



Bangko Sentral ng Pilipinas

MAYNILA, PILIPINAS

**DEPARTMENT OF LOANS AND CREDIT
Monetary Operations Sub-Sector**

MEMORANDUM NO. M - 2010 - 005

To : All Concerned Banks

**Subject : Guidelines on the 2% Creditable Withholding Tax on Interest
Payments on Rediscounted Loans to the BSP**

In connection with Revenue Regulations No. 17-2003 of Bureau of Internal Revenue (BIR) covering the 2% creditable withholding tax on interest payments on peso rediscounted loans, the following guidelines are hereby issued:

1. Rediscounting Banks belonging to the top 20,000 corporations shall submit a formal request to the Department of Loans and Credit (DLC) together with a copy of the Certificate issued by the Commissioner of the Internal Revenue (BIR) authorizing the rediscounting bank to be withholding agent bank.
2. Within two (2) banking days from date of receipt of the copy of the Certificate, DLC will include the bank in its database as withholding agent in eRediscounting system (ERS) and implement the deduction of withholding tax.
3. The ERS will automatically debit the interest on peso rediscounted loans net of the 2% creditable withholding tax (CWT) each time the withholding agent bank makes payment whether transacted by the bank through the ERS or automatically debited by the ERS.
4. The Monthly Summary Creditable Withholding Tax (the "Report") shall be available on line through the ERS webpage on the first banking day after the end of the month. The withholding agent bank may access the ERS and print the Report. The Report shall be the guide/basis in the preparation of Certificate of Creditable Tax Withheld at Source (BIR Form No. 2307) in three (3) copies, all originally signed by bank's authorized officer and said BIR Form shall be submitted to Financial Services Division (FSD) of DLC, on or before the second (2) working day at the end of the month.
5. The withholding agent bank shall also submit to DLC a written request together with copy of notice/advice from the Commissioner of Internal Revenue to cease as withholding agent. DLC shall then remove the name of said bank in the database as withholding agent within two (2) banking days from date of receipt.

For information and guidance.


ROSALINDA S. DUMALIANG
Director

15 March 2010

PANANALAPING MATATAG, BANSANG PANATAG