SDA PLACEMENTS OF TRUST DEPARTMENTS/ENTITIES AS AGENT FOR TAX-EXEMPT INSTITUTIONS (TEI) AND ACCOUNTS

Read online (full-text search, related cases, audio case brief): https://batas.org/library/83baee67ee9e/

Further to Memorandum No. M-2007-011, dated 08 May 2007, the following guidelines shall be observed for placements of tax-exempt accounts in the Special Deposit Account:

1. Placement of tax-exempt accounts in the SDA facility should comply with existing minimum placement and incremental requirements for the SDA facility.

2. On transaction date, the Trust department / entity must inform the BSP the exact amount of the tax-exempt placement in the SDA and submit the following supporting documents:

> a. Copy of the relevant ruling from the Bureau of internal Revenue, duly certified by the latter affirming the exemption from taxes of the income earned by concerned TEls or accounts from their investments;
>
> b. Copy of the Board Resolution duly certified by the Corporate Secretary authorizing the placement (directly for managed funds or indirectly through designated trustee bank/financial institution in the case of managed trust funds) in the SDA facility
>
> c. Copy of the covering trust agreement; and
>
> d. Certification from the trust department that such placements, for as long as these are outstanding, are owned by the specified TEis and are accordingly exempt from said 20% FWT. (See Annex 1[*])

Advance copies may be sentthrough facsimile (facsimile number 523-3348) or electronic mail of BSP-Treasury Back Office personnel (jsiquenza@bsp.gov-ph).

Absent the supporting documents by end of the business day, the tax-exempt placement will be cancelled.

3. For outstanding tax-exempt SDA placements as of 01 November 2007, trust departments must submit the documents specified in item (2) hereof on or before 04 December E007 to avail of the exemption from withholding tax.

For compliance

This Memorandum shall take effect immediately upon its publication in a newspaper of general circulation.

Adopted: 29 Nov. 2007

(SGD.) AMANDO M. TETANGCO, JR.
Governor

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[*] Text Available at Office of the National Administrative Register, U.P. Law Complex, Diliman, Quezon City.

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