



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE DEPUTY GOVERNOR SUPERVISION AND EXAMINATION SECTOR

MEMORANDUM NO. M-2017- 005

TO : ALL BANKS AND NON-BANKS WITH QUASI-BANKING (NBQBs) FUNCTIONS

Subject : Collection of the Annual Supervisory Fees (ASF) for the Year 2017

Pursuant to Subsections X901.1 (2008 – X608.1) and 4901Q.1 (2008 – 4652Q) of the Manual of Regulations for Banks (MORB) and the Manual of Regulations for Non-Bank Financial Institutions (MORBNFI), respectively, the following guidelines shall govern the computation and collection by the Bangko Sentral Ng Pilipinas (BSP) and the payment by Banks and NBQBs of the 2017 ASF.

1. Computation of ASF for 2017

The ASF is based on the Average Assessable Assets (AAA) of the preceding year multiplied by the applicable assessment rates approved by the Monetary Board as follows:

| Type of Financial Institution | Applicable Rate |
|--------------------------------------|------------------------|
| Universal/Commercial Banks | 1/28 of 1% |
| Thrift Banks | 1/28 of 1% |
| Rural/Cooperative Banks | 1/40 of 1% |
| NBQBs | 1/28 of 1% |

The AAA of the preceding year is derived from the reports¹ submitted by the bank/NBQB to the BSP in compliance with the standards and requirements prescribed under existing regulations.

In case of a merger or consolidation, the assets of the covered institutions prior to the merger or consolidation as well as the assets of the newly formed institution shall be considered in determining the AAA. In case of upgrading or downgrading, the assets from one bank category to another shall likewise be considered in determining the AAA.

¹ FRP for banks, CSOC for NBQBs, and FRPTI for banks and NBQBs with Trust functions

The collection of the 2017 ASF shall take into consideration events subsequent to the collection of the 2016 ASF, particularly for submitted amendments to the prescribed reports used in deriving the AAA that would warrant a recomputation of the 2016 ASF. In such cases, the resulting over or under-payment of the 2016 ASF shall be deducted/added to the 2017 ASF.

Sample computations to illustrate potential permutations of the above described scenarios are provided in Annex A.

2. Notification of Amount Due for 2017 and Mode of Payment

The BSP Supervisory Data Center (SDC) shall send a billing notice in March 2017 to the Bank/NBQB for its ASF payment indicating, among others, the computation of the ASF due, including the 2% creditable withholding tax (CWT) thereon, if applicable, the period covered by the ASF and the specific date when the ASF will be debited from the Bank's/NBQB's Demand Deposit Account (DDA) with the BSP.

The BSP will not accept checks as mode of ASF payment. Banks/NBQBs, upon receipt of the ASF billing notice from the BSP, should maintain adequate balance in their DDA to cover the ASF and other daily obligations and, when necessary, make corresponding deposits to fully cover said obligations. In case of deficiency, the provisions on DDA deficiency in Subsections X901.1 (2008 – X608.1) and 4901Q.1 (2008 – 4652Q) of the MORB and MORNBF1, respectively, as amended, shall apply.

3. Exceptions Noted on Billing Notice of 2017 ASF

Upon receipt of the BSP Notice of ASF billing, a Bank/NBQB is encouraged to check the accuracy of the billing and to submit any of the noted exceptions therein not later than ten (10) days before the specified date of collection/debit to DDA as indicated in the billing notice. The said exceptions, together with supporting documents, shall be submitted to:

The Director
Supervisory Data Center (SDC)
Bangko Sentral Ng Pilipinas
11th Floor, Multi-Storey Building
BSP Complex, A. Mabini Street
Malate, Manila 1004

Any exceptions received after the cut-off date or any exceptions not duly substantiated with documents before the cut-off date will be evaluated and considered in the computation of the ASF for the immediately succeeding year.

4. Withholding Tax on 2017 Supervisory Fees

The following shall apply to Banks/NBQBs covered by Sections M and N of Bureau of Internal Revenue (BIR) Revenue Regulations (R.R.) No. 2-98, as amended by R.R. No. 17-2003, and R.R. No. 2-2006:

- 4.1 Within seven (7) days from date of this Memorandum, the concerned Bank/NBQB shall submit a written representation to BSP, (at the address indicated in Section 3 hereof), on whether or not it is included among the institutions covered under Sections M or N of R.R. No. 2-98, as amended. If available, a certified true copy of the BIR Notice classifying it under Section M of R.R. No. 2-98, as amended, shall be attached to the written representation. The submission of the written representation or BIR Notice shall no longer be necessary if previously transmitted and received by the BSP in connection with previous ASF assessments.
- 4.2 The ASF, net of the 2% CWT, shall be debited from their respective DDAs on the specified date referred to in the notice of ASF billing under Section 2 above.
- 4.3 Three (3) original signed copies of BIR Form No. 2307 Certificate of Creditable Tax Withheld at Source, which exclusively pertain to the withholding on ASF shall be submitted to the SDC at the address provided in Section 3 above on or before 30 July 2017. The BIR Form No. 2307 shall accurately indicate, among others, the following details:
 - 4.3.1 Payee: Bangko Sentral ng Pilipinas
 - 4.3.2 Tax Identification Number: 000-354-790-000
 - 4.3.3 Address: A. Mabini St. corner P. Ocampo Sr. St.,
Malate, Manila
 - 4.3.4 Zip Code: 1004
 - 4.3.5 The BIR-registered name of the payor-bank/-NBQB, as exactly indicated in the BIR Certificate of Registration (BIR Form No. 2303) of the Bank/NBQB.
 - 4.3.6 the amount of income payment pertaining to the gross ASF
 - 4.3.7 the tax withheld
 - 4.3.8 the period of tax return.

Furthermore, the BIR Form No. 2307 - Certificate of Creditable Tax Withheld at Source covering the withholding on ASF should **not** include other transactions with BSP and should pertain exclusively to the ASF. If the concerned Banks/NBQBs have other transactions

with BSP, a separate BIR Form 2307 for the transaction/s shall be provided to BSP.

4.4 In case of failure of concerned Bank/NBQB to submit the duly accomplished forms within the deadline stated above or if such forms contain errors and discrepancies that would render the BIR Form No. 2307 invalid for claiming tax credits, the BSP shall be constrained to immediately debit an amount equivalent to the 2% CWT from the DDA of Banks/NBQBs concerned, with no obligation on the part of the BSP to reimburse said amount. In case of DDA deficiency, the provisions in Subsections X901.1 (2008-X608.1) and 4901Q.1 (2008-4652Q) of the MORB and MORNBF, respectively, as amended, shall apply.

This Memorandum shall take effect immediately.

For strict compliance.


CHUCHI G. FONACIER
Sector-In-Charge

16 February 2017

Scenarios for computation of 2017 Annual Supervisory Fee (ASF)**1. Upgrade from one bank category to another****Scenario A: RB A upgraded to become TB A as of August 2016**

The quarterly FRP of RB A will be combined with the monthly FRP of TB A and the TB rate will be applied.

| | 2016 FRP Net Assessable Assets | |
|------------------------------|--------------------------------|------------------|
| | RB A | TB A |
| Jan | | |
| Feb | | |
| Mar | 148,993,450.20 | 148,993,450.20 |
| Apr | | |
| May | | |
| Jun | 159,635,839.50 | 159,635,839.50 |
| Jul | | |
| Aug | | 170,278,228.80 |
| Sep | | 168,700,764.00 |
| Oct | | 168,186,770.40 |
| Nov | | 177,710,888.80 |
| Dec | | 192,866,280.80 |
| Sum of Net Assessable Assets | | 1,186,372,222.50 |
| No. of reporting periods | | 7 |
| Average Assessable Assets | | 169,481,746.07 |
| ASF rate for TB (1/28 of 1%) | | 0.000357143 |
| ASF for 2017 for TB A | | 60,529.20 |

2. Downgrade from one bank category to another**Scenario B: TB A downgraded to become RB A as of October 2016**

The monthly FRP of TB A will be combined with the quarterly FRP of RB A and the RB rate will be applied.

| | 2016 FRP Net Assessable Assets | |
|------------------------------|--------------------------------|------------------|
| | TB A | RB A |
| Jan | 192,866,280.80 | 192,866,280.80 |
| Feb | 183,222,966.76 | 183,222,966.76 |
| Mar | 174,061,818.42 | 174,061,818.42 |
| Apr | 165,358,727.50 | 165,358,727.50 |
| May | 157,090,791.13 | 157,090,791.13 |
| Jun | 149,236,251.57 | 149,236,251.57 |
| Jul | 141,774,438.99 | 141,774,438.99 |
| Aug | 134,685,717.04 | 134,685,717.04 |
| Sep | 127,951,431.19 | 127,951,431.19 |
| Oct | | |
| Nov | | |
| Dec | | 121,553,859.63 |
| Sum of Net Assessable Assets | | 1,547,802,283.03 |
| No. of reporting periods | | 10 |
| Average Assessable Assets | | 154,780,228.30 |
| ASF rate for RB (1/40 of 1%) | | 0.00025 |
| ASF for 2017 for RB A | | 38,695.06 |

3. Consolidation: Two or more entities combine to form a new single entity. The original entities cease operations after the new entity started its operations.

Scenario C: RB A and TB B consolidated in Jan 2017 to form a new TB C. The assessment of the 2017 ASF is on February 2017

Since the consolidation was prior to the assessment for 2017 ASF, the Net Assessable Assets of the two banks in 2016 will be combined and the TB rate will be applied

| 2016 FRP Net Assessable Assets | | | |
|--------------------------------|---------------|----------------|------------------|
| | RB A | TB B | TB C |
| Jan | | 164,658,792.00 | 164,658,792.00 |
| Feb | | 163,861,844.80 | 163,861,844.80 |
| Mar | 21,928,504.00 | 165,311,225.60 | 187,239,729.60 |
| Apr | | 153,357,155.20 | 153,357,155.20 |
| May | | 154,301,374.40 | 154,301,374.40 |
| Jun | 22,295,142.15 | 168,488,963.20 | 190,784,105.35 |
| Jul | | 170,373,352.00 | 170,373,352.00 |
| Aug | | 170,278,228.80 | 170,278,228.80 |
| Sep | 22,320,467.05 | 168,700,764.00 | 191,021,231.05 |
| Oct | | 168,186,770.40 | 168,186,770.40 |
| Nov | | 177,710,888.80 | 177,710,888.80 |
| Dec | 22,383,648.40 | 192,866,280.80 | 215,249,929.20 |
| Sum of Net Assessable Assets | | | 2,107,023,401.60 |
| No. of reporting periods | | | 12 |
| Average Assessable Assets | | | 175,585,283.47 |
| ASF rate for TB (1/28 of 1%) | | | 0.000357143 |
| ASF for 2017 for TB C | | | 62,709.03 |

Scenario D: RB X and TB Y consolidated in November 2016 to form a new TB Z.

The 2016 AAA of RB X as reported in its FRP for 3 quarters will be combined with the 2016 Net Assessable Assets of TB Y and the 2016 AAA of TB Z and the TB rate will be applied

| 2016 FRP Net Assessable Assets | | | |
|--------------------------------|---------------|----------------|------------------|
| | RB X | TB Y | TB Z |
| Jan | | 174,949,966.50 | 174,949,966.50 |
| Feb | | 174,103,210.10 | 174,103,210.10 |
| Mar | 20,638,592.00 | 175,643,177.20 | 196,281,769.20 |
| Apr | | 162,941,977.40 | 162,941,977.40 |
| May | | 163,945,210.30 | 163,945,210.30 |
| Jun | 20,983,663.20 | 179,019,523.40 | 200,003,186.60 |
| Jul | | 181,021,686.50 | 181,021,686.50 |
| Aug | | 180,920,618.10 | 180,920,618.10 |
| Sep | 21,007,498.40 | 179,244,561.75 | 200,252,060.15 |
| Oct | | 178,698,443.55 | 178,698,443.55 |
| Nov | | | 199,705,941.95 |
| Dec | | | 219,676,536.15 |
| Sum of Net Assessable Assets | | | 2,232,500,606.50 |
| No. of reporting periods | | | 12 |
| Average Assessable Assets | | | 186,041,717.21 |
| ASF rate for TB (1/28 of 1%) | | | 0.000357143 |
| ASF for 2017 for TB Z | | | 66,443.47 |

4. Merger: One entity absorbs another entity and continue to operate as the surviving entity while the absorbed entity ceases to operate

Scenario E: RB D and TB E merged in January 2017 with TB E as the surviving entity

The 2016 AAA of RB D as reported in its FRP for 4 quarters will be combined with the 2016 Net Assessable Assets of TB E and the TB rate will be applied

| | 2016 FRP Net Assessable Assets | | |
|------------------------------|--------------------------------|----------------|------------------|
| | RB D | TB E | Total |
| Jan | | 154,367,617.50 | 154,367,617.50 |
| Feb | | 153,620,479.50 | 153,620,479.50 |
| Mar | 23,218,416.00 | 154,979,274.00 | 178,197,690.00 |
| Apr | | 143,772,333.00 | 143,772,333.00 |
| May | | 144,657,538.50 | 144,657,538.50 |
| Jun | 23,606,621.10 | 157,958,403.00 | 181,565,024.10 |
| Jul | | 159,725,017.50 | 159,725,017.50 |
| Aug | | 159,635,839.50 | 159,635,839.50 |
| Sep | 23,633,435.70 | 158,156,966.25 | 181,790,401.95 |
| Oct | | 157,675,097.25 | 157,675,097.25 |
| Nov | | 173,442,606.98 | 173,442,606.98 |
| Dec | 23,700,333.60 | 187,318,015.53 | 211,018,349.13 |
| Sum of Net Assessable Assets | | | 1,999,467,994.91 |
| No. of reporting periods | | | 12 |
| Average Assessable Assets | | | 166,622,332.91 |
| ASF rate for TB (1/28 of 1%) | | | 0.000357143 |
| ASF for 2017 for TB E | | | 59,507.98 |

Scenario F: RB V and TB W merged in November 2016 with TB W as the surviving entity

The 2016 AAA of RB V as reported in its FRP for 3 quarters will be combined with the 2016 Net Assessable Assets of TB W and the TB rate will be applied

| | 2016 FRP Net Assessable Assets | | |
|------------------------------|--------------------------------|----------------|------------------|
| | RB V | TB W | Total |
| Jan | | 185,241,141.00 | 185,241,141.00 |
| Feb | | 184,344,575.40 | 184,344,575.40 |
| Mar | 24,508,328.00 | 185,975,128.80 | 210,483,456.80 |
| Apr | | 172,526,799.60 | 172,526,799.60 |
| May | | 173,589,046.20 | 173,589,046.20 |
| Jun | 24,918,100.05 | 189,550,083.60 | 214,468,183.65 |
| Jul | | 191,670,021.00 | 191,670,021.00 |
| Aug | | 191,563,007.40 | 191,563,007.40 |
| Sep | 24,946,404.35 | 189,788,359.50 | 214,734,763.85 |
| Oct | | 214,734,763.85 | 214,734,763.85 |
| Nov | | 236,208,240.24 | 236,208,240.24 |
| Dec | | 255,104,899.45 | 255,104,899.45 |
| Sum of Net Assessable Assets | | | 2,444,668,898.44 |
| No. of reporting periods | | | 12 |
| Average Assessable Assets | | | 203,722,408.20 |
| ASF rate for TB (1/28 of 1%) | | | 0.000357143 |
| ASF for 2017 for TB W | | | 72,758.00 |

Note: In cases where the RB is the new or surviving entity, the rate for the RB will be applied in determining the 2017 ASF.

5. Amendment of reports used in the computation of ASF

Scenario G: RB E amended its Dec 2015 FRP in Jan 2017

The 2016 ASF will be recomputed and the resulting under/(over) collection will be added to/(deducted) from the 2017 ASF

| Computation of 2017 ASF | |
|--------------------------------------|-------------------------------------|
| | RB E 2016 FRP Net Assessable Assets |
| Mar | 19,864,644.80 |
| Jun | 20,196,775.83 |
| Sep | 20,219,717.21 |
| Dec | 20,276,952.08 |
| Sum of Net Assessable Assets | 80,558,089.92 |
| No. of reporting periods | 4 |
| Average Assessable Assets | 20,139,522.48 |
| ASF rate for RB (1/40 of 1%) | 0.00025 |
| ASF for 2017 | 5,034.88 |
| Under/(Over) Collection of 2016 ASF* | 24.94 |
| Total ASF for 2017 | 5,059.82 |
| 2% CWT | 101.20 |
| Net ASF for 2017 | 4,958.62 |

| *Recomputation of 2016 ASF | | |
|-------------------------------|-------------------------------------|---------------|
| | RB E 2015 FRP Net Assessable Assets | |
| | Original | Amended |
| Mar | 18,522,548.05 | 18,522,548.05 |
| Jun | 19,605,793.15 | 19,605,793.15 |
| Sep | 20,644,771.95 | 20,644,771.95 |
| Dec | 21,484,407.05 | 21,883,458.27 |
| Sum of Net Assessable Assets | 80,257,520.20 | 80,656,571.42 |
| No. of reporting periods | 4 | 4 |
| Average Assessable Assets | 20,064,380.05 | 20,164,142.85 |
| ASF rate for RB (1/40 of 1%) | | 0.00025 |
| Recomputed ASF for 2016 | | 5,041.04 |
| Less: ASF collected for 2016: | | 4,915.78 |
| : 2% CWT collected in 2016: | | 100.32 |
| Under/(Over) Collection | | 24.94 |