

MEMORANDUM CIRCULAR NO 21

REQUIRING ALL GOVERNMENT FINANCIAL INSTITUTIONS TO SIGN ANY  
LOAN AGREEMENTS IN THE PHILIPPINES AND NOT ABROAD

WHEREAS, under Title VII of the National Internal Revenue Code, as amended, loan documents, insurance policies, and other instruments executed or issued abroad are exempt from the documentary stamp taxes, considering that the documentary stamp tax, being an excise tax, is applicable only to transactions effected and consummated within the Philippines;

WHEREAS, certain parties to loan contracts have taken advantage of the existing provision of law by executing said contracts outside the Philippines, although the borrower and the lender are both residents of the Philippines, thereby preventing the imposition of documentary stamp taxes on the transactions;

WHEREAS, if the signing abroad is purely for tax purposes and has no other business reasons, it indicates some kind of tax evasion;

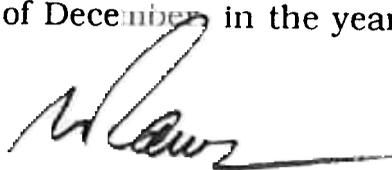
WHEREAS, there is a need to protect the revenue of the government arising from these loan transactions;

NOW, THEREFORE, I, FIDEL V. RAMOS, President of the Philippines, by virtue of the powers vested in me by law, do hereby order:

SECTION 1. All government financial institutions, owned or controlled by the government, extending any type of loan (whether classified as industrial, commercial or agricultural and whether short-medium, or long term) shall sign the loan documents in the Philippines.

SECTION 2. This Memorandum Circular shall take effect immediately.

Done in the City of Manila, this 1st day of December in the year of Our Lord, nineteen hundred and ninety two.



By the President



EDELMIRO A. AMATE, SR.  
Executive Secretary



PMS LIBRARY

Received  
DEC 09 1992

D.

