

# Tax Bulletin

November 2023

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# Executive Summary



## Bureau of Internal Revenue (BIR)

Main highlights of the past month's BIR issuances are:

1. Optional value-added tax (VAT)-registration of Registered Business Enterprises (RBEs) classified as Domestic Market Enterprises (DMEs) under the 5% Tax on Gross Income Earned (GIE) in lieu of All Taxes under CREATE (RR No. 13-2023 dated 1 November 2023).
2. Creditable withholding tax on certain income payments by joint ventures/consortiums (RR No. 14-2023 dated 2 October 2023).
3. Classification of the costs associated with franchises, concessions, licenses, rights, operations agreements or similar arrangements granted by the government to operate a public service, including public utility as an Administrative Cost instead of "Direct Cost of Services," for purposes of computing the gross income to determine the Optional Standard Deduction (OSD) under Section 34 (L) of the Tax Code of 1997, as amended by Section 3 of Republic Act (RA) No. 9504 (RMC No. 115-2023 dated 27 October 2023).



## Banks and Other Financial Institutions

1. Change in rules on check clearing and settlement (Circular No. 1180 Series of 2023, 10 November 2023).
2. Amendments to the Regulations on Intraday Liquidity Facility issued on 10 November 2023 (Circular No. 1181 Series of 2023).
3. Publication/Posting of Balance Sheet (BS) issued on Circular Letter No. CL-2023-058 Series of 2023: 26 October 2023).
4. Publication/Posting of Statement of Condition and/or Consolidated Statement of Condition issued on 26 October 2023 (Circular Letter No. CL-2023-059 Series of 2023).
5. High-risk jurisdictions subject to a call for action, jurisdictions under increased monitoring, and statement on the Russian Federation (Circular Letter No. CL-2023-062 Series of 2023: Financial Action Task Force Publications dated 27 October 2023 issued on 23 October 2023).
6. Guidelines on the submission of gap analysis and Board-approved action plan in compliance with the transitory provision of Circular No. 1160 Series of 2022 issued on 19 October 2023 (Memorandum No. M-2023-033 Series of 2023).



## Bureau of Customs (BOC)

1. Provisional recognition of valid and existing OMB licenses issued to Clark Development Corporation (CDC) locators as valid exports permits (Customs Memorandum Circular (CMC) No. 192-2023 dated 17 October 2023).
2. Continuous implementation, monitoring and submission of reports to the Office of the Commissioner, copy furnished the Deputy Commissioner for Enforcement Group (Office of the Commissioner (OCOM) Memorandum No. 69-2023 dated 17 October 2023).
3. Export clearance is not required for the exportation of used quenching oil to Japan for performance testing purposes (Assessment Operations Coordinating Group (AOCG) Memorandum 279-2023 dated 19 October 2023).



## Securities and Exchange Commission (SEC)

1. Guidelines on Declaration of Delinquent Status and Revocation of Certificate of Registration of Corporations under Sections 21 and 177 of the Revised Corporation Code (Memorandum Circular (MC) No. 19, dated 26 October 2023).
2. Final Extension of Amnesty Applications until 31 December 2023 (SEC Memorandum Circular (MC) No. 20, dated 6 November 2023).
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# BIR Administrative Requirements

BIR Administrative Requirements

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## BIR Administrative Requirements

RR No. 13-2023 implements the policies and guidelines for the optional value-added tax (VAT)-registration of Registered Business Enterprises (RBEs) classified as Domestic Market Enterprises (DMEs) under the 5% Tax on Gross Income Earned (GIE) in lieu of All Taxes Regime during the Transitory Period, pursuant to Rule 18, Section 5 of the Amended Implementing Rules and Regulations (IRR) of Republic Act No. 11534 or the CREATE Act.

### RR No. 13-2023 dated 1 November 2023

- ▶ This Revenue Regulation provides guidelines in order for RBEs classified as DMEs during the transitory period to be able to register as VAT-taxpayers with the Bureau of Internal Revenue (BIR).
- ▶ An RBE classified as DME which is located inside the Economic or Freeport Zone may retain the availment of the 5% GIE Incentive during the 10-year transitory period under Section 311 (C) of the CREATE Act and be allowed to register as a VAT taxpayer, provided that it secures from the concerned Investment Promotion Agency (IPA) a Certification specifically excluding VAT from the 5% GIE in lieu of all taxes incentives granted to it. **The Certification shall expressly state that the 5% GIE shall be in lieu of all taxes except VAT.**
- ▶ For such purpose, the RBE shall submit to the concerned IPA the following documentary requirements:
  - ▶ Request letter stating its intention to avail of the option to register as a VAT taxpayer with the BIR
  - ▶ Notarized "Deed of Waiver of Right to Avail of the VAT Exemption Incentive" (Annex A of this RR)
  - ▶ Other documents that may be prescribed by the concerned IPA
- ▶ The waiver of the rights to avail of the VAT exemption incentive shall be irrevocable and shall be binding in the remaining transitory period.
- ▶ Non-VAT registered RBEs that have been issued with the Certification shall update their registrations with the concerned Revenue District Office (RDO) to reflect their registration from non-VAT to VAT taxpayer. **Consequently, such RBE shall be treated on par with regular corporations insofar as the VAT imposition and compliance is concerned.**
- ▶ The concerned IPA shall furnish the BIR through the Assessment Service, Attention: Audit Information, Tax Exemption and Incentives Division (AITIED) within 20 days following the close of each taxable quarter a list of RBEs that have been issued the Certification.
- ▶ **These Regulations shall apply prospectively.** DMEs inside the economic or freeport zone that will opt to register as VAT taxpayers pursuant to this Regulations shall not be allowed to claim for VAT refund relating to its transactions prior to the effectivity of the amended IRR of the CREATE Act. This issuance shall take effect immediately following its publication in a newspaper of general circulation or in the Official Gazette, whichever comes first.

*(Editor's Note: RR No. 13-2023 was published in Malaya on 15 November 2023.)*

### RR No. 14-2023 dated 2 October 2023

The pertinent provisions of Section 2.72.2 of RR No. 2-98, as amended, is hereby further amended to read as follows:

- ▶ ***Sec. 2.57.2. Income payments Subject to Creditable Withholding Tax and Rates Prescribed Thereon.*** Except as herein otherwise provided, there shall be withheld a creditable income tax at the rates herein specified for each class of payee from the following items of income payments to persons residing in the Philippines:

RR No. 14-2023 further amends the pertinent provisions of RR 2-98, as amended, to impose creditable withholding tax on certain income payments by joint ventures/ consortiums.

- ▶ **(V) Income payments made by joint ventures/consortiums.** - Income payments made by joint ventures, whether incorporated or not, taxable or non-taxable, to their local/resident supplier of goods and services, shall be subjected to the following withholding tax rates:

**Supplier of goods - One percent (1%)**

**Supplier of services - Two percent (2%)**

- ▶ **(W) Distributive share of co-venturers/members from the net income of the joint venture/consortium not taxable as a corporation.** - On the share of each co-venturer/member from the net income of the joint venture/consortium not taxable as corporation prior to actual or constructive distribution thereof - **Fifteen percent (15 %)**
- ▶ These Regulations shall take effect 15 days after publication in newspaper of general circulation.

*(Editor's Note: RR No. 14-2023 was published in Malaya on 15 November 2023.)*

RMC No.112-2023 clarifies the duty of the Food and Drug Administration (FDA) to determine classification of beverages pursuant to Sec. 150-B of the NIRC of 1997, as amended, and as implemented by RR no. 20-2018.

#### **RMC No. 112-2023 dated 28 September 2023**

- ▶ **ROLE OF THE FOOD AND DRUG ADMINISTRATION**
  - ▶ Proper classification of beverages is important since such classification shall be the basis for the inclusion of certain beverages in the coverage of sweetened beverages, which are subject to excise tax, as well as the exclusion thereof of those beverages that fall within the scope of products listed under Section 150-B(C) of the NIRC of 1997, as amended, and Section 6 of RR No. 20-2018 that are excluded from sweetened beverage excise tax. Integral and central to proper classification is the mandatory use of and reference to the relevant Codex as basis for such classification.
  - ▶ To fall within the scope of milk products, a product must satisfy the descriptors in the Codex Alimentarius Food Category Descriptors (Codex Stan 192-1995, Rev. 2018 or Latest) that the FDA adopted or any revision thereof that the agency will adopt in the future.
  - ▶ Only when the Codex Stan includes a product or beverage as belonging to the milk product categories list, whether by express inclusion or based on an analysis of the ingredients and the production process, that such product or beverage may be classified as a milk product and, hence, excluded from the sweetened beverage excise tax.
  - ▶ FDA's authorizations are limited to permits, licenses, certificates of registration and the like, and do not cover identification and classification of foods products for taxation purposes.
- ▶ **THE POWER OF THE BUREAU OF INTERNAL REVENUE (BIR) TO DETERMINE TAXABILITY**
  - ▶ The FDA's determination of beverage classification is in no way absolute, final and conclusive and is subject to the discretion of the BIR to review such determination. The BIR reserves its right to classify the products for taxation purposes should the FDA fail to strictly adhere to the applicable Codex Descriptors.

- ▶ The proper determination of whether a product or beverage is subject to the imposition and payment of excise tax or is covered by the exclusions therefrom rests with the Commissioner of Internal Revenue (CIR).

RMC No. 115-2023 classifies the costs associated with franchises, concessions, licenses, rights, operations agreements or similar arrangements (herein referred to as Licenses or Rights) granted by the government to operate a public service, including public utility as an Administrative Cost instead of "Direct Cost of Services", for purposes of computing the gross income to determine the Optional Standard Deduction (OSD) under Section 34 (L) of the Tax Code of 1997, as amended by Section 3 of Republic Act (RA) No. 9504.

#### **RMC No. 115-2023 dated 27 October 2023**

- ▶ Public service Licenses or Rights are considered intangible assets because they represent legal or contractual rights granted by the government that provide the organization with exclusive privileges or the ability to operate in a specific industry or geographic area.
- ▶ The cost associated with Licenses or Rights are often capitalized as an intangible asset and amortized over the useful life of the agreement.
- ▶ Administrative costs typically include expenses related to the general management and administration of a business or organization, such as legal fees, accounting costs, licensing fees, and other regulatory expenses. Obtaining the licenses or rights to operate a public service usually involves administrative processes, negotiations and legal formalities, which are more closely related to the administrative aspect of running a business.
- ▶ By categorizing the costs associated with the Licenses or Rights as an administrative cost, it implies that the expenses associated with acquiring and maintaining the entitlements should not be included as direct costs of services. Instead, they should be considered separately when calculating the Gross Income for Tax purposes particularly when applying OSD.



# Banks and other Financial Institutions

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Circular No. 1180 approves the following amendments to the check clearing and settlement rules in the Manual of Regulations for Banks (MORB) for the purposes of: a) complying with the requirements of Section 610 of the Manual of Regulations for Payment Systems (MORPS), particularly, item g) on Finality of Settlement; and b) Terminating the Overdraft Credit Line (OCL) of the Bangko Sentral ng Pilipinas (BSP) since its limited purpose of addressing overdrafts arising from check clearing losses is covered by the BSP's automated intraday settlement facility (ISF) that the banks can use not only for the settlement of check clearing results but also for any other local currency real-time gross settlement.

## **Banks and Other Financial Institutions**

### **Amendments to the Check Clearing and Settlement Regulations**

#### **CIRCULAR NO. 1180 Series of 2023 issued on 10 November 2023**

##### **Amendment on Returned Checks**

The Drawee bank shall transmit the electronic documents relative to the dishonor to the Presenting bank within the prescribed period or not later than the cut-off time indicated in Appendix 35 for returned items in accordance with the following procedures:

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2) The AM clearing window for clearing items dishonored due to insufficiency of funds or credit, technical reason, closed account, and/or stop payment order shall be conducted in accordance with the timeline prescribed in Appendix 35 for returned items.

3) The returned checks shall be settled through the Peso Real-Time Gross Settlement (RTGS) system. For purposes of settlement, the value date of the returned Checks and Other Cash Items (COCIs) in the AM clearing window shall be the date of settlement through the Peso RTGS system.

##### **Amendment on Emergency Loans or Advances to Banking Institutions**

Assets of other third parties to cover deficiency arising from unpaid interest and liquidated damages and reduction in loan value of existing collaterals are now considered as an Acceptable Collateral.

Any shortfall in collateral due to unpaid accrued interest, liquidated damages, and reduction in loan value of existing collaterals may be covered by third party assets after the assets of the bank have been exhausted.

##### **Amendment on Check Clearing Operations**

A check clearing switch operator (check CSO) is appointed and designated by the BSP as a processing agency and exclusive provider of a nationwide Automated Clearing Facility. It shall implement clearing of checks via electronic presentment through its Check Image and Clearing System (CICS) upon receipt by the BSP of a written notice from the check CSO that CICS is operational.

Banks shall observe the clearing procedures in accordance with the check CSO rules for the clearing of checks, including the Banks' responsibility to verify the accuracy of reports and directly communicate with the concerned party regarding any clearing discrepancy or error noted in the course of proving their incoming/outgoing clearing items.

The following are the check clearing rules for banks authorized to accept demand deposits:

- a) Banks authorized to accept demand deposits may participate in the clearing process conducted by the check CSO, subject to the latter's accreditation rules, either through 1) direct participation in clearing operations; or 2) indirect participation through conduit arrangements. Other banks may indirectly

participate through maintenance of Demand Deposit Accounts (DDA)s with Universal Banks/Commercial Banks (UBs/KBs) as settlement account for demand deposit or Negotiable Order of Withdrawal (NOW) accounts of Thrift Banks/Rural Banks (TBs/RBs).

- b) Banks authorized to participate directly in clearing through the check CSO shall be subject to the following measures to manage settlement risk:
  - 1) For purposes of settlement, the value date of inward and outward check clearing items, including returns, shall be the date of settlement through the Peso RTGS system.
  - 2) If any of the banks has insufficient settlement account balance to cover its check clearing obligation, the Peso RTGS system shall automatically reject the settlement file from the check CSO, which in turn shall receive a corresponding notification from the Peso RTGS system. The BSP shall advise the concerned bank to fund its deficient settlement account so that the checks issued by the bank's clients will be honored for settlement. If the liquidity shortfall is addressed, the check CSO shall resend the file that was initially transmitted to the RTGS system. Otherwise, the check CSO shall send a new settlement file reflecting the necessary clearing result adjustments brought about by the failure of the concerned bank to fund its settlement account.
- c) In an indirect participation through conduit arrangement, the conduit bank shall be responsible for taking the necessary measures to ensure that the risk exposure to the sponsored bank/s remains within the conduit bank's risk tolerance.

Any Negotiable Order of Withdrawal Account which may be deposited with a bank other than the drawee bank may be cleared through the check CSO in accordance with the check CSO's rules.

#### **Guidelines on the Handling of Returned Checks Under the Automated Check Clearing System**

- A) Checks and Other Cash Items (COCIs) without sufficient funds/with stop payment orders/drawn against closed issuer/payer accounts

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COCIs dishonored for the reason that such are drawn against insufficient funds or credit, or are drawn against closed issuer/payer accounts, or payment of the COCIs has been stopped, shall be returned by the drawee bank to the presenting bank in accordance with the clearing timeline for returned COCIs set by the check CSO.

- 1) For Local Exchanges

There shall be two clearing windows for COCIs returned due to insufficient funds or credit, closed account, and/or stop payment order - one in the afternoon of T+0 for checks returned within the PM Adjustment Window and another in the morning of T+1 for checks returned until the close of the AM return window.

- a) PM Adjustment Window (PAW) - The COCIs returned in the PAW due to insufficient funds or credit, closed account, and/or stop payment order shall be cleared in accordance with the timeline set by the check CSO. For purposes of settlement, the value date of the returned COCIs shall be the date of settlement through the Peso RTGS system.

- b) AM Return Window - The COCIs returned in the AM clearing window due to insufficiency of funds or credit, closed issuer/payer account, and/or stop payment order shall be cleared in accordance with the timeline set by the check CSO. For purposes of settlement, the value date of the returned COCIs shall be the date of settlement through the Peso RTGS system.

2) COCIs not coursed through the Clearing System

COCIs dishonored by reason of insufficiency of funds or credit, drawn against a closed issuer/payer account, and/or stop payment order, and bilaterally transacted outside the clearing system for purposes of settlement, shall be returned by the drawee bank to the holder or the presenting bank, as the case may be, not later than the banking day following the date the COCIs are presented for payment by the drawee bank.

The presenting bank shall, in turn, return the COCIs dishonored by reason if insufficiency of funds or credit, drawn against a closed issuer/payer account, and/or stop payment order to the holder not later than the banking day following its receipt of the dishonored COCIs from the drawee bank.

B) Checks dishonored due to technical reasons

COCIs dishonored due to technical reasons shall be returned by the drawee bank to the presenting bank in accordance with the clearing timeline for returned COCIs set by the check CSO.

1) For Local Exchanges

There shall be two clearing windows for COCIs returned due to technical reasons - one in the afternoon of T+0 for checks returned as of the end of the PAW and another in the morning of T+1 for checks returned until the close of the AM return window.

The Schedule of the Peso RTGS, which includes the timeline for the settlement of check clearing results, is shown in Appendix 35.

- a) PAW - The COCIs returned through the PAW due to technical reasons shall be cleared in accordance with the timeline set by the check CSO. For purposes of settlement, the value date of the returned COCIs shall be the date of settlement through the Peso RTGS system.
- b) AM Return Window - The COCIs returned in the AM clearing window due to technical reasons shall be cleared in accordance with the timeline set by the check CSO. For purposes of settlement, the value date of the returned COCIs shall be the date of settlement through the Peso RTGS system.

2) COCIs not coursed through the clearing system

COCIs dishonored due to technical reasons, which were bilaterally transacted outside the clearing system, for purposes of settlement, shall be returned by the drawee bank to the holder or the presenting bank, as the case may be, not later than the banking day following the date the COCIs are presented for payment by the drawee bank.

The presenting bank shall, in turn, return the COCIs dishonored due to technical reasons to the holder not later than the banking day following its receipt of the dishonored COCIs from the drawee bank.

## Check clearing and settlement changed to check clearing switch operator or check CSO

MORB Section/Appendix	Amendments
Section 102 (Basic Guidelines in Establishing Domestic Banks), Conditions for the grant of authority to convert into a lower category	xxx a TB (previously authorized by the Monetary Board to accept demand deposits) may be allowed to retain such authority when converting into an RB but may clear checks only through a correspondent bank and shall not be allowed to participate directly in the check clearing system xxx
Section 201 (Authority to Accept or Create Demand Deposits), Requirements for Accepting Demand Deposits	That if it is not a member of the check CSO, it has appointed a commercial bank, or a normally operating thrift bank which is a direct participant in the check clearing system with the check CSO/Peso RTGS system and has complied with the minimum capital required for commercial banks, through which it shall participate in the check clearing system
Section 222 (Minimum Features of Negotiable Order of Withdrawal Accounts)	The standards and design of the order of withdrawal form shall be in accordance with the check CSO rules if said order of withdrawal form is intended to be cleared through the check CSO. Otherwise, the minimum features of the pro-forma order of withdrawal shall conform with Appendix 11.

Circular No. 1181 approves the following amendments to the Manual of Regulations for Payment Systems (MORPS), Manual of Regulations for Banks (MORB), and Manual of Regulations for Non-Bank Financial Institutions (MORNBF) on the Intraday Liquidity Facility (ILF) of the BSP, for the following purposes: 1) To reflect in the regulations the amendment of the name of the facility from ILF to "Intraday Settlement Facility (ISF)" and changes to the operation of this facility due to its automation; 2) Align the regulations with legal and statutory requirements; and 3) Comply with the Principles for Financial Market Infrastructures (PFMI), particularly on credit risk, collateral, liquidity risk, and related principles.

The check clearing participants shall be given a period of three months from the effectivity of this Circular to make appropriate changes to their plans, rules, policies, processes and systems in order to comply with the requirements under this Circular/Section. Upon the lapse of said period, the BSP's OCL facility shall be terminated. Consequently, all existing OCLs with the BSP shall be cancelled and the corresponding collaterals shall be returned to the concerned banks.

### Amendments to the Regulations on Intraday Liquidity Facility

#### CIRCULAR NO. 1181 Series of 2023 issued on 10 November 2023

The BSP provides an ISF to eligible participants to ensure smooth flow of payments through the Peso Real Time Gross Settlement Payment System (RTGS PS) and timely execution of interdependent settlements to manage systemic risk.

### Amendments to Part Nine of the Manual of Regulations for Banks and Manual of Regulations for Non-Bank Financial Institutions - Enhancing the Provisions on Targeted Financial Sanctions

#### CIRCULAR NO. 1182 Series of 2023 issued on 10 November 2023

The following were amended in the Definition of Terms:

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j. Customer/client refers to any person who keeps or maintains an account, or otherwise transacts business with a covered person. It includes the following:

- 1) Beneficial owner, or any natural person who ultimately owns or controls a customer and/or on whose behalf an account is maintained or a transaction is conducted

Circular No. 1182 enhances the regulations on targeted financial sanctions related to terrorism, terrorist financing, proliferation of weapons of mass destruction, and proliferation financing.



- 2) Transactors, agents and other authorized representatives of beneficial owners
- 3) Beneficiaries of trusts, investment and pension funds, insurance policies, and remittance transactions
- 4) Persons whose assets are managed by an asset manager
- 5) Trustors/grantors/settlors of a trust
- 6) Insurance policy holders, whether actual or prospective
- 7) Juridical Person. The term juridical person shall refer to an entity other than a natural person as defined under the Civil Code of the Philippines, including corporate clients who keep or maintain an account with a covered person.

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hh. Designated persons refer to:

- 1) Any person or entity designated as a terrorist, one who finances terrorism, or a terrorist organization or group under the applicable United Nations (UN) Security Council (UNSC) Resolutions (UNSCR) and their successor resolutions
- 2) Any person, organization, association, or group of persons designated under Paragraph 3, Section 25 of the Anti-Terrorism Act of 2020 (ATA)
- 3) Any person or entity designated under UNSCR Nos. 1718 (2006) and 2231 (2015) and their successor resolutions

ii. Name Match refers to an individual or entity whose name matches with a name in the UNSC Consolidated List, any list of designations made by the Anti-Terrorism Council (ATC) under Paragraph 3, Section 25 of the ATA, or those proscribed by the Court of Appeals under Section 26 of the ATA.

jj. Property or Fund refers to financial assets, property of every kind, whether tangible or intangible, movable or immovable, however acquired, and legal documents or instruments in any form, including electronic or digital, evidencing title to, or interest in, such funds or other assets, including, but not limited to, bank credits, traveler's cheques, bank cheques, money orders, shares, securities, bonds, drafts, or letters of credit, and any interest, dividends, or other income on or value accruing from or generated by such funds or other assets.

kk. Potential Target Match refers to an individual or entity whose identity matches most, but not all, of the identifier information provided in the UNSC Consolidated List, any list of designations made by the ATC under Paragraph 3, Section 25 of the ATA, or those proscribed by the Court of Appeals under Section 26 of the ATA.

ll. Prohibition against dealing prohibits any person from 1) dealing, directly or indirectly, in any way and by any means, with any property or funds that he knows or has reasonable ground to believe is owned or controlled by a designated person, organization, association or group of persons, including funds derived or generated from property or funds owned or controlled, directly or indirectly, by a designated person, organization, association or group of persons; or 2) making available any property or funds, or financial services or other related services to a designated person, organization, association or group of persons.

mm. Proliferation of Weapons of Mass Destruction (WMD) Financing/Proliferation Financing (PF) refers to an action or circumstances when a person makes available an asset; or provides a financial service; or conducts a financial transaction; and the person knows that, or is reckless as to whether, the asset, financial service or transaction is intended to, in whole or in part, facilitate proliferation of WMD in relation to UNSCR Nos. 1718 (2006) and 2231 (2015) and their successor resolutions.

nn. Proliferation of WMD refers to the manufacture, acquisition, possession, development, export, transshipment, brokering, transport, transfer, stockpiling or use of WMD, in contravention of national laws or, where applicable, international obligations.

oo. Sanctions risk refers to the risk of losses arising from failure to implement relevant sanctions requirements, including Targeted Financial Sanctions (TFS). This includes risks of potential breach, non-compliance/non-implementation or evasion of TFS obligations.

pp. Targeted asset freeze applies to named individuals, entities and bodies, restricting access to funds and economic resources. Someone subject to an asset freeze will be listed on the Consolidated List, designated or proscribed and posted under the Anti-Money Laundering Council (AMLC) or ATC websites.

qq. Targeted Financial Sanctions (TFS) refers to:

- 1) For TFS related to terrorism and Terrorist Financing (TF): both asset freezing and prohibitions to prevent funds or other assets from being made available, directly or indirectly, for the benefit of designated persons and those proscribed by the Court of Appeals under Section 26 of the ATA.
- 2) For TFS related to Proliferation Financing (PF): both asset freezing and prohibition to prevent funds or other assets from being made available, directly or indirectly, for the benefit of any individual, natural or legal persons or entity designated pursuant to UNSCR and its designation process.

rr. Weapons of Mass Destruction (WMD) refers to chemical, biological, radiological, or nuclear weapons which are capable of high order of destruction or causing mass casualties. It excludes the means of transporting or propelling the weapon where such means is a separable and divisible part from the weapon.

The following were amended in Risk Management:

**Risk Assessment.** Consistent with risk-based approach, covered persons are required to identify, understand, and assess their ML/TF/PF and sanctions risks or risks of potential breach, non-compliance, non-implementation or evasion of TFS obligations, arising from their customers, countries or geographic areas of operations and customers, products, services, transactions or delivery channels, among others.

Based on the results of the risk assessment, the covered person shall take appropriate measures to manage and mitigate ML/TF/PF and sanctions risks and take enhanced measures on identified high risks areas, which should be incorporated in its MTPP. The risk assessment shall be made available to the BSP during examination or in other circumstances deemed necessary as part of continuous supervision.

**New products and business practices risk assessment.** Covered persons are also required to identify and assess the ML/TF/PF and sanctions risks that may arise in relation to the development of new products and new business practices, including new delivery mechanisms, and the use of new or developing technologies for both new and pre-existing products. Such risk assessment should be an integral part of product or service development process and should take place prior to the launch of the new products, business practices or the use of new or developing technologies. Covered persons should take appropriate measures to manage and mitigate the identified risks.

The following were amended in Customer Due Diligence:

**Targeted Financial Sanctions (TFS) related to terrorism, terrorist financing (TF), proliferation of weapons of mass destruction (WMD), and proliferation financing (PF).** Covered persons shall adopt appropriate policies and procedures to effectively implement TFS related to terrorism, TF, proliferation of WMD, and PF.

**TFS related to terrorism and TF.** In relation to designated persons under relevant binding terrorism-related Resolutions, including UNSCR No. 1373 pursuant to Article 41 of the UN Charter and the ATA, covered persons, upon receipt of the notice of AMLC resolution on the issuance of sanctions freeze order, are required to freeze without delay the following:

- a. Property or funds that are in any way related to financing of terrorism or acts of terrorism
- b. Property or funds of any person, group of persons, terrorist organization, or association, in relation to whom there is probable cause to believe that they are committing or attempting or conspiring to commit, or participating in or facilitating the commission of financing of terrorism or acts of terrorism as defined under the Terrorism Financing Prevention and Suppression Act of 2012, the ATA and their respective Implementing Rules and Regulations (IRRs)

The property or funds referred to in the immediately preceding paragraph shall include all property or funds:

- a. That are owned or controlled by the subject of designation and is not limited to those that are directly related or tied to a particular terrorist act, plot or thereat.
- b. That are wholly or jointly owned or controlled, directly or indirectly, by the subject of designation.
- c. Derived or generated from funds or other assets owned or controlled, directly or indirectly, by the subject of designation.
- d. Of persons or entities acting on behalf or at the direction of the subject of designation.

In case of asset freeze, covered persons are generally prohibited to:

- a. Deal with the frozen funds or economic resources, belonging to or owned, held or controlled by a designated person.
- b. Make funds or economic resources available, directly or indirectly, to, or for the benefit of, a designated person.
- c. Engage in actions that, directly or indirectly, circumvent the financial sanctions prohibitions.

The freeze orders shall also cover those persons or entities included in the subsequent updates, modifications and amendments to the UNSC Consolidated List, as well as those designated by the ATC under Section 25 of the ATA and those proscribed by the Court of Appeals under Section 26 of the ATA.

All covered persons shall submit to the AMLC a detailed written return, pursuant to, and containing details required under, Rule 16.c of the Terrorist Financing Prevention and Suppression Act Implementing Rules and Regulations (TFPSA IRR).

**TFS related to proliferation of WMD and PF.** In relation to designated persons pursuant to UNSCR Nos. 1718 (2006) and 2231 (2015), and their successor resolutions, as well as any binding resolution of the Security Council, covered persons are required to:

- a. Freeze the following within a matter of hours from the time that the designation and the freeze order is published in the AMLC website:
  1. All funds or other assets that are owned or controlled by the designated persons, and not just those that can be tied to a particular act, plot or threat of proliferation of WMD and PF
  2. Those funds or other assets that are wholly or jointly owned or controlled, directly or indirectly, by designated persons
  3. The funds or other assets derived or generated from funds or other assets owned or controlled, directly or indirectly, by designated persons
  4. Funds or other assets of persons and entities acting on behalf of, or at the direction of designated persons
- b. Block or restrain specific properties or funds that are owned or controlled by a designated person from being transacted, converted, concealed, moved, or disposed
- c. Prohibit any person or entity from making any funds or other assets available for the benefit of designated persons, unless licensed, authorized or otherwise notified in accordance with the relevant UNSCR

TFS related to terrorism, TF, proliferation of WMD, and PF, requires full application or implementation. The TFS shall be effective until the basis for its issuance has been lifted.

**General Requirements to Implement TFS related to terrorism, TF, proliferation of WMD, and PF.** Covered persons shall adopt risk-based and proportionate measures to reinforce and complement the full implementation of the TFS requirements which shall include, at a minimum, the following:

- a. Sanctions Policies and Procedures. Informed by the results of the sanctions risk assessment, covered persons shall adopt proportionate and risk-based sanctions policies and procedures approved by the Board of Directors or equivalent body/ authority to facilitate implementation of TFS without delay.
- b. Sanctions Screening Procedures. As part of the customer due diligence process, covered persons shall develop sanctions screening system and procedures, which include, among others:
  - 1) Screening of a) customers, including beneficial owners or any persons purporting to act on behalf of the customer and their authorized signatories, b) transactors/non-accountholders transacting with the covered person, and c) counterparties/other credentials or relevant information in wire transfers or trade transactions, at the minimum.
  - 2) Defining the timing of the conduct of screening such as a) upon establishment of relationship or opening of an account, or at the latest prior to the first transaction, regardless of the customer risk profile, b) periodically over the course of the relationship, especially whenever new designations or updates are issued, and c) whenever there are updates to the client's information, such as change of ultimate beneficial owners or authorized signatories.

Sanctions screening procedures for transactions under the National Retail Payment System (NRPS) shall be governed by items “c1” and “c2” on AML Requirements of Section 803/8011-Q of the MORB/MORNBFI, wherein the originating/sending institution and beneficiary/receiving institution shall be responsible for the appropriate screening of their respective clients.

- c. Sanctions Database. Covered persons shall adopt and maintain suitable sanctions database (electronic and/or manual) that is commensurate to its risk profile and complexity of operations to facilitate screening of customers and their transactions.

The sanctions database must include, at the minimum, the following and their successor resolutions:

- 1) UNSC Consolidated List that includes UNSCR Nos. 1267/1989, 1988, and 2253 for TFS on terrorism and TF
- 2) UNSC Consolidated List that includes UNSCR Nos. 1718/2006 and 2231/2015 for TFS on proliferation of WMD and PF
- 3) Domestic designations by the ATC pursuant to UNSCR No. 1373 and Paragraph 3, Section 25 of the ATA, and those proscribed by the Court of Appeals under Section 26 of the ATA

Covered persons shall adopt mechanisms to ensure that the sanctions database is accurate, complete and up-to-date. All new designations shall be included in the sanctions database and checked or screened against existing customer base without delay to adhere to the TFS requirements under applicable laws and regulations.

Covered persons may consider including other unilateral sanctions lists (e.g., Office of Foreign Assets Control of the United States Department of the Treasury and European Union) based on the applicable laws and implementing regulations, internal policy and results of their sanctions risk assessment, in line with their risk profile and operations, for purposes of risk management and suspicious transaction (ST) reporting, among others.

- d. Disposition of Matches and Handling of Freeze Order. Covered persons shall adopt suitable name screening policies and procedures to determine name match, potential target match, and target match, as well as the corresponding actions to take, in accordance with the procedures, reporting requirements and timelines prescribed by the AMLC.

For name match, covered persons should have defined hierarchy of actions and references to disambiguate or resolve the name match. This includes inquiring or requesting additional information and identification documents from the customer and/or other reliable parties/relevant government agencies, such as the AMLC, to verify whether the name match is a potential target match or target match.

In case of potential target match, the covered person shall freeze without delay the funds or other assets of designated persons that it has control over and inform the AMLC on the same day the freeze is implemented. An ST report shall also be submitted to the AMLC, including for attempted transactions or dealings. A detailed electronic return shall be filed to the AMLC within 24 hours from receipt of the AMLC's confirmation of the propriety of the freeze. In case no confirmation is received from the AMLC within 36 hours from receipt of the information, the freeze shall be automatically lifted.



In case of target match, the covered person shall freeze the account or assets and file a detailed electronic return to the AMLC within 24 hours from effecting the freeze.

- e. Delisting and Unfreezing. A designated person may be delisted by the UNSC or its appropriate Sanctions Committee, or by other competent authorities, and the AMLC may issue unfreezing orders, both in accordance with the applicable laws and regulations. Accordingly, upon receipt of the unfreezing order from the AMLC, or upon knowledge of the delisting made by the UNSC or its Committee, or other competent authorities, the covered person holding the frozen funds and other assets shall implement the unfreezing order or unfreeze without delay, and submit a detailed report to the AMLC. The detailed report shall be filed within 24 hours from the lifting of the freeze order, and include the time and date of unfreezing and a list of the unfrozen funds and other assets. Covered persons shall refer to the delisting process and/or unfreezing procedures under applicable UNSC Committee and AMLC guidelines and issuances.

### **Publication/Posting of Balance Sheet (BS)**

Circular Letter No. CL-2023-058 gives a call for the publication by of Balance Sheet (Head Office, branches/other offices), as of 30 September 2023.

#### **CIRCULAR LETTER NO. CL-2023-058 Series of 2023 issued on 26 October 2023**

In accordance with Section 183-T of the Manual of Regulations for Non-Bank Financial Institutions (MORNBFI) and Memorandum No. M-2017-027 dated 11 September 2017.

Circular Letter No. CL-2023-059 gives a call for the publication of Statement of Condition (Head Office, branches and other offices) side-by-side with its Consolidated Statement of Condition (parent institution and its subsidiaries and affiliates), if applicable, as of 30 September 2023, in accordance with Section 172-Q of the Manual of Regulations for Non-Bank Financial Institutions (MORNBFI) for quasi-banks and Section 144-N of MORNBFI for trust entities.

### **Publication/Posting of Statement of Condition and/or Consolidated Statement of Condition**

#### **CIRCULAR LETTER NO. CL-2023-059 Series of 2023 issued on 26 October 2023**

Such statement of Condition and/or Consolidated Statement of Condition, where applicable, shall be published in a newspaper of general circulation in the city/province where the principal office is located, but if no newspaper is published in the same city/province, then in a newspaper published in Metro Manila or in the nearest city/province within 20 working days from the date of this Circular Letter.

### **Financial Action Task Force Publications dated 27 October 2023**

#### **CIRCULAR LETTER NO. CL-2023-062 Series of 2023 issued on 23 October 2023**

##### **High risk jurisdictions subject to a call for action**

Circular Letter No. CL-2023-062 informs all BSP Supervised Financial Institutions (BSFIs) of the Financial Action Task Force (FATF) publications issued last 27 October 2023 on: i) high-risk jurisdictions subject to a call for action, ii) jurisdictions under increased monitoring, and iii) statement on the Russian Federation.

High risk jurisdictions have significant strategic deficiencies in their regimes to counter money laundering (ML), terrorist financing (TF), and proliferation financing (PF). These jurisdictions are subject to application of enhanced due diligence (EDD) or counter-measures to protect the international financial system from the ML/TF/PF risks emanating from the country. No new countries/jurisdictions were added to this list.

Jurisdictions subject to a FATF call on its members and other jurisdictions to apply counter-measures on Democratic People's Republic of Korea (DPRK) and Iran.

Jurisdictions subject to a FATF call on its members and other jurisdictions to apply EDD measures proportionate to the risks arising from the jurisdiction of Myanmar.

#### **Jurisdictions under increased monitoring**

These countries are actively working with the FATF and have committed to resolve swiftly the identified strategic deficiencies in their regimes to counter ML/TF/PF within agreed timeframes. The FATF has issued an updated list of jurisdictions under increased monitoring. Bulgaria was added while Albania, Cayman Islands, Jordan and Panama were removed from the list.

#### **Statement on the Russian Federation**

The suspension of the membership of the Russian Federation continues to stand. Following the statements issued since March 2022, the FATF reiterates that all jurisdictions should be vigilant to current and emerging risks from the circumvention of measures taken against the Russian Federation in order to protect the international financial system.

#### **Dissemination of the XML Schema Definition (XSD) for the International Transactions Reporting System (ITRS)**

Memorandum No. M-2023-031 advises that the ITRS XSD will be disseminated to the banks starting 24 October 2023.

##### **MEMORANDUM NO. M-2023-031 Series of 2023 issued on 24 October 2023**

The files will be sent via email to authorized users only, as evidenced by a duly accomplished and validated BSP Relationship Management System (BRMS) User Registration Form (URF) for the Weekly and Monthly ITRS reports. In this regard, banks that have not submitted a BRMS URF are advised to submit the Form immediately to secure a copy of the XSD.

#### **Securities and Exchange Commission Amnesty Program for Corporations**

##### **MEMORANDUM NO. M-2023-032 Series of 2023 issued on 25 October 2023**

Based on the records of the SEC as of 12 October 2023, the corporations appearing in the respective lists failed to submit their General Information Sheet (GIS) a) within five years from the respective dates of their incorporation, or b) for three times consecutively or intermittently within a five-year period. These corporations are therefore advised to avail of the SEC Amnesty Program. The list of corporations with revoked certificates of incorporation or placed under delinquent status will be finalized after the amnesty program.

All BSFIs are reminded to ensure the conduct of appropriate customer due diligence (CDD) on their corporate client/juridical entities, including the updating of their customer's records/information and risk profile.

Memorandum No. M-2023-032 encourages corporations appearing on the following lists to avail the SEC Amnesty Program:

- A. [List of Corporations for Revocation due to Non-Use of Corporate Charter](#)
- B. [List of Corporations for Placement under Delinquency Status](#)

**Guidelines on the submission of gap analysis and Board-approved action plan in compliance with the transitory provision of Circular No. 1160 Series of 2022**

Memorandum No. M-2023-033 provides for the guidelines in the submission of their gap analysis and action plan status reports.

**MEMORANDUM NO. M-2023-033 Series of 2023 19 issued on October 2023**

All BSP-supervised institutions (BSIs) shall submit a Certification (Template, Annex A) signed by the President or officer of equivalent rank, affirming the completion of the BSI's gap analysis; that the Board of Directors noted the gaps and approved an action plan to address those gaps; and that the BSI is committed to implement the action plan in a timely manner to achieve full compliance with the provisions of BSP Circular No. 1160 series of 2022.

The deadline for submission of the duly-signed Certification shall be on or before the following dates:

Industry	Deadline of Submission
a. Universal and Commercial Banks	21 December 2023
b. Digital Banks	21 December 2023
c. Non-Bank Electronic Money Issuers	21 December 2023
d. Non-Bank Credit Card Issuers	21 December 2023
e. Thrift Banks	31 January 2024
f. Rural and Cooperative Banks	31 January 2024
g. Pawnshops	31 January 2024
h. Virtual Asset Service Providers	31 January 2024
i. All other BSIs	29 February 2024

Submission of the Certification may be on a group-wide, consolidated basis, provided that all Presidents or officers of equivalent rank of each BSI belonging to the group shall sign the Certification.

All BSIs are expected to have implemented their Board-approved action plans not later than 21 December 2023, one year from the effectivity of Circular No. 1160 Series of 2022, in accordance with Section 6 thereof.

**Integrated Currency Management System (ICMS) Rollout to the BSP Regional Offices and Branches (ROBs)**

**MEMORANDUM NO. M-2023-034 Series of 2023 issued on 9 November 2023**

The ICMS, which is the currency management system being used by the BSP Greater Manila Regional Office (GMRO) since 29 April 2019, will be rolled out by batches to the provincial BSP ROBs to replace the Integrated Regional Information System (IRIS).

The activities relative to the ICMS pilot testing in the BSP Lucena Branch are underway. The rollout will continue in the remaining 23 ROBs and is targeted to be completed by Q2-2024. The ICMS rollout is scheduled to commence in January 2024.

AABs are hereby instructed to undertake necessary actions and participate in the following ICMS rollout activities to facilitate the smooth transition from IRIS to ICMS and ensure completion of the project within timelines.

Memorandum No. M-2023-034 informs that the Regional Operations Sub-Sector (ROSS) is carrying out a project that will update its existing currency management system in the countryside.

# Bureau of Customs

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## Bureau of Customs

### **Optical Media Board (OMB) Provisional Recognition of Valid and Existing OMB Licenses Issued to Clark Development Corporation (CDC) Locators as Valid Exports Permits**

CMC No. 192-2023 refers to Optical Media Board (OMB) Board Resolution No. 23-09-04 dated 14 September 2023 on the Provisional Recognition of Valid and Existing OMB Licenses Issued to Clark Development Corporation (CDC) Locators as Valid Export Permits.

#### **Customs Memorandum Circular (CMC) No. 192-2023 dated 17 October 2023**

CMC No. 192-2023 was issued pursuant to the OMB Board Resolution No. 23-09-04 stating that OMB licenses that have been issued or will be issued to CDC Locators that are engaged in the business involving products regulated by the OMB shall be considered for all intents and purposes as valid export permits.

- ▶ The Bureau of Customs (BOC) is empowered and authorized to allow the export of OMB-regulated items upon presentation by the CDC Locators of their valid OMB License.
- ▶ OMB Board Resolution No. 23-09-04 takes cognizance of Republic Act. (RA) No. 10032, also known as the Ease of Doing Business Act of 2018, and recognized the need to further streamline the flow and processing time in delivering government services specifically to address export concerns, business demands and needs peculiar to CDC locators.
- ▶ The OMB does not intend to stifle legitimate business and unduly delay export shipments of CDC locators due to processes required for issuance of OMB export permits.

### **Implementation of Measures to Support Strategic Objectives 1 and 2 Under EO No. 33 S. 2023 and Immediate Outcomes 7.1 and 7.2 and 8.2 of the Financial Action Task Force (FATF) International Cooperation Review Group (ICRG)**

OCOM Memorandum No. 69-2023 aligns with the commitment of the Bureau of Customs (BOC) to contribute measures for the effective and sustainable implementation of Strategic Objectives No. 1 and 2 of the National Anti-Money Laundering Counter-Terrorism Financing and Counter-Proliferation Financing Strategy 2023-2027 adopted under Executive Order No. 33 s. 2023.

#### **Office of the Commissioner (OCOM) Memorandum No. 69-2023 dated 17 October 2023**

OCOM Memorandum No. 69-2023 directs all responsible offices to continuously implement, monitor and submit reports to the Office of the Commissioner, copy furnished the Deputy Commissioner for Enforcement Group for the implementation of Executive Order No. 33 s. 2023 in relation to the Financial Action Task Force (FATF) International Cooperation Group (ICRG) Action Plans, specifically Immediate Outcomes 7.1 and 7.2 and 8.2:

- ▶ Under Immediate Outcome 7.1 and 7.2, it seeks the demonstration of (i) an increase in the development and use of financial intelligence and financial investigative skills of Law Enforcement Agencies tasked with Money Laundering (ML) investigations, and (ii) an increase in ML investigations and prosecutions in accordance with the Philippines' risk profile, including crimes with transnational element and/or foreign proceeds, and using formal and informal international cooperation, if necessary, through the following:
  - ▶ Utilization of Anti-Money Laundering Council (AMLC) Web-based Search Engine by Bureau of Customs (BOC) Offices
  - ▶ Regular case conferences with AMLC on cases filed by the BOC
  - ▶ Inclusion of money-laundering allegation in smuggling cases filed by the BOC with the Department of Justice
  - ▶ Coordination with international and local counterparts on any information on smuggling or other relevant predicate offenses
  - ▶ Regular submission of statistics to the AMLC of BOC seizures per port and commodity



- ▶ Under Immediate Outcome 8.2, it seeks to demonstrate that cross border measure is applied to all main sea/airports of the country, including detection of false declarations of currency and confiscation action resulting therefrom with particular focus on high-risk activities in line with the Philippine's risk profile through the following means, among others:
  - ▶ Ensuring the accomplishment by all travelers and crews of Customs Baggage Declaration Form (CBDF) and Currencies Declaration Form (CDF), if applicable, in all airports and seaports
  - ▶ Continuous capacity building of personnel on policies on cross-border transport of currency and monetary instruments, currency detection and confiscation
  - ▶ BOC transition to E-Travel
  - ▶ Ensuring continuous strict monitoring of accompanied and unaccompanied baggage of arriving and departing travelers, crews, cargoes, mails and parcels for possible non-declaration, false declaration and/or concealment of currencies and monetary instruments
  - ▶ Ensure 100% verification/counting, either manually or through money counting machines, of declared currencies
  - ▶ Ensure deployment of sufficient no. of examiners, x-ray and enforcement personnel in all international airports, seaports, warehouses, postal offices
  - ▶ Regular maintenance of x-ray scanners and multi-currency counting machines
  - ▶ Deployment of cash-sniffing dogs

**Export Clearance is Not Required for the Exportation of Used Quenching Oil to Japan for Performance Testing Purposes**

**Assessment Operations Coordinating Group (AOCG) Memorandum 279-2023 dated 19 October 2023**

As stated under the memorandum, in response to the request of AICHI, EMB-DENR maintains that subject export is not regulated; therefore, an export clearance is not required. Furthermore, pursuant to *DENR Administrative Order (DAO) No. 2013-22: Revised Procedures and Standard for the Management of Hazardous Wastes (Revising DAO 2004-36)*, EMB-DENR only regulates transboundary movement of hazardous waste destined for recycling/recovery and final disposal.

While the export clearance is not required, this does not preclude AICHI in complying with the domestic regulation of Japan as the country of destination.

AOCG Memorandum 279-2023 refers to the letter dated 9 October 2023 from the director of the Environmental Management Bureau, Department of Environment and Natural Resources (EMB-DENR) responding to the inquiry of Aichi Forge Philippines, Inc. (AICHI) whether an export clearance is required for the exportation of used quenching oil to Japan for performance testing.

SEC



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## SEC

### **Guidelines on Declaration of Delinquent Status and Revocation of Certificate of Registration of Corporations under Sections 21 and 177 of the Revised Corporation Code (RCC)**

SEC MC No. 19 promulgates guidelines to standardize and govern the declaration of delinquent status and revocation of certificate of registration of corporations pursuant to the grounds stated in Section 21 and 177 of the RCC.

#### **SEC Memorandum Circular (MC) No. 19, dated 26 October 2023**

The Circular shall apply to the following:

- a. *Non-use of Corporate Charter.* Corporations which have failed to formally organize and commence their business within five years from the date of their incorporation.
- b. *Continuous inoperation for five years.* Corporations which have commenced their business but subsequently became inoperative for a period of at least five consecutive years.
- c. *Non-filing of Reportorial Requirements.* Corporations which have failed to file Financial Statements (FS) or General Information Sheet (GIS) three times, consecutively or intermittently, within a period of five years.

Aside from the foregoing, for corporations vested with public interest:

- i. A director or trustee compensation report or
- ii. A director or trustee appraisal or performance report and the standards or criteria used to assess each director or trustee

The corporation shall simultaneously undergo monitoring and will be required to pay the corresponding fines and filing fees before its Petition to Lift Order of Delinquency or Order of Revocation will be received. In case of a meritorious petition, the Commission shall issue an order lifting the delinquent or revoked status of the corporation.

For corporations with pending intra-corporate dispute between two or more groups claiming ownership or right over the same, their petition shall only be accepted upon the finality of a court decision.

*These guidelines were filed with the UP Law Center on 27 October 2023 and became effective immediately after its publication in the Manila Bulletin and Philippine Daily Inquirer both on 27 October 2023.*

### **Final Extension of Amnesty Applications until 31 December 2023**

#### **SEC Memorandum Circular (MC) No. 20, dated 6 November 2023**

- ▶ The SEC has extended for the final time the amnesty period from its previous extended deadline of 6 November 2023 and shall continue to accept an Expression of interest (EOI) to avail of the amnesty from eligible corporations until 31 December 2023 through eFAST.
- ▶ The subsequent period starting from 1 January to 31 January 2024 shall only be dedicated to the submission of amnesty requirements and supporting documents to the PLO for all applications. Failure to comply within the submission period shall warrant the forfeiture of the paid amnesty or filing fees in favor of the Commission.

SEC MC No. 20 extends Amnesty Applications for the last time.

- Thereafter, an updated scale of fines and penalties for the covered reportorial requirements shall be effective on 1 January 2024.

This MC is effective upon completion of its publication in the Philippine Daily Inquirer and the Philippine Star on 6 November 2023.

### **Amendments to SEC Memorandum Circular Series of 2014 - Guidelines on Asset Valuations**

#### **SEC Memorandum Circular (MC) No. 21, dated 14 November 2023**

The amended provisions are as follows:

##### Accreditation

The criteria for accreditation shall be the following:

- The applicant shall be registered with the Commission either as a corporation or general professional partnership organized by individuals engaged in appraisal or valuation work and shall be compliant with the ownership requirement under the prevailing Foreign Investment Negative List.

##### Operational Requirements

An accredited appraisal company of PSO shall maintain the following prescribed qualifications:

- It is compliant with the ownership requirement under the prevailing Foreign Investment Negative List, and it is managed and operated by licensed appraiser or valuation specialists.

##### Reporting Requirements

All accredited appraisal companies or PSOs shall submit within 135 days from the end of its fiscal year, an annual report under SEC Form AC-AR duly signed by its Chief Executive Officer and Chief Finance Officer, or Managing Partner, as the case may be.

This MC was signed on 14 November 2023 and shall take effect after its publication in two newspapers of general circulation. (*Editor's Note: SEC MC No. 21 was published in Inquirer and Philippine Star p. B5, on 16 November 2023.*)

SEC MC No. 21 updates the foreign ownership requirement and submission date of the Annual Report as previously found in SEC MC No. 2, Series of 2014.

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