

## Implementing Guidelines for the Electronic Exchange of Information

This Implementing Guidelines on the Electronic Exchange of Information, hereinafter referred to as "IG", entered into on this 19<sup>th</sup> day of November 2004 in Mandaluyong City, by and between:

The SECURITIES AND EXCHANGE COMMISSION, a government agency with office address at the SEC Building, EDSA, Greenhills, Mandaluyong City, represented herein by its Chairperson, the HONORABLE FE B. BARIN, and hereinafter referred to as "SEC";

- and -

The BUREAU OF INTERNAL REVENUE, a government agency with office address at the BIR National Office Building, Agham Road, Quezon City, represented herein by its Commissioner, the HONORABLE GUILLERMO L. PARAYNO, Jr., and hereinafter referred to as "BIR";

WITNESSETH That:

WHEREAS, the SEC and the BIR signed on 02 December 1994 a MOA to promote the exchange of information for enhancing tax collections;

WHEREAS, R.A. 8792 or the E-Commerce Act of 2000 mandates the implementation of electronic transactions in government in order to facilitate the open, speedy and efficient electronic online transmission, conveyance and use of electronic data messages or electronic documents among government agencies;

WHEREAS, both the SEC and the BIR have their respective computer systems that were created following the Section 27 of R.A. 8792 which will enable both agencies to establish the appropriate link to implement electronic online transmission for the electronic exchange of information;

NOW, THEREFORE, the parties hereto hereby mutually agree as follows:

1. The SEC shall:

- a. Assign BIR pre-generated TINs (Taxpayer Identification Numbers) to new SEC registrants, prior to the issuance of the Certificate of Registration.
- b. Transmit electronically to the BIR through a database (DB) link the list of new SEC registrants with the corresponding TINs, date when issued, name and address of corporation, date of incorporation, contact person and number, and the name of incorporators and their respective shareholdings.
- c. Furnish the BIR, upon request, all pertinent information regarding the following:

c.1 increase in capitalization;

c.2 changes in status under Annexes "A", and "B" hereof, mergers, acquisitions, consolidation, dissolution, and/or revocation;

c.3 copies of Financial Statements, General Form for Financial Statements, General Information Sheet, SEC administrative decisions on entities that may be the subject of BIR audit/investigation and such other reports submitted by corporations or entities granted secondary licenses.

d. Require all entities already registered with the BIR to indicate their TIN on all applicable SEC documents.

2. The BIR shall:

a. Assign through the Systems Operations Division (SOD) under the Information Systems Group, pre-generated TINs to SEC.

b. Issue initially 4,000 pre-generated TINs which are subject to replenishment whenever eighty percent (80%) of the assigned pre-generated TINs have been issued by the SEC based on the list of new SEC registrants electronically transmitted to the BIR.

c. Monitor the inventory of unused pre-generated TINs in order to ensure that the same should not go below 20% of the level of the agreed number of TINs which number shall be adjusted as may be necessary.

d. Furnish the SEC, upon request, with copies of the latest BIR regulations, rulings, tax issuance(s), and other information/data subject to the provisions of Section 270 in conjunction with Section 71 of Republic Act No. 8424, otherwise known as Tax Reform Act of 1997.

3. The BIR and SEC shall:

a. Continue to work through the established Technical Working Group in maintaining and enhancing the system of information interchange and in the process, advance inter-agency cooperation.

b. Promulgate and disseminate their respective rules and regulations for the execution of the provisions of these Implementing Guidelines in their respective jurisdiction.

c. Take disciplinary action against their respective personnel found violating any of the guidelines set forth herein.

d. Undertake to promptly resolve any issues involving discrepancies in exchanged information.

4. Other provisions:

- a. Within forty five (45) days from the date of the IG signing, the SEC and the BIR shall formulate/recommend the procedures, and the technical terms and conditions for accessing and/or linking their respective databases which upon approval by their respective approving authority, shall be embodied in a Technical Implementation Agreement to be executed by the parties hereto not later than 30 January 2005.
- b. Each of the parties shall bear the cost for preparing their respective systems for establishing the link between their respective databases.
- c. The BIR shall be responsible for providing the secured data connection between its system and the SEC i-Register system, subject to the appropriate security protocol following the SEC's security configuration.
- d. The SEC and the BIR shall ensure the integrity of the data in their respective databases.
- e. In case of data corruption in any of the party's database system, the concerned party shall rectify the same at the soonest.
- f. This IG shall take effect as of the date of signing and shall remain effective unless otherwise terminated by either party by serving written notice to the other at least thirty (30) days prior to termination date.
- g. The termination of this IG shall be without prejudice to the rights and liabilities of the parties, which shall have accrued during the effectivity, thereof.

IN WITNESS WHEREOF, we have hereunto affixed our signatures on the date and place above written.

Bureau of Internal Revenue  
By:

  
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GUILLERMO L. PARAYNO, JR.  
Commissioner

Securities and Exchange Commission  
By:

  
\_\_\_\_\_  
FE B. BARIN  
Chairperson

Signed in the presence of:

  
\_\_\_\_\_  
LILIA C. GUILLERMO  
BIR Deputy Commissioner  
Information Systems Group

  
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ARTURO M. SAN GIL  
SEC Director  
Economic Research & Information  
Department