August 1, 2019

BIR RULING NO. 433-19

Sec. 32 (B) (7) (a) (i), Tax Code; BIR Ruling No. 495-12

Sycip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City

Attention: *AAA*

Gentlemen :

This refers to your letter dated October 24, 2014 on behalf of your client, **Arran Investment Pte. Ltd. ("ARRAN")**, requesting for a confirmatory ruling that ARRAN is exempt from Philippine income tax pursuant to Section 32 (B) (7) (a) of the National Internal Revenue Code of 1997, as amended (Tax Code) and consequently, from withholding tax, pursuant to Section 2.57.5 of Revenue Regulations No. 2-98, as amended (Withholding Tax Regulations).

It is represented that ARRAN is a company incorporated under the laws of Singapore with registered address at 168 Robinson Road, #37-01, Capital Tower, Singapore 068912. It was incorporated under the Singapore Companies Act (Cap. 50) on 16 June 1995. ARRAN is wholly owned by *GIC (Ventures) Pte. Ltd.* (GICV), formerly Government of Singapore Investment Corporation (Ventures) Pte. Ltd., [1] a company which is also incorporated under the laws of Singapore with registered address at 168 Robinson Road, #37-01, Capital Tower, Singapore 068912. GICV in turn is wholly owned by the Government of Singapore (the "Republic"). [2]

It is further represented that the principal objective of ARRAN is to hold investments with the aim to preserve and enhance the international purchasing power of the Republic's reserves, by achieving good long-term returns on the investments. The funds managed by it which are invested in the Philippines are beneficially owned by the Republic.

In reply, please be informed that Section 32 (B) (7) (a) of the Tax Code of 1997, as

Copyright 2020 CD Technologies Asia, Inc.

amended, which you invoked as basis of exemption from payment of Philippine income tax and withholding tax on income received by ARRAN from its investments in the Philippines provides:

> *"(B) Exclusions from Gross Income. — The following items shall not be included in gross income and shall be exempt from taxation under this Title:*
>
> xxx xxx xxx
>
> *(7) Miscellaneous Items. —*
>
> *(a) Income Derived by Foreign Government. — Income derived from investments in the Philippines in loans, stocks, bonds or other domestic securities, or from interest on deposits in banks in the Philippines by (i) foreign governments, (ii) financing institutions owned, controlled, or enjoying refinancing from foreign governments, and (iii) international or regional financial institutions established by foreign governments."*

The Monetary Authority of Singapore Cap. 186 Part IV 27A (6) (h) defines "financial institution" as any approved holding company, approved exchange, recognized market operator, licensed trade repository, licensed foreign trade repository approved clearing house, recognized clearing house or holder of a capital markets services license under the Securities and Futures Act (Cap. 289).

Since ARRAN is a bank/financial holding company [4] owned and ultimately controlled by the Republic to hold investments with the aim to preserve and enhance the international purchasing power of the Republic's reserves, it falls within the purview of Section 32 (B) (7) (a) (ii) of the Tax Code of 1997, as amended. Consequently, income earned by ARRAN from all investments in the Philippines in loans, stocks, bonds or other domestic securities, or from interest on deposits in banks in the Philippines shall be exempt from Philippine income tax and withholding taxes.

This ruling is being issued on the basis of the foregoing facts as represented. However, if upon investigation, it will be ascertained that the facts are different, then this ruling shall be considered null and void.

Very truly yours,

(SGD.) CAESAR R. DULAY
Commissioner of Internal Revenue

Copyright 2020 CD Technologies Asia, Inc.

Footnotes

1. Certified true copy of Certificate Confirming Incorporation of Company under the New Name issued by the Government of Singapore signed by Ms. Linda Lee, Assistant Registrar, Accounting and Corporate Regulatory Authority, Singapore dated 23 July 2013.
2. Letter issued by the Government of Singapore signed by Mr. Derric Wan, Director (Reserves and Investment) for Permanent Secretary, Ministry of Finance dated 14 August 2014.
3. Note from the Publisher: Copied verbatim from the official copy. Missing Footnote Reference and Footnote Text.
4. https://www.sgpbusiness.com/company/Arran-Investment-Pte-Ltd.

Copyright 2020 CD Technologies Asia, Inc.