



Funding the Republic

Republic of the Philippines
KAGAWARAN NG PANANALAPI
KAWANIHAN NG INGATANG-YAMAN
(BUREAU OF THE TREASURY)
Intramuros, Manila



Press Release

THE BUREAU OF THE TREASURY LAUNCHES STREAMLINED TAX TREATY PROCEDURE FOR GOVERNMENT SECURITIES

MANILA, Philippines, 05 November 2024 – The Bureau of the Treasury (BTr) has announced the implementation of a streamlined tax treaty procedure for non-resident investors of Government Securities (GS). This initiative is a part of the Bureau's ongoing efforts to attract foreign participation in the GS market and strengthen the domestic capital market.

Under the streamlined process, non-resident investors no longer need to submit several tax documents to the Issuer to claim tax treaty benefits on specific GS income items, nor will they have to repeat this application process for each new GS income event. This removes the risk of claim denial and eliminates the need to file for tax treaty relief and go through a lengthy tax refund process.

This is made possible by integrating the streamlined process into the tax tracking system of the National Registry of Scripless Securities (NRoSS). As a result, non-resident investors only need to complete a one-time process to create their securities account, after which treaty rates are automatically applied to all GS held within this securities account. Additionally, non-resident investors don't need to be holding GS to benefit from this initiative as they can set up their securities account in advance of any GS purchases.

"This is just one of the many reforms underway to boost the Philippine capital market and reinforce its competitiveness. With this streamlined process, we are confident that more foreign investors will seize the opportunity to invest in our government securities, which would enhance market liquidity. This is another key step in deepening our capital market, driving sustainable economic growth, creating more job opportunities for our people, boosting their incomes, and uplifting more Filipino lives," said Finance Secretary Ralph G. Recto.

Currently, the Philippines has 43 Double Tax Agreements or Tax Treaties that provide preferential tax rates from 10% to 15% depending on the country (*See Annex A*). The NRoSS system's tax tracking feature will automatically reflect the relevant rates from the said Tax Treaties. The application of these rates shall remain effective as long as the non-resident investor maintains an updated Tax Residency Certificate (TRC) through their custodian.

For additional information on the new tax treaty procedure, investors are encouraged to review the memorandum released dated 22 August 2024 with subject "Streamlined Procedure for Tax Treaty Implementation in the National Registry of Scripless

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Securities (NRoSS)” posted on the BTr website (<https://www.treasury.gov.ph/wp-content/uploads/2024/09/Memorandum-on-the-Streamlined-Procedure-for-Tax-Treaty-Implementation-in-the-National-Registry-of-Scripless-Securities-NRoSS.pdf>) and/or to coordinate with their respective custodians.

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Annex A: List of Outstanding Double Taxation Agreements

Country	Preferential Taxation Rate
Australia	15%
Austria	10%
Bahrain	10%
Bangladesh	15%
Belgium	15%
Brazil	15%
Brunei	10%
Canada	15%
China	10%
Czech	10%
Denmark	10%
Finland	15%
Germany	10%
Hungary	15%
India	15%
Indonesia	15 %;
Israel	10%
Italy	15%
Japan	10%
South Korea	15%
Kuwait	10%
Malaysia	15%
Mexico	12.50%
Netherlands	15%
New Zealand	15%
Nigeria	10%
Norway	15%
Pakistan	15%
Poland	10%
Qatar	10%
Romania	10%
Russia	15%
Singapore	15%
Sri Lanka	15%
Spain	10%
Sweden	10%
Switzerland	10%
Thailand	10%

Turkey	10%
United Arab Emirates	10%
United Kingdom of Great Britain and Northern Ireland	15%
United States of America	10%
Vietnam	15%