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

March 19, 2010

REVENUE MEMORANDUM ORDER NO. 31-2010

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 2010 BIR Collection Goal**
by Implementing Office

I. CY 2010 Overall Collection Goal

The overall CY 2010 collection goal of the Bureau as set by the Department of Finance (DOF) is ₱ 830,441 million. This is 10.68% higher than CY 2009 actual collection of ₱ 750,288 million. Out of the ₱ 830,441 million, ₱ 784,376 million is for BIR Operations and ₱ 46,065 million is for Non-BIR Operations based on the Medium-Term Revenue Program (MTRP) run date December 14, 2009.

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

COLLECTION GOAL BY MAJOR TAX TYPE, CY 2010
BIR OPERATIONS AND NON-BIR OPERATIONS
(In Million Pesos)

TAX CLASSIFICATION	TOTAL	BIR OPERATIONS			NON-BIR OPERATIONS
		EXISTING MEASURES	NEW MEASURES	TOTAL	
TOTAL	**₱ 830,441**	**774,278**	**10,098**	**784,376**	**46,065**
I. INCOME TAXES	476,447	502,150	(60,756)	441,394	35,053
II. EXCISE TAXES	57,645	50,409	7,236	57,645	
III. VALUE-ADDED TAX	194,579	137,471	57,108	194,579	
IV. PERCENTAGE TAXES	48,984	46,238	(1,791)	44,447	4,537
V. OTHER TAXES	52,786	38,010	8,301	46,311	6,475

II. Data Used

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

A. CY 2009 tentative actual collection based on Statistics Division (SD) report, as of March 12, 2010 from BIR Form 1209 reports submitted by implementing offices.

B. Data Considered as Refinements for CY 2009 Collections:

1. Special Taxes: Tax on Government Securities, Travel Tax, Stock Transactions and Excise Taxes for CY 2009 per BIR Form 1209 report as of March 12, 2010;

2. CY 2009 Collections from Non-recurring Transactions (See Annex C-2) composed of:

   a. Tax payments (per single transaction), that account for at least 10% of the district's total collection in a particular month, per report of implementing offices as of March 12, 2010;

   b. Legislative and Administrative Measures Implemented:

      i. RR No. 5-2009 that provides for the reverting of the venue for the filing of returns and payment of Capital Gains Tax (CGT), creditable withholding tax and Documentary Stamp Tax (DST) due on sale, transfer or exchange of real property of Large Taxpayers to the place where it is located; and

      ii. Per RA No. 9520 that amends the Cooperative Code of the Philippines known as the "Philippine Cooperative Code of 2008", collections from Advance VAT on Sugar Cooperatives and from Traders based on reports certified true and correct by the Revenue District Officers (RDOs) as of February 11, 2010 and March 8, 2010, respectively were considered as non-recurring transactions. In congruence, CY 2009 Advance VAT collection from Traders was considered as CY 2010 potential VAT collection of the identified Regions/RDOs where the Traders are registered. Per RMC No. 12-2010, Traders will now be taxed as Regular VAT taxpayers.

   c. Impact of losses from typhoons Ondoy and Pepeng based on CY 2009 Final Report on Claims for Casualty Losses by RDO as provided by the Operations Group (OG) dated March 19, 2010.

3. CY 2009 Regular Corporate Income Tax Collections from MALAMPAYA per LTS-Excise report, as of January 15, 2010;

4. CY 2009 BSP Remittance of Final Withholding Tax (FWT) on interest due from domestic borrowings under Reverse Repurchase Agreements (RRPs) and other similar transactions requiring FWT remittance submitted by RR 6 - Manila dated March 3, 2010; and

5. CY 2009 collection from Quezon Power Limited (QPL) submitted by RR 9 - San Pablo City dated March 9, 2010.

C. Other Data Considered:

1. Economic assumptions/indicators in the Medium-Term Revenue Program (MTRP) dated December 14, 2009 from the Department of Finance (DOF) (Annex A);
2. CY 2010 program on the volume of issuance and corresponding taxes (Final Withholding Tax and Documentary Stamp Tax) on government securities transactions provided by the Bureau of Treasury (BTr). Total goal on government securities was culled from the MTRP;
3. CY 2010 Excise Taxes monthly allocation by product as provided by the Excise Large Taxpayers Service (Excise-LTS) dated March 5, 2010;
4. CY 2010 monthly goal on Final Withholding Tax Remittance of BSP as provided by Bangko Sentral ng Pilipinas (BSP) dated March 3, 2010;
5. CY 2005-2008 actual monthly Final Withholding Tax Remittance of BSP as provided by RR 6 - Manila dated March 3, 2010;
6. CY 2005-2008 actual monthly collection from Quezon Power Limited (QPL) submitted by RR 9 - San Pablo City dated March 9, 2010;
7. CY 2005-2008 actual adjusted collection from BIR Form 1209 reports submitted by implementing offices (net of collections from Non-BIR Operations, Excise Taxes, Stock Transactions, Malampaya, BSP Remittance of Final Withholding Tax, collection from Quezon Power Limited and enlisted/re-enlisted taxpayers); and
8. CY 2007-2008 National Accounts on Gross Regional Domestic Product (GRDP) at current prices (net of agriculture, fish and forestry) from the National Statistical Coordination Board (NSCB).

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 Non-BIR Operations refer to the collection goal over which the Bureau has no control to be able to collect revenues. CY 2010 goal for BIR operations is ₱ 784,376 million, computed as follows:

Total CY 2010 BIR Goal		**₱ 830,441 M**
Less: CY 2010 Goal on Non- BIR Operations:		
Final Income Tax on Government Securities	₱ 35,053 M	
Stock Transactions	4,537 M	
DST on Government Securities	5,790 M	
Travel Tax	685 M	**46,065 M**
CY 2010 Goal on BIR Operations		**₱ 784,376 M**

2. CY 2010 goal on BIR Operations allocated to all implementing offices was divided into Existing Measures and New Measures.

   a) The goal on existing measures was allocated by using the 70% and 30% distribution based on the average 2005-2009 actual adjusted collection and average 2007-2008 GRDP growth rate, respectively.
   b) The goal on new measures was allocated to specific offices where applicable using the ratio and proportion method.

3. CY 2009 collections of implementing offices were refined by using the data enumerated in Section II.B. (See Annex C – CY 2009 Collection Refinements and Annex C-2 – Non-recurring Transactions by Implementing Office, CY 2009)

4. Goals for CY 2010 (Annex C-1) were derived as follows:

   a) Seventy percent (70%) of the goal on BIR Operations for Existing Measures (net of New Measures, Excise Tax, Malampaya, BSP remittance of final withholding tax and collection from Quezon Power Limited) amounted to ₱ 491,171 million. This was allocated based on the average five-year adjusted collection performance of the implementing offices (Annex C-4);

   b) Average CY 2007-2008 Gross Regional Domestic Product (GRDP) growth rate at current prices (net of agriculture, fish & forestry), as shown in Annex C-5, was applied to the 2009 refined/regular cash collections for all implementing offices to arrive at the Estimated CY 2010 collection. The resulting Estimated CY 2010 collection was used to allocate the remaining thirty percent (30%) of the goal on BIR Operations for Existing Measures (net of New Measures, Excise Tax, Malampaya, BSP remittance of final withholding tax and collection from Quezon Power Limited);

   c) Total goals on Excise tax and other taxes were based on MTRP;

   d) CY 2010 Goal on MALAMPAYA of ₱ 9,185 million was allocated to the LTS;

   e) CY 2010 Goal on Final Withholding Tax Remittance of BSP of ₱ 10,626 million was allocated to RR 6 – Manila; and

   f) CY 2009 actual collection from Quezon Power Limited (QPL) was given an applicable 5% growth rate for CY 2010 since it is already operating at its full capacity. The amount of ₱ 2,385 million goal was allocated to RR 9 – San Pablo City.

B. Goal Allocation by Major Tax Type and by Month

1. CY 2010 total BIR goal by major tax type was based on the Medium-Term Revenue Program (MTRP) run date December 14, 2009 as provided by the DOF (Annex A).

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

3. CY 2010 allocation for Final Withholding Tax and DST due from Government Securities transactions was provided by the Bureau of Treasury.

4. CY 2010 allocation for Stock Transactions was based on the Average CY 2005-2009 actual collections from Stock Transactions.

5. Total goal for Capital Gains Tax, Transfer Taxes, DST (net of DST on Government Securities) and Travel Tax culled from the MTRP were equally allocated for twelve (12) months.

6. For the remaining tax types, goal allocation was based on the Average 2005-2009 actual collections and adjustments due to recent economic developments, and impact of non-recurring transactions, revenue eroding tax measures and casualty losses due to typhoons "Ondoy" and "Pepeng".

C. Goal Allocation by Implementing Offices

1. Allocation of BIR Operations Goal on Existing Measures (Net of New Measures, Excise tax, MALAMPAYA, BSP remittance of final withholding tax, collection from Quezon Power Limited) (Annexes C-4 and C-5)

Following the general methodology in Section III.A above, total goal on regular cash collections for each implementing office was arrived at using the following formulae:

a) Seventy percent (70%) of the goal on regular cash collections of ₱ 491,171 million was pro rated based on the Average CY 2005-2009 Actual Adjusted Collection; and

b) Thirty percent (30%) of the goal on regular cash collections of ₱ 210,502 million was pro rated based on the Estimated CY 2010 collection.

2. Allocation of BIR Operations Goal on New Measures (Annex C-6)

Goal on New Measures was allocated to selected offices where applicable using the ratio and proportion technique based on CY 2009 actual collection (per BIR Form 1209 report as of March 12, 2010) of different tax types related to each measure.

3. Monthly Allocation of Goal by Implementing Office

The CY 2010 overall goal by implementing office (LTS and Revenue Regions) was allocated by month and major tax type using ratio and proportion method based on CY 2009 actual refined monthly collections. Details of monthly allocations by major tax type and implementing office are presented in Annexes D-1 to D-7.

4. Total Goal Allocation by Revenue District Office

The Large Taxpayer Service Groups and Regional Offices shall prepare the breakdown by revenue district office (RDO), 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 electronic and 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 shall be forwarded to cynthia.santos@bir.gov.ph.

Deadline for submission of goal allocation by revenue district office is *March 31, 2010.*

IV. List of Annexes

Annex A	Macroeconomic Assumptions and Collection Goal By Major Tax Type, CY 2010
Annex B	Monthly Collection Goal By Major Tax Type, BIR Operations and Non-BIR Operations, CY 2010
Annex C	CY 2009 Collection Refinements
Annex C-1	Collection Goal Allocation By Implementing Office, CY 2010
Annex C-2	Non-recurring Transactions by Implementing Office, CY 2009
Annex C-3	Computation of the Breakdown of CY 2010 BIR Operations Goal
Annex C-4	Allocation of the 70% of the CY 2010 BIR Operations Goal (Existing Measures) By Implementing Office
Annex C-5	Allocation of the 30% of the CY 2010 BIR Operations Goal (Existing Measures) By Implementing Office
Annex C-6	Goal on New Measures by Implementing Office, CY 2010
Annex D-1	Total Collection Goal Allocation By Implementing Office and Major Tax Type, CY 2010
Annex D-2	Monthly Total Collection Goal Allocation By Implementing Office, CY 2010
Annex D-3	Monthly Collection Goal Allocation For Income Taxes By Implementing Office, CY 2010
Annex D-4	Monthly Collection Goal Allocation For Excise Taxes By Implementing Office, CY 2010
Annex D-5	Monthly Collection Goal Allocation For Value-Added Tax By Implementing Office, CY 2010
Annex D-6	Monthly Collection Goal Allocation For Percentage Taxes By Implementing Office, CY 2010
Annex D-7	Monthly Collection Goal Allocation For Other Taxes By Implementing Office, CY 2010

V. Effectivity

This Order takes effect immediately.

(Original signed)
JOEL L. TAN-TORRES
Commissioner of Internal Revenue

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