



NOTICE OF ADOPTION OF POLICY GUIDANCE

Posting Date: 5 February 2013

To: All Concerned

Subject: Adoption by the Market Governance Board (MPC) and Market Policy Committee (MPC) of Policy Guidance No. 1, Series of 2013 on the BIR Regulations on the Application of the 20% Final Withholding Tax for Individuals Under Trust or Investment Management Arrangements

Please be informed of the Policy Guidance below, formalized by the Market Policy Committee and adopted by the Market Governance Board:

POLICY GUIDANCE NO. 01, SERIES OF 2013
ON THE BIR REGULATIONS ON THE APPLICATION OF THE 20% FINAL
WITHHOLDING TAX FOR INDIVIDUALS UNDER TRUST OR INVESTMENT
MANAGEMENT ARRANGEMENTS

Pursuant to PDEX Rule 7.2, Rule 7.8, and Rule 7.16, the Issuer shall abide by applicable provisions of the National Internal Revenue Code, BIR Revenue Regulations No. 14-2012,* and its accompanying Revenue Memorandum Circulars No. 77-2012, 81-2012, 84-2012 and 85-2012, where interest income derived by individuals investing in common or individual trust fund or investment management accounts shall be subject to the 20% final withholding tax, and the Issuer shall withhold such tax from the interest payment due to such holder every interest payment date, in accordance with Revenue Regulations No. 2-98.** With the foregoing, the corporate securities tax regime for individuals under common or individual trust funds or investment management accounts shall be aligned with the national government issue.

* *Proper Tax Treatment of Interest Income Earnings on Financial Instruments and Other Related Transactions (07 November 2012).*

** *Implementing Republic Act No. 8424, "An Act Amending The National Internal Revenue Code, as Amended" Relative to the Withholding on Income Subject to the Expanded Withholding Tax and Final Withholding Tax, Withholding of Income Tax on Compensation, Withholding of Creditable Value-Added Tax and Other Percentage Taxes (17 April 1998).*

The adoption of the Policy Guidance covers guidance on the initial and continuing admission requirements for issuers of admitted securities where the issuer is a non-bank, pursuant to the recently issued Revenue Regulation No. 14-2012 (Proper Tax Treatment of Interest Income Earnings on Financial Instruments and Other Related Transactions) and its accompanying Revenue Memorandum Circulars, including Revenue Memorandum Circular No. 81-2012.

Rule 7.2 of the PDEX Rules for the Fixed Income Securities Market, As Amended (PDEX Rules) on Listing states that companies applying for admission of their Securities shall comply with certain minimum requirements.

Rule 7.8 of the PDEX Rules states that Issuers of admitted Securities shall comply with certain requirements as conditions for the continued admission of their Securities with PDEX.

Rule 7.16 of the PDEX Rules states that PDEX reserves the right to prescribe additional listing requirements for certain types of Securities for the protection of public interest.