap.
- f. The Final CY 2017 Goal by IO was computed by adding-up the respective computed figures in Sec.IV.B.1.b to Sec.IV.B.1.e.

2. Goal Allocation by Major Tax Type and Month

The Final CY 2017 Goals of IOs (Sec.IV.B.1.f) were distributed monthly by major tax type based on the following:

- a. The total CY 2017 target allocated to IOs per tax type was aligned to the estimates provided by the DOF dated January 27, 2017; and
- b. The monthly distribution of goal was based on the monthly trend based on the Refined CY 2016 Collections.

The total monthly goal allocation, by major tax type, (refer to Table Nos. 5A to 5F) for IOs was adjusted in accordance with Section IV.A.3.d and Section IV.B.1.f of this Order.

C. Attachments

The following tables are attached for the reference of all concerned revenue officials and personnel:

Table 1	Macroeconomic Assumptions and Collection Goal By Major Tax Type, CY 2017
Table 2	Monthly BIR Collection Goal By Major Tax Type, CY 2017
Table 3	Total Collection Goal Allocation By Implementing Office, CY 2017

Table 4	Total Collection Goal Allocation By Implementing Office and Major Tax Type, CY 2017
Table 5A	Monthly Total Collection Goal by Implementing Office, CY 2017
Table 5B	Monthly Collection Goal For Income Taxes By Implementing Office, CY 2017
Table 5C	Monthly Collection Goal Allocation For Excise Taxes By Implementing Office, CY 2017
Table 5D	Monthly Collection Goal Allocation For Value-Added Tax By Implementing Office, CY 2017
Table 5E	Monthly Collection Goal Allocation For Percentage Taxes By Implementing Office, CY 2017
Table 5F	Monthly Collection Goal Allocation For Other Taxes By Implementing Office, CY 2017

D. Other Requirements

1. The LTS shall allocate its goal among its implementing units, and prepare the corresponding memorandum within five (5) working days upon the issuance of this Order.
2. The Deputy Commissioner for Operations Group and the Assistant Commissioner of LTS shall provide the Deputy Commissioner for Resource Management Group the individual goal allocation of the concerned personnel assigned in the implementing units under their respective jurisdictions, *not later than March 1, 2017*.

IV. EFFECTIVITY

This Order takes effect immediately.

(Original Signed)
CAESAR R. DULAY
 Commissioner of Internal Revenue