

# Fiscal Report 2007

## At a Glance



Senate Economic  
Planning Office

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### Fiscal Position

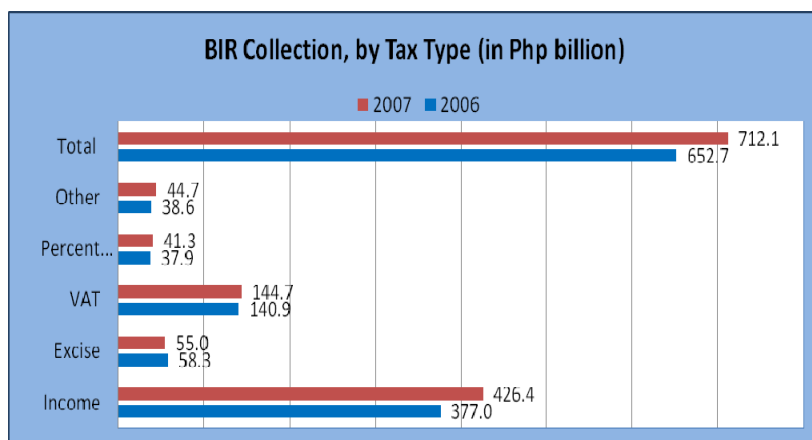
- The national government posted a deficit of P9.4 billion for 2007, way below the programmed deficit of P63.0 billion. This represents a significant 85.5 percent improvement from the 2006 fiscal deficit of P64.8 billion.
- Government spending amounted to P1,144.1 billion, 9.5 percent higher than in 2006 and 3.3 percent lower than the P1,181.8 billion spending program.
- On the other hand, government revenue increased by 15.8 percent and amounted to P1,134.6 billion or P15.9 billion more than programmed.
- The higher-than-programmed government revenue is attributed to the considerable amount of proceeds from privatization totaling P90.6 billion, without which the deficit could have stood at P100 billion.
- The Bureau of Internal Revenue (BIR) and the Bureau of Customs (BOC) however, failed to meet their targets. The BIR collected a total of P711.6 billion, missing its target by P54.3 billion. The BOC on the other hand, collected P210.5 billion, P17.7 billion short of its target.

Fiscal Summary (in Php billion)

Particulars	2006	2007		Variance vs. Program	Growth rate (%)
		Program	Actual		
<b>Total Revenue</b>	<b>979.6</b>	<b>1,118.8</b>	<b>1,134.6</b>	<b>15.9</b>	<b>15.8</b>
<u>Tax Revenue</u>	<u>859.9</u>	<u>1003.1</u>	<u>932.0</u>	<u>(71.1)</u>	<u>8.4</u>
➤ BIR	652.7	765.9	711.6	(54.3)	9.0
➤ BOC	198.2	228.2	210.5	(17.7)	6.2
➤ Other offices	9.0	9.1	9.9	0.8	10.3
<u>Non-tax Revenue</u>	<u>119.8</u>	<u>115.6</u>	<u>202.6</u>	<u>87.0</u>	<u>69.2</u>
➤ BTr Income	74.4	53.5	67.8	14.4	(8.9)
➤ Fees and Charges	39.3	36.5	44.0	7.5	11.9
➤ Privatization	5.8	25.6	90.6	65.0	1,458.4
➤ Grants	0.2	0.0	0.2	0.2	(18.0)
<b>Total Expenditure</b>	<b>1,044.4</b>	<b>1,181.8</b>	<b>1,144.1</b>	<b>(37.7)</b>	<b>9.5</b>
<b>Surplus/(Deficit)</b>	<b>(64.8)</b>	<b>(63.0)</b>	<b>(9.4)</b>	<b>53.6</b>	<b>(85.5)</b>

Source: Department of Finance

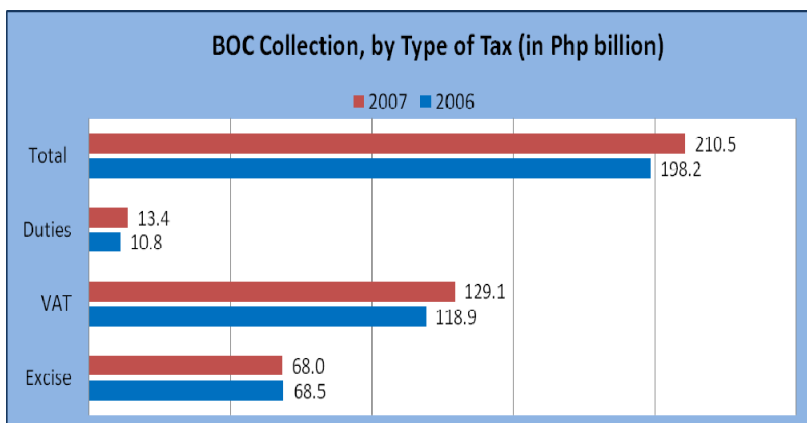
### Bureau of Internal Revenue Collection



Source: Bureau of Internal Revenue

- The BIR's tax collection grew by 9.0 percent. It missed its programmed collection however, due to shortfalls in income, excise, and value-added tax (VAT) generation.
- Income tax collection totaled P426.4 billion, P6.9 billion short of target. The shortfall was a result of the increase in the availment of Tax Debit Memo (TDM), lower interest rates on bank deposits and government securities.

- Excise tax revenue generated amounted to P55.0 billion, missing the target by P3.7 billion. The shortfall, according to the BIR, resulted from the frontloading of inventories of cigarette manufactures in anticipation of the increase in tax rates and the shift in sourcing of refined petroleum products from local refinery to importations.
- Moreover, value-added tax collection totaled P144.7 billion, missing its goal by a significant P38.5 billion. The shortfall is explained by the increase in the availment of TDM, lifting of the 70 percent cap/limitation on input tax, and utilization of accumulated excess input tax.



Source: Bureau of Custom

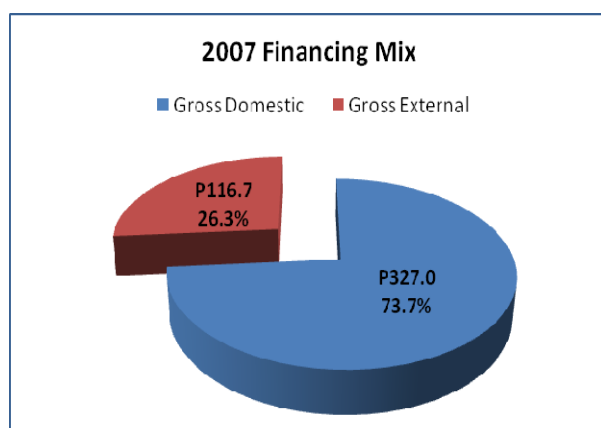
significantly rose by 55.0 percent (from P981 million in 2006 to P1.5 billion in 2007). Revenues from import duties and excise taxes also rose by 0.8 percent and 24.4 percent, respectively.

## Disbursements

- Interest payments amounting to P266.8 billion accounted for 23.3 percent of total disbursements, much lower than the 30.0 percent share posted in 2006. The appreciation of the peso and the low interest rate environment afforded the government P36.5 billion savings on interest payments.
- Allotment to LGUs totaled P193.7 billion and accounted for 16.9 percent of total expenditure.

Particulars	2006	2007		Growth rate (%)
		Program	Actual	
Interest Payments	310.1	303.3	266.8	-14.0
Allotments to LGUs	174.7	150.0	193.7	10.9
Net Lending	0.1	10.5	9.8	7,342.7
Subsidy	13.8	4.9	27.3	97.9
Others	545.7	713.0	646.4	18.5
<b>Total</b>	<b>1,044.4</b>	<b>1,181.1</b>	<b>1,144.1</b>	<b>9.5</b>

Source: Bureau of Treasury



Source: Bureau of Treasury

## Financing

- The national government's gross borrowing in 2007 amounted to P443.7 billion, 31.9 percent lower than in 2006 but P62.8 billion higher-than-programmed. Gross domestic borrowing equaled P327.0 billion and accounted for 73.7 percent of total borrowing. On the other hand, gross external borrowing totaled P116.7 billion and accounted for 26.3 percent of total borrowing.

## Bureau of Customs Collection

- Revenue collected by the BOC increased by 6.2 percent. The BOC however, missed its target and cited the significant appreciation of the peso and lower-than-expected import value (net of crude oil) as reasons for the shortfall.
- Total VAT collection improved by 8.6 percent, from P118.9 billion in 2006 to P129.1 billion in 2007. VAT collection from petroleum products