

PUBLIC FISCAL ADMINISTRATION

- ❑ DEFINITION AND BRIEF HISTORY IN PHILIPPINES
- ❑ ORGANIZING FISCAL ADMINISTRATION
- ❑ FISCAL CONTROL MECHANISM
- ❑ BUDGET CONCEPT
- ❑ FISCAL MANAGEMENT

Presented by:
Manolo B. Fernandez
LJ Lambino

Fiscal Performance

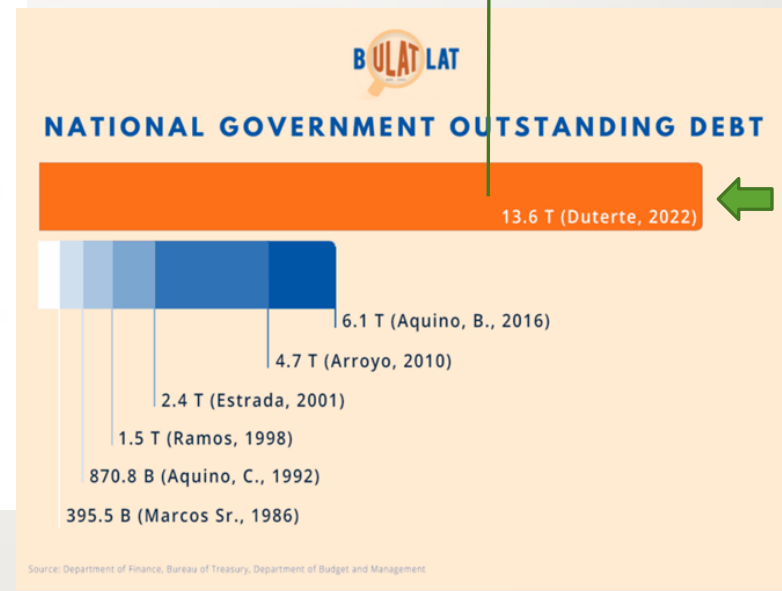
For the Period Indicated
(In Billion Pesos)

Year-on-Year

Particulars	January to December p/ (Actual)	
	2020	
REVENUES	2,856.0	
Tax Revenues	2,504.4	
BIR ^{1/}	1,951.0	
BOC ^{2/}	537.7	
Other Offices	15.7	
Non-Tax Revenues	351.5	
BTr	219.7	
Other Offices	131.9	
EXPENDITURES	4,227.4	
Interest Payments	380.4	
Others	3,847.0	
SURPLUS/ (DEFICIT)	(1,371.4)	
Primary Surplus/ (Deficit)	(991.0)	



P136K
Debt for
every
Filipino



2023 PROPOSED NATIONAL GOVERNMENT BUDGET

2022 GAA*
P5.024T

2023 Proposed Budget
P5.268T

4.9%

Priority Sectors	2022 GAA*	2023 Proposed Budget
Education ¹	P788.5B	P852.8B
Infrastructure (DPWH)	P786.6B	P718.4B
Health (DoH, PhilHealth)	P268.4B	P296.3B
Social Protection (DSWD)	P205.0B	P197.0B
Agriculture ²	P132.2B	P184.1B

NOTES:
*2022 General Appropriations Act
Includes the budget of:
1. Department of Education, Commission on Higher Education, State Universities and Colleges, and Technical Education and Skills Development Authority
2. Department of Agriculture, its attached agencies and corporations, Philippine Crop Insurance Corp., and Department of Agrarian Reform

Sector	Amount	% of Budget
Social Services	P2.071T	39.3%
Economic Services	P1.528T	29.0%
General Public Services	P807.2B	15.3%
Debt Burden (Includes Net Lending)	P611.0B	11.6%
Defense	P250.7B	4.8%

Top 10 Departments (in billion pesos)	2022 GAA*	2023 Proposed Budget	% change from 2022 GAA
Public Works and Highways	P785.726	P718.355	↓ 8.6%
Education	P592.696	P710.658	↑ 19.9%
Interior and Local Government	P249.449	P253.049	↑ 1.4%
National Defense	P220.488	P240.701	↑ 9.2%
Social Welfare and Development	P204.759	P197.030	↓ 3.8%
Health	P183.887	P196.078	↑ 6.6%
Transportation	P75.248	P167.121	↑ 122.1%
Agriculture	P68.575	P102.155	↑ 49.0%
State Universities and Colleges	P104.177	P97.746	↓ 6.2%
The Judiciary	P45.735	P52.736	↑ 15.3%

SOURCE: DEPARTMENT OF BUDGET AND MANAGEMENT
BUSINESSWORLD RESEARCH: ANA OLIVIA A. TRONCA AND MARK T. ANOIGUIS
BUSINESSWORLD GRAPHICS: BONG R. FORTIN

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What is Public Fiscal Administration?

Refers to the FORMULATION, IMPLEMENTATION AND EVALUATION of the POLICIES AND DECISIONS ON:

- Taxation
- Revenue Administration
- Resource Allocation
- Budgeting
- Public Expenditure
- Borrowing
- Debt Management
- Accounting
- Auditing

Reference: Briones, 1983

A fiscal administration also shows the reality of government and public organization in their provision of public good or service for the citizen.



A Brief Historical Highlights of Philippine Fiscal Administration

1565 – Late 1800s : Spanish Regime tax was called **the tributo, which was originally between 8 to 10 reales**. Santorum (for church building); Caja de Comunidad. Forced labor, or polo y servicio, was also a network for tax payment. Eventually, with the cedula, Spain replaced tributo with cedula, which allowed them to keep track of the people who could pay taxes.

REVOLTS AGAINST THE TRIBUTE

CAGAYAN AND DINGRAS REVOLTS (1589)

The Cagayan and Dingras Revolts Against the Tribute occurred on Luzon in the present-day provinces of Cagayan and Ilocos Norte in 1589.

SUMUROY'S REVOLT

In the town of Palapag today in Northern Samar, Agustin Sumuroy, a Waray, and some of his followers rose in arms on June 1, 1649 over the polo y servicio or forced labor system being undertaken in Samar.

MANIAGO'S REVOLT

The Maniago Revolt was an uprising in Pampanga during the 1660s named after its leader, Francisco Maniago.



TAX REFORM OF 1884

One of the good reforms which Spain introduced in the 19th century was the Tax Reform of 1884, as provided by the Royal Decree on March 6, 1884, this tax reform contained two important provisions.

1. Abolition of the hated Tribute and its replacement of Cedula Tax and;
2. Reduction of the 40-day annual forced labor (polo) to 15 days.



March 17, 1897 -Revolutionary Government was founded in Naic, Cavite

- Dir. Baldomero Aguinaldo,
DOF

1901- the Department of Finance and Justice(CS)

- William Howard Taft

- **Sec. Gregorio Araneta**

1916 - Reorganization Act No. 2666

- **DFJ split into two**

CEDULA PERSONALES

Cedulas were first issued based on the Royal Decree on March 6, 1884. All men and women residents of the island- Spaniards, foreigners, and natives- who were over 18 years old were required to obtain a cedula.



1936 – DOF and Budget Commission

1949 – Central Bank of the Philippines was created
1970 – Minister Cesar A. Virata was appointed Secretary

1974- with the adoption of the parliamentary form of government, the Department was changed to a Ministry.

1980s- of inter-agency committees

-Investment Coordination Committee (ICC)
-Government Corporate Monitoring and Coordinating Committee (GCMCC)

-1987-the Ministry of Finance was reverted to a Department following the ratification of the 1987 Constitution which provided for a presidential form of government.

1988- Value Added Tax was introduced and replaced a complicated sales tax structure.

1997 - Asia's Newest Tiger

- National Government recorded a budget surplus for the third consecutive year, and the public sector generated its fiscal surplus since the sector started to be monitored in 1985.

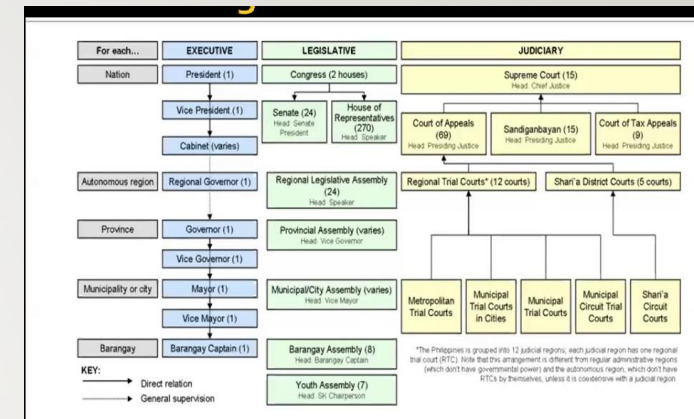
<https://www.slideshare.net/CharlesCimafranca/spanish-era-taxation>

<https://www.slideshare.net/J2Gonzales/fiscal-admin-the-rea> [Back to Main](#)

Organizing Fiscal Administration

❑ Fiscal activity is present in all levels of the organization, whether line or staff; top management level through middle management; the rank and file.

❑ Top management is most interested in it; middle management is deeply involved in it; the rank and file is affected by whatever results from it.



Organizing Fiscal Administration

Primary Agencies Involved



Revenue and Expenditure Policies, Budget Hearing, Deliberations and Recommendations to Senate and to OP



Makes sure fiscal plans and programs proposed are geared towards National Development; Revenue generation, sourcing of funds and disbursements



Review estimates and fiscal policy studies in close consultation with the National Economic and Development Authority and Central Bank; Allotment of funds



Conducts audit of funds and performance to see to it that expenditures are in accordance with the approved Appropriation Law



Requesting, Implementing and Approving Authority of the Annual General Appropriations Act (GAA)



DOF Agencies

Bureau of Internal Revenue

Bureau of Customs

Bureau of Treasury

Bureau of Local Government Finance

Insurance Commission

National Tax Research Center

Central Board of Assessment Appeal

Philippine Deposit Insurance Corporation

Philippine Guarantee Corporation

Privatization and Management Office

Securities and Exchange Commission

INCOME SOURCES

Two general sources of government income :

(1) Tax Revenue

- ✓ *income tax*
- ✓ *property tax*
- ✓ *domestic goods and services tax*
- ✓ *international trade and transactions tax , sales*
- ✓ *value added tax (VAT).*

(2) Non-Tax Revenue

- ✓ **operating and service income** – revenue from the operations of national and local government and government corporations
- ✓ **income from public enterprises and investments** – income received for the use of financial assets dividends; net rent for the use of government land and royalty for the use of copyrights and patents owned by the government.
- ✓ **miscellaneous income** –revenues not classified under other categories such as sale of goods and merchandise confiscated, waste materials; inventory adjustments and gains on exchange rate.
- ✓ **capital revenue** – income derived from the sale of capital assets like buildings, equipment, machines, land and intangible assets like patent, copyright and trademark



Other Sources:

- ✓ **grants** –non-repayable transfers received from other levels of the government, private sector or international institutions.
- ✓ **borrowings** – includes domestic and foreign debts, regardless of source, whether in cash or in kind.

PPP : Public – Private Partnership

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Fiscal Control Mechanism

Justifications

1. To Prevent Misappropriations of Funds

- Requires review and approval by the administrative official of the line or operating agency, of all request for money releases and budgetary allotments, vouchers and similar papers before payments are made so that expenditure are in accordance with policy and law and NOT ILLEGAL, IRREGULAR, UNNECESSARY, UNSONSCIONABLE, EXTRAVAGANT AND EXCESSIVE (COA Circ. 85-155)

2. To Implement Prospective Policy

- Proactive administration inhibits governmental units from directly transacting and negotiating money matters since such kind of transaction is officially channeled through the DBM in the form of budget estimates as endorsed by the President



<https://www.slideshare.net/ruwasarag/fiscal-control-mechanismsmfderamos>

Fiscal Control Mechanism

Justifications for Expenditure Control

3. Ensure the Wisdom and Propriety of Expenditure

- **Claims for payment from public funds, legality, prudence, reasonableness, the morality of the claim or charge should be established. A review of existing contracts and transactions should be made.**

4. Prevent Deficits

- Fiscal supervision and control may be useful but should not unduly interfere with agency prerogative to carry out programs mandated by the constitution and the laws.



<https://www.slideshare.net/ruwasarag/fiscal-control-mechanismsmfderamos>

Some Highlights of Fiscal Administration by Philippine Presidents



(1965-1985): Focused was on **indirect tax collection**, heavy spending on economic services and infrastructure development; Initial Tariff Reform Program also started; Ousted via EDSA People Power



(1986-1992): inherited a large fiscal deficit from the previous administration, but managed to reduce fiscal imbalance and improve tax collection through the introduction of the 1986 Tax Reform Program and the value added tax (VAT)



(1993-1998): experienced budget surpluses due to substantial gains from the massive sale of government assets and strong foreign investment



(1999-2000): faced a large fiscal deficit due to the decrease in tax effort and the repayment of the Ramos administration's debt to contractors and suppliers.

Source: Wikipedia.org; officialgazette.gov.ph/aquino-administration/

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Highlights of Philippine Fiscal Administration of Last Seven Presidents



(2001-2010): the Expanded Value Added Tax Law was enacted, national debt-to-GDP ratio peaked, and underspending on public infrastructure and other capital expenditures was observed



(2011-2016): Higher GDP were recorded compared to previous five administrations; international credit ratings improved; Bulk of the budget were directed towards social services



(2017-2022): Increase spending in Infrastructure and Transportation Modernization (Build, Build, Build Program); Independent foreign policy, Reduced Red Tape for the Masses and collected unpaid taxes from Oligarchs (toe the line); Tax reform and higher government salaries; National debt doubled from Previous administration

END OF PRESENTATION

Source: [Wikipedia.org](https://www.wikipedia.org); officialgazette.gov.ph/aquino-administration/

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