REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

April 30, 2008

REVENUE MEMORANDUM ORDER NO. 17 - 2008

TO : **Deputy Commissioner for Operations**
Assistant Commissioners, Head Revenue Executive Assistants
Regional Directors, Revenue District Officers, Division Chiefs
and Other Officers Concerned

SUBJECT : **Allocation of the CY 2008 BIR Collection Goal**
By Implementing Office

I. CY 2008 Overall Collection Goal

The overall CY 2008 collection goal of the Bureau as set by the Department of Finance (DOF) is ₱ 844,950 million. This is 18.41% higher than CY 2007 actual collection of ₱ 713,595 million. Out of the ₱ 844,950 million, ₱ 810,306 million is for BIR Operations and ₱ 34,644 million is for Non-BIR Operations based on the Budget and Expenditures Sources of Financing (BESF) for 2008 and National Government Revenue Program (NGRP) run date August 14, 2007.

The breakdown of the goal, by major tax type, is as follows:

TAX CLASSIFICATION	CY 2008 Goals (in Millions)		
	Total	BIR Operations	Non-BIR Operations
TOTAL	**₱ 844,950**	**810,306**	**34,644**
I. INCOME TAXES	477,551	448,043	29,508
II. EXCISE TAXES	58,436	58,436	
III. VALUE - ADDED TAXES	204,879	204,879	
IV. PERCENTAGE TAXES	50,432	50,432	
V. OTHER TAXES	53,652	48,516	5,136

II. Data Used

The following data were used in the computation of the final goal allocation:

A. Actual CY 2007 collection based on BTr figure per Revenue Accounting Division (RAD) report dated April 14, 2008;

B. Collection Data Considered as Refinements:

1. Tax payments of *transferred taxpayers* (regular transfers) in CY 2007 (100% considered) per reports of implementing offices;

2. CY 2007 Estimated Collection from Special Deposit Accounts (SDA) as provided by Large Taxpayer Service (Source: LT Programs Division);

3. Updated CY 2007 Collection data on delisted Large Taxpayers (LT) by Regional Office (Source: LT Programs Division, Large Taxpayer Service);

4. Special Taxes: Tax on Treasury Bills, Travel Tax, Excise Taxes for CY 2007 (Source: RAD report, April 14, 2008);

5. Tax subsidies thru Special Allotment Release Orders (SARO) for CY 2007 based on reports of implementing offices from RAD as of April 21, 2008;

6. Withholding Taxes of National Government Agencies (NGAs) for CY 2007 paid thru Tax Remittance Advice (TRA), by implementing office (Source: RAD, April 21, 2008);

7. Withholding Taxes of Local Government Units (LGUs) for CY 2007 by implementing office (Source: Withholding Tax Division report dated March 7, 2008);

8. Stock transactions tax for CY 2007 per 12.09 report as of April 23, 2008;

9. Updated delisted large taxpayers that have suspended operations per report of LTS;

10. Non-recurring transactions for CY 2007, consideration for at least ₱1 million pesos per transaction per report (with supporting documents) of implementing offices to include closed/merged/absorbed establishments and non-recurring of delisted large taxpayers;

11. Income Tax collections for CY 2007 from MALAMPAYA Consortium (Source: LTS-Excise Group).

C. Other Data Considered:

1. Economic assumptions/indicators in the National Government Revenue Program (NGRP) dated August 14, 2007 from the Department of Finance (DOF) and the Budget and Expenditure Sources of Financing (BESF) for 2008. See Annex A;

2. CY 2008 program on the volume of issuance and corresponding taxes (Documentary Stamp Tax) on government securities transactions was provided by the Bureau of Treasury (BTr) dated January 15, 2008. Total goal on Tbills/government securities was culled from the NGRP;
3. Realized potential of collections in 2008;
4. Commissioner's assessment of potential collections in the implementing offices;
5. CY 2007 Excise Taxes monthly allocation by product as provided by the LTS, dated April 28, 2008.

III. Goal Allocation Methodology

A. General Methodology

1. The BIR goal was divided into BIR Operations and Non-BIR Operations (Annex B). BIR Operations refer to the collection goal on which the Bureau has direct control to collect revenues, while the Non-BIR Operations refer to the collection goal on which the Bureau has no control to be able to collect revenues. CY 2008 goal for BIR operations is ₱ 810,306 million, computed as follows:

Total CY 2008 BIR Goal		₱ 844,950 M
Less: CY 2008 Goal on Non- BIR Operations:		
Final Income Tax on T-Bills	₱ 29,508 M	
DST on T-Bills	4,563 M	
Travel Taxes	573 M	34,644 M
CY 2008 Goal on BIR Operations		₱ 810,306 M

3. CY 2007 collections of implementing offices were refined by using the data enumerated in Section II.B. See Annex C.

4. Goals for CY 2008 (Annex C-1) were derived as follows:

   a) Total goals on Excise tax and other taxes were based on revised estimates of the BIR as concurred by the DOF technical group;

   b) Selected data in Section II.B were given the applicable growth rates for CY 2008, as follows: TRAs-25%; LGUs -20%; delisted TPs with suspended operations -0% growth. See Annex C-1;

c) *CY 2008 Goal on MALAMPAYA* of ₱ 10,248 million taken from the NGRP (consisting of corporate income tax and branch profit remittance taxes) was allocated to the LTS.

5. A resulting internal revenue national growth rate was applied to the refined/regular cash collections for all implementing offices to arrive at the preliminary total goal for BIR operations. See Annex C-2.

6. The goal on administrative measures was arrived at by getting the difference of the CY 2008 goal amounting to P 810,306 M on BIR operations and the preliminary total goal for BIR operations as computed.

7. Commissioner's independent assessment of the revenue potential by identified regions and the emerging economic developments were taken into account on the distribution of administrative measures.

B. Goal Allocation by Major Tax Type

CY 2008 total BIR goal by major tax type were based on the Budget and Expenditures Sources of Financing (BESF) for 2008 and National Government Revenue Program (NGRP) run date August 14, 2007 as provided by the DOF (Annex A).

C. Goal Allocation by Period and by Major Tax Type

1. Allocation for Excise Taxes by period was provided by the LT-Excise Group Field Operations Division.

2. CY 2008 allocation for DST due from Treasury Bills/Government Securities transactions was provided by the Bureau of Treasury.

3. CY 2008 allocation for Final Withholding Tax on Treasury Bills was based on the actual CY 2007 Treasury Bills collection.

4. Total goal for Travel Tax culled from the NGRP was equally allocated among the four (4) quarters.

5. For the remaining tax types, goal allocation was based on the 2007 actual quarterly collections and adjustments for likely CY 2008 collection trend due to the impact of non-recurring transactions in CY 2007.

D. Goal Allocation by Implementing Offices

1. The Internal Revenue National Growth Rate (Annex C-2)

Following the general methodology in Section III.A above, an internal revenue national growth of 25.76% was arrived at using the following formula:

Internal Revenue National Growth Rate = [(A-B)/B] x 100%

= [(₱ 632,640 M - ₱ 503,059 M) / ₱ 503,059 M] x 100%

= 25.76 %

Where: **A** = 2008 Total Goal on regular Cash collections from BIR Operations

B = 2007 Regular cash collections from BIR Operations.

This national growth rate was applied to each of the implementing offices' total regular cash collections for CY 2007 to arrive at their corresponding goals on regular cash collections for CY 2008.

2. Quarterly Allocation of Goal by Implementing Office

The CY 2008 overall goal by implementing office (LTS and Revenue Regions) was allocated by quarter and by major tax type using ratio and proportion method based on the adjusted actual CY 2007 quarterly collections (net of CY 2007 tax subsidies, non-recurring collections with at least P1 million per transaction, and aligned with the transfers of taxpayers). Details of quarterly allocations by major tax type and by implementing office are presented in Annexes D-1 to D-7.

3. Total Goal Allocation by Revenue District Office/Implementing Unit

The Large Taxpayer Service Groups and Regional Offices shall prepare the breakdown by revenue district office (RDO)/implementing unit, by period and by tax type following the goals in Annexes D-1 to D-7, in consultation with the collecting offices (RDOs), the result of which shall be subject to review and approval by the Commissioner.

This breakdown shall be submitted in hard copy to *The Assistant Commissioner, Policy and Planning Service, Attention: Chief, Statistics Division* for consolidation. An electronic copy of the breakdown by RDO/implementing unit which matches the hard copy submitted must be forwarded to either of the following:

ferdelita.aquino@bir.gov.ph **or** cynthia.santos@bir.gov.ph

Deadline for submission of goal allocation by revenue district office/other implementing unit is *May 26, 2008*.

E. Others

Should there be a spin-off of a taxpayer in the LTS, the newly created taxpayer(s) will automatically be under LTS so as to preserve the base.

IV. List of Annexes

Annex A	Macroeconomic Assumptions and Collection Goal By Major Tax Type, CY 2008
Annex B	Quarterly Collection Goal By Major Tax Type, BIR Operations and Non-BIR Operations, CY 2008
Annex C	CY 2007 Collection Refinements for CY 2008 Goal Allocation By Implementing Office
Annex C-1	Collection Goal Allocation By Implementing Office, CY 2008
Annex C-2	Computation of the Internal Revenue National Growth Rate
Annex D-1	Total Collection Goal Allocation By Implementing Office and Major Tax Type, CY 2008
Annex D-2	Quarterly Total Collection Goal Allocation By Implementing Office, CY 2008
Annex D-3	Quarterly Collection Goal Allocation For Income Taxes By Implementing Office, CY 2008
Annex D-4	Quarterly Collection Goal Allocation For Excise Taxes By Implementing Office, CY 2008
Annex D-5	Quarterly Collection Goal Allocation For Value-Added Tax By Implementing Office, CY 2008
Annex D-6	Quarterly Collection Goal Allocation For Percentage Taxes By Implementing Office, CY 2008
Annex D-7	Quarterly Collection Goal Allocation For Other Taxes By Implementing Office, CY 2008

VI. Effectivity

This Order takes effect immediately.

(Original Signed)
LILIAN B. HEFTI
Commissioner of Internal Revenue

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