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Department of Finance
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24 August 2001

CIRCULAR LETTER No. 3-2001

To : All Insurance Companies/Reinsurance Brokers Licensed
To Do Business in the Philippines

SUBJECT : Documents Required of Insurance Companies/Reinsurance Brokers to
Accompany Requests for the Certifications to be issued by the
Insurance Commission relative to Foreign Exchange Applications for
Remittance of Net Profits, Reinsurance Premia and Payment of Loss
Claims.

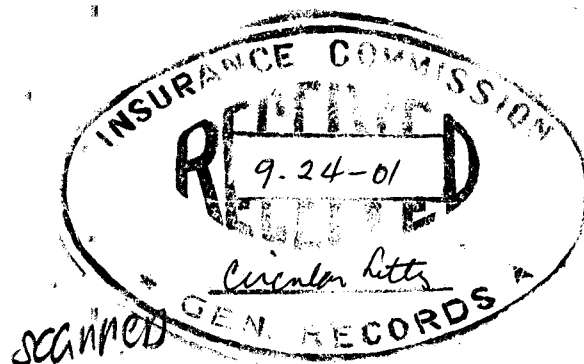
In connection with the Circular Letter- Series of 2001 to all Authorized Agent
Banks (AABs) and Their Subsidiary/Affiliate Forex Corporations, dated August 9,
2001, of the Bangko Sentral ng Pilipinas, superseding MAAB, dated June 27, 1980, all
insurance companies/reinsurance brokers are hereby advised that the following
documents should accompany requests for the certifications stated in the said AABs :

I - Net Profits of branches of foreign authorized insurance
companies -

I. Sworn statement of the authorized officer of the applicant
company attesting that the remittance shall be from net
profits to be remaining on hand after retaining unimpaired the
following requirements of the Insurance Code :

- a) The statutory deposit
- b) The margin of solvency and
- c) The legal reserve fund

and a sum sufficient to pay all net losses reported or in the course
of settlement and all liabilities for expenses and taxes.



2. Copy of the latest audited financial statement of the applicant.

II - Reinsurance Premia -

1. Copy of the statement of Reinsurance Account prepared by the applicant.
2. Particulars of the treaty/facultative placement covering the remittance.
3. Notice of demand and/or statement of reinsurance premium due given or prepared by the beneficiary.
4. Sworn statement of a responsible official of the applicant certifying that it has withheld the required taxes in accordance with the Internal Revenue rules and regulations.
5. A written authorization to remit premia issued by the ceding insurance company in favor of a resident reinsurance broker, in case the latter is applying for or in behalf of said company
6. Copy of the insurance policy in case of facultative placements.

III - Payment of Claims for Losses -

1. Copy of the notice of demand or statement of account.
2. Particulars of the treaty/facultative placement.
3. Copy of the marine hull/cargo policy and survey report in case of marine loss claims.

IV - For all other cases of insurance and/or reinsurance payments -

All pertinent documents to establish the legitimacy/accuracy of the amount sought to be remitted.

In any of the above cases, the following should likewise be submitted :

1. Copy of the appropriate CBP application form for the purchase of

foreign exchange, duly accomplished and notarized.

2. Copy of the certification of an independent certified public accountant in accordance with Circular Letter dated February 10, 1975 of this Commission.

A copy of the Bangko Sentral ng Pilipinas Circular Letter- Series of 2001 to All Authorized Agent Banks (AABs) and Their Subsidiary/Affiliate Forex Corporations dated August 9, 2001, is attached for ready reference.


EDUARDO T. MALINIS
Insurance Commissioner

Encl. : a/s

Bangko Sentral ng Pilipinas

MAYNILA, PILIPINAS

OFFICE OF THE DEPUTY GOVERNOR
SUPERVISION AND EXAMINATION SECTOR

CIRCULAR - LETTER
SERIES of 2001

**TO : ALL AUTHORIZED AGENT BANKS (AABs) AND THEIR
SUBSIDIARY/AFFILIATE FOREX CORPORATIONS**

Attached, for your guidance, is the list of minimum documentary requirements that AABs and/or their subsidiary/affiliate forex corporations shall require from residents purchasing foreign exchange for non-trade purposes.

This Circular-Letter serves to clarify Section 2 of Circular No. 1389 s. 1995, as amended.

ALBERTO V. REYES
Deputy Governor

August 9, 2001

DOCUMENTATION REQUIREMENTS FOR THE SALE OF FX FOR
NON-TRADE PURPOSES

<u>PURPOSE</u>	<u>DOCUMENTS REQUIRED</u>
1) Travel Funds (Only for permanent residents of the Philippines)	<ol style="list-style-type: none">1. Applicant's passport2. Passenger ticket
2) Educational Expenses/Student Maintenance	<ol style="list-style-type: none">1. Statement of enrollment or acceptance by the school abroad showing that the student is working or about to work for a degree or taking a technology course;2. School bills/statements of account covering tuition and other school fees; and3. Sworn statement of the student that he does not enjoy scholarship/grant/fellowship/stipend and/or is not gainfully employed.
3) Correspondence Studies AABs may sell foreign exchange to cover tuition fees for correspondence studies which shall be directly remitted to the correspondence school.	<ol style="list-style-type: none">1. Proof of admission or enrollment in correspondence school;2. Description of curriculum courses3. Statement of fees, dues or total cost of the course; and4. Schedule of payment/billings from the school abroad.
4) Medical Expenses	<ol style="list-style-type: none">1. Certification from a local doctor certifying the need for the patient to undergo medical treatment abroad and the non-availability of such treatment locally; and2. Estimate of cost of medical/hospital treatment abroad/statement of account with the hospital/bills of expenses.

5) Support of Dependents

Abroad

AABs may sell foreign exchange covering the monthly living allowance abroad of a child not more than 21 years of age, spouse or parent of a Philippine resident.

1. Consular certificate or its equivalent documents to prove that the dependent is residing abroad and is not gainfully employed in the country of residence abroad;
2. Certified true copy of birth certificate, marriage contract, adoption papers, whichever is applicable, to prove that dependent is the wife, husband child or parent of the remitter applicant; and
3. Proof that remitter is a resident of the Philippines.

6) Emigrants' assets

1. Proof of permanent residence of emigrant/beneficiary abroad;
2. Proof of ownership of the asset/s by emigrant/beneficiary abroad;
3. Payment of applicable taxes;
4. In case of income from real properties, a statement of rentals/income earned, certified by an independent CPA;
5. In case of transfer of proceeds of capital assets, the AABs shall additionally require:
 - a. copy of deed of sale
 - b. If the subject of the sale is real estate, proof that the transaction was registered with the Register of Deeds;
6. In case of capital transfer of testate and intestate inheritance and legacies;
 - a. copy of court order approving the partition and distribution of estate;

- b. copy of the extrajudicial settlement and partition duly registered with Register of Deeds.
- 7. For transfer of proceeds of life insurance benefits, proof of payment of the proceeds of the policy;
- 8. For remittance of proceeds of sales of personal property, copy of deed of sale;
- 9. In case of transfer of proceeds of sale of shares of stock, AABs shall also require:
 - a. Copy of the confirmation of sale of authorized securities dealer/broker or the issuing corporation;
 - b. Certification of stock transfer agent showing the name of the issuing corporation, date of issuing par value, cost of acquisition, and that the shares of stock owned by the beneficiary have been sold at the price indicated.
- 10. In case of retirement benefits, AABs shall, in addition to Items 1 to 4, also require:
 - a. Evidence of payment of retirement benefits;
 - b. If the remittance will be done in five (5) years or over after receipt of the retirement pay, evidence regarding custody of the funds.

7) Salary of foreign expatriates

1. Certification of employer on the amount of compensation paid to the foreign nationals stating whether the same had been paid in foreign exchange or in pesos, and if in foreign exchange, proof that the foreign exchange was sold for pesos to AABs;
2. Copy of the withholding tax receipts unless exempt by law;
3. Photocopy of the ACR and MOLE Alien Employment Permit of the foreign national.

8. Producers' Share/TV Film Rentals
The producers' or foreign licensors' contractual share which shall not exceed 60% of the net proceeds less local distribution expenses, from the distribution/exhibition of such films imported without foreign exchange payments, may be remitted in full, net of taxes. TV film rentals may also be remitted in full based on rates stipulated in the individual contracts or agreements.

1. Statement of remittable share rental certified by an independent CPA;
2. Proof of payment of withholding tax.

9. Commissions on Exports due Foreign Agents

1. Agency agreement
2. Export Declaration or Export Permit
3. Export Bills of lading and Invoices
4. Statement of Account/ Invoices
5. Computation showing how the amount sought to be remitted was arrived at; and

10) **Freight Charges on Exports**
Phil. exporters may buy foreign exchange from AABs to pay for freight charges due shipping companies, whether foreign or Filipino-owned, on export shipments.

11) **Advertising Costs**

12) **Subscriptions**

13) **Charters and Leases of Vessels** Domestic operators or lessees of foreign-owned vessels may remit foreign exchange for charter fees or lease rentals.

6. Certification from receiving bank concerned indicating the amount of export proceeds which have been sold for pesos.

1. Freight contract. If no formal contract of affreightment has been executed, a duly noted freight bill/statement of account may be presented;
2. Export declaration;
3. Sales invoice;
4. Bill of Lading
5. Bills/Statements of account on freight charges.

1. Copy of advertising agreement; and
2. Original statement of accounts or bills or invoices.
3. Clippings of appropriate page of publications or the advertisement.

1. Subscription agreement
2. Statement of account or bills

1. Charter or Lease contract without option to purchase
2. Billings/Statement of account from the owner or lessor duly certified by an independent CPA
3. Proof of payment of withholding tax

- 14) Membership dues and registration fees
Remittance to be made directly to the associations abroad
- 15) Port Disbursements
Port disbursements abroad of aircrafts and vessels of Phil. Registry or chartered/leased by domestic operators for fuel, ships's stores and similar supplies, harbor/air field fees, tonnage, repair and maintenance
- 16) Mail fees/ International settlement of accounts for telegraph, telegram, radio, satellite and other communication facilities
- 17) Salvage fees
- 18) Income taxes due to Foreign Governments
Income taxes due to foreign Government from foreign nationals with special temporary visa and MOLE employment permit, if required by law, who are employed in the Philippines and whose entire compensation (salary, allowances, bonuses and other fringe benefits) is paid for in foreign exchange Inward-remitted into the Philippines.
- 19) Services/License/Consultancy Fees/Management Fees
Foreign exchange payments for management/service/consultancy contracts with foreign firms or individuals or residents not involving technology transfer may be serviced by AABs.
1. Proof of membership in the foreign or international association.
 2. Billings for membership dues/registration fees
 1. Copy of contract or agreement;
 2. Duly certified true copy of statement of accounts/bills/invoices (verified against original copy)
 1. Copy of contract or agreement whenever applicable
 2. Duly certified statements of accounts/bills/invoices
 1. Copy of contract for salvage services
 2. Duly certified statement of accounts/bills/invoices
 3. Proof of payment of applicable taxes
 1. Certified true copy of MOLE-approved contract of employment;
 2. Certified true copy of Income tax return covering the Income tax payment sought to be remitted.
 1. Copy of pertinent agreement;
 2. Statement/Computation of fees due; and
 3. Proof of payment of applicable withholding taxes on fees to be remitted.

20) Retainers' fees

Foreign exchange payments by residents to foreign professionals acting as liason, counsel, agent or representative abroad may be Serviced by AAB

1. Copy of the agreement; and
2. Billings/Invoices from the beneficiary

21) Reinsurance premium/claims for losses and other payments of insurance companies/brokers

1. Original copy of certification from the Insurance Commissioner stating among others, that the amount is due and payable to the beneficiary.
2. In case of remittance of payment of claims for losses, AABs shall also require copy of Report of Damage on Survey Report rendered by an adjustor on Marine Surveyor and a copy of the Notice of Demand for Payment of Loss, both verified by OIC.

22) Freight Charges on Imports

1. Certified copy of Bill of Lading and Freight Invoice
2. Certified copy of LC/ Sales Confirmation if shipment is without LC

23) Net Passenger Revenues of Foreign Airlines

Foreign airlines authorized to do business in the Philippines may remit abroad their peso revenues, net of commissions paid, peso commissions earned, commissions earned and ticket sales in foreign exchange. Agency commissions shall be paid in the currency in which the tickets are sold.

1. Copy of the General Sales Agency Agreement or certified copy of the Bilateral Air Agreements;
2. Statement of Receipts and Disbursements for the period covered by the remittance, duly certified by an independent CPA;
3. Proof of payment of the corresponding taxes;

24) Freight Collections of Shipping Companies

Shipping agents may remit to their principals abroad freight collections in pesos, net of agency fees, commissions and disbursements made in behalf of the principals;

25) Transfer of savings of expatriates

Transfer of savings of expatriate employee may be allowed in full, net of taxes, when the contract of employment has been concluded or the employee has been transferred to other offices abroad.

4. Statement of gross Philippine billing corresponding to the period covered by the remittance; and
5. List of non-resident passengers who paid their tickets in pesos, if any, and list of passenger tickets refunded.

1. Copy of Agency Agreements;
2. Statement of Revenues and Expenses duly certified by an independent CPA;
3. Proof of payments of corresponding taxes
4. Detailed statement of freight receipts indicating name of payors, bills of lading, official receipts, data and amount of payment.

1. Contract of employment;
2. Certification of the employer that the contract has been terminated or concluded;
3. Statement of salaries paid during the validity of the contract of employment;
4. Transcript of bank deposit account certified by the bank official. If the amount to be remitted comes from new deposits (less than one year placement), information regarding the sources of funds, supported by appropriate documents;
5. Proof of payment of Income taxes.

26) Royalties/Fees

1. Statement/computation of the Royalty/fee duly certified by independent CPA
2. Proof of payment of withholding taxes
3. Registration/Certificate of Compliance issued by Documentation Information Technology Transfer.