



BUDGET PRESENTATION

OPENING STATEMENT

BENJAMIN E. DIOKNO
SECRETARY OF FINANCE

September 14, 2022
Senate of the Philippines

FISCAL YEAR
2023



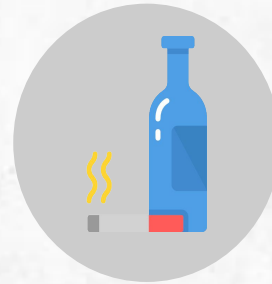
Our structural reforms were a critical factor in maintaining fiscal sustainability during the pandemic



TAX REFORM FOR ACCELERATION AND INCLUSION (TRAIN) ACT



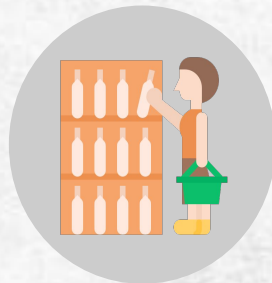
TAX AMNESTY ACT



SERIES OF SIN TAX MEASURES



CORPORATE RECOVERY AND TAX INCENTIVES FOR ENTERPRISES (CREATE) ACT



AMENDMENTS TO THE RETAIL TRADE LIBERALIZATION ACT



AMENDMENTS TO THE FOREIGN INVESTMENTS ACT

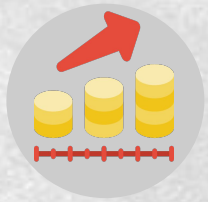


AMENDMENTS TO THE PUBLIC SERVICE ACT

Outline of the Presentation



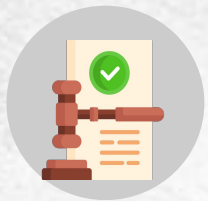
Current State of the Philippine Economy



Updates on Fiscal Performance and Borrowing Efforts



Overview of the Medium-Term Fiscal Plan

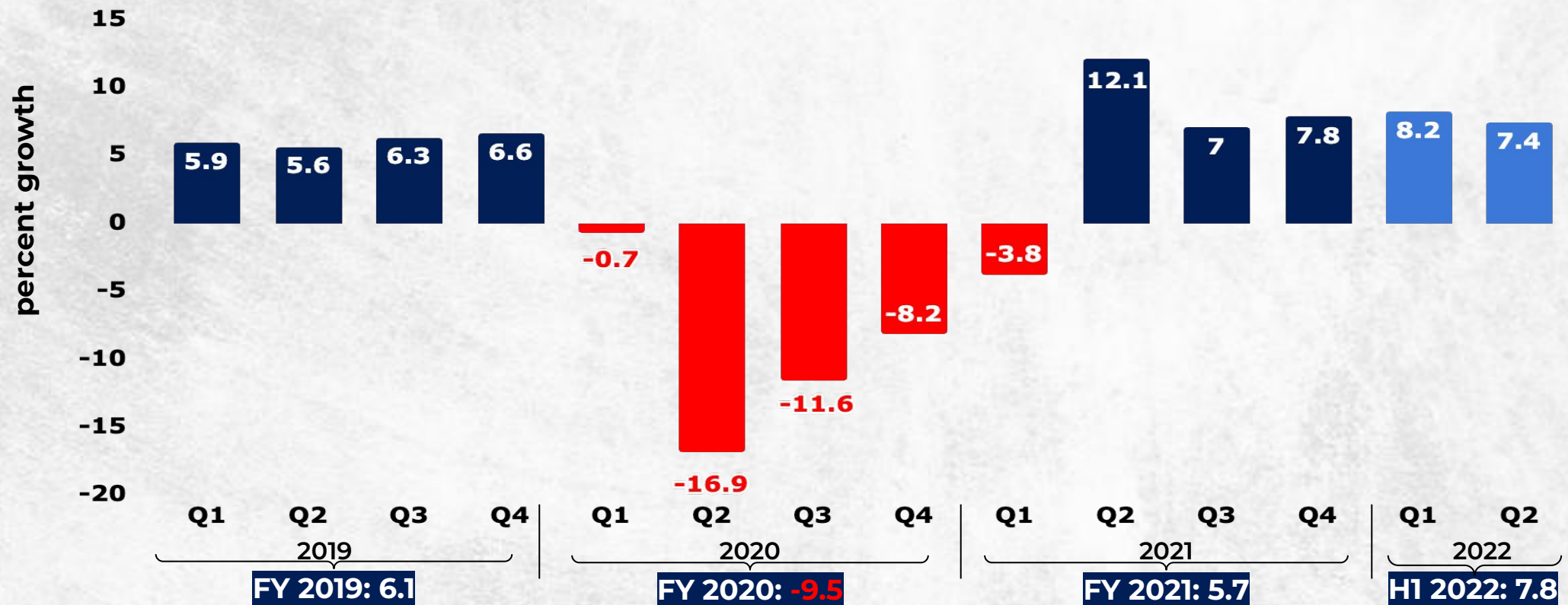


Legislative Priorities of the Department of Finance

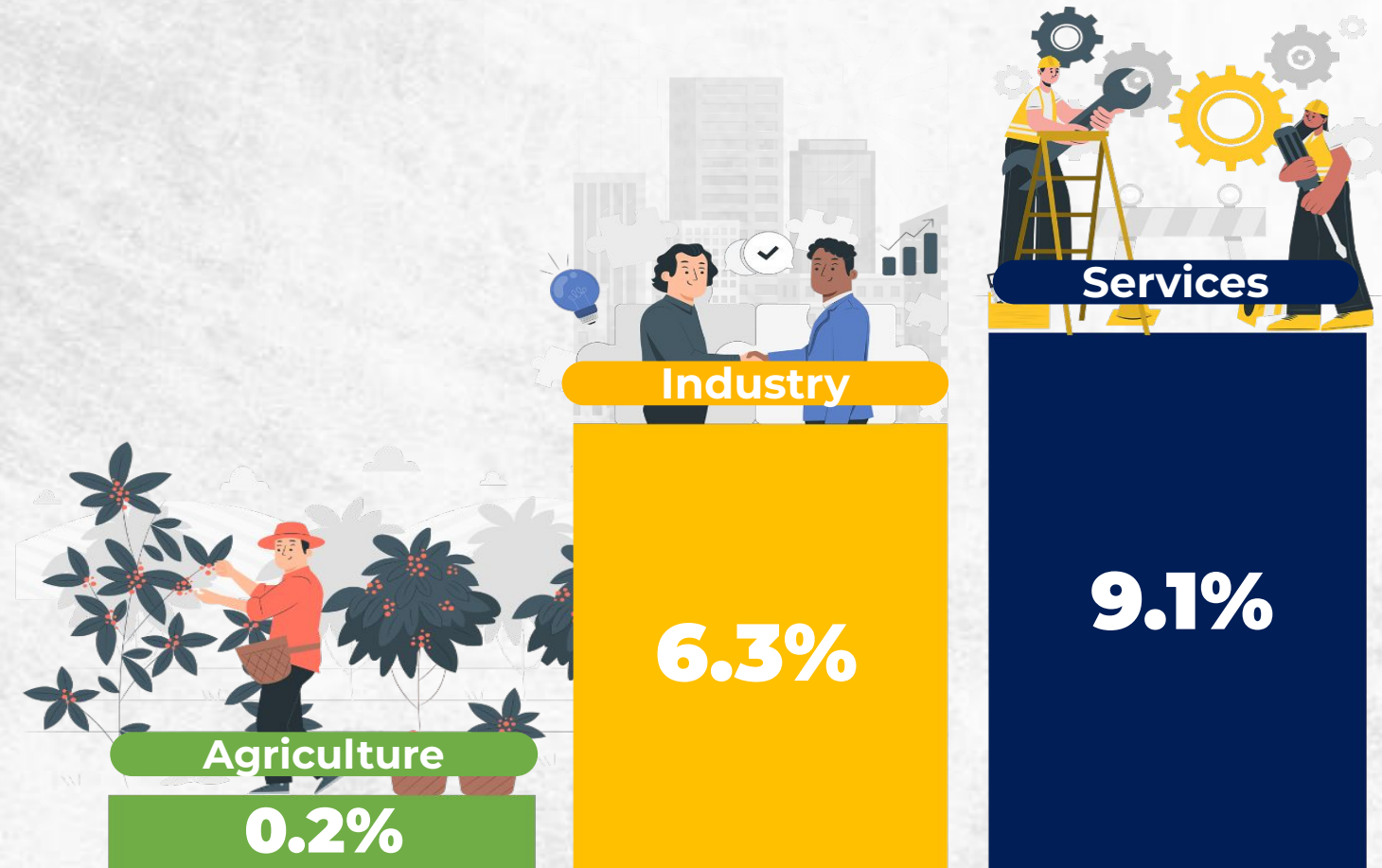
CURRENT STATE OF THE PHILIPPINE ECONOMY

Q2 2022 GDP growth shows that we are on a steady path to a strong rebound and expansion

Philippines' Real GDP growth rate (year-on-year)

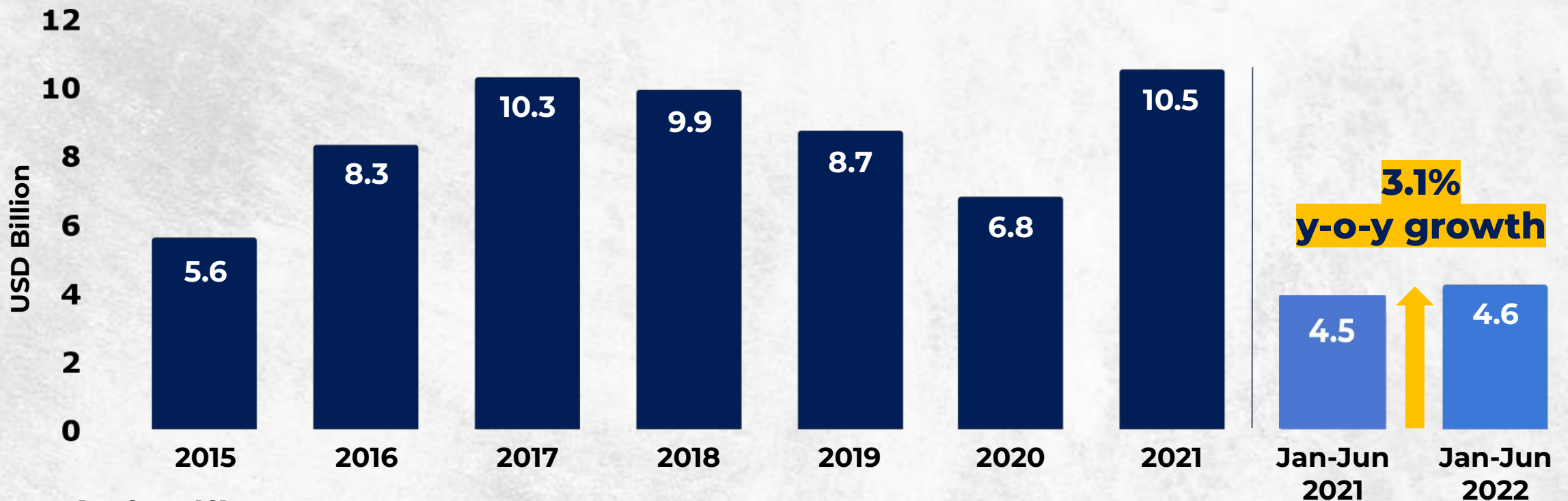


The Philippine economic expansion for the second quarter of the year was broad-based



Investment inflows reflect confidence in the Philippines' strong economic recovery

Net Foreign Direct Investment Inflows (In USD Billion)



Data Source: BSP

We are seeing green shoots in the jobs market

Labor Force Survey Results (2022)

| Particulars (in %) | May | June | July |
|---|-------------|-------------|-------------|
| Labor Force Participation Rate | 64.0 | 64.8 | 65.2 |
| Employment Rate | 94.0 | 94.0 | 94.8 |
| <i>Youth Employment Rate</i> | <i>87.9</i> | <i>88.2</i> | <i>88.1</i> |
| Underemployment Rate | 14.5 | 12.6 | 13.8 |
| <i>Youth Underemployment Rate</i> | <i>11.6</i> | <i>10.3</i> | <i>12.1</i> |
| Unemployment Rate | 6.0 | 6.0 | 5.2 |
| <i>Youth Unemployment Rate</i> | <i>12.1</i> | <i>11.8</i> | <i>11.9</i> |
| Average weekly hours worked by an employed worker (in Hours) | 39.8 | 40.3 | 40.5 |

UPDATES ON FISCAL PERFORMANCE AND BORROWING EFFORTS

January to July 2022 revenues posted a double-digit growth of **17 percent** compared to the same period in 2021

| Particulars (in PHP Billion) | January to July | | | |
|---------------------------------|-----------------|----------------|--------------|--------------|
| | 2022 | 2021 | Difference | % Difference |
| Revenues | 2,036.2 | 1,746.7 | 289.5 | 16.6% |
| Tax revenue | 1,823.1 | 1,574.1 | 249.0 | 15.8% |
| BIR | 1,329.9 | 1,202.6 | 127.3 | 10.6% |
| BOC | 480.3 | 358.9 | 121.4 | 33.8% |
| Other offices | 12.8 | 12.5 | 0.3 | 2.3% |
| Non-tax revenues | 213.1 | 172.4 | 40.7 | 23.6% |
| BTr income | 117.5 | 95.2 | 22.3 | 23.4% |
| Others | 95.6 | 77.1 | 18.4 | 23.9% |

Data Source: BTR

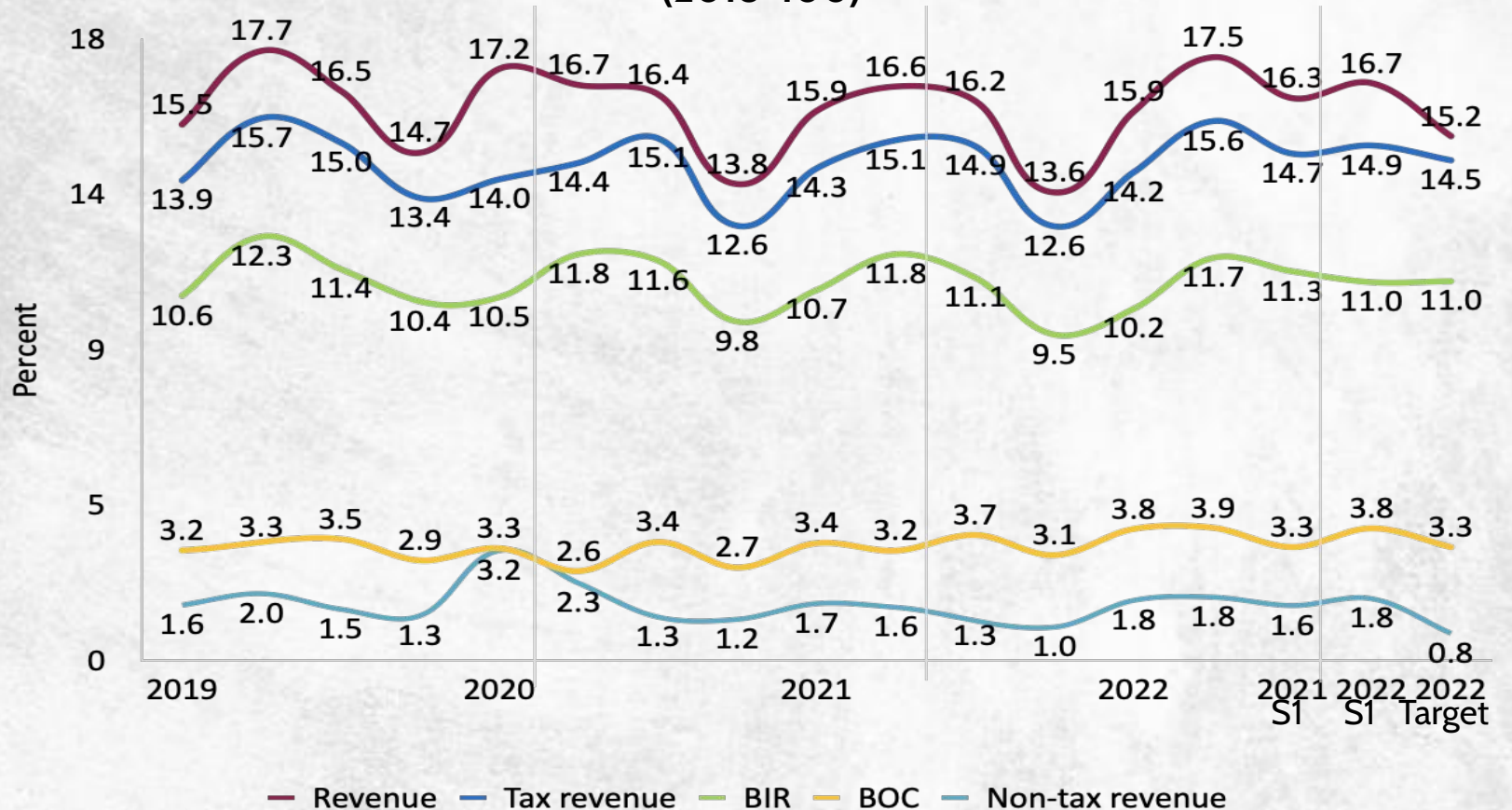
January to July 2022 actual collections exceeded the DBCC-approved program by **6 percent**

| Particulars (in PHP Billion) | January to July 2022 | | | Full Year 2022 Program |
|---------------------------------|----------------------|----------------|--------------|---------------------------|
| | Actual | Program | % Difference | |
| Revenues | 2,036.1 | 1,923.4 | 5.9% | 3,304.1 |
| Tax revenue | 1,823.1 | 1,803.2 | 1.1% | 3,139.6 |
| BIR | 1,329.9 | 1,366.7 | -2.7% | 2,392.6 |
| BOC | 480.3 | 421.4 | 14.0% | 721.5 |
| Other offices | 12.8 | 15.1 | -15.0% | 25.5 |
| Non-tax revenues | 213.1 | 120.1 | 77.4% | 164.5 |
| BTr income | 117.5 | 55.7 | 110.9% | 59.4 |
| Others | 95.6 | 64.4 | 48.4% | 101.1 |

Data Source: BTR

We are on track to achieving revenue and tax effort targets

NATIONAL GOVERNMENT REVENUE AND TAX COLLECTIONS
as percent of GDP
(2018=100)



Note: Revenue and tax effort are computed using tax revenues and GDP at current 2018 prices.
Sources: Bureau of the Treasury and Philippine Statistics Authority

Total fiscal deficit for the first seven months of this year is **9 percent lower** than the same period in 2021

| Particulars (in PHP Billion) | January to July | | | |
|---------------------------------|-----------------|----------------|--------------|--------------|
| | 2022 | 2021 | Difference | % Difference |
| Revenues | 2,036.2 | 1,746.7 | 289.5 | 16.6% |
| Tax revenue | 1,823.1 | 1,574.1 | 249.0 | 15.8% |
| Non-tax revenues | 213.1 | 172.4 | 40.7 | 23.6% |
| Expenditures | 2,797.1 | 2,583.7 | 213.4 | 8.3% |
| Interest Payments | 309.3 | 267.6 | 41.7 | 15.6% |
| Others | 2,487.8 | 2,316.1 | 171.7 | 7.4% |
| Surplus / (Deficit) | (760.9) | (837.0) | 76.1 | -9.1% |

Data Source: BTR

The total actual gross borrowing for January to July 2022 is at **56 percent** of the programmed borrowing

| Particulars (in PHP Billion) | 2021 Actual | 2022 Program | Jan to July 2022 Actual | % of Program |
|---------------------------------|----------------|----------------|----------------------------|--------------|
| Gross Financing | 2,549.7 | 2,211.8 | 1,245.6 | 56% |
| Foreign | 568.7 | 561.5 | 336.5 | 60% |
| Domestic | 1,981.0 | 1,650.3 | 909.1 | 55% |
| Financing Mix | 78:22 | 75:25 | 73:27 | - |
| NG Debt to GDP (%) | 60.4% | 62.0% | | - |

OVERVIEW OF THE MEDIUM-TERM FISCAL PLAN

The Marcos administration's 8-point socioeconomic agenda

ROBUST ECONOMY, INCLUSIVE AND RESILIENT SOCIETY

PROTECT THE PURCHASING POWER OF FAMILIES



Ensure Food Security



Reduce Transport and Logistic Cost



Reduce Energy Cost

REDUCE VULNERABILITY AND MITIGATE SCARRING FROM THE COVID-19 PANDEMIC



Tackle Health



Strengthen Social Protection



Address Learning Losses

ENSURE SOUND MACROECONOMIC FUNDAMENTALS



Improve Bureaucratic Efficiency



Ensure Sound Fiscal Management

CREATE MORE JOBS, QUALITY JOBS, GREEN JOBS



Promote Investments



Expand Digital Infrastructure



Improve Infrastructure



Encourage R&D and Innovation



Ensure Energy Security



Pursue a Green and Blue Economy



Increase Employability



Establish Livable and Sustainable Communities

NEAR-TERM AGENDA

MEDIUM-TERM AGENDA

The country's first-ever Medium-Term Fiscal Framework serves as our blueprint to steer the economy back to its high-growth trajectory.

| Particulars | Target |
|--------------------------------------|---|
| Real GDP Growth | 6.5 -7.5 percent in 2022 6.5-8.0 percent in 2023-2028 |
| Poverty Rate | 9.0 percent by 2028 |
| Deficit-to-GDP Ratio | 3.0 percent by 2028 |
| Debt-to-GDP Ratio | 60.0 percent by 2025 |
| Infrastructure Spending-to-GDP Ratio | 5.0-6.0 percent annually between 2023 to 2028 |
| Gross Net Income Per Capita | At least USD 4,256.0 or attainment of upper-middle-income status |

Medium-Term Fiscal Framework

| Particulars (in PHP billion) | 2021 Actual | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Revenues | 3,005.5 | 3,304.1 | 3,632.9 | 4,062.6 | 4,576.8 | 5,155.3 | 5,821.4 | 6,589.0 |
| % of GDP | 15.5 | 15.2 | 15.3 | 15.6 | 16.0 | 16.5 | 17.0 | 17.6 |
| Disbursements | 4,675.6 | 4,954.6 | 5,085.8 | 5,402.0 | 5,759.7 | 6,249.6 | 6,916.0 | 7,711.7 |
| % of GDP | 24.1 | 22.9 | 21.4 | 20.7 | 20.2 | 20.0 | 20.2 | 20.6 |
| Infrastructure (Disbursements) | 1,123.6 | 1,199.5 | 1,180.2 | 1,297.2 | 1,423.0 | 1,644.1 | 1,945.5 | 2,327.0 |
| % of GDP | 5.8 | 5.5 | 5.0 | 5.0 | 5.0 | 5.3 | 5.7 | 6.2 |
| Deficit | (1,670.1) | (1,650.5) | (1,452.9) | (1,339.4) | (1,182.8) | (1,094.3) | (1,094.6) | (1,122.7) |
| % of GDP | (8.6) | (7.6) | (6.1) | (5.1) | (4.1) | (3.5) | (3.2) | (3.0) |
| Gross Financing | 2,550.0 | 2,212.0 | 2,207.0 | 2,418.0 | 2,075.0 | 2,167.0 | 2,273.0 | 2,277.0 |
| Total NG Debt % of GDP | 60.5 | 62.0 | 61.4 | 60.2 | 58.5 | 56.7 | 53.6 | 51.2 |

LEGISLATIVE PRIORITIES OF THE DEPARTMENT OF FINANCE

Proposed measures by the DOF to **accelerate recovery**



**REAL PROPERTY VALUATION
AND ASSESSMENT
REFORM (RPVAR)**



**IMPOSITION OF VAT
ON DIGITAL GOODS
AND SERVICES**



**EXCISE TAX
ON SINGLE-USE
PLASTIC BAGS**



**PASSIVE INCOME AND
FINANCIAL INTERMEDIARY
TAXATION (PIFITA)**

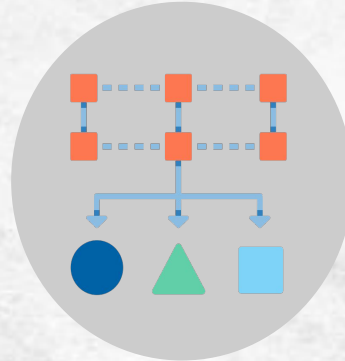


**RATIONALIZATION
OF MINING FISCAL
REGIME**

Proposed measures by the DOF to help **local government units** attain fiscal sustainability



**REAL PROPERTY
VALUATION
AND ASSESSMENT
REFORM (RPVAR)**



**LGU INCOME
CLASSIFICATION**



LGU PROPERTY INSURANCE



**BILLS AMENDING THE
LOCAL GOVERNMENT CODE
1991 ON LOCAL FINANCE**

Other proposed measures to accelerate recovery



**MILITARY AND UNIFORMED
PERSONNEL (MUP)
PENSION REFORM BILL**



**AMENDMENTS TO
LANDBANK OF THE
PHILIPPINES CHARTER**



**LIVESTOCK
DEVELOPMENT AND
COMPETITIVENESS BILL**



**CAPITAL MARKET
DEVELOPMENT
(CMDA) BILL**



**AMENDMENTS TO THE
PHILIPPINE CROP INSURANCE
CORPORATION CHARTER**

The economic team's **proposed 2023 budget** will fortify our country's bid for a strong recovery and accelerated growth.

With **capable leaders** and a **robust economic plan**, we are confident that we will achieve the Marcos administration's bold socioeconomic agenda.



OPENING STATEMENT

BENJAMIN E. DIOKNO
SECRETARY OF FINANCE

September 14, 2022
9:00am - 3:00pm
Senate of the Philippines

BUDGET PRESENTATION



FISCAL YEAR
2023