

**INTERNAL REVENUE SERVICE
WORKPLAN FOR THE IMPLEMENTATION OF THE 2007 BUDGET
FIRST QUARTER**

N C	PROGRAMMED ACTIVITIES	BASELINE PREVIOUS YEAR	EXPECTED OUTCOME	ACTUAL OUTCOME	REQUIREF ACTION	TIME FRAME	IMPLEMENTATION STATUS
1	To monitor 5% Withholding Tax (WHT)	Monitoring at Tax District level	More Withholding agents to be compliant	Yet to be assessed	Restructuring Quality Assurance and Compliance Unit. Monitoring to be at Regional level	2007	Quality Assurance and Compliance Unit set up in March 2007. Part of the duties include the monitoring of 5% WHT
2	GCNet facility at the Head Office	Provide linkage to access information from the Net.	Increased effort to track traders and importers' turnover for tax purposes.	Data being utilized by Tax Audit Division	GCNet facility will make data available to District officers and other Units to track down importers who are not registered and capture taxpayers who under-declare the value of their imports	2007	Research Division able to make data available to other Units on imports.
3	Establish Small Taxpayers Bureau to administer Rent Tax and Tax Stamp	Set up 52 Small Taxpayer Bureaux in 2006 now 53 STBS	Increase in revenue from self-employed	Improvement in collection	Interns from the Ministry of Manpower to assist in field collection of taxes.	2007	Monitoring and field work stepped up in all tax districts.
4	To broaden the Income Tax base with the introduction of Income Tax Verification Stickers for private vehicles	Several attempts made in the past.	Increase in Revenue from the informal sector	Yet to take off	Obtain value of vehicles registered by users from Vehicle Examination and Licencing Dept. Towards introduction of Income Tax Verification Sticker	Jul-07	Implementation Plan and Draft Bill under preparation.
5	Commence full computerization of its operations	Some initial work done	Automation of Business Process of IRS.	Yet to fully take off	Staff list com piled to assess level of computer literacy	2007	Yet to fully take off

1.

INTERNAL REVENUE SERVICE



2007 FIRST QUARTER COLLECTION PERFORMANCE

RESEARCH DIVISION

2007 FIRST QUARTER COLLECTION PERFORMANCE

1.0 REVIEW OF FIRST QUARTER PERFORMANCE - 2007

1.01 REVENUE COLLECTION PERFORMANCE

The Service exceeded its target of ₱1,690.758 billion by ₱169.585 billion (10%) in the first quarter of 2007. The total direct tax revenue collected was ₱1,860.343 billion. This includes Airport tax of ₱13.709 billion and arrears of National Reconstruction Levy (NRL) of ₱ 11.433 billion.

	2007 ₱'BILLION	2006 ₱'BILLION
COLLECTION	1,860.343	1,405.051
TARGET	1,690.758	1,478.173
DEVIATION	169.585	(73.120)
DEVIATION (%)	10	(5) 9
GROWTH (%)	32	

Revenue collection performance in the first quarter of 2007 was impressive with a positive deviation of ₱169.585 billion (10%). The same period last year (2006) recorded a negative deviation of ₱73.120 billion (5%).

1.02 MONTHLY COLLECTIONS

All the months exceeded their targets. March being the end of the quarter accounted for 50% of the quarter's total collection while January and February contributed 24% and 26% respectively. (Refer to Table 9).

TABLE 9
MONTHLY COLLECTIONS

MONTH	COLLECTION ¢'BILLION	TARGET ¢'BILLION	DEVIATION	
			¢'BILLION	%
JANUARY	446396	401.884	44.512	11
FEBRUARY	485.056	449.565	35.491	8
MARCH	928.891	839.309	89.582	11
TOTAL	1~60.343	1,690.758	169.585	10

1.03 FIRST QUARTER COMPARATIVE COLLECTION PERFORMANCE (2003-2007)

The table 10 illustrates revenue collection performance in the first quarter from 2003-2007.

TABLE 10: FIRST QUARTER COLLECTION PERFORMANCE (2003-2007)

YEAR	FIRST QTR. COLLECTION (¢'BILLION)	FIRST QTR. TARGET (¢'BILLION)	DEVIATION		% GROWTH IN COLL.
			(¢'BILLION	%	
2003	814.323	819.304	(4.981)	(1)	39
2004	1,075.009	1,141.080	(66.071)	(6)	32
2005	1,288.086	1,198.997	89.088	7	20
2006	1,405.051	1,478.172	(73.120)	(5)	9
2007	1,860.343	1,690.758	169.585	10	32

From Table 10 above, all the years registered negative deviation during the first quarter except 2007 which recorded a positive deviation of ¢169.585 billion (10%). The 2007 collection registered 32% growth in collection over that of 2006. This has reversed the steady decline in the percentage growth from 39% in 2003 to 9% in 2006.

**1.04 FIRST QUARTER COLLECTION COMPARED TO ANNUAL TARGETS
(2003-2007)**

**TABLE 11: FIRST QUARTER COLLECTION PERFORMANCE IN
RELATION TO ANNUAL TARGET (2003-2007)**

YEAR	FIRST QTR. COLLECTION (₦BILLION)	ANNUAL TARGET (₦BILLION)	COLL. AS % OF ANNUAL TARGET (₦BILLION)
2003	814.323	4,114.725	20
2004	1,075.009	5,200.000	21
2005	1,288.086	6,700.000	19
2006	1,405.051	7,411.000	19
2007	1,860.343	8,876.000	21
AVERAGE			20

Table 11 above shows first quarter collection performance in relation to annual target for a period of five years. An average of 20% has been recorded for the period.

1.05 PERFORMANCE OF THE MAJOR TAXTYPES

Performance of the major taxtype is illustrated in Table 12 below:

TABLE 12: PERFORMANCE OF THE MAJOR TAXTYPE - 2007

YEAR	ANNUAL COIL. (ϕ'BILLION)	TARGET (ϕ'BILLION)	DEVIATION		COIL. AS % OF TOTAL COIL.
			(ϕ'BILLION	%	
PAYE	738.508	704.108	34.400	5	39.7
SEIF-EMP.	94.490	96.51	96.151	(2)	5.0
COMPANIES	966.824	743.152	743.152	17	46.6
OTHERS	135.379	136.847	1.468	(1)	7.4
NRL	11.433	-	-	-	0.6
AIRPORT TAX	13.709	10.500	3.209	31	0.7
TOTAL	1,860.343	1,690.758	169.585	10	100

All the major taxtypes recorded positive deviation except Self-Employed and "Others". Companies was the highest contributor to the total collection and it contributed 46.6% followed by PAYE 39.7%, Self-Employed 5% and 7.4% for "Others".

2.0 STRATEGIES TO ENHANCE PERFORMANCE IN THE SECOND QUARTER OF 2007

2. Taxpayer Education Programmes will be intensified through electronic and print media as well as tax seminars and float with the view of promoting voluntary compliance.
3. Field collection exercises would be stepped-up in all the District offices. In addition the Service will continue to intensify tax audits.

3. Increased enforcement actions by way of - use of the Commissioner's tape, attachment, garnishment and prosecutions of delinquent taxpayers.
4. Information obtained from the GCNet facility at the Head Office would be made available to District offices to enable them track importers who are not registered with the Service and also capture taxpayers who under declare the value of their imports.
5. Preparations are underway towards the introduction of a Vehicle Sticker (Income Tax Verification). This will help rope into the tax net vehicle owners hitherto not in the tax net. The Service will liaise with Vehicle Examination and Licencing Department in carrying out the exercise, after the appropriate laws have been passed.
6. Arising from the institutional linkage with the Registrar General's Department (RGD), the Service has received from the RGD office a list of registered business. The Service will continue to make available the information to the District offices to ensure that their businesses are registered with the Service so as to widen the tax net for improved revenue collection.