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

January 10, 2014

REVENUE MEMORANDUM ORDER NO. 4 - 2014

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

SUBJECT: **Allocation of CY 2014 BIR Collection Goal by Implementing Office**

I. BACKGROUND

The overall CY 2014 collection goal of the Bureau of Internal Revenue has been set by the Department of Finance (DOF) at ₱1, 456.330 Billion. The goal is based on the CY 2014 Medium Term Revenue Program (MTRP), as of December 18, 2013. This is higher than the CY 2013 goal of ₱1, 253.679 Billion by ₱202.651 Billion or 16.16%.

II. OBJECTIVE

This Order is being issued to establish the following:

1. The policies, methodology and guidelines applied in the CY 2014 Collection Goal Allocation; and

2. The distribution of the collection goal by Implementing Offices: Revenue District Offices and Large Taxpayer Units.

III. GENERAL POLICIES AND GUIDELINES

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

A. Data Used

1. The CY 2013 estimated collection, which is the sum of:

a. The total actual collections for the period January – November, 2013, based on data from the Consolidated Monthly Statistical Report of Revenue Collections (BIR Form No.1209) as updated by the concerned implementing offices with the Research and Statistics Division (RSD) as of December 26, 2013; and

b. The estimated October, November and December collections based on the October, November and December, 2013 goals for those implementing offices that have not submitted their respective BIR Form No.1209 reports as of December 26, 2013.

2. Data considered as refinements for CY 2013 Collections:

a. Special Taxes composed of taxes on Government Securities and Excise Taxes for CY 2013, per BIR Form No. 1209 reports updated as of December 26, 2013;

b. CY 2013 Collections from Non-Recurring Transactions, as of November 2013, 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 December 26, 2013. Only fifty percent (50%) of the actual amount was considered as a refinement. The amount of non-recurring collections considered was distributed by month for the calendar year in the concerned implementing office;

c. CY 2013 regular Corporate Income Tax Collections from MALAMPAYA, per the Excise LT Audit Division I report, as of December 16, 2013;

d. CY 2013 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 26, 2013; and

e. Estimated June–December, 2013 collections from the Philippine Deposit Insurance Corporation (PDIC) based on BIR Form No. 1209 reports as of December 26, 2013.

3. Other Data Considered:

a. Economic assumptions/indicators provided in the MTRP as of December 18, 2013 (Table 1);

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

c. The CY 2014 program on the volume of government securities and their corresponding taxes (FWT and Documentary Stamp Tax [DST]) were allocated monthly as provided by the Bureau of the Treasury (BTr) dated December 26, 2013;

d. The CY 2014 goal on Final Withholding Tax Remittance of BSP as estimated by the RSD on December 26, 2013, based on data provided by the LTS covering BSP remittances for the months of January – November, 2013;

e. January–May, 2013 collections from the newly enlisted taxpayers to LTS (effective June 1, 2013) based on Integrated Tax Systems-CBR generated report dated December 10, 2013; and

f. January-December, 2013 collections for the 105 newly enlisted taxpayers in the LTS effective January 1, 2014 by tax type, by month and by implementing office, based on the listing provided by the LTS and collection data extracted by the RSD from the ITS-CBR dated December 23, 2013 and January 7, 2014.

B. Goal Allocation Methodology

1. Goal Allocation by Implementing Offices/Units and Revenue Districts

   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 RDO/LTS Unit CY 2013 estimated percent share to total collections net of special taxes, non-recurring collections, and collections from delisted taxpayers effective CY 2013 (92 taxpayers) and CY 2014 (105 taxpayers). The CY 2014 total goal, by implementing office, is provided in Table 2.

   b. All new taxpayers enlisted to the Large Taxpayers Service were subjected to the same simulation carried out for all implementing offices (unless otherwise directed by the Commissioner of Internal Revenue).

   c. The actual/estimated refined collection (net of special taxes, non-recurring collections, and delisted taxpayers) for CY 2013 resulted to a preliminary growth rate ranging from 19.48% to 21.17%. However, the *effective* growth rates that included

special taxes, non-recurring collections, and delisted taxpayers resulted to a range from 14.58% to 23.10%.

The CY 2013 refined collections from the new large taxpayers (105 taxpayers) is estimated to grow by 20.30%.

d. The following taxes have been directly allocated to the LTS:
   - Goal on Excise taxes amounting to ₱ 123.931 Billion of which the monthly allocation was provided by LTS, dated January 7, 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 ₱ 13.234 billion.

e. Fifty percent (50%) of the non-recurring collections was added back to the office/district concerned and distributed over twelve (12) months

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 2013 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 2013 collections. See Table 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 2014
Table 2	Collection Goal Allocation By Implementing Office, CY 2014
Table 3	Total Collection Goal Allocation By Implementing Office and Major Tax Type, CY 2014
Table 4A	Monthly Collection Goal For Income Taxes By Implementing Office, CY 2014
Table 4B	Monthly Collection Goal Allocation For Excise Taxes By Implementing Office, CY 2014
Table 4C	Monthly Collection Goal Allocation For Value-Added Tax By Implementing Office, CY 2014
Table 4D	Monthly Collection Goal Allocation For Percentage Taxes By Implementing Office, CY 2014

Table 4E	Monthly Collection Goal Allocation For Other Taxes By Implementing Office, CY 2014
Table 4F	Monthly Total Collection Goal Allocation By Implementing Office, CY 2014
Table 5	Monthly Collection Goal By Major Tax Type, CY 2014

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