NATIONAL ADMINISTRATIVE REGISTER · MARCH 19, 2009

DOCUMENTARY STAMP TAX ON THE SALE, BARTER OR EXCHANGE OF SHARES OF STOCK

BSP CIRCULAR LETTER NO. CL-2009-019, March 19, 2009

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Pursuant to the Memorandum of Agreement ("MOA") dated March 17, 2009 between the Department of Finance and the Philippine Stock Exchange, Inc. ("PSE"), with the conformity of the Bureau of Internal Revenue ("BIR") (copy attached[*]), all authorized agent banks ("AABs") are hereby informed that:

I. Collection of DST

From March 20, 2009 to June 30, 2009 or any earlier date of enactment by Congress of the Philippines ("Congress") of the Documentary Stamp Tax ("DST") Law ("Period of Coverage"), brokers-taxpayers shall file the DST returns and remit to the BIR through any of the AABs the DST at the rate of seventy-five centavos (P0.75) for every two hundred pesos (P200.00) or fractional part thereof of the par value on the sale of shares listed and traded through the PSE ("DST on Secondary Trading"). Further, in the case of shares of stock without par value, the amount of DST shall be twenty-five percent (25%) of the DST paid upon the original issue of said shares.

The total DST on Secondary Trading collected by the AABs shall be placed in a separate AAB account to be disposed of in accordance with the MOA. The AABs and brokers-taxpayers shall maintain a record of all the names of the brokers-taxpayers and the corresponding DST amounts that have been remitted during the Period of Coverage.

The brokers-taxpayers shall agree with their respective AABs on the other terms of the separate account, including the interest that will be earned by the amount deposited therein.

II. Authority to Refund DST

In the event that by June 30, 2009, Congress does not pass a new law exempting from DST the sale of listed shares through the PSE or the law that is passed does not provide for any retroactive effect , the AABs shall immediately turn over the total collections of DST on Secondary Trading to the BIR, including interest accruing on said collections.

In case a new law is passed on or before June 30, 2009, exempting from DST the sale of listed shares through the PSE with retroactive application from March 20, 2009, AABs are duly authorized under the MOA to refund the DST on Secondary Trading collected during the Period of Coverage, including any interest earned, to the respective brokers-taxpayers, as follows:

> a. The PSE shall issue a circular ("PSE Circular") announcing that the new law has been passed by Congress and that pursuant to the MOA, the brokers-taxpayers may file their claims for refund with the AABs concerned;
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> b. The brokers-taxpayers shall submit a letter to the AABs to claim a refund of the DST on Secondary Trading that they remitted during the Period of Coverage, accompanied by a copy of the PSE Circular duly certified by

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the PSE; and

c. Immediately upon receipt of the claim for refund, AABs shall refund the DST on Secondary Trading, together with any interest earned thereon, to the respective brokers-taxpayers.

III. Liability for DST

In accordance with law and regulations, the concerned broker-taxpayer shall be solidarily liable and responsible for any deficiency DST on the sale of listed shares through the PSE.

IV. Further Action and Cooperation

The Department of Finance and the PSE agree to take any and all actions that may be necessary to carry out the purposes of the MOA.

For your guidance and strict compliance.

Adopted: 19 March 2009

(SGD.) NESTOR A. ESPENILLA, JR.
Deputy 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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