

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

March 27, 2009

REVENUE MEMORANDUM ORDER NO. 7-2009

TO : Deputy Commissioner for Operations
Assistant Commissioners, Head Revenue Executive Assistants
Regional Directors, Revenue District Officers, Division Chiefs
and Other Officers Concerned

SUBJECT : Allocation of the CY 2009 BIR Collection Goal
by Implementing Office

I. CY 2009 Overall Collection Goal

The overall CY 2009 collection goal of the Bureau as set by the Department of Finance (DOF) is ₱ 865,572 million. This is 11.17% higher than CY 2008 actual collection of ₱ 778,581 million. Out of the ₱ 865,572 million, ₱ 823,465 million is for BIR Operations and ₱ 42,107 million is for Non-BIR Operations based on the Medium-Term Revenue Program (MTRP) run date February 20, 2009.

The breakdown of the goal, by major tax type, is as follows:

TAX CLASSIFICATION	CY 2009 Goals (in Millions)		
	Total	BIR Operations	Non-BIR Operations
TOTAL	₱ 865,572	823,465	42,107
I. INCOME TAXES	504,862	468,470	36,392
II. EXCISE TAXES	61,040	61,040	
III. VALUE - ADDED TAX	195,981	195,981	
IV. PERCENTAGE TAXES	46,781	46,781	
V. OTHER TAXES	56,908	51,193	5,715

II. Data Used

The following data were used in the computation of the final goal allocation:

- A. CY 2008 tentative actual collection based on Revenue Accounting Division (RAD) report, as of Feb. 25, 2009 from BIR Form 12.09 reports submitted by implementing offices;

B. Collection Data Considered as Refinements:

1. Tax payments of *transferred taxpayers* (regular transfers) in CY 2008 per reports of implementing offices, as of Mar. 19, 2009;
2. May to December 2008 collection data on re-enlisted taxpayers to LTS (source: ISG report, as of Feb. 12, 2009);
3. Special Taxes: Tax on Government Securities, Travel Tax, Excise Taxes for CY 2008 (source: RAD report, as of Feb. 25, 2009);
4. Withholding Taxes of National Government Agencies (NGAs) for CY 2008 paid thru Tax Remittance Advice (TRA), by implementing office (source: RAD report, as of Feb. 25, 2009);
5. Withholding Taxes of Local Government Units (LGUs) for CY 2008 by implementing office (source: Withholding Tax Division (WTD) report, as of Mar. 19, 2009);
6. Stock transactions tax for CY 2008 per 12.09 report, as of Feb. 25, 2009;
7. CY 2008 Collections from Extra-ordinary Transactions composed of collections from:
 - a. Tax Amnesty, per Implementing Office Report as of Mar. 19, 2009;
 - b. Tax payments (per transaction), that account for at least 10% of the district's total collection in a particular month; and
 - c. Establishments that closed within CY 2008: without threshold for LTS; or such collections account for at least 10% of the district's total collection in a particular month, per report of implementing offices as of Mar. 19, 2009.
8. CY 2008 Regular Corporate Income Tax Collections from MALAMPAYA per LTS-Excise report, as of Feb. 24, 2009; and
9. CY 2008 Actual Excise Tax Collection, inclusive of transferred in/out mining taxpayers (source: RAD report, as of Feb. 25, 2009).

C. Other Data Considered:

1. Economic assumptions/indicators in the Medium Term Revenue Program (MTRP) dated February 20, 2009 from the Department of Finance (DOF) (Annex A);
2. CY 2009 program on the volume of issuance and corresponding taxes (Documentary Stamp Tax) on government securities transactions provided by the Bureau of Treasury (BTr). Total goal on government securities was culled from the MTRP; and

3. CY 2009 Excise Taxes monthly allocation by product as provided by the LTS, dated Feb. 17, 2009.

III. Goal Allocation Methodology

A. General Methodology

1. The BIR goal was divided into BIR Operations and Non-BIR Operations (Annex B). 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 revenues. CY 2009 goal for BIR operations is ₱ **823,465** million, computed as follows:

Total CY 2009 BIR Goal	₱ 865,572 M
Less: CY 2009 Goal on Non- BIR Operations:	
Final Income Tax on Government Securities	₱ 36,392 M
DST on Government Securities	4,948 M
Travel Taxes	<u>767 M</u>
CY 2009 Goal on BIR Operations	<u>₱ 823,465 M</u>

2. CY 2008 collections of implementing offices were refined by using the data enumerated in Section II.B. See Annex C.
3. Goals for CY 2009 (Annex C-1) were derived as follows:
 - a) Total goals on Excise tax and other taxes were based on MTRP;
 - b) Selected data in Section II.B were given the applicable growth rates for CY 2009, as follows: TRAs-25%; LGUs -20%; See Annex C-1;
 - c) *CY 2009 Goal on MALAMPAYA* of ₱ 9,632 million was allocated to the LTS;
4. A resulting internal revenue national growth rate, as computed in Annex C-2, was applied to the refined/regular cash collections for all implementing offices to arrive at the preliminary total goal for BIR operations;
5. The goal on administrative measures of ₱ 38,315 million was based on the target set by DOF for "New Measures" per MTRP run date Feb. 20, 2009. Based on MANCOM's assessment of the revenue potential from administrative measures, thirty percent (30%) of such goal was allocated to LTS, while the remaining 70% of the total goal on Admin Measures was allocated to RRs and pro rated based on the Preliminary Total Goal.

B. Goal Allocation by Major Tax Type

CY 2009 total BIR goal by major tax type were based on the Medium-Term Revenue Program (MTRP) run date February 20, 2009 as provided by the DOF (Annex A).

C. Goal Allocation by Period and by Major Tax Type

1. Allocation for Excise Taxes by period was pro rated based on the monthly estimates provided by the LT - Excise Group, Field Operations Division.
2. CY 2009 allocation for DST due from Government Securities transactions was provided by the Bureau of Treasury.
3. CY 2009 allocation for Final Withholding Tax on Government Securities was based on the actual CY 2008 Final Withholding Tax on Government Securities collection.
4. Total goal for Travel Tax culled from the MTRP was equally allocated among the four (4) quarters.
5. For the remaining tax types, goal allocation was based on the 2008 actual quarterly collections and adjustments due to recent economic developments and impact of extra-ordinary transactions, frontloading and RA No. 9504.

D. Goal Allocation by Implementing Offices

1. The Internal Revenue National Growth Rate (Annex C-2)

Following the general methodology in Section III.A above, an internal revenue national growth of 10.81% was arrived at using the following formula:

$$\begin{aligned}\text{Internal Revenue National Growth Rate} &= [(A-B)/B] \times 100\% \\ &= [(\text{₱ } 673,150.55 \text{ M} - \text{₱ } 607,494.58 \text{ M}) / \text{₱ } 607,494.58 \text{ M}] \times 100\% \\ &= 10.81 \%\end{aligned}$$

Where: **A** = 2009 Total Goal on BIR Operations

B = 2008 Actual collections from BIR Operations

This national growth rate was applied to each of the implementing offices' total net CY 2008 actual collections to arrive at their corresponding goals on regular cash collections for CY 2009.

2. Quarterly Allocation of Goal by Implementing Office

The CY 2009 overall goal by implementing office (LTS and Revenue Regions) was allocated by quarter and by major tax type using ratio and proportion method based on the adjusted actual CY 2008 quarterly collections (net of extra-ordinary transactions, advances and effect of RA 9504 and aligned with the transfers of taxpayers). Details of quarterly allocations by major tax type and by implementing office are presented in Annexes D-1 to D-7.

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

The Large Taxpayer Service Groups and Regional Offices shall prepare the breakdown by revenue district office (RDO)/implementing unit, by period and by tax type following the goals in Annexes D-1 to D-7, in consultation with the collecting offices (RDOs), the result of which shall be subject to review and approval by the Commissioner.

This breakdown shall be submitted in hard copy to *The Assistant Commissioner, Policy and Planning Service, Attention: Chief, Statistics Division* for consolidation.

Deadline for submission of goal allocation by revenue district office/other implementing unit is *March 31, 2009*.

IV. List of Annexes

Annex A	Macroeconomic Assumptions and Collection Goal By Major Tax Type, CY 2009
Annex B	Quarterly Collection Goal By Major Tax Type, BIR Operations and Non-BIR Operations, CY 2009
Annex C	CY 2008 Collection Refinements for CY 2009 Goal Allocation By Implementing Office
Annex C-1	Collection Goal Allocation By Implementing Office, CY 2009
Annex C-2	Computation of the Internal Revenue National Growth Rate
Annex D-1	Total Collection Goal Allocation By Implementing Office and Major Tax Type, CY 2009
Annex D-2	Quarterly Total Collection Goal Allocation By Implementing Office, CY 2009
Annex D-3	Quarterly Collection Goal Allocation For Income Taxes By Implementing Office, CY 2009
Annex D-4	Quarterly Collection Goal Allocation For Excise Taxes By Implementing Office, CY 2009

Annex D-5	Quarterly Collection Goal Allocation For Value-Added Tax By Implementing Office, CY 2009
Annex D-6	Quarterly Collection Goal Allocation For Percentage Taxes By Implementing Office, CY 2009
Annex D-7	Quarterly Collection Goal Allocation For Other Taxes By Implementing Office, CY 2009

V. Effectivity

This Order takes effect immediately.

(Original Signed)
SIXTO S. ESQUIVIAS IV
Commissioner of Internal Revenue

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