



BANGKO SENTRAL NG PILIPINAS
OFFICE OF THE DEPUTY GOVERNOR
SUPERVISION AND EXAMINATION SECTOR

MEMORANDUM NO. M-2013 – 030

To: ALL BANKS AND NON-BANK FINANCIAL INSTITUTIONS

Subject: Foreign Account Tax Compliance Act (FATCA)

FATCA was enacted in 2010 by the United States (U.S.) Congress as part of the Hiring Incentives to Restore Employment (HIRE) Act. FATCA was enacted to prevent off-shore tax abuses by U.S. taxpayers. FATCA requires, among others, the on-line registration of foreign financial institutions (FFIs) with the U.S. Internal Revenue Service (IRS) and their reporting to the IRS of information about financial accounts by FFIs in which U.S. taxpayers hold a substantial ownership interest. Non-compliance with FATCA requirements will result to the imposition of a 30 percent withholding tax on payments of U.S.-sourced income to FFIs.

The FFIs referred to in the FATCA pertain to financial institutions which are organized under the laws of a jurisdiction other than the United States of America.

BSP-supervised institutions are reminded to evaluate if they are FFIs covered by FATCA. They are advised to study the potential effects of FATCA to their businesses and determine the necessary steps to take to avoid the unfavorable consequences of non-compliance with FATCA requirements. BSP-supervised institutions, which have determined the applicability of FATCA to them, are also enjoined to establish a policy and prepare their operating systems which would enable them to capture and perform tagging of their account holders subject of the FATCA requirement.

In complying with the FATCA, provisions of domestic laws, such as, but not limited to, Republic Act (R.A.) No. 1405 (Law on Secrecy of Bank Deposits), Section 8, R.A. No. 6429 (Foreign Currency Deposit Act) and R.A. No. 10173 (Data Privacy Act) should be carefully considered.

Relative to the upcoming deadlines set by the U.S. Government for the compliance of foreign financial institutions with the FATCA, concerned financial institutions are advised to visit the IRS's website, www.irs.gov for guidance.

All FATCA-related questions or concerns of banks may be coursed through the Association of Bank Compliance Officers, Inc. (ABCOMP). The ABCOMP shall serve as the central repository of FATCA-related inquiries and collate such queries for a more systematic submission to the U.S. Government.

For information and guidance.



NESTOR A. ESPENILLA, JR.
Deputy Governor

01 July 2013