



Bangko Sentral ng Pilipinas

MAYNILA, PILIPINAS

OFFICE OF THE GOVERNOR

MEMORANDUM NO. M-2007- 038

To : **ALL BANKS AND NON-BANK FINANCIAL INSTITUTIONS
AUTHORIZED TO ENGAGE IN TRUST BUSINESS**

Subject : **SDA Placements of Trust Departments / Entities as agent
for Tax-Exempt Institutions (TEI) and Accounts**

Further to Memorandum No. M-2007-011, dated 08 May 2007, the following guidelines shall be observed for placements of tax-exempt accounts in the Special Deposit Account:

1. Placement of tax-exempt accounts in the SDA facility should comply with existing minimum placement and incremental requirements for the SDA facility.
2. On transaction date, the Trust department / entity must inform the BSP the **exact amount** of the tax-exempt placement in the SDA and submit the following supporting documents:
 - a. Copy of the relevant ruling from the Bureau of Internal Revenue, duly certified by the latter, affirming the exemption from taxes of the income earned by concerned TEIs or accounts from their investments;
 - b. Copy of the Board Resolution duly certified by the Corporate Secretary authorizing the placement (directly for managed funds or indirectly through designated trustee bank/financial institution in the case of managed trust funds) in the SDA facility;
 - c. Copy of the covering trust agreement; and
 - d. Certification from the trust department that such placements, for as long as these are outstanding, are owned by the specified TEIs and are accordingly exempt from said 20% FWT. (See Annex 1)

Advance copies may be sent through facsimile (facsimile number 523-3348) or electronic mail of BSP-Treasury Back Office personnel (jsiguenza@bsp.gov.ph).

Absent the supporting documents by end of the business day, the tax-exempt placement will be cancelled.

PANANALAPING MATATAG, BANSANG PANATAG

3. For outstanding tax-exempt SDA placements as of 01 November 2007, trust departments must submit the documents specified in item (2) hereof on or before 04 December 2007 to avail of the exemption from withholding tax.

For compliance.

This Memorandum shall take effect immediately upon its publication in a newspaper of general circulation.



AMANDO M. TETANGCO, JR.
Governor

29 November 2007

(Trust Entity / Department's Letterhead)

Date: _____

Ms. Ma. Ramona GDT Santiago

Managing Director

Treasury Department

Bangko Sentral ng Pilipinas

A. Mabini corner P. Ocampo Sts.

Manila 1004

Dear Ms. Santiago:

This refers to placement/s amounting to (Peso amount) placed in the BSP's SDA facility at (SDA rate) % per annum for value (Value date) to mature on (Maturity date).

This is to certify that the above placement/s is/are transacted on behalf of the following Tax-Exempt Institutions (TEI) or tax-exempt funds and interest income thereon are exempt from the 20% final withholding tax based on the corresponding BIR rulings:

Tax Exempt Institution	Basis (BIR Ruling No. and date)	Amount
1.		
2.		
3.		
(rows may be increased depending on number of placements)		
TOTAL		

This is to further certify that above placements will be owned by the specified TEIs/tax-exempt funds for as long as these placements are outstanding.

In the event that the BSP is assessed for deficiency final withholding tax on the above placements by the Bureau of the Internal Revenue ("BIR"), (Bank name) shall be liable for and pay such deficiency taxes and surcharges, and/or indemnify/reimburse the BSP for such deficiency taxes and surcharges that the latter may eventually pay to the BIR as a result thereof. Further, (Bank name) hereby authorizes the BSP to automatically debit its regular demand deposit

account with the BSP for payment or reimbursement of any such deficiency taxes and surcharges.

Sincerely yours,

HEAD OF TRUST DEPARTMENT

SUBSCRIBED AND SWORN to before me this ____ day of _____
2007 at _____, affiant exhibiting to me his Community Tax
Certificate/Passport No. _____, issued at _____, on
_____.

Notary Public

Doc. No. _____;
Page No. _____;
Book No. _____;
Series of 2007