



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE DEPUTY GOVERNOR
FINANCIAL SUPERVISION SECTOR

CIRCULAR LETTER NO. CL-2020- 009

To : ALL BSP-SUPERVISED FINANCIAL INSTITUTIONS AND OPERATORS OF PAYMENT SYSTEMS

Subject : Discontinuance of Withholding of Taxes on Payments to the BSP

This is to advise all BSP-supervised financial institutions (BSFIs) and operators of payment systems (OPSs) of the issuance of Revenue Regulation (R.R.) No. 2-2020 of the Bureau of Internal Revenue (copy attached) that implements the tax exemption provision of Republic Act (R.A.) No. 11211, An Act Amending Republic Act Number 7653, Otherwise Known as "The New Central Bank Act", and for Other Purposes.

In particular, the R.R. No. 2-2020 provides that the BSP shall be exempt from all national internal revenue taxes on income derived from its governmental functions:

(a) income from its activities or transactions in the exercise of its supervision over the operations of banks and its regulatory and examination powers over non-bank financial institutions performing quasi-banking functions, money service businesses, credit granting businesses and payment system operators; and

(b) income in pursuit of its primary objective to maintain price stability conducive to a balanced and sustainable growth of the economy, and the promotion and maintenance of monetary and financial stability and the convertibility of the peso.

All other incomes not included in the above enumeration shall be considered proprietary income and shall be subject to all applicable national internal revenue taxes.

In this respect, all BSFIs and OPSs can now discontinue the withholding of taxes on their payments to the BSP in relation to the above-mentioned transactions or activities.

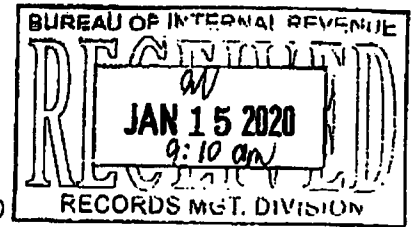
For information and guidance.


CHUCHI G. FONACIER
Deputy Governor

// February 2020



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
Quezon City



REVENUE REGULATIONS NO. 2-2020

JAN 15 2020

SUBJECT : Implements the Tax Exemption provisions of Republic Act No. 11211, Otherwise Known as "An Act Amending Republic Act Number 7653, Otherwise Known as "The New Central Bank Act", and for Other Purposes"

TO : All Internal Revenue Officers and Other Concerned

SECTION 1. SCOPE. – Pursuant to the provisions of Section 244 of the National Internal Revenue Code ("NIRC"), as amended, the following Regulations are hereby promulgated to implement the tax provisions of R.A. No. 11211, otherwise known as "An Act Amending Republic Act Number 7653, Otherwise Known as "The New Central Bank Act", and for Other Purposes".

SECTION 2. COVERAGE. These regulations cover all income of the Bangko Sentral ng Pilipinas (BSP) considered as derived from governmental functions, such as those activities in the pursuit of BSP's primary objectives to exercise of its supervision over the operations of banks and its regulatory and examination powers over non-bank financial institutions performing quasi-banking functions, money service businesses, credit granting businesses and payment system operators, and to maintain price stability, monetary and financial stability and the convertibility of the peso.

SECTION 3. TAX EXEMPTION. - The BSP shall be exempt from all national internal revenue taxes on income derived from its governmental functions, specifically:

(a) income from its activities or transactions in the exercise of its supervision over the operations of banks and its regulatory and examination powers over non-bank financial institutions performing quasi-banking functions, money service businesses, credit granting businesses and payment system operators; and

(b) income in pursuit of its primary objective to maintain price stability conducive to a balanced and sustainable growth of the economy, and the promotion and maintenance of monetary and financial stability and the convertibility of the peso.

All other incomes not included in the above enumeration shall be considered as proprietary income and shall be subject to all applicable national internal revenue taxes.

SECTION 4. REPEALING CLAUSE. All revenue rules and regulations, and other revenue issuances or parts thereof, which are inconsistent with these Regulations are hereby repealed or modified accordingly.

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SECTION 5. EFFECTIVITY. These Regulations shall take effect fifteen (15) days after publication in the Official Gazette or in a newspaper of general circulations, whichever comes first.




CARLOS G. DOMINGUEZ III
Secretary of Finance

DEC 20 2019

Recommending Approval:


CAESAR R. DULAY
Commissioner of Internal Revenue
031288

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