

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

February 13, 2004

**REVENUE MEMORANDUM ORDER NO. 6 - 2004**

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

**SUBJECT : Allocation of the BIR Collection Goal for CY 2004,  
By Implementing Office**

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**I. CY 2004 Overall Collection Goal**

The overall revenue target of the Bureau for CY 2004, as set by the Department of Finance, in the amount of P476,306 million is higher than CY 2003 actual collection of ₱ 425,353 million (per Bureau of Treasury) by 11.98%. For this year, the collection goal for existing measures amounts to ₱ 471,136 M and ₱ 5,170 M for legislative measures. The breakdown of said goal, by major tax type, is as follows:

| <b>Tax Type</b>   |          | <b>Total Goal</b> |
|-------------------|----------|-------------------|
| Income Taxes      | ₱        | 278,848 M         |
| Excise Taxes      |          | 51,624            |
| Value Added Taxes |          | 93,727            |
| Percentage Taxes  |          | 21,026            |
| Other Taxes       |          | 31,081            |
| <b>TOTAL</b>      | <b>₱</b> | <b>476,306 M</b>  |

**II. Data Used**

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

1. Refined CY 2003 actual collections by implementing office, which took into account the following:
  - a) Actual CY 2003 collections of implementing offices based on BIR Form No. 12.09 report as of January 19, 2003 runday;
  - b) Adjustments to the actual collections in "a)", to wit:
    - i) Collections from Tax Remittance Advice (TRA) in CY 2003, by implementing office, as reported by the Revenue Accounting Division as of February 5, 2004;
    - ii) Collections from transferred-out taxpayers which accounted for at least 5% of the total collections of a district and the corresponding collections from such taxpayers which shall be transferred-in to respective districts;

- iii) Collections from non-recurring transactions (e.g., deficiency taxes, taxes on one-time transactions) which account for at least 10% of the district's total collection for a particular month;
  - iv) Closures of establishments/termination of business transactions; and
  - v) Collections from special taxes (Excise Taxes, Tax on Treasury Bills, Travel Tax and Stock Transactions Tax)
- 2. Distribution of CY 2003 refined collection, by month;
- 3. Consolidated CY 2004 Estimates of Implementing Offices submitted January, 2004;
- 4. National Government Revenue Program (NGRP) dated January 24, 2004;
- 5. CY 2003 BIR Collections by GFS Classification per BTr Report, as of January 26, 2004; and
- 6. Average distribution of monthly collection for the years 1999, 2001 and 2002.

### III. Regional Goal Allocation Methodology

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

CY 2004 total goal (existing and legislative measures) by major tax type was based on the figures in the 2004 National Government Revenue Program of the Department of Finance.

Legislative measures cover two taxes: 1) Excise Taxes - for the Rationalization of Excise Tax on Motor Vehicles ( ₱ 170 M) and 2) Other Taxes– Rationalization of Documentary Stamp Tax (₱5,000 M).

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

##### 1) Existing Measures

The CY 2004 total target for existing measures (P 471,136 M) was allocated monthly based on the refined monthly distribution of total collection for CY 2003. Thus, for a particular Month  $M$  and Tax Type  $N$ , the total goal  $G_{MN}$  is computed as follows:

$$G_{MN} = D_{MN} \times \text{₱ 471,136M}$$

where  $D_{MN}$  = Percent Share of Collection in CY 2003 of Tax Type  $N$  for month  $M$

##### 2) Legislative Measures

Monthly goals on legislative measures for Excise Taxes on Automobiles (₱ 170 M) and DST (₱ 5,000 M) were allocated based on the monthly share of total collection for the years 1999, 2001 and 2002, and added to the existing goals for Excise Taxes and Other Taxes, respectively. Thus, for Tax Type  $N$  in a particular Month  $M$ , the total goal  $G_{MN}$  is computed as follows:

$$G_{MN} = D_{MN} \times G_{NTOTAL}$$

where  $D_{MN}$  = Average Share of Collection for Tax Type  $N$  in years 1999, 2001 and 2002 for a particular month  $M$

$G_{NTOTAL}$  = Total Goal in 2004 for Tax Type  $N$  = NGRP projection

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

Generally, a 19.60% rate of increase was applied on the region's refined 2003 collection, net of the collections from the following:

1. Tax Remittance Advices (TRAs), 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 ( See Tables 4 to 9)**

Using the ratio and proportion technique based on the consolidated estimates of implementing offices, 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 and Tax Remittance Advice**

Special Taxes were refined from 2003 collections. The following Special Taxes and Tax Remittance Advice were allocated directly to the implementing offices concerned :

#### **a) Excise Taxes**

The total goal for existing and legislative measures on Excise Taxes amounting to ₱ 51,624 M is solely allocated to the LTS .

#### **b) Tax on Treasury-Bills and Travel Taxes**

The goals on tax from T-Bills of ₱ 33,534 M and Travel Tax of ₱ 487 M per NGRP 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 ₱ 650 M under the Percentage Taxes is allocated to RR 7 – Quezon City since the Philippine Stock Exchange (PSE) is within the jurisdiction of said Region.

#### **d) Tax Remittance Advice**

CY 2003 collection through TRAs was assumed to be equal to CY 2003 collection across all implementing offices.

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

Revenue district goal allocation shall be based on the distribution provided in the revenue estimates submitted by Revenue Regions last January, 2004. The

Statistics Division (SD) shall prepare the Revenue District Office (RDO) goal allocation following the procedure used in the regional goal allocation. Copies of the RDO goals shall be sent to all regional offices by the Statistics Division within (7) days upon the approval of this Memorandum.

## **VI. List of Tables**

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For your reference and compliance.

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