

WITHHOLDING OF PERCENTAGE TAX – GROSS RECEIPT TAX (GRT)

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/8fae46d4fdcd/>

Adopted: 25 July 2014

Date Filed: 01 August 2014

Under Revenue Regulations No. 02-98, the Bangko Sentral ng Pilipinas (BSP) is required to deduct and withhold the percentage taxes, GRT due from its payments to all banks and non-bank financial institutions with quasi-banking functions, to quote as follows:

“xxx

SECTION 5.116. Withholding of Percentage Tax –

Bureaus, offices and instrumentalities of the government, including government-owned or controlled corporations as well as their subsidiaries, provinces, cities and municipalities making any money payment to private individuals, corporations, partnerships and/or associations are required to deduct and withhold the taxes due from the payees on account of such money payments.

(A) Internal revenue taxes required to be withheld. - Percentage taxes on gross money payments, to the following shall be subjected to withholding at the rates herein prescribed:

XXX

(5) Banks and non-bank financial intermediaries –

(a) On interest, commissions and discounts paid or given to banks and non-bank financial intermediaries arising out of lending activities as well as financial leasing, on the basis of the remaining maturities of the instrument –

Short-term maturity (not exceeding 2 years) - 5%

Medium-term maturity (over 2 year but not exceeding 4 years) - 3%

Long-term maturity:

(i) over 4 years but not exceeding 7 years - 1%

(ii) over 7 years - 0%

(b) On dividends - 0%

(c) On royalties, rentals of property, real or personal, profits from exchange and all other gross income - Five percent (5%)”

In light of the above, BSP shall withhold the applicable percentage tax, i.e. gross receipts tax, from ALL payments to banks and non-bank financial institutions with quasi banking functions, such as, but not limited to, interest payments pertaining to the following: Special Deposit Account (SDA) - Regular, Special Deposit Account (SDA)-Trust, Government Securities Sold under Agreements to Repurchase (RRP) and Reserve Deposit Liquidity Account (RDLA) on accrual basis effective 1 August 2014.

The withholding and the subsequent remittance of taxes withheld shall be without prejudice to available remedies to the BSP and the bank or quasi-bank concerned after final resolution of the issues relating to withholding of the GRT.

FOR THE MONETARY BOARD

(SGD) VICENTE S. AQUINO

Officer-in-Charge

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.