

[IC CIRCULAR LETTER NO. 14-98, August 11, 1998]

FINANCE DEPARTMENT ORDER NO. 54-98

Please be advised that on July 22, 1998 the Department of Finance issued the above subject creating the Inter-Agency Committee on Insurance Companies, a copy of which is attached herewith as Annex "A".

The Order provides, among other things, that the Committee must ensure that:

- "1. Taxes due from all insurance companies are to be paid at an IC chosen bank, and
2. Insurance Companies, as large taxpayers, will no longer pay their tax liabilities directly to the Large Taxpayers' Division."

In view thereof, insurance companies are hereby required to file and pay the premium tax, VAT on non-life policies (Except for crop insurance), DST, and income tax with the Land Bank of the Philippines, U.N. Avenue Branch. By special arrangement, an extension bank teller will service taxpayers at the 2nd Floor of the Insurance Commission Building, 1071 U.N. Avenue, Manila.

Moreover, Item III, (5)(b), (ib), of the Order should read "Premium income on direct business in the case of life insurance" instead of "Premium income (net of ceded business) in the case of life insurance".

For the effective implementation of said Order, all insurance companies should submit/provide this Office with a clean photocopy of official receipts of all taxes paid from January 1998 to the present.

Please be guided accordingly.

Adopted: 11 Aug. 1998

(SGD.) EDUARDO T. MALINIS
Insurance Commissioner

Attachment:

Finance Department Order No. 54-98

Creation of an Inter-Agency Committee on Insurance Companies

I. PURPOSE

The Inter-Agency Committee is created to:

1. Oversee and monitor the implementation of the Memorandum of Agreement between the Insurance Commission (IC) and the Bureau of Internal Revenue (BIR) regarding the tax payments of insurance companies
2. Recommend policies and procedures, as these become necessary in the monitoring of the tax payments of insurance companies.

II. STATEMENT OF POLICIES

To simplify and strengthen the monitoring of tax payments due from the insurance companies, the Inter-Agency Committee must ensure that:

1. Taxes due from all insurance companies are to be paid at an IC chosen bank; and,
2. Insurance companies, as large taxpayers, will no longer pay their tax liabilities directly to the Large Taxpayers' Division.

III. STATEMENT OF RESPONSIBILITIES

The IC shall:

- (1) Choose one bank to accept tax payments of all insurance companies to be located at or near the IC;
- (2) Require insurance companies to file and pay the premium tax, VAT on non-life insurance companies (except for crop insurance), DST and income tax with the IC-chosen bank;
- (3) Require additional BIR data from IC chosen bank as the need arises;
- (4) Require insurance companies to submit their annual statements and additional monthly and quarterly reports as will be prescribed by IC office in diskettes or other electronic media in addition to the hard copies of these statements to IC;
- (5) Submit the following reports in diskettes or other electronic media as well as the hard copies to the BIR Collection Service:
 - a) Annual Statements of insurance companies;
 - b) Monthly report of insurance companies containing the following information:
 - i. Premium Tax-Quarterly:*
 - a) Gross premiums (net of returns and cancellation) on direct business of health and accident issued by non-life insurance companies;