TAXABILITY OF THRIFT BANKS EFFECTIVE JANUARY 1, 2000

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For purposes of ensuring compliance and clarifying the taxability of thrift banks, Section 7(A) of Republic Act No. 8424-is hereby quoted as follows:

> "SEC. 7. Repealing Clauses -
>
> (A) The provision of Section 17 of Republic Act No. 7906, otherwise known as the "Thrift Banks Act of 1995," shall continue to be in force and effect only until December 31, 1999.Effective January 1, 2000, all thrift banks, whether in operation as of that date or thereafter, shall no longer enjoy tax exemption as provided under Section 17 of R.A. No. 7906, thereby subjecting all thrift banks to taxes, fees and charges in the same manner and at the same rate as banks and other financial intermediaries."

Pursuant to Sec. 3.2(c) of Republic Act No. 8791, otherwise known as "The General Banking Law of 2000", thrift banks shall embrace the following: (i) Savings and mortgage banks, (ii) Stock savings and loan associations, and (iii) Private development banks, as defined in Republic Act No. 7906, otherwise known as the "Thrift Banks Act".

As such, beginning January 1, 2000, thrift banks are liable to pay the following taxes and/or fees imposed by the Tax Code of 1997, viz:

- Income Tax (Normal Income Tax or Minimum Corporate Income Tax, whichever is applicable);

- Improperly Accumulated Earnings Tax, if applicable;

- Gross Receipts Tax, until December 31, 2002, pursuant to R.A. 9010, after which, it will be subject to VAT;

- Value Added Tax on Importation of Goods, if any;

- Documentary Stamp Tax;

- Withholding Taxes (Final, Creditable and Compensation);

- Annual Registration Fee for each business establishment; and

- Such other taxes on specific transactions, if any (e.g., donor's tax, capital gains tax on sale or exchange of real property or shares of stock, percentage tax on sale or exchange of listed shares of stock).

All revenue officials and employees are enjoined to give this Circular as wide a publicity as possible.

Adopted: 20 Feb. 2001

(SGD.) RENE G. BANEZ
Commissioner of Internal Revenue

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