

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

May 8, 2002

**REVENUE MEMORANDUM ORDER NO. 11 - 2002**

**SUBJECT: Allocation of the BIR Collection Goal for CY 2002**

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

*I. CY 2002 Overall Collection Goal*

The revenue target of the Bureau for CY 2002 as set by the Department of Finance is ₱ 447,556 M (as of November 27, 2001) with existing measures amounting to ₱ 431,556 M and administrative measures amounting to ₱ 16,000 M (realigned by BIR as of May 6, 2002). The breakdown by type of tax is as follows:

<b>Tax Type</b>		<b>Total Goal</b>	<b>Existing Measure</b>	<b>Administrative Measures</b>
Income Taxes	₱	244,966 M	238,816 M	6,150 M
Excise Taxes		66,638	66,138	500
Value Added Taxes		75,929	69,229	6,700
Percentage Taxes		35,918	34,718	1,200
Other Taxes		24,105	22,655	1,450
<b>TOTAL</b>	<b>₱</b>	<b>447,556 M</b>	<b>431,556 M</b>	<b>16,000 M</b>

*II. Data Used*

*The goal allocation used the following data:*

- 1. Collection data for CY 2001 used actual January – December, 2001 collections from the Revenue Accounting Division as of March 4, 2002.*
- 2. The 2001 collections were refined taking into account the following adjustments:*
  - a. Closures of business establishments;*
  - b. Transfers of taxpayers were tracked to the new region;*

- c. *Non-recurring collections which does not include collection of estate tax, donors tax, capital gains tax, etc. other than a one-time collection that accounts for at least twenty percent (20%) of the district collection for the month;*
- d. *VAT collections affected by RA 9136 (The Electrical Power Industry Reform Act of 2001);*
- e. *Collections from the Voluntary Assessment Program (VAP); and*
- f. *Collections from National Government Agencies (NGAs) and Local Government Units (LGUs) per reports of the Collection Service.*

### III. Allocation by Implementing Group

*The implementing groups were clustered into three groups. Each cluster was assigned a regional growth rate and the same growth factor of 1.4 for all groups. These clusters are the following:*

<b>CLUSTER</b>	<b>Implementing Group</b>	<b>Regional Growth Rate</b>	<b>Growth Factor</b>
A	LTS – Large Taxpayers Service	10%	1.4
	RR 4 – San Fernando, Pampanga	10%	1.4
	RR 5 – Valenzuela, Metro Manila	10%	1.4
	RR 6 – Manila	10%	1.4
	RR 7 – Quezon City	10%	1.4
	RR 8 – Makati	10%	1.4
	RR 9 – San Pablo City	10%	1.4
	RR 13 – Cebu City	10%	1.4
B	RR 1 – Calasiao, Pangasinan	9%	1.4
	RR 2 – Cordillera Administrative Region	9%	1.4
	RR 11 – Iloilo City	9%	1.4
	RR 12 – Bacolod City	9%	1.4
	RR 16 – Cagayan de Oro City	9%	1.4
	RR 19 – Davao City	9%	1.4
C	RR 3 – Tuguegarao, Cagayan	8%	1.4
	RR 10 – Legazpi City	8%	1.4
	RR 14 – Tacloban City	8%	1.4
	RR 15 – Zamboanga City	8%	1.4
	RR 17 – Butuan City	8%	1.4
	RR 18 – Cotabato City	8%	1.4

### IV. Methodology for Goal Allocation by Implementing Group

1. Allocation of the Total CY 2002 Goal for Revenue Regions (RRs) and Large Taxpayers Service (LTS), Table 2

To compute for the total CY 2002 goal for Existing Measures of the various RRs and LTS the following formula was used:

$$\text{Goal}_{2002} = \text{Coll.}_{2001} + (\text{Coll.}_{2001} \times \text{Clustered Regional growth rate} \times \text{growth factor}) + \text{Special Types} + \varepsilon$$

where:

Special Types are:

- i. Excise Taxes for Large Taxpayers Service (LTS), Treasury Bills for Revenue Region No. 6 and Stock Transactions for Revenue Region No. 7 and
- ii. Collections from National Government Agencies (NGAs) and Local Government Units (LGUs) were increased by ten percent (10%) since the budget of agencies concerned increased by at least said percentage.

$\varepsilon$  = balancing amount to maintain the total goal on existing measures set by the Department of Finance of ₱ 431,556 M.

2. The administrative measures of ₱ 16 B were assigned as to the specific implementing group tasked to collect from the measure, if any. The balance was then distributed to the various implementing groups using ratio and proportion technique by major type of tax (if applicable).
3. Allocation of Monthly Goal by Implementing Group, by Major Source (Table 3)

To compute for the CY 2002 goal by major source, the following is the methodology:

- a. Refine the CY 2001 tentative monthly internal revenue collections.

The CY 2001 collections have been refined by deducting the following:

- i. T-Bills collection from Revenue Region No. 6 - Manila
- ii. Non-recurring taxes from each Revenue Region
- iii. Voluntary Assessment Program (VAP) collections

The CY 2001 monthly internal revenue collections were also adjusted to reflect the changes in payment period from

quarterly to monthly of certain types of taxes in accordance to Revenue Regulations (RR) No. 6-2001 dated July 31, 2001

b. Compute the monthly goal by Implementing Group, by Major Source (Table 4).

i. Using the refined collection figures, allocate the goal for RRs for each major type, applying the ratio and proportion technique to CY 2001 collection.

ii. Add the goal for the special taxes to the respective RRs collecting these sources.

iii. Allocate the monthly goal, by type of tax, using ratio and proportion technique to CY 2001 refined collections.

#### 4. Treatment of Goal on Special Taxes

##### a) Excise Taxes

The goal on Excise Tax of ₱ 66,638 M is solely allocated to the Large Taxpayers Service in consonance with Executive Order No. 306.

##### b) Treasury Bills

The goal on tax on collections from T-Bills of ₱ 19,812 M is allocated to RR 6 - Manila, since it has jurisdiction over Bangko Sentral ng Pilipinas (BSP) which collects such tax for the BIR.

##### c) Stock Transaction Tax

The goal on Stock Transaction Tax under the "Percentage Tax" type in the amount of ₱ 1,232 M is allocated to RR 7 - Quezon City since the Philippine Stock Exchange (PSE) is located in RDO No. 43 - Pasig City.

#### V. *Revenue District Goal Allocation*

The recommended procedure and methodology for the district goal allocation should follow that of the Revenue Regions namely:

1. Refine the CY 2001 collection data of the revenue districts as to closures, transfers, National Government Agencies and Local Government Units and non-recurring collections. Likewise, exclude VAT collections affected by RA 9136 and collections under the Voluntary Assessment Program (VAP). The term "non-recurring collection" does not include collection of estate tax, donors tax, capital gains tax, etc. other than a

one-time collection that accounts for at least twenty percent (20%) of the district collection for the month.

2. Using the refined collection figure of each revenue district office apply the following formula:

$$\text{Goal}_{2002} = \text{Coll.}_{2001} + (\text{Coll.}_{2001} \times \text{Clustered Regional growth rate} \times \text{growth factor}) + \text{Special Type(s)} + \epsilon$$

where:

Special Type(s) are:

- i. collections from NGAs and LGUs which were increased by 10%
- ii. taxes specific to a particular RDO, such as Treasury Bills and stock transactions

$\epsilon$  = balancing amount to maintain the total existing goal of each Revenue Region.

3. Identify the goal on Administrative Measures which can be assigned to specific RDOs and allocate the remaining through ratio and proportion technique to each Revenue District Office.
4. Compute the monthly goal allocation, by major type of tax for each Revenue District Office.

Comments on the goal allocation of concerned Revenue District Offices should be addressed to the Deputy Commissioner, Operations Group.

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## *VII. Compliance*

All Regional Directors and Assistant Commissioners concerned are hereby required to **submit through e-mail ([cynthia.santos@bir.gov.ph](mailto:cynthia.santos@bir.gov.ph)) to the Chief, Statistics Division within five (5) working days** the Distribution of Regional Goals by RDO, by month and by type of taxes.

(Original Signed)  
**RENÉ G. BAÑEZ**  
**Commissioner of Internal Revenue**