

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

March 15, 2011

REVENUE MEMORANDUM ORDER NO. 12-2011

TO : All Revenue Officials and Employees Concerned

SUBJECT : Allocation of CY 2011 BIR Collection Goal by Implementing Office

Background

The overall CY 2011 collection goal of the Bureau, as set by the Department of Finance (DOF), is ₱ 940,000 million. This is 9.25% higher than CY 2010 goal of ₱ 860,441 million. Out of the ₱ 940,000 million, ₱ 897,705 million is for BIR Operations and ₱ 42,295 million is for Non-BIR Operations. This is based on the DOF Medium-Term Revenue Program (MTRP) run date February 14, 2011.

I. Objective

This Order is issued to provide the policies, methodology and guidelines in the CY 2011 Collection Goal Allocation and the resulting distribution by Implementing Offices, Revenue District Offices and Large Taxpayer Divisions.

II. General Policies and Guidelines

Herein are the policies and guidelines of data requirements and goal allocation methodology used in the computation of the final goal to the implementing offices.

A. Data Used

1. CY 2010 tentative actual collection based on Statistics Division (SD) report, as of January 20, 2011 from BIR Form 1209 reports submitted / updated by implementing offices;

2. Data Considered as Refinements for CY 2010 Collections:

- a. Special Taxes : Tax on Government Securities, Travel Tax, and Excise Taxes for CY 2010 per BIR Form 1209 report as of January 20, 2011;
- b. CY 2010 Collections from Non-recurring Transactions where each single transaction accounts for at least 10% of the region's total collection in a particular month, per report of implementing offices as of January 20, 2011;
- c. CY 2010 Regular Corporate Income Tax Collections from MALAMPAYA per Large Taxpayer Document Processing and Quality Assurance Division (LTDPQAD) report, as of February 18, 2011; and
- d. CY 2010 BSP Remittance of Final Withholding Tax (FWT) on interest due from domestic borrowings under Reverse Repurchase Agreements (RRPs) and other similar transactions per BIR Form 1209 Report submitted by RR 6-Manila as of January 20, 2011.

3. Other Data Considered:

- a. Economic assumptions / indicators provided in the MTRP run date February 14, 2011 from the DOF (Annex A);
- b. Goal by major tax type was culled from the abovementioned MTRP;
- c. CY 2011 program on the volume of issuance of government securities and corresponding taxes (Final Withholding Tax and Documentary Stamp Tax) as provided by the Bureau of Treasury (BTr). Total goal on government was culled from the MTRP;
- d. CY 2011 goal on Final Withholding Tax Remittance of BSP provided by BSP dated February 25, 2011;
- e. CY 2006 – 2009 actual monthly Final Withholding Tax Remittance of BSP due to domestic borrowings as provided by RR-Manila dated March 3, 2010;
- f. CY 2011 Excise Taxes monthly allocation as provided by the Excise Large Taxpayers Service (Excise-LTS) dated February 23, 2011;
- g. CY 2006 – 2009 actual adjusted collection from BIR Form 1209 reports submitted by implementing offices (net of collections from Non-BIR Operations, Excise Taxes, Malampaya, BSP Remittance of Final Withholding Tax, non-recurring transactions and enlisted/delisted taxpayers);
- h. CY 2006-2010 collection (estimated November –December, 2010 for selected taxpayers only due to lack of data) from corporate taxpayers for enlisting to

LTS based on Information Systems Group (ISG) generated report dated February 23, 2011; and

- i. CY 2006 – 2010 collections of delisted large corporate taxpayers based on LTS report dated January 20, 2011.

B. Goal Allocation Methodology

1. General Methodology

- a. The BIR goal was divided into BIR Operations and Non-BIR Operations. BIR Operations refer to the collection goal on which the Bureau has direct control to collect revenues, while Non-BIR Operations refer to the collection goal over which the Bureau has no control to be able to collect said revenues. CY 2011 goal for BIR operations is ₱ 897,705 million, computed as follows:

Total CY 2011 BIR Goal	₱ 940,000 M
Less: CY 2011 Goal on Non- BIR Operations:	
Final Income Tax on Government Securities	₱ 36,938 M
DST on Government Securities	5,357 M
CY 2011 Goal on BIR Operations	₱ 897,705 M

- b. The preliminary total goal on BIR Operations (Annex C) was allocated to all implementing offices based on the average five-year adjusted percentage share to total collection of the implementing offices. The CY 2011 total goal by implementing office is shown in Annex D;
- c. CY 2011 Goal of ₱ 9,185 million on MALAMPAYA was allocated to the LTS;
- d. CY 2011 Goal on Final Withholding Tax Remittance of BSP in the amount of ₱ 13,893 million was allocated to RR 6 – Manila (RDO 33-Intramuros-Ermita-Malate);
- e. Management prerogative set CY 2011 RDO target to effect a growth of 10% to 20% prior to enlisting/delisting of large taxpayers from CY 2010 actual collections;
- f. CY 2011 goal per RDO, including those under the LTS, was allocated considering selected corporate taxpayers that were enlisted into the LTS and delisted from the LTS to the proper revenue regions based on Revenue Regulations No. 17 – 2010;
- g. For the LT Divisions and split RDOs, the goal for CY 2011 was based on their respective share to the combined CY 2010 adjusted collections; and

- h. Other adjustments undertaken made use of statistical inference from latest available data and trends.

2. Goal Allocation by Major Tax Type

Collection Goal By Major Tax Type, CY 2011
BIR Operation and Non-BIR Operations
(In Million Pesos)

TAX CLASSIFICATION	TOTAL	BIR OPERATIONS			NON-BIR OPERATIONS
		EXISTING MEASURES	NEW MEASURES	TOTAL	
TOTAL	P. 940,000	882,328	15,377	897,705	42,295
I. Income Taxes	569,396	595,315	(62,857)	532,458	36,938
II. Excise Taxes	65,418	56,757	8,661	65,418	
III. Value-Added Tax	198,876	135,207	63,669	198,876	
IV. Percentage Taxes	50,819	54,097	(3,278)	50,819	
V. Other Taxes	55,491	40,952	9,182	50,134	5,357

- a. The monthly goal allocation by major tax type for BIR Operations was based on the Average 2006-2010 percentage share of actual collections that was subjected to adjustments due to non-recurring transactions. See Annex B.
- b. CY 2011 monthly allocation for Final Withholding Tax and DST due from Government Securities transactions followed the trend provided by the Bureau of Treasury;

3. Goal Allocation by Implementing Offices/Revenue District Office/Implementing Unit

The CY 2011 overall goal by implementing office (LTS and Revenue Regions) was allocated by major tax type based on the five-year average percentage share to total collection subject to limited refinements per BIR Form 1209 reports. The monthly goal by major tax type by implementing office follows the monthly national trend.

Attached are Annexes A to F-6 for your reference:

Annex A	Macroeconomic Assumptions and Collection Goal By Major Tax Type, CY 2011
Annex B	Monthly Collection Goal By Major Tax Type, BIR Operations and Non-BIR Operations, CY 2011
Annex C	Computation of the Breakdown of Preliminary Total Goal on BIR Operations, CY 2011
Annex D	Collection Goal Allocation By Implementing Office, CY 2011
Annex E	Total Collection Goal Allocation By Implementing Office and Major Tax Type, CY 2011
Annex F-1	Monthly Total Collection Goal Allocation By Implementing Office, CY 2011
Annex F-2	Monthly Collection Goal For Income Taxes By Implementing Office, CY 2011
Annex F-3	Monthly Collection Goal Allocation For Excise Taxes By Implementing Office, CY 2011

Annex F-4	Monthly Collection Goal Allocation For Value-Added Tax By Implementing Office, CY 2011
Annex F-5	Monthly Collection Goal Allocation For Percentage Taxes By Implementing Office, CY 2011
Annex F-6	Monthly Collection Goal Allocation For Other Taxes By Implementing Office, CY 2011

III. Requirements

- a. The Regional Offices shall prepare the breakdown by RDO, by tax type and month following the goals in Annexes D to F-6, in consultation with the collecting offices;
- b. The breakdown shall be submitted in electronic and hard copy to *The Assistant Commissioner, Policy and Planning Service, Attention: Chief, Statistics Division* for consolidation. The electronic copy of the breakdown by RDO which matches the hard copy submitted shall be sent to cynthia.santos@bir.gov.ph.

Deadline for submission of the monthly goal allocation by major tax type and revenue district office is within 7 working days after approval of this memorandum.

Furthermore, it shall be clear that the assigned goal of the implementing unit and revenue district office shall further be allocated to your concerned personnel. The manner or methodology of the goal allocation to individuals shall be provided through another revenue memorandum order which will be issued before the end of the first quarter of CY 2011.

IV. Effectivity

This Order takes effect immediately.

(Original Signed)
KIM S. JACINTO-HENARES
Commissioner of Internal Revenue

