REPUBLIKA NG PILIPINAS
KAGAWARAN NG PANANALAPI
KAWANIHAN NG RENTAS INTERNAS
Quezon City

January 30, 2006

REVENUE MEMORANDUM ORDER NO. 6-2006

TO : **All Assistant Commissioners, Regional Directors, Revenue District Officers and Other Officers Concerned**

SUBJECT : **Allocation of the BIR Collection Goal for CY 2006, By Implementing Office**

I. CY 2006 Overall Collection Goal

The overall collection goal of the Bureau for CY 2006 as set by the Department of Finance is P 675,353 million. This is 26.24% higher than CY 2005 tentative actual collection of ₱ 534,485 million. Out of the ₱ 675,353 million, ₱ 52,605 million account for the goal on the New VAT Law (RA 9337).

The breakdown by major tax type, is as follows:

Tax Type		Total Goal	
Income Taxes	₱	401,313	
Excise Taxes		59,789	
Value Added Taxes		145,348	
Percentage Taxes		37,375	
Other Taxes		31,528	
TOTAL	**₱**	**675,353**	**M**

II. Data Used

The following data were used in goal allocation:

1. Baseline figure used for CY 2006:
   a) Tentative collection for Jan – Nov., 2005 based on BIR 12.09 tentative reports dated Dec. 19, 2005; and
   b) Estimated collection for Dec. 2005 as reported by the implementing offices

2. Collection Refinements:

   i) Collection data on Tax Remittance Advice (TRA) of NGAs by implementing office (January to November, 2005 and December 2004), as reported by the Revenue Accounting Division dated December 19, 2005 and May 5, 2005;

   ii) Collection data on Withholding Taxes of GOCCs and LGUs by implementing office (January to September, 2005 and October to December, 2004), as reported by Withholding Tax Division dated October, 2005 and January 27, 2005, respectively;

iii) Collection data on Treasury Bills, Travel Tax, Stock Transactions and Excise Taxes (January to November 2005 and December 2004), as reported by the Revenue Accounting Division dated December 19, 2005 and October 28, 2005, respectively;

iv) Non-recurring transactions amounting to at least ₱ 1 million or at least 10% of total district's collection for a particular month for a single transaction, which ever is lower; as reported by the implementing offices; and

v) Transferred taxpayers (100%) as reported by the implementing offices.

3. Excise Tax estimates prepared by the Large Taxpayers Service dated November 30, 2005;
4. Stock Transaction Tax data (January to August, 2005) based on RDO report as of January 11, 2006;
5. New VAT Measures estimates submitted by RRs/RDOs;
6. Distribution of Estimated CY 2005 refined collection, by month;
7. Distribution of CY 2005 BIR Collections by GFS Classification per BTr Report for January to November 2005 and actual collection for the month of December 2004;
8. National Government Revenue Program (NGRP) provided by DOF dated January 9, 2006;

III. Goal Allocation Methodology

A. Total Goal, By Major Tax Type (Table 1)

CY 2006 total goal by major tax type was based on the National Government Revenue Program furnished by the Department of Finance dated January 9, 2006.

B. Monthly Collection Goal, by Major Tax Type (Table 2)

CY 2006 monthly goal allocation for Excise Taxes was provided by the Large Taxpayers Service.

For the remaining tax types, CY 2006 monthly goal allocation was based on the refined monthly collection (Net of Special Taxes) of CY 2005. Thus, for a particular month *M* and tax type *N*, the total goal G_{MN} is computed as follows:

$G_{MN} = D_{MN}$ x ₱ 675,353 M
where D_{MN} = percent share in CY 2005 collection of Tax Type *N* for month *M*

The goal allocation process was divided into two parts, where Part I is the allocation for the existing measures and Part II is for the new VAT law (RA 9337).

PART I. Existing Measures (Table 3)

1. Allocation of P 622,748 M

The goal on existing measures by implementing offices amounting to P 622,748 million was computed as follows:

a) Ave. GRDP(current, net of agriculture) growth rate for CY 2004-2003 was applied to Regions' Refined CY 2005 Estimated Collection (Annex A)

Estimated CY 2005 collection was refined by deducting the following collections:

1. Tax Remittance Advices (TRAs) of NGAs;
2. Withholding taxes of GOCCs and LGUs;
3. Special taxes (i.e., taxes on T-Bills, Travel Tax, Stock Transactions Tax and Excise Taxes);
4. Non-recurring transactions;
5. Transferred taxpayers;

b) ε = adjustment to maintain the total goal set by DOF

The adjustment figure (ε) was allocated to the implementing offices using the ratio and proportion technique based on the CY 2005 estimated collection (net of special taxes, non-recurring transactions and transfer of taxpayers)

PART II. New Measures (RA 9337)

Goal allocation of R.A. 9337 by implementing office was computed using ratio and proportion technique taking into account the estimates submitted by the implementing offices and estimated actual collections from VAT, Corporate Income taxes, Banks/Financial Institutions from the 1209 reports provided by the Revenue Accounting Division. (Annex B)

C. Total Goal Allocation, By Major Tax Type and By Implementing Office

The overall goal allocation was computed as follows:

Overall Goal 2006 = Refined CY 2005 Est. Coll. + (Refined CY 2005 Estimated Collection x Estimated GRDP g.r.) + ε + TRAs + GOCCs/LGUs + Special Taxes + R.A. 9337

Aligned with the goals computed in items III.A, III B and III C above, the monthly goals by tax type were allocated by implementing office using the ratio and proportion technique where applicable.

D. Goal Allocation for Special Taxes

The following taxes were allocated directly to the implementing offices concerned :

a) Excise Taxes

Goal on Excise Taxes amounting to ₱ 66,489 M was allocated to the Large Taxpayers Service (LTS) while goal on mining and quarrying was allocated to all implementing offices.

b) Tax on Treasury-Bills and Travel Taxes

The goal on Treasury Bills of ₱ 44,151 M and Travel Tax of ₱ 345 M were allocated to the Office of the Commissioner.

c) Stock Transactions Tax

The goal on Stock Transactions Tax amounting to of ₱ 1,701 M was allocated to the implementing offices using ratio and proportion of collections where the stocks brokers were registered.

E. Assigned growth rates on TRAs of NGAs and Withholding Taxes of GOCCs/LGUs

a) Tax Remittance Advice (TRA) of National Government Agencies (NGAs)

CY 2006 collection through TRAs of NGAs was assumed to be equal (or 0% growth) to CY 2005 collection across all implementing offices.

b) Withholding Taxes of GOCCs and LGUs

A five percent (5%) growth rate was assumed on the withholding taxes of GOCCs and LGUs for CY 2006 across all implementing offices.

IV. Revenue District Goal Allocation

Allocation of the Regional goals prescribed in this Revenue Memorandum Order among the respective Revenue District Offices (RDOs) and LT Offices/LTDOs shall be done by the Collection Division of each Regional Office and LT-Programs Division for the Large Taxpayers Service upon consultation with the Revenue District Officers.

A report on the above allocation by RDO/LT units shall be submitted to the Assistant Commissioner, Policy & Planning Service, Attention: Chief, Statistics Division, through e-mail (cynthia.santos@bir.gov.ph) within ten (10) working days upon approval of this Memorandum. To follow immediately is the submission of a hard copy of the allocation report, duly signed by the Regional Director/LTS Head, respective Revenue District Officers and Chiefs of LT Units, to signify their acceptance of the goal allocation, shall also be submitted to the Statistics Division.

The allocation by RDO/LTDO submitted by the implementing offices will be subject to final review by the Policy and Planning Service through Statistics Division for presentation to MANCOM as to the computation for each office.

V. Re-assessment of Goal Allocation

Re-assessment of Goal Allocation by Implementing Offices will be done after the first four months of 2006. All concerned offices shall submit reports to the Statistics Division whatever data are deemed necessary in a prescribed format and deadline (memorandum to comply with this report to follow). This is to justify the goal re-allocation of the Bureau needed to make the proper representation in relation to the revenue targets provided by DOF.

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For your reference and compliance.

(Original Signed)
JOSE MARIO C. BUÑAG
Commissioner of the Internal Revenue

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