



Bangko Sentral ng Pilipinas

OFFICE OF THE GOVERNOR

CIRCULAR NO. 619
Series of 2008

**Subject : 20% FINAL WITHHOLDING TAX ON OVERNIGHT RRP
TRANSACTIONS WITH BSP**

Under Section 22 (Y), Chapter 1 of the National Internal Revenue Code of 1997, the reverse repurchase agreements (RRPs) entered into by the Bangko Sentral ng Pilipinas (BSP) with any authorized agent bank are included in the definition of the term "deposit substitutes". Pursuant to Monetary Board Resolution No. 1041.A.1 dated 14 August 2008, the BSP shall withhold the 20% Final Withholding Tax (FWT) on its overnight RRP starting January 1, 2008, under the following guidelines:

- 1) All overnight RRP with the BSP shall be subject to the 20% FWT in the same manner as term RRP, which tax is deducted on each maturity date and remitted to the Bureau of Internal Revenue.
- 2) The total 20% FWT on the overnight RRP due starting 1 January 2008 until the effective date of this Circular shall be divided equally in the remaining months of taxable year 2008. The installments due will be deducted every end of the month from the RDDA of concerned banks.
- 3) Concerned banks shall issue the corresponding debit authority to the BSP to cover the 20% FWT on their overnight RRP with the BSP mentioned in Item 2 above.

This Circular shall take effect immediately. It shall be published in a newspaper of general circulation.

FOR THE MONETARY BOARD:


AMANDO M. TETANGCO, JR.
Governor

22 August 2008

PANANALAPING MATATAG, BANSANG PANATAG