

[BIR REVENUE REGULATIONS NO. 6-2010, June 29, 2010]

REGULATIONS PROVIDING FOR THE POLICIES, GUIDELINES AND PROCEDURES IN THE IMPLEMENTATION OF THE TAX SUBSIDY GRANTED UNDER SECTIONS 17 (C) OF REPUBLIC ACT NO. 3591 (PHILIPPINE DEPOSIT INSURANCE CORPORATION [PDIC] CHARTER), AS AMENDED BY REPUBLIC ACT NO. 9576

SECTION 1. Scope. These regulations are hereby promulgated to implement:

(1) the tax expenditure subsidy provided for under Section 17 (c) of Republic Act (R.A.) No. 3591 (Philippine Deposit Insurance Corporation [PDIC] Charter), as amended by R.A. No. 9576, in favor of PDIC charging all of its tax obligations to the Tax Expenditure Fund (TEF) in the annual General Appropriation Act pursuant to the provisions of Executive Order No. 93, series of 1986 for a period of five (5) years reckoned from the date of effectivity of R.A. 9576;

(2) the tax exemption of PDIC starting on the 6th year and thereafter, from income tax, final withholding tax, and value-added tax on assessments collected from member banks.

SECTION 2. Coverage/Limitation. – The privileges granted herein shall be limited to:

(1) All tax obligations of the PDIC for the period June 1, 2009 to May 31, 2014 except those tax obligations that are passed on to clients, (i.e., CGT & DST) and all taxes withheld by PDIC that are considered trust fund (i.e. EWT, FWT and WC); and,

(2) PDIC's exemption from income tax, final withholding tax from income payments to PDIC, and value-added tax on assessments collected from member banks for the period starting June 1, 2014 onwards;

SECTION 3. General Guidelines. – For the period June 1, 2009 to May 31, 2014, PDIC shall request from the Fiscal Incentives Review Board (FIRB) for issuance of the Certificate of Entitlement to Subsidy (CES) for the payment of the following taxes to which PDIC is directly liable on or before their due dates, unless a different period is specifically provided herein.

- (1) Income Tax
- (2) Value-Added Tax
- (3) Final Withholding Tax
- (4) Creditable Withholding Tax on interest on loans
- (5) Capital Gains Tax (when borne by the PDIC)
- (6) Documentary Stamp Tax (when borne by the PDIC)
- (7) All other taxes for which PDIC is directly liable.

Within a reasonable period of time from receipt of the CES issued by FIRB, the Department of Budget and Management (DBM) shall issue a SARO in favor of the Bureau of Treasury (BTr) to cover the payment of the aforesaid taxes payable to BIR. The DBM shall furnish PDIC and the Revenue District Office (RDO) having jurisdiction over the PDIC's principal office and the BTr with a copy of the SARO.

Upon receipt of the SARO, the RDO having jurisdiction over PDIC's principal office shall furnish the Revenue Accounting Division (RAD) under the Collection Service with a copy of the said SARO. The RAD shall record the corresponding revenue collection upon receipt of the BTr's Journal Entry Voucher (JEV).

SECTION 4. Guidelines Governing Payment of Tax Liabilities. – For the period June 1, 2009 to May 31, 2014.

(A) INCOME TAX AND VALUE-ADDED TAX

Income and Value-Added Taxes, shall be filed on or before their due dates and paid through the TEF in accordance with Section 2 hereof.

(B) FINAL WITHHOLDING TAX, CREDITABLE WITHHOLDING TAX, EXPANDED WITHHOLDING TAX

(a) PAYOR IS BTr

The BTr shall not withhold the FWT on its income payments to PDIC for treasury notes, treasury bonds, treasury bills and other discounted instruments of the PDIC with BTr. However, income payments to PDIC shall only be released by BTR in accordance with the following schedule: (1) eighty percent (80%) of all income payments to PDIC shall be released on coupon payment dates for treasury bonds/notes, or purchase value dates for treasury bills and other discounted instruments; (2) the remaining twenty percent (20%) shall be released to PDIC upon the issuance by the DBM of the corresponding SARO in favor of BTr to cover the payment of the FWT due to BIR.

For this purpose, PDIC shall secure from BTr within five (5) banking days from end of reference month a certification on the total amount of FWT withheld on interest earnings of the PDIC on its securities holdings with the BTr for the reference month. Within five (5) working days from receipt thereof, the PDIC shall furnish a copy of this BTr certification to the FIRB and the BIR and request from the FIRB for issuance of the CES for the payment of the subject taxes. The BTr certification shall become the documentary basis for determining the amount indicated in the CES and SARO to be issued by the FIRB and the DBM, respectively, for the payment of the subject taxes.

All of the foregoing should take into account the due date for the payment of the withholding taxes which is on the 10th day of the following month. Otherwise, PDIC will be subjected to penalties for failure to comply with the deadline for filing and payment of taxes.

(b) PAYOR OTHER THAN BTr

Withholding agent/s other than BTr such as: BSP, LBP, DBP or private banks, mandated to withhold FWT, CWT and EWT on income payments to PDIC shall withhold and remit the corresponding FWT, CWT and EWT to the BIR for all income payments due to PDIC. The withholding agent/s shall furnish PDIC with a certified