

REVENUE MEMORANDUM CIRCULAR NO. 14-2002 issued on April 15, 2002 prescribes the procedures for the manner of filing of tax returns for income derived by Foreign Currency Deposit Units from foreign currency and other transactions and the manner of reporting their income for income tax purposes.

Banks with Foreign Currency Deposit Units (FCDUs) shall file two Income Tax returns for the same taxable year: one return covering its Regular Banking Unit (RBU) transactions income and another return covering its FCDU transactions income subject to the 10% rate and other income subject to the regular corporate income tax rate.

A new and separate Taxpayer Identification Number (TIN) shall automatically be issued by the Bureau's Large Taxpayers Assistance Division I to banks with FCDUs on or before April 15, 2002, which shall be used in connection with their FCDU income. The existing TINs currently being used by the said banks shall be valid on all their transactions/payments derived by their RBUs.

Within sixty (60) days after the end of each of the first quarters of the calendar or fiscal year, a return of the taxable income derived by the FCDU shall be filed independently of or separate from the return for income of the RBU, and the tax due thereon paid, to the Authorized Agent Bank/Collection Agent of the Revenue District/BIR Office where the taxpayer is registered or required to be registered within the period prescribed by law.

In the case of interest income from foreign currency loans granted to residents where the 10% tax has already been withheld in accordance with the Tax Code, where the payor-borrower is constituted as the withholding agent, such interest income shall be reported in the Income Tax return of the FCDU, for information purposes.

Foreign Currency Deposit Unit of depositary banks shall maintain records/books of accounts independent or separate from the regular banking activity transactions, which shall be kept in its principal place of business and be made readily available for inspection by authorized BIR personnel.