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

January 13, 2015

REVENUE MEMORANDUM ORDER NO. 2 - 2015

TO: **All Revenue Officials and Employees Concerned**

SUBJECT: **Allocation of CY 2015 BIR Collection Goal by Implementing Office**

I. BACKGROUND

The overall CY 2015 collection goal of the Bureau of Internal Revenue, as set by the Department of Finance (DOF), is ₱1.721 Trillion. The goal is based on the CY 2015 Medium Term Revenue Program (MTRP), as of December 6, 2014. This is higher than the ₱1.456 Trillion CY 2014 goal by ₱0.265 Trillion or 18.16%.

II. OBJECTIVE

This Order is being issued to establish the following:

1. The policies, methodology and guidelines applied in the CY 2015 Collection Goal Allocation; and

2. The distribution of the collection goal by Implementing Offices: Revenue Regions and the Revenue District Offices under their jurisdiction and the Large Taxpayers Service.

III. GENERAL POLICIES AND GUIDELINES

Hereunder are the policies and guidelines that were observed relative to the data requirements and goal allocation methodology used in computing the goal for the implementing offices.

A. Data Used

1. The CY 2014 estimated collection, which is the sum of:

   a. The total actual collections for the period January – October, 2014, 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 January 6, 2015; and

b. The November and December, 2014 collections which were estimated to be 91% of the November and December, 2014 goals.

2. Data considered as refinements for CY 2014 Collections:

a. Special Taxes composed of taxes on Government Securities and Excise Taxes for CY 2014, per BIR Form No. 1209 reports updated as of January 6, 2015;

b. CY 2014 Collections from Non-Recurring Transactions as of October, 2014, where each single transaction accounts for at least ten percent (10%) of a particular Region's total collections for a specific month, based on figures provided in the BIR Form No. 1209 reports updated as of January 6, 2015. Only fifty percent (50%) of the actual amount was considered as a refinement;

c. CY 2014 regular Corporate Income Tax Collections from MALAMPAYA, per the Excise LT Audit Division I report, as of December 22, 2014;

d. CY 2014 estimated BSP remittance of Final Withholding Tax (FWT) on interest due from domestic borrowings under Reverse Repurchase Agreements (RRPs), as well as other similar transactions, per BIR Form No. 1209 reports submitted by the Large Taxpayers Service (LTS) as of December 22, 2014; and

e. Actual January - October, 2014 collections from the Philippine Deposit Insurance Corporation (PDIC) based on BIR Form No. 1209 reports as of January 6, 2015.

3. Other Data Considered:

a. Economic assumptions/indicators provided in the MTRP as of December 6, 2014 (Table 1);

b. Collection Goals, by major tax type, culled from the abovementioned MTRP;

c. The CY 2015 program on the volume of government securities and the corresponding Documentary Stamp Tax (DST)

were allocated monthly based on the estimates provided by the Bureau of the Treasury (BTr) dated December 12, 2014;

d. The CY 2015 goal on FWT Remittance of BSP as estimated by the RSD on December 22, 2014, based on data provided by the LTS in the BIR Form No. 1209 reports covering BSP remittances for the months of January – October, 2014;

e. January - October, 2014 collections from the newly enlisted/delisted taxpayers to/from LTS during the 2nd and 3rd quarters of 2014, based on Integrated Tax Systems (ITS)-CBR collection data extracted by the RSD dated December 15, 2014; and

f. Estimated CY 2014 collections for the taxpayers to be enlisted to the LTS, effective January 1, 2015, (as identified in the listing dated December 18, 2014 provided by the LTS), is the sum of the following:

   f.1 Actual collections for January – October, 2014; and,

   f.2 Collection data for November - December, 2014, which considered the actual collections of the said taxpayers for the months of November – December, 2013.

   The above figures (f.1) and (f.2) were extracted by the RSD from the ITS-CBR, as of December 23, 2014.

B. Goal Allocation Methodology

1. Goal Allocation by Implementing Office

   a. The preliminary total goal for BIR Operations was allocated to all major implementing offices (i.e., total regional and LTS level), taking into account the CY 2014 estimated percent share to total collections net of special taxes, non-recurring collections, and collections from enlisted/delisted taxpayers as of January 1, 2015. The CY 2015 total goal, by implementing office, is provided in Table 2.

   b. The refined estimated collection (net of special taxes, non-recurring collections, and enlisted/delisted taxpayers) for CY 2014 resulted to a preliminary growth rate ranging from 32.01% to 33.11%. However, the *effective* growth rates that included special taxes resulted to a range from 26.28% to 34.23%.

c. The following taxes have been directly allocated to the LTS:
   - Goal on Excise taxes amounting to ₱ 140.162 Billion of which the monthly allocation was provided by LTS, dated December 22, 2014;
   - The MALAMPAYA Income Tax goal of ₱ 9.185 billion; and
   - Estimated goal on Final Withholding Taxes of the BSP (BSP-FWT) in the amount of ₱ 9.560 billion.

d. Fifty percent (50%) of the non-recurring collections was added back to the office/district concerned.

2. Goal Allocation by Major Tax Type and Month

The total goal allocation, by major tax type, was distributed proportionately among the implementing offices based on their share to total estimated CY 2014 collections on BIR operations. These goal allocations are provided in Table 3.

The total monthly goal allocation, by major tax type, of the implementing offices was based on the monthly trends of estimated CY 2014 collections. See Tables 4A – 4F.

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 2015
Table 2	Collection Goal Allocation By Implementing Office, CY 2015
Table 3	Total Collection Goal Allocation By Implementing Office and Major Tax Type, CY 2015
Table 4A	Monthly Collection Goal For Income Taxes By Implementing Office, CY 2015
Table 4B	Monthly Collection Goal Allocation For Excise Taxes By Implementing Office, CY 2015
Table 4C	Monthly Collection Goal Allocation For Value-Added Tax By Implementing Office, CY 2015
Table 4D	Monthly Collection Goal Allocation For Percentage Taxes By Implementing Office, CY 2015
Table 4E	Monthly Collection Goal Allocation For Other Taxes By Implementing Office, CY 2015
Table 4F	Monthly Total Collection Goal Allocation By Implementing Office, CY 2015
Table 5	Monthly Collection Goal By Major Tax Type, CY 2015

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 and the Assistant Commissioner of LTS shall prepare and submit the appropriate revenue issuance to establish the policies, guidelines and methodology for the individual goal allocation of the respective implementing units under their jurisdiction, for the approval of the Commissioner.

IV. EFFECTIVITY

This Order takes effect immediately.

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