

[BIR MEMORANDUM ORDER NO. 66-98, August 20, 1998]

**PRESCRIBING THE POLICIES AND PROCEDURES FOR
PROCESSING AND MONITORING OF TAX PAYMENTS FROM
INSURANCE COMPANIES**

I. Objectives

This order is issued to:

- A. Simplify and strengthen the monitoring of tax payments due from insurance companies; and,
- B. Set policies and establish procedures for processing and monitoring of tax payments from insurance companies.

II. Policies

- A. The Insurance Commission (IC) shall choose a single bank where the insurance companies shall file and pay their Premium Tax, Value Added Tax (VAT), Documentary Stamp Tax (DST), Withholding Tax and Income Tax as per the Memorandum of Agreement between IC and the Bureau of Internal Revenue (BIR). IC has chosen the Land Bank of the Philippines (LBP), U.N. Branch for this purpose.
- B. Insurance companies, as large taxpayers, shall no longer pay directly with the Large Taxpayers' Division at the National Office.
- C. Limited Bank Data Entry System (LBDES) shall be used by the IC chosen bank as data entry system in processing payments from insurance companies.
- D. Payment data from IC chosen bank shall be transmitted to the Information Systems Operation Service (ISOS) Data Center through Electronic Data Transfer (EDT).
- E. The IC chosen bank and the insurance companies through the IC shall provide the information requirements of the BIR.
- F. The RDO having jurisdiction over an insurance company can have access to its data thru the respective Revenue Data Center.

III. Procedures

- A. The insurance companies shall:
 - 1. File and pay their Premium Tax, VAT, DST, Withholding Tax and Income Tax to

the IC chosen bank;

2. Attach a hard and soft copy of the summary of tax liabilities for each of their branches as shown in Annex A* to their corresponding tax return;
3. File a Registration Update Form for branches registered at an RDO other than where their Head Office (HO) is located to delist tax types no longer to be paid at said RDO as a result of this RMO;
4. Submit to IC their Annual Statement and additional monthly and quarterly reports as will be prescribed by IC in hard copies, diskette or other electronic media; and,
5. Submit to IC a clear photocopy of the Official Receipt (OR) issued by IC chosen bank for tax payments.

B. The IC chosen bank shall:

1. Receive tax payments/returns with the necessary attachments from insurance companies;
2. Issue OR to insurance companies for tax payments in addition to the validation of the tax returns;
3. Transmit hard copies of Premium, VAT, Withholding Tax and Income Tax returns to IC on the fifth (5th) day following the last day of filing of said returns;
4. Transmit hard copies of DST returns to IC on the fifteenth (15th) day following the month of transactions; and,
5. Transmit payment data to ISOS Data Center through EDT.

C. The Insurance Commission shall:

1. Receive soft and hard copies of Annual Statement, additional monthly and quarterly reports as will be prescribed by IC;
2. Receive clear photocopies of the OR for tax payments from insurance companies;
3. Receive hard copies of Premium, VAT, DST, Withholding Tax and Income Tax returns as well as the attachments for the summary of tax liabilities for each of the branches of the insurance companies from IC chosen bank;
4. Verify OR with the hard copies of the tax return;
5. Submit the following reports in diskettes or other electronic media as well as the hard copies which were received from insurance companies to the BIR Collection Service thru the Large Taxpayers Division (LTD):
 - a. Annual Statement of insurance companies;