

[BIR REVENUE MEMORANDUM CIRCULAR NO. 10-2004, February 19, 2004]

GUIDELINES AND POLICIES TO SUPPLEMENT REVENUE MEMORANDUM CIRCULAR NO. 9-2004 ISSUED IN RELATION TO THE IMPLEMENTATION OF REPUBLIC ACT NO. 9238 FOR BANKS AND NON-BANK FINANCIAL INTERMEDIARIES, SPECIFICALLY FOR THE RE-IMPOSITION OF GROSS RECEIPTS TAX.

Background

Under the Value Added Tax Systems, government agencies and/or instrumentalities such as the Bureau of Treasury, Bangko Sentral ng Pilipinas were required under Section 114(c) of the Tax Code of 1997 to deduct and withhold the value-added tax at the rate of six percent (6%) on gross receipts for services rendered which shall be creditable against the value-added tax liability of the person from whom the amount was withheld. This Revenue Memorandum Circular is being issued to provide the manner of treating the said transaction. Furthermore, this Revenue Memorandum Circular to provide as guidance as to the treatment of interbank financial transactions entered into for the months in 2004 prior to the publication of Republic Act No. 9238 last February 16, 2004.

Policies and Guidelines

1. Banks and non-bank financial intermediaries shall not deduct from their VAT liability nor their gross receipt tax the value added tax collected from government agencies and instrumentalities for which the latter have deducted and withheld the value-added tax at the rate of six percent (6%) on gross receipts for services rendered and remitted the same to the Bureau in accordance with the provisions of Section 114(c) of the Tax Code of 1997. However, the Bureau shall refund the value-added tax charged by the banks and/or non-bank financial intermediaries to the said government agencies and/or instrumentalities upon application of the latter, and upon proof that the amount required to be withheld and remitted to the Bureau under Section 114(c) of the Tax Code of 1997 have actually been remitted to and collected by the Bureau, and provided further that the banks and/or non-bank financial intermediaries have reported and listed the said government agencies and/or instrumentalities as one of the withholding agent which have withheld VAT from them in its January and February 2004 VAT return, and the amount withheld are reported therein. Provided further, that the request for refund is received by this Bureau on or before April 30, 2004 for transactions entered into in January 2004, and May 31, 2004 for transactions entered into in February 2004.

2. Interbank transactions entered into by banks and non-bank financial intermediaries entered in taxable year 2004 prior to the publication of Republic Act No. 9238 shall be governed by the following provisions: