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FINANCE DEPARTMENT ORDER NO. 54-98

IC CIRCULAR LETTER NO. 14-98, August 11, 1998

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Please be advised that on July 22, 1998 the Department of Finance issued the above subject creating the Inter-Agency Committee on Insurance Companies, a copy of which is attached herewith as Annex "A".

The Order provides, among other things, that the Committee must ensure that:

> "1. Taxes due from all insurance companies are to be paid at an IC chosen bank, and
>
> 2. Insurance Companies, as large taxpayers, will no longer pay their tax liabilities directly to the Large Taxpayers' Division."

In view thereof, insurance companies are hereby required to file and pay the premium tax, VAT on non-life policies (Except for crop insurance), DST, and income tax with the Land Bank of the Philippines, U.N. Avenue Branch. By special arrangement, an extension bank teller will service taxpayers at the 2nd Floor of the Insurance Commission Building, 1071 U.N. Avenue, Manila.

Moreover, Item III, (5)(b), (ib), of the Order should read "Premium income on direct business in the case of life insurance" instead of "Premium income (net of ceded business) in the case of life insurance".

For the effective implementation of said Order, all insurance companies should submit/provide this Office with a clean photocopy of official receipts of all taxes paid from January 1998 to the present.

Please be guided accordingly.

Adopted: 11 Aug. 1998

(SGD.) EDUARDO T. MALINIS
Insurance Commissioner

Attachment:

Finance Department Order No. 54-98

Creation of an Inter-Agency Committee on Insurance Companies

I. PURPOSE

The Inter-Agency Committee is created to:

1. Oversee and monitor the implementation of the Memorandum of Agreement between the Insurance Commission (IC) and the Bureau of Internal Revenue (BIR) regarding the tax payments of insurance companies

2. Recommend policies and procedures, as these become necessary in the monitoring of the tax payments of insurance companies.

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II. STATEMENT OF POLICIES

To simplify and strengthen the monitoring of tax payments due from the insurance companies, the Inter-Agency Committee must ensure that:

1. Taxes due from all insurance companies are to be paid at an IC chosen bank; and,

2. Insurance companies, as large taxpayers, will no longer pay their tax liabilities directly to the Large Taxpayers' Division.

III. STATEMENT OF RESPONSIBILITIES

The IC shall:

(1) Choose one bank to accept tax payments of all insurance companies to be located at or near the IC;

(2) Require insurance companies to file and pay the premium tax, VAT on non-life insurance companies (except for crop insurance), DST and income tax with the IC-chosen bank;

(3) Require additional BIR data from IC chosen bank as the need arises;

(4) Require insurance companies to submit their annual statements and additional monthly and quarterly reports as will be prescribed by IC office in diskettes or other electronic media in addition to the hard copies of these statements to IC;

(5) Submit the following reports in diskettes or other electronic media as well as the hard copies to the BIR Collection Service:

a) Annual Statements of insurance companies;

b) Monthly report of insurance companies containing the following information:
i. Premium Tax-Quarterly:

a) Gross premiums (net of returns and cancellation) on direct business of health and accident issued by non-life insurance companies;

b) Premium income (net of ceded business) in the case of life insurance;

ii. Value-Added Tax-monthly/Quarterly:

a) Gross receipts or collections of premiums except premium on health and accident by non-life insurance companies as basis for output tax;

b) Summary of input taxes incurred by non-life insurance companies;

iii. Documentary Stamp Tax-Monthly:

a) Gross premiums (net of returns and cancellation) received for the month by non-life insurance companies in all line of business;

b) Total sum insured of all policies issued by all life insurance companies for the month;

(6) Require insurance companies to submit/provide the IC with a clear photocopy of the official receipt of payment;

(7) Require the IC chosen bank to transmit to IC the hard copies of the insurance companies' premium, VAT returns, quarterly and annual Income Tax returns on the fifth (5th) day following the last day of filing of said

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returns; and

(8) Require the IC chosen bank to transmit to 1C the hard copies of the insurance companies' DST returns on the fifteenth (15th) day following the month of DST transactions;

The BIR shall:

(1) Implement the project through the Collection Service;

(2) Monitor the premium taxes, VAT, documentary stamp taxes and income taxes due from insurance companies;

(3) Delist the insurance companies which have been identified as large taxpayers from paying directly to the Large Taxpayers Division;

(4) Receive the electronic data of payments from the IC chosen bank through the National Office Data Center; and,

(5) Collect the hard copies of tax returns from IC on the fifth (5th) day following the last day these returns were transmitted to IC chosen bank.

IV. COMPOSITION OF INTER-AGENCY COMMITTEE

Department of Finance (DOF):

Technical Assistant — Office of the DOF Secretary

Insurance Commission (IC):

Technical Assistant-Office of the Insurance Commissioner
Chief-Examination Division I
Chief-Examination Division II
Chief-Financial Analysis Division
Chief-Budget and Management Division

BIR:

Technical Assistant- Office of the Commissioner
Technical Assistant- Deputy Commissioner for Operations
Technical Assistant- Deputy Commissioner for Information Systems
Asst. Commissioner- Collection Service
Asst. Commissioner- Information Systems Operations Service
Asst. Commissioner- Information Systems Development Service
Asst. Commissioner- Information Planning & Quality Service
Representative- Legal Service

This Order shall take effect immediately and all circulars, regulations and orders contrary to or inconsistent herewith are hereby revoked or modified accordingly.

Strict compliance herewith is hereby ordered.

Adopted: 22 July 1998

(SGD.) EDGARDO B. ESPIRITU
Secretary

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