

[BIR REGULATIONS NO. 4-2005, February 16, 2005]

RULES AND REGULATIONS IMPLEMENTING BANGKO SENTRAL NG PILIPINAS (BSP) CIRCULAR NO. 472 SERIES 2005 SECTION 1 REQUIRING ALL BANK BORROWERS AND CO-MAKERS TO SUBMIT LATEST INCOME TAX RETURN (ITR), AND FINANCIAL STATEMENT (FS) RECEIVED BY BIR

1.0 Background

Section 1 of BSP Revised Circular No. 472 Series 2005 amending Subsection X304 of the Manual Regulations for Banks (MORB) provides among others:

1.1 In addition to the usual information sheet about the borrower, banks and financial institutions shall require from the credit applicant a statement of his assets and liabilities and of his income and expenses together with the following:

1.1.1 A copy of the latest Income Tax Return (ITR) of the borrower, co-maker, endorser, surety and/or guarantor, if applicable, duly stamped as received by the Bureau of Internal Revenue (BIR);

1.1.2 Except as otherwise provided by law and other regulations, if the borrower is engaged in business, a copy of the borrower's latest financial statements as submitted for taxation purposes to BIR;

1.1.3 A waiver of confidentiality of client information and/or an authority of the bank to conduct random verification with the BIR in order to establish the authenticity of the ITR and accompanying financial statements submitted by the client.

1.2 The consistency of the data/ figures in said ITR and statements shall also be checked and considered in the evaluation of the financial capacity and creditworthiness of credit applicants and co-makers.

2.0 Objectives

2.1 Provide a System through which banks can faithfully discharge their responsibility under Revised Circular 472-2005 and ensure that only tax compliant applicants are allowed to apply for credit, act as co-maker, endorser, surety and/or guarantor.

2.2 Provide a simple, systematic and convenient way by which tax compliant applicants can obtain the required documents and comply with the submission requirements of BSP Circular No. 472 Series 2005 Section 1.