



Funding the Republic

Republic of the Philippines
KAGAWARAN NG PANANALAPI
KAWANIHAN NG INGATANG-YAMAN
(BUREAU OF THE TREASURY)
Intramuros, Manila



Press Release

July 2024 NG Budget Deficit Narrows to P28.8 Billion Budget Shortfall at P642.8 Billion as of End-July 2024

Manila, Philippines, 28 August 2024 - The National Government's (NG) budget deficit for July 2024 declined by 39.67% (P19.0 billion) year-over-year (YoY) to P28.8 billion, driven by faster revenue growth of 11.09% compared to a 5.80% increase in expenditures. Meanwhile, the resulting year-to-date (YTD) budget gap stood at P642.8 billion, up by 7.21% (P43.2 billion) from the same period last year.

Revenue Performance

Revenue collections in July amounted to P457.4 billion and was 11.09% (P45.6 billion) higher YoY. Tax collections, which comprised 88.07% of the total, grew by 15.46% YoY while non-tax revenues, accounting for 11.93%, contracted by 13.20%.

The P2.6 trillion cumulative revenue for 2024 surpassed the P2.3 trillion raised in the same 7-month period in 2023 by 14.75% or P335.1 billion. Of the total 2024 collections, 85.85% or P2.2 trillion came from taxes, which grew by 10.99% YoY. On the other hand, the non-tax component contributed P368.8 billion, representing 14.15%, with a significant 44.47% YoY increase.

The Bureau of Internal Revenue (BIR) achieved 17.09% YoY growth in its July collection amounting to P319.8 billion, net of P175.0 million tax refund. The agency's P1.7 trillion total collections as of end-July also grew by 12.70% (P189.5 billion) compared to last year's collection of P1.5 trillion. The YoY growth was due to higher collections of Value-Added Tax (VAT), income taxes, other domestic taxes, and percentage taxes. The growth in VAT collection was partly attributed to base effects as collections last year were lower by around two months' worth of VAT collection with the shift from monthly to quarterly filing of VAT payments as mandated by the Tax Reform for Acceleration and Inclusion (TRAIN) Law.

The Bureau of Customs' (BOC) collection for the month was recorded at P80.4 billion (net of P645.0 million tax refund), registering YoY growth of 9.99% (P7.3 billion). The BOC's aggregate collection for the first seven months of the year reached P535.9 billion, 5.80% or P29.4 billion higher than the January-July 2023 figure. The YoY growth in BOC revenue was due to higher collections from VAT, import duties, and excise taxes. The positive revenue performance was also driven by peso depreciation, higher value and volume of imports, and higher international crude oil prices when compared with the same period last year.

Income collected and generated by the Bureau of the Treasury (BTr) contracted to P19.9 billion in July from P50.8 billion a year ago. The decrease was primarily due to

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the BSP's one-off remittance of P31.9 billion¹ last year, as well as reduced income from BTr-managed funds and NG deposits. Nonetheless, BTr's cumulative 2024 income of P183.8 billion has already surpassed the previous year's performance for the same period by 27.81%. This strong performance was due to higher dividend remittances, interest on advances from GOCCs, and NG's share from PAGCOR income.

Collections by other offices (other non-tax, including privatization proceeds, fees and charges, and grants) reached P34.6 billion in July, nearly tripling the P12.0 billion recorded in the same period last year. This resulted in a cumulative collection of P185.0 billion, also higher by 65.96% or P73.5 billion above last year's comparable figure.

Expenditures

July disbursements reached P486.2 billion and were 5.80% or P26.7 billion higher than what was spent in 2023 partly due to the higher National Tax Allotment (NTA) share of LGUs. The July outturn contributed to a higher YTD expenditure of P3.2 trillion, reflecting a 13.17% or P378.3 billion YoY increase in disbursements.

Primary expenditures (net of interest payments) in July reached P406.8 billion, representing a 2.73% increase over last year. Total primary expenditures for the 7-month period amounted to P2.8 trillion. This similarly outperformed the P2.5 trillion posted in the corresponding period a year ago.

Interest Payments (IP) amounted to P79.4 billion in July and increased by 24.99% or P15.9 billion YoY. This was due to the higher cost of financing and depreciation of the peso observed throughout the year. Consequently, total IP as of end-July was also higher at P456.7 billion, up by 31.98% or P110.7 billion YoY.

Primary Surplus/ (Deficit)

Netting out interest payments from expenditures, NG's primary surplus for July increased to P50.6 billion, much larger than last year's P15.7 billion. This reduced the YTD primary deficit to P186.1 billion, 26.60% below last year's primary deficit of P253.5 billion.

Fiscal Indicators

With the 6.0% real GDP growth in the first half of 2024, the deficit ratio for the first semester widened to 4.87%, slightly higher than the 4.80% posted a year ago. Meanwhile, revenue effort as of end-June improved to 17.06% compared to 16.17% in 2023. Moreover, tax effort moderately increased to 14.57% from 14.50% over the same period. Lastly, the expenditure effort also rose to 21.94% for the period from 20.96% in the first half of 2023.

¹ BSP's dividend remittance to the BTr amounted to P4.3 billion in July this year, following the earlier remittance of P9.2 billion in May.

Fiscal Performance
For the Period Indicated
(In Billion Pesos)

Year-on-Year

Particulars	July p/			
	2023	2024	Diff	YoY
REVENUES	411.7	457.4	45.6	11.09%
Tax Revenues	348.9	402.8	53.9	15.46%
BIR ^{1/}	273.1	319.8	46.7	17.09%
BOC ^{2/}	73.1	80.4	7.3	9.99%
Other Offices	2.7	2.7	(0.0)	-1.38%
Non-Tax Revenues	62.8	54.6	(8.3)	-13.20%
BTr	50.8	19.9	(30.9)	-60.82%
Other Offices ^{3/}	12.0	34.6	22.6	188.20%
EXPENDITURES	459.5	486.2	26.7	5.80%
Interest Payments	63.6	79.4	15.9	24.99%
Others	396.0	406.8	10.8	2.73%
SURPLUS/ (DEFICIT)	(47.8)	(28.8)	19.0	-39.67%
Primary Surplus/ (Deficit)	15.7	50.6	34.9	221.47%

^{1/} Net of P175.0 million tax refund; July BIR collection inclusive of tax refund totaled P320.0 billion.

^{2/} Net of P645.0 million tax refund; July BOC collection inclusive of tax refund totaled P81.0 billion.

^{3/} Includes grants amounting to P79.0 and P1.0 million for July 2023 and 2024, respectively.

Year-to-Date

Particulars	January - July p/			
	2023	2024	Diff	YoY
REVENUES	2,271.9	2,606.9	335.1	14.75%
Tax Revenues	2,016.6	2,238.1	221.5	10.99%
BIR ^{1/}	1,492.3	1,681.8	189.5	12.70%
BOC ^{2/}	506.5	535.9	29.4	5.80%
Other Offices	17.8	20.4	2.6	14.90%
Non-Tax Revenues	255.3	368.8	113.5	44.47%
BTr	143.8	183.8	40.0	27.81%
Other Offices ^{3/}	111.5	185.0	73.5	65.96%
EXPENDITURES	2,871.4	3,249.7	378.3	13.17%
Interest Payments	346.0	456.7	110.7	31.98%
Others	2,525.4	2,793.0	267.6	10.60%
SURPLUS/ (DEFICIT)	(599.5)	(642.8)	(43.2)	7.21%
Primary Surplus/ (Deficit)	(253.5)	(186.1)	67.4	-26.60%

^{1/} YTD tax refund is P6.7 billion; Total gross BIR collection is P1.7 trillion inclusive of tax refund.

^{2/} YTD tax refund is P1.6 billion; Total gross BOC collection is P537.5 billion inclusive of tax refund.

^{3/} Includes grants amounting to P284.0 and P301.0 million for Jan-Jul 2023 and 2024, respectively.