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

January 17, 2005

## REVENUE MEMORANDUM ORDER NO. 2-2005

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

**SUBJECT** : **Tentative Allocation of the BIR Collection Goal for CY 2005, By Implementing Office**

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### I. CY 2005 Overall Collection Goal

The overall collection goal of the Bureau for CY 2005 as set by the Department of Finance is P 547,499 million, which is 17.12% higher than CY 2004 actual collection of ₱467,464 million (per latest Bureau of Treasury tentative figure). This year, collection goal for existing measures amounts to ₱532,194 M, and ₱10,305 M for legislative measures while ₱5,000 M accounts for administrative measures. The breakdown by major tax type, is as follows:

| Tax Type | | Total Goal | |
|---|---|---|---|
| Income Taxes | ₱ | 328,920 | M |
| Excise Taxes | | 61,486 | |
| Value Added Taxes | | 94,697 | |
| Percentage Taxes | | 33,041 | |
| Other Taxes | | 29,355 | |
| **TOTAL** | **₱** | **547,499** | **M** |

### II. Data Used

The following data were used in the allocation of the total goal among the implementing offices:

1. Collection data for CY 2004 based on the tentative reports submitted by the regions to Planning Division as of January 13, 2005.

2. The CY 2004 actual collections by implementing office were refined taking into account the following adjustments:

   i) Collections from Tax Remittance Advice (TRA) by implementing office for January to November 2004 and December 2003, as reported by the Revenue Accounting Division as of January 13, 2005;

   ii) Collections from GOCCs and LGUs by implementing office CY 2004, as reported by the Large Taxpayers Service (LTS) and Withholding Tax Division; and

iii) Collections from special (Excise Taxes, Tax on Treasury Bills, Travel Tax and Stock Transactions Tax), per tentative report of Revenue Regions (RRs) and the LTS as of January 13, 2005.

3. Distribution of CY 2004 refined collection, by month;
4. Excise Tax estimates prepared by the Large Taxpayers Service dated January 13, 2005;
5. Distribution of CY 2004 BIR Collections by GFS Classification per BTr Report for January to November 2004 and goal for the month of December 2004.
6. National Government Revenue Program (NGRP) dated January 12, 2005;

## III. Regional Goal Allocation Methodology

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

CY 2005 total goal (existing, legislative and administrative measures) by major tax type was based on the figures in the 2005 National Government Revenue Program of the Department of Finance.

Collection goal on legislative measures is composed of the following:

1) Rationalization of Excise Tax on Motor Vehicles, ₱191 M;
2) Rationalization of Documentary Stamp Tax with ₱5,014 M; and
3) Indexation of sin products, ₱5,100 M.

Collection goal for administrative measures amounting to ₱5,000 M covers additional revenues from Expanded Third Party Information (TPI)–Integrated Tax System Computer Matching, audit of ecozone locators and GOCCs, among others.

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

CY 2004 monthly goal for Excise Taxes was based on the figures given by the Large Taxpayers Service

For the remaining types of taxes, CY 2005 goal was allocated monthly based on the refined monthly collection distribution (Net of Special Taxes) of CY 2004. Thus, for a particular Month *M* and Tax Type *N*, the total goal $G_{MN}$ is computed as follows:

$$G_{MN} = D_{MN} \times ₱\ 547{,}499\text{M}$$

where $D_{MN}$ = percent share in CY 2004 collection of Tax Type *N* for month *M*

### C. Total Collection Goal, By Implementing Office (Table 3)

Generally, an 18.37% rate of increase was applied on the region's refined average of collection and goal CY 2004, which was net of collections from the following:

1. Tax Remittance Advices (TRAs), GOCCs and LGUs, for which zero growth was assumed; and
2. Special taxes (i.e., taxes on T-Bills, Travel Tax, Stock Transactions Tax and Excise Taxes), goals for which were taken from the NGRP estimates.

**D. Goal Allocation, By Major Tax Type and By Implementing Office** (Tables 4 to 9)

Using the ratio and proportion technique based on the BIR 12.09 report of 2004 collection, as aligned with the goals computed in items III.A, III.B and III.C above, the monthly goals by tax type were allocated per implementing office.

## IV. Treatment of Goal on Special Taxes, Tax Remittance Advice and GOCCs/LGUs

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

a) Excise Taxes

The total goal for existing and legislative measures on Excise Taxes amounting to ₱ 61,486 M is solely allocated to the Large Taxpayers Service (LTS) .

b) Tax on Treasury-Bills and Travel Taxes

The goals on tax from T-Bills of ₱38,392 M and Travel Tax of ₱156 M are allocated to RR 6 – Manila since it has jurisdiction over Bangko Sentral ng Pilipinas (BSP) and Department of Tourism.

c) Stock Transactions Tax

The goal on Stock Transactions Tax of ₱1,211 M is allocated to RR 7 – Quezon City since the Philippine Stock Exchange (PSE) is within the jurisdiction of said Region.

d) Tax Remittance Advice (TRA), LGUs / GOCCs

CY 2005 collection through TRAs and on taxes withheld by LGUs (for Regions) and GOCCs (for LTS) was assumed to be equal to CY 2004 collection across all implementing offices.

## V. 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 based on this approved RMO.

A report on the above allocation among RDOs/LT units shall be submitted to the Assistant Commissioner, Policy & Planning Service, Attention: Chief, Statistics Division, via e-mail (cynthia.santos@bir.gov.ph) by January 24, 2005. A hard copy of the report, duly signed by the Regional Director/LTS Head, as well as the respective Revenue District Officers or Chiefs of LT Units, to signify their conformance with the allocation, shall also be submitted to the Statistics Division upon their completion of the allocation.

## VI. List of Tables



For your reference and compliance.

**(Original Signed)**
**GUILLERMO L. PARAYNO, JR.**
**Commissioner of the Internal Revenue**