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

January 6, 2016

REVENUE MEMORANDUM ORDER NO. 2-2016

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

SUBJECT: **CY 2016 BIR Collection Goal Allocation, By Implementing Office**

I. BACKGROUND

The overall CY 2016 collection target of the Bureau of Internal Revenue is ₱ 2.025 Trillion set by the Department of Finance (DOF). This is higher than the ₱1.674 Trillion CY 2015 goal by ₱0.351 Trillion or 21.01%.

II. OBJECTIVE

This Order is being issued to establish the following:

1. The policies, methodology and guidelines utilized in the CY 2016 Collection Goal Allocation; and

2. The allocation of the CY 2016 collection target for the Large Taxpayers Service and the Revenue Regions including the Revenue District Offices.

III. GENERAL POLICIES AND GUIDELINES

Relative to the data requirements and methodology applied in computing the goal allocations for the implementing offices, the following policies and guidelines were observed:

A. Data Used

1. The CY 2015 estimated collection, which is the sum of:

   a. The total actual collections for the period January – October, 2015, 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 December 17, 2015; and

b. The November and December 2015 collections were estimated at 87.93% of the goals for the said months. The said percentage is equal to the average monthly goal attainment for the months of January to October, 2015.

2. Data considered as refinements for CY 2015 Collections:

a. Special Taxes comprising the Taxes on Government Securities and Excise Taxes for CY 2015, per BIR Form No. 1209 reports updated as of December 17, 2015.

b. Non-recurring transactions from January – October 2015, 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 December 17, 2015. Only fifty percent (50%) of the actual amount was considered as a refinement.

c. Other Special Taxes:

c.1 CY 2015 Regular Corporate Income Tax Collections from MALAMPAYA, per the Excise LT Audit Division I report as of December 29, 2015; and

c.2 CY 2015 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 the Large Taxpayers Service (LTS) as of December 29, 2015.

3. Other Data Considered:

a. Economic assumptions/indicators provided in the 2016 Budget of Expenditures and Sources of Financing;

b. The CY 2016 program on the volume of government securities and the corresponding FWT and Documentary Stamp Tax (DST) were allocated on a monthly basis, based on the estimates provided by the Bureau of the Treasury (BTr) dated December 4, 2015;

c. The goal on FWT Remittance of BSP for 2016 was estimated by the RSD by applying the actual FWT growth rate from 2014 to 2015;

d. Estimated CY 2015 collections for the taxpayers enlisted to the LTS, effective January 1, 2016 (as identified in the listing dated December 29, 2015 provided by the LTS), is the sum of the following:

d.1 Actual collections for January – October, 2015; and,

d.2 Collection data for November - December 2015 are the actual collections of the said enlisted taxpayers for the months of November – December, 2014.

The above figures (d.1) and (d.2) were extracted by the RSD from the ITS-CBR, as of December 29, 2015.

e. Adjusted monthly collections in 2015 due to the change in the payment deadlines from 2015 versus 2016 of the Quarterly Corporate Income Tax (BIR Form 1702Q), to align the monthly collection trend of 2015 with the expected 2016 monthly collection trend.

B. Goal Allocation Methodology

1. Goal Allocation by Implementing Office

a. Based on the CY 2015 estimated percent share to total collections (net of special taxes, non-recurring collections, and collections from newly enlisted/delisted taxpayers effective January 1, 2016), the preliminary total goal for BIR Operations was allocated to the two major implementing offices (i.e., total regional and LTS level). The total goals of revenue regions were then allocated to all regions. The CY 2016 total goal, by implementing offices is provided in Table No. 2.

b. The following taxes have been directly allocated to the LTS:

- Goal on Excise Taxes amounting to ₱ 170.345 Billion;
- The MALAMPAYA Income Tax goal of ₱ 9.000 Billion; and
- Estimated goal on FWT of the BSP (BSP-FWT) in the amount of ₱ 10.150 Billion.

c. Fifty percent (50%) of the non-recurring collections will be added back to the Office / District concerned, *provided that the payments for the submitted transactions qualified as "non-recurring collections", based on the required threshold as prescribed in Section III.A.2.b of this Order.*

d. The regional targets were then allocated to the revenue district offices under their jurisdiction taking into account their shares to the estimated CY 2015 collections on BIR Operations.

2. Goal Allocation by Major Tax Type and Month

The total goal allocation, by major tax type, (please refer to Table No. 3) was distributed proportionately among the implementing offices, based on their share to total estimated CY 2015 collections on BIR operations.

The total monthly goal allocation, by major tax type, (please see Table Nos. 4A to 4F) of the implementing offices was based on the monthly trends of estimated CY 2015 as adjusted in accordance with Section III.A.3.e 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 2016
Table 2	Collection Goal Allocation By Implementing Office, CY 2016
Table 3	Collection Goal Allocation By Implementing Office and Major Tax Type, CY 2016
Table 4A	Monthly Collection Goal For Income Taxes By Implementing Office, CY 2016
Table 4B	Monthly Collection Goal Allocation For Excise Taxes By Implementing Office, CY 2016
Table 4C	Monthly Collection Goal Allocation For Value-Added Tax By Implementing Office, CY 2016
Table 4D	Monthly Collection Goal Allocation For Percentage Taxes By Implementing Office, CY 2016
Table 4E	Monthly Collection Goal Allocation For Other Taxes By Implementing Office, CY 2016
Table 4F	Monthly Total Collection Goal Allocation By Implementing Office, CY 2016
Table 5	Monthly Collection Goal By Major Tax Type, CY 2016

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 Tuesday, March 1, 2016***.

IV. EFFECTIVITY

This Order takes effect immediately.

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

B-3