A Review of the Taxation of Collective Investment Schemes in the Philippines*

I. INTRODUCTION

Collective investment schemes (CIS) are gaining popularity among Filipinos nowadays as exhibited by the rapid buildup of their assets and increasing number of investors. A CIS means any arrangement whereby funds are solicited from investing public and pooled together for the purpose of investing, re-investing, and/or trading in securities or other assets or different classes thereof as allowed under existing laws. There are three common types or forms of CIS, namely: mutual fund (MF); unit investment trust fund (UITF); and variable-unit linked (VUL) insurance.

Under Package 4 of the Comprehensive Tax Reform Program (CTRP), which covers the taxation of passive income and financial intermediaries, a number of provisions regarding the taxation of CIS are included.

In view thereof, this paper provides basic information on the country's MF, UITF, and VUL insurance. It likewise outlines the current and proposed taxation of said investment schemes to serve as inputs during congressional deliberations of the proposed reforms under Package 4 of the CTRP.

II. BACKGROUND INFORMATION

A. Features of CIS

A CIS is an arrangement that enables a number of investors ("participants") to pool their assets and be treated as a single account holder, which permits them to invest in various financial instruments and share in the profits or income from the purchase, holding, management or disposal of the assets or sums paid out of such profits or income. Participants in a CIS can take advantage of the opportunities typically available only to large investors as this allows individuals with low net

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worth and/or have no time or knowledge in investing and instead let professionals and experts manage their money through bonds, equities and other instruments. Investors save on transaction costs and diversify their portfolios because professional investment managers analyze the market and spread the pooled money among various types of financial instruments in the interest of maximizing the income or gains and moderating the risk if one investment type performs poorly. Figure 1 illustrates how a CIS works (adopted from De Leon-Intal, 2017).

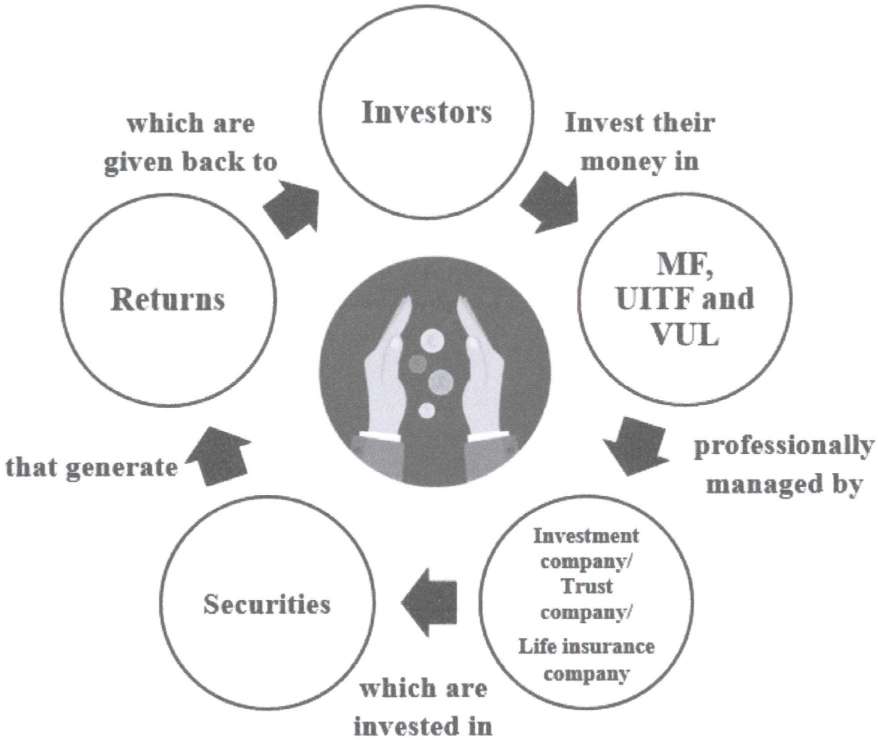

Figure 1. Flow of CIS

Generally, MFs are offered by investment companies, UITFs by banks, and VUL policies by life insurance companies. Investors in MF buy common shares and become shareholders or owners of the fund, while investors in UITF buy only units of participation of the fund which do not make them shareholders but merely contributors to the fund. In the case of VUL policies, investors purchase a two-in - one life insurance policy that offers both a death benefit and an investment feature. Meanwhile, MFs are structured as corporations while UITFs and VULs are contractual in nature.

Typically, a MF requires at least PhP5,000 initial investments; and UITF, PhP10,000 to PhP100,000, although some banks accept PhP5,000 (Pineda, 2019). A VUL insurance is typically more expensive because on top of the investment amount, investors need to pay premium on life insurance which can be as low as PhP1,800. (Security Bank Team, n.d.). Investors in CIS primarily earn gains through selling of shares and units at higher value whenever the market performs well. In the case of MF, investors also earn dividend income aside from the potential capital gains. A UITF may also be allowed to have a *unit-paying feature* where the income of the fund is distributed in the form of units called unit income. In this case, the trustee may distribute the income of the fund to its investors, subject to the minimum conditions, e.g., distribution of income shall be made only from cash received from interest income earned and cash dividends, the Plan rules shall state the distribution policy including the sources of income to be distributed and the intended frequency of distribution, among others, as prescribed in Bangko Sentral ng Pilipinas (BSP) Circular No. 876 series of 2015. Prior to this, the BSP (2015) does not allow for the distribution of income to the participants, as income earned is automatically reverted to the fund and the same may only be realized by the investors upon redemption of their participation in the UITF. In the case of VUL, the earnings of the investor depend on how the fund performs. When the investor dies, the beneficiaries get the money from the insurance.

B. Governing Laws/Regulations and Regulatory Agencies

The regulatory framework varies depending on the type of CIS. The Securities and Exchange Commission (SEC) regulates investment companies pursuant to Republic Act (RA) No. 2629[1] and RA 8799[2], and their implementing rules and regulations (IRR); the BSP regulates UITF under trust entities pursuant to RA 8791[3] as supplemented by Circular No. 447 S. 2004 (amendment to Manual of Regulations for Banks, and Manual of Regulations for Non-Bank Financial Institutions); and the Insurance Commission (IC) for life insurance companies pursuant to RA 10607[4] as supplemented by IC Circular No. 2017–34[5].

Shares or units of an investment company must be registered with the SEC in accordance with the Investment Company Act (ICA), Securities Regulation Code (SRC), and their IRR. The investment company's "Registration Statement" (RS) must be declared effective by the SEC before these are allowed for sale or distribution (IRR of RA 2629, 2018). As stated in the IRR, the RS provides basic information on the expenses relative to the issuance, offering and distribution of the securities, taxes, registration fees, and such other relevant expenses, among others.

Meanwhile, all UITFs are established, administered, and maintained in accordance with a written trust agreement drawn by the trustee, referred to as the "Plan", which is approved by the Board of Directors of the trustee and a copy of

[1] Entitled "Investment Company Act", 18 June 1960.

[2] Entitled "The Securities Regulation Code", 19 July 2000.

[3] Entitled "The General Banking Law of 2000", 23 May 2000.

[4] Entitled "The Insurance Code", 15 August 2013.

[5] Entitled "Revised Guidelines on Variable Life Insurance Contracts", 15 June 2017.

which should be submitted to the BSP for approval prior to its implementation pursuant to the Manual of Regulations for Banks (2017) and Manual of Regulations for Non-Banks Financial Institutions (2017). Under such regulations, the UITF Plan consists of information on the manner by which the fund is to be operated, risk disclosure, investment powers of the trustee with respect to the fund, including the character and kind of investments which may be purchased by the fund and amounts of fees/commissions; and other charges to be deducted from the fund, among others.

In the case of VUL policies, the life insurance company must file a "Business Plan" with the IC before it can deliver or engage in the selling of said policies in the country (IC Circular No. 2017-34, 2017). The business plan contains information on the general description of the VUL contracts that a life insurance company intends to issue; and the general description of the methods of operation of the VUL insurance business of the insurer, including methods of distribution of policies, among others (IC Circular No. 2017-34, 2017).

C. Valuation of Funds

Using mark-to-market valuation, the net asset value per share (NAVPS) of MFs, and the net asset value per unit (NAVPU) of UITFs and VULs can be determined. The mark-to-market is a valuation method which calculates the net asset value (NAV) based on the estimated fair market value (FMV) of the assets of the fund based on prices supplied by independent sources. It takes into account the accrued interests (and dividends when the fund is invested in equities) plus unrealized gains or losses of the investments given their prevailing market prices. The NAVPS/NAVPU is computed as NAV (the market prices of assets less liabilities) divided by total outstanding shares or units of the fund. These are used as basis for the subscription and redemption price of the fund's share or unit. These change every day, depending on the volatility of the prices of various assets held by the fund.

D. Fees and Charges

Investors in CIS are levied fees and charges that vary depending on the type of product and nature of transaction. The fees and charges collected on each type of CIS are as important as other factors, e.g., investment objective, liquidity requirements, and risk profile, in investor's decision making for the right investment scheme. For MF and UITF, both have comparable fees and charges such as sales commission, i.e. front load fee and annual sales charges, respectively; compensation for managing the fund, which is equivalent to management fees for MF and trust fees for UITF; and redemption charges imposed if shares/units are redeemed prior to the completion of a prescribed date. On the other hand, for VUL, more fees and charges are collected which consist of surrender charges, premium charges, insurance charges, administrative charges, management charges, and premium holiday charges. (See Table 1)

Table 1
Applicable Fees and Charges Imposed on CIS

Type of CIS	Fees and Charges	Description
MF	Front load fee	A sales commission which is a percentage of the initial investment being charged upon subscribing or buying shares of a mutual fund.
	Management fees	An annual compensation fee given to the investment manager of a mutual fund.
	Redemption fees	Paid when an investor decides to redeem shares in mutual funds prior to the completion of a specified minimum holding period.
UITF	Trust fees	Paid to fund managers who are entrusted to track the market daily and make sound investment decisions to diversify the UITF portfolios in order to achieve maximum capital gains.
	Annual sales charges	Commission paid annually by an investor to compensate the trustees/fund managers for their efforts in actively managing the UITF portfolio and making profits.
	Redemption fees	Charged on investors if they redeem their units prior to the completion of the prescribed minimum holding period, if applicable.
VUL	Premium charges	Used to cover the administrative expenses the insurance company incurred in setting up the policy.
	Surrender charges	Mostly apply to withdrawals made from the savings component during the first 10 years of the policy.
	Insurance charges	Pertain to the insurance protection.
	Management charges	Cover for the investment expenses and other liabilities in managing the assets in the investment fund.
	Administrative charges	Cover the cost for the maintenance of the policy.
	Premium holiday charges	Investor who fails to pay his/her insurance premium within the 31-day grace period, though this charge is only imposed during the initial policy years.

Note. Information on MF was gathered from COL Financial (2017), UITF from Moneymax (2013), and VUL from Abiog (2017).

III. PROFILE OF CIS IN THE PHILIPPINES

The total value of CIS in the country continuously increased from PhP817 billion in 2013 to PhP1.4 trillion in 2017 registering an average annual growth rate of 15%. During the same period, almost two-thirds (62%) of the total value of CIS came from UITF, followed by VUL (35%), and MF (3%). (See Table 2)

Table 2
Value of CIS by Type, 2013-2017 (In Billion PhP)

Year	MF	UITF	VUL	Total	
				Value	Growth Rate (%)
2013	23.73	574.24	219.21	817.18	-
2014	28.98	606.86	337.95	973.79	19.16
2015	30.38	689.14	383.74	1,103.26	13.30
2016	35.96	847.72	460.67	1,344.35	21.85
2017	32.55	781.96	591.75	1,406.26	4.61
Average	30.32	699.98	398.66	1,128.97	14.73
% Share to Total	2.69	62.00	35.31	100.00	-

Note. Data on MF were sourced from the SEC; UITF from the BSP; and VUL from the IC.

Table 3 shows that among the CIS, VUL is considered to be the most favored investment scheme in the country as demonstrated by the number of policies issued by life insurance companies within the period under review. The total number of investors in CIS consistently increased from 785,805 in 2013 to 1.4 million in 2017. On the average, the number of policies issued in VUL represents 41% of the total, followed by UITFs, 31%, and MFs, 28%. (See Table 3)

Table 3
Number of Shareholders/Accounts Opened/Policies Issued by Type of CIS, 2013 – 2017

Year	MF	UITF	VUL	Total
2013	241,048	219,463	325,294	785,805
2014	249,873	286,131	367,705	903,709
2015	307,782	375,143	476,711	1,159,636
2016	337,834	410,650	494,335	1,242,819
2017	386,245	423,982	598,816	1,409,043
Average	304,556	343,074	452,572	1,100,202
% Share to Total	27.68	31.18	41.14	100.00

Note. Data on MF were sourced from the SEC; UITF from the BSP; and VUL from the IC.

As of 2017, there were a total of 121 CIS providers in the country. In particular, there were 64 SEC-registered MF companies, 39 BSP-supervised financial institutions with trust authority offering UITFs, and 18 IC-registered life insurance companies offering VUL products. (See Table 4)

Table 4
Number of CIS Providers in the Philippines, 2017

CIS	Number of providers
MFs	64
UITFs	39
VULs	18
Total	121

Note. Data on MF were sourced from the SEC; UITF from the BSP; and VUL from the IC.

IV. CURRENT TAXES IMPOSED ON CIS

A. On Issuance of Shares/Documents Evidencing Investment

Purchasing an MF share connotes ownership in the fund. This implies that MF shares are subject to the documentary stamp tax (DST) as they can be considered as shares of stock or equity securities. Original issuance of shares of stock is subject to DST of PhP2.00 for every PhP200.00 or fractional part thereof or 1%, of par value (face value) pursuant to Section 174 of the National Internal Revenue Code (NIRC) of 1997, as amended by RA 10963 or the Tax Reform for Acceleration and Inclusion (TRAIN) law. In the case of shares of stock without par value, the DST is based upon the actual consideration for the issuance of such shares of stock.

Meanwhile, a UITF is subject to a DST of PhP30.00 for the issuance of a certificate under Section 188 of the Tax Code. In lieu of certificates, confirmation of participation/ contribution may instead be issued which may not be manually signed by the trustee or his authorized representative if the same is in the form of electronic document that conforms with the IRR of RA 8792, otherwise known as the Electronic Commerce Act. The current practice of some trust companies nowadays is just to send SMS/email to the investors to confirm their units purchased. They no longer issue certificates, thus, possibly escaping the payment of the DST. However, a DST should be imposed regardless of the form of document evidencing a transaction as long as it is identified, by its nature and substance, as taxable under the NIRC, as amended (Du-Baladad, 2010). This is therefore one area which the BIR should check in its audit of UITFs of banks.

For VUL, the life insurance policy issued is levied a DST ranging from PhP20.00 to PhP200.00, depending on the amount of insurance provided that insured amount below PhP100,000 is exempt pursuant to Section 183 of the Tax Code. Certificates issued to the policyholder evidencing contributions to the VUL are no longer subject to the DST considering that the premiums on variable contracts have already been subjected to the DST on life insurance policy.

B. On Income Received

With regard to the income of the funds derived from their capital investments, the taxation of MFs, UITFs, and VULs are basically the same as they essentially invest in the same types of securities. The investment income of the funds is subject to a final tax (FT) which ranges from 0% (exempt) to 20% depending on the type of security as well as the type of passive income (interests, dividends, capital gains) (See Annex Table A1). Relative thereto, it should be noted that the BSP clarified that UITFs do not include long-term funds designed for the primary purpose of availing the tax exemptions under Sections 24(B)(1) and 25(A)(2) of the NIRC of 1997, as amended (BSP Circular Letter, 2005). As open-ended trust funds, UITFs are redeemable at any time upon the request of the investor, so they clearly do not conform to the features of long-term deposits/investments. Thus, the investors do not qualify for tax exemption (Quizon, 2013). In general, income not subject to FT shall be subject to regular corporate income tax (RCIT).

C. On Business Taxes

MF companies, which are registered as non-bank financial intermediaries with quasi-banking function, are subject to 7% gross receipts tax (GRT) on net trading gains on foreign currency, debt securities, derivatives and other similar financial instruments under Section 121 of the NIRC of 1997, as amended, while those without quasi-banking function are subject to 5% GRT under Section 122 of the same Code. On the other hand, UITFs are considered as revocable trusts[6] since the beneficial ownership therein is maintained with the trustor-beneficiary. Hence, it is only a pass-through entity and is not, for tax purposes, considered separate from the owner-trustor (Quizon, 2013). It is, however, vague if income from revocable trusts is subject to the GRT.

Meanwhile, life insurance premium is subject to 2% premium tax pursuant to Section 123 of the NIRC of 1997, as amended. The same section provides that the portion of the premiums collected or received by the insurance companies on variable contracts, in excess of the amounts necessary to insure the lives of the variable contract owners, shall not be included in the taxable receipts.

Pursuant to RMC 49-2010, investment income earned by life insurance companies from investing the premiums received in marketable securities, bonds and other financial instruments is considered exempt from the further imposition of business tax since the premiums which have been the source of the funds invested had already been subject to the imposition of the 5% (now 2%) premium tax imposed by Section 123 of the Tax Code. On the other hand, investment income

[6] A revocable trust is where provisions can be altered or canceled dependent on the grantor/trustor.

realized from the investment of funds obtained from others, if these investment activities have been allowed and approved by the IC, the same are considered as incidental activities to the main activity and, therefore, are subject to the 5% (now 2%)premium tax pursuant to Section 123 of the Tax Code. However, examples of what constitute "others" are not provided in the said BIR issuance.

D. On Redemption Gains

Gains realized by investors from the redemption of their shares of stock in a MF company are not included in their gross income, and are therefore exempt from tax in accordance to Section 32(B)(7)(h) of the NIRC, as amended. The current rules on taxation of trusts are embodied in BIR Ruling No. 003-05 (July 22, 2005). Although there is no specific provision dealing exclusively with UITFs, their tax treatment should not be any different from common trust funds (CTFs) since the BSP considers the term "UITFs" as synonymous to "CTFs". they are considered, net gain or dividend is no longer subject to the 20% FT when it is distributed to investor in then CTF (UITF now). On the other hand, gains realized by the policyholder from redemption of units of participation in the VUL are taxable to the policyholder/investor or as ordinary income subject to regular personal income tax as envisaged under RMC No. 30-08 as amended by RMC Nos. 59-08 and 49-10.

Table 5
Comparative Taxation of CIS in the Philippines

Particulars	Applicable Tax	MFs (Investment Companies)	UITFs (Banks)	VULs (Insurance Companies)
Original issuance of shares / documents evidencing investment	*DST*	PhP2.00 for every PhP200.00 of par value (face value) of original issuance of shares (Section 174).	PhP30.00 on every issuance of certificate evidencing investment (Section 188).	PhP20.00 to PhP200 depending on the amount insured, provided that the amount is not less than PhP100,000 which is exempt (Section 183).
Income of the fund on investments	FT	Ranges from exempt to 20% depending on the type of security and the type of passive income (interests, dividends, capital gains)	Ranges from exempt to 20% depending on the type of security and the type of passive income (interests, dividends, capital gains)	Ranges from exempt to 20% depending on the type of security and the type of passive income (interests, dividends, capital gains)
	CIT	On other income not subject to FT	On other income not subject to FT	On other income not subject to FT
On Business tax	GRT/Premium tax	5%/7% GRT	Silent	Exempt
On redemption gains	*PIT/CIT*	Exempt	Exempt	Personal income tax

V. PROPOSED TAX REFORMS ON CIS UNDER HOUSE BILL (HB) NO. 8645.

A. On Business Structure of CIS

Under Package 4, CIS is included within the definition of the term "corporation" for income tax purposes. As proposed, contractual CIS such as the UITF and VUL will be required to register with the BIR and get a separate tax identification number (TIN). The move would avoid ambiguity in tax administration of CIS.

As worded under HB 8645, a CIS is a form of *cuentas en participacion*. The proposed wording under the bill may be revisited as they may be more appropriately considered as two separate classifications. Moreover, the bill provides that a CIS *may or may not* be registered with the SEC. This may lead to data gap between the BIR and SEC given that a CIS will register with the BIR and will be taxed as a corporation for tax purposes and yet it is given the option to whether register or not with the SEC. On the other hand, said mandatory registration which effectively change the current contractual structure to corporate structure may have negative effect on investors and thus hampers the country's capital market development.

B. On Original issuance of Shares of Stock and Units of Participation

Package 4 proposes a single DST rate of 0.75% of the par value on original issuance of shares of stock or units of participation in a CIS. In the case of CIS without par value, the DST will be based on the initial NAVPU. The proposal addresses the uneven DST treatment of each CIS that affects the competitiveness of one over the other.

C. On Income Received

As proposed, different final tax rates on passive income derived by a CIS will be rationalized. A single final tax (FT) rate of 15% will be imposed regardless of whether said income is in the form of interest income, dividends, and capital gains (on the sale of shares of stock and debt instruments not traded through the local exchange). On the other hand, the income of CIS not subject to FT will be subject to 30% CIT. It may include interest and dividend income derived from investment abroad, among others.

D. On Redemption Gains

Package 4 also intends to broaden the tax exemption of redemption gains by adopting the term *"collective investment schemes"* in lieu of *"mutual fund"*. Thus, redemption gains from all forms of CIS will be exempted from the income tax.

E. On Business Taxes

Presently, the GRT applies to MF while the portion of premium in excess of the amount necessary to insure the lives of the VUL owners is exempt from premium tax. On the other hand, the Tax Code is silent on the taxability /exemption of UITF. Thus, the proposal exempts directly all forms of CIS from the payment of business taxes to achieve clarity in the tax system and to support capital market development. However, to be considered a CIS entitled to exemption from business tax, the fund should have at least 1,000 investors/participants; and it should be limited to invest/reinvestment/trade in securities and should not engaged to other business undertakings. This requirement is introduced as a safeguard to avoid possible abuses of such tax exemption and to encourage the CIS to go public.

Table 6
Proposed Reforms on the Taxation of CIS under Package 4 of the CTRP

Particulars	Proposed Reforms
A. Business Structure	• Require contractual CIS, such as UITF and VUL, to register with the BIR and get a separate TIN.
B. Issuance of shares/units of participation	• Impose a single rate DST of 0.75% of par value on the original issuance of shares of stock or units of participation. In the case of CIS without par value, the DST will be based on the initial NAVPU.
C. Income received from investments	• Passive income remains subject to appropriate FT rates; other income will be subject to CIT.
D. Gains from redemption	• Exempt redemption gains for all CIS.
E. Business Tax	• Exempt all forms of CIS from GRT or equivalent tax provided that they shall have at least 1,000 participants/owners, and their business undertaking is limited to invest/reinvest/trade of securities.

Note: Based on House Bill No. 8645 approved on third and final reading on November 26, 2018.

VI. CONCLUSION

The inclusion of CIS in the reforms under Package 4 of the CTRP is expected to make taxes imposed thereon to be equitable across all investors, thus, discouraging arbitrage opportunities. Also, the local capital market is anticipated to develop efficiently as possible and become regionally more competitive.

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Annex

Table A1
Summary Taxes on Passive Income by Type of Taxpayer

Type of Passive Income	Philippine Citizens		Aliens			Corporations		
			Resident	Non-Resident		Domestic	Foreign	
	Resident	Non-Resident		Engaged in Business	Not Engaged in Business		Resident	Non-Resident
INTEREST INCOME								
1. Interest (any currency bank, deposit, yield on deposit substitutes, from trust fund or similar arrangement)	20% FT	20% FT	20% FT	20% FT	25% FT	20% FT	20% FT	30% FT
2. Interest from a depository bank under the Expanded Foreign Currency Deposit System	15% FT	Exempt	15% FT	Exempt	Exempt	15% FT	7.5% FT	Exempt
3. Interest on long term (> 5 years) deposits, deposit substitutes, and other investments as prescribed by the BSP	Exempt	Exempt	Exempt	Exempt	25% FT	20% FT	20% FT	30% FT
Pre-terminated (>= 4 years & < 5 years)	5% FT	5% FT	5% FT	5% FT	25% FT	20% FT	20% FT	30% FT
Pre-terminated (>= 3 years & < 4 years)	12% FT	12% FT	12% FT	12% FT	25% FT	20% FT	20% FT	30% FT
Pre-terminated (< 3 years)	20% FT	20% FT	20% FT	20% FT	25% FT	20% FT	20% FT	30% FT
4. Interest Income on Foreign Loans contracted on or after August 1, 1986	N/A	N/A	N/A	N/A	N/A	N/A	N/A	20% FT
5. Interest income received by a FCDU: Income derived by a depository bank from foreign	N/A	N/A	N/A	N/A	N/A	Exempt	Exempt	N/A

Type of Passive Income	Philippine Citizens		Aliens			Corporations		
			Resident	Non-Resident		Domestic	Foreign	
	Resident	Non-Resident		Engaged in Business	Not Engaged in Business		Resident	Non-Resident
currency transactions with nonresidents, offshore banking units in the Philippines, local commercial banks authorized by BSP								
6. Interest income received by a FCDU: Interest income from foreign currency loans to residents other than offshore banking units	N/A	N/A	N/A	N/A	N/A	10% FT	10% FT	N/A
7. Interest income received by a OBU: interest derived by a depository bank from foreign currency transactions with nonresidents, offshore banking units, local commercial banks authorized by the BSP	N/A	N/A	N/A	N/A	N/A	N/A	Exempt	N/A
8. Interest income received by an OBU: Interest income from foreign currency loans granted to residents other than offshore banking units or local commercial banks	N/A	N/A	N/A	N/A	N/A	N/A	10% FT	N/A
DIVIDENDS								
1. Dividends: cash or property from a domestic corp, after-tax net income distribution of a partnership (except general professional partnership), association, joint account,	10% FT	10% FT	10% FT	20% FT	25% FT	Exempt	Exempt	30% FT/ 15% FWT

Type of Passive Income	Philippine Citizens		Aliens			Corporations		
			Resident	Non-Resident		Domestic	Foreign	
	Resident	Non-Resident		Engaged in Business	Not Engaged in Business		Resident	Non-Resident
joint venture, or consortium taxable as corporation								
2. Other Dividends (e.g. from a foreign corp)	0 – 35% PIT	0 – 35% PIT	0 – 35% PIT	0 – 35% PIT	25% FT	30% CIT	30% CIT	N/A
CAPITAL GAINS/ TRANSFERS								
1. On domestic shares of stock not traded through local stock exchange	15% FT	15% FT	15% FT	15% FT	15% FT	15% FT	5 – 10% FT	5 – 10% FT
2. On shares of stock traded through local stock exchange (based on gross selling price)	0.60% FT	0.60% FT	0.60% FT	0.60% FT	0.60% FT	0.60% FT	0.60% FT	0.60% FT
3. Initial Public Offering Tax (Based on the proportion of shares of stock disposed of to total outstanding shares of stock after the listing in the local stock exchange.)	1%/2%/ 4%	1%/2%/ 4%	1%/2%/ 4%	1%/2%/4%	1%/2%/4%	1%/2%/ 4%	1%/2%/ 4%	1%/2%/ 4%
4. On fixed income securities with less than 5 years maturity (regardless traded or not traded through PDEx)	0 – 35% PIT	0 – 35% PIT	0 – 35% PIT	0 – 35% PIT	25% FT	30% CIT	30% CIT	30% CIT
5. On fixed income securities with more than 5 years maturity	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt