

[BIR REGULATIONS NO. 13-2004, December 23, 2004]

**IMPLEMENTING THE PROVISIONS OF REPUBLIC ACT NO. 9243,
AN ACT RATIONALIZING THE PROVISIONS ON THE
DOCUMENTARY STAMP TAX OF THE NATIONAL INTERNAL
REVENUE CODE OF 1997, AS AMENDED, AND FOR OTHER
PURPOSES.**

SECTION 1. Scope - Pursuant to the provisions of Section 4 of Republic Act No. 8424 and Section 244 of the National Internal Revenue Code of 1997 (Code), these Regulations are hereby promulgated to implement the provisions of Republic Act (R.A.) No. 9243, otherwise known as "An Act Rationalizing the Provisions on the Documentary Stamp Tax of the National Internal Revenue Code of 1997, as Amended, and for Other Purposes."

SECTION 2. Renumbering of Sections Under Title VII (Documentary Stamp Tax) of the Code of 1997 - As a result of the amendments introduced by R.A. No. 9243, the Sections under Title VII of the Code are now accordingly titled, numbered or renumbered and amended, and with affected Sections highlighted as follows:

"SEC. 173. *Stamp Taxes upon Documents, Loan Agreements, Instruments and Papers.*"

"SEC. 174. *Stamp Tax on Original Issue of Shares of Stock.*"
(Renumbered and amended)

"SEC. 175. *Stamp Tax on Sales, Agreements to Sell, Memoranda of Sales, Deliveries or Transfer of Shares or Certificates of Stock.*"
(Renumbered and amended)

"SEC. 176. *Stamp Tax on Bonds, Debentures, Certificates of Stock or Indebtedness Issued in Foreign Countries.*" (Renumbered)

"SEC. 177. *Stamp Tax on Certificates of Profits or Interest in Property or Accumulations.*" (Renumbered)

"SEC. 178. *Stamp Tax on Bank Checks, Drafts, Certificates of Deposit not Bearing Interest, and other Instruments.*" (Renumbered)

"SEC. 179. *Stamp Tax on All Debt Instruments.*"(Renumbered and amended)

"SEC. 180. *Stamp Tax on All Bills of Exchange or Drafts.*" (Amended)

"SEC. 181. *Stamp Tax Upon Acceptance of Bills of Exchange and Others.*"

"SEC. 182. *Stamp Tax on Foreign Bills of Exchange and Letters of Credit.*"

"SEC. 183. *Stamp Tax on Life Insurance Policies.*" (Amended)

"SEC. 184. *Stamp Tax on Policies of Insurance Upon Property.*"

"SEC. 185. *Stamp Tax on Fidelity Bonds and Other Insurance Policies.*"

"SEC. 186. *Stamp Tax on Policies of Annuities and Pre-Need Plans.*" (Amended)

"SEC. 187. *Stamp Tax on Indemnity Bonds.*"

"SEC. 188. *Stamp Tax on Certificates.*"

"SEC. 189. *Stamp Tax on Warehouse Receipts.*"

"SEC. 190. *Stamp Tax on Jai-alai, Horse Race Tickets, Lotto or Other Authorized Numbers Games.*"

"SEC. 191. *Stamp Tax On Bills of Lading or Receipts.*"

"SEC. 192. *Stamp Tax on Proxies.*"

"SEC. 193. *Stamp Tax on Powers of Attorney.*"

"SEC. 194. *Stamp Tax on Leases and Other Hiring Agreements.*"

"SEC. 195. *Stamp Tax on Mortgages, Pledges and Deeds of Trust.*"

"SEC. 196. *Stamp Tax on Deeds of Sale and Conveyances of Real Property.*"

"SEC. 197. *Stamp Tax on Charter Parties and Similar Instruments.*"

"SEC. 198. *Stamp Tax on Assignments and Renewals of Certain Instruments.*"

"SEC. 199. *Documents and Papers Not Subject to Stamp Tax.*"
(Amended)

SECTION 3. New Rate of DST on Original Issue of Shares of Stocks. -

"SEC. 174. Stamp Tax on Original Issue of Shares of Stock. - On every original issue, whether on organization, reorganization or for any lawful purpose, of shares of stock by any association, company or corporation, there shall be collected a documentary stamp tax of One peso (P1.00) on each Two hundred pesos (P200), or fractional part thereof, of the par value, of such shares of stock: Provided, that in case of the original issue of shares of stock without par value, the amount of the documentary stamp tax herein prescribed shall be based upon the actual consideration for the issuance of such shares of stock: Provided, further, That in the case of stock dividends, on the actual value represented by each share."

Section 174 of the Code used to be Section 175. The rate of DST on the original issue of shares of stock was revised from One peso and fifty centavos (P1.50) on each Two hundred Pesos (P200) to "**One peso (P1.00) on each Two hundred pesos (P200)**," or fractional part thereof, of the par value, of such shares of stock.

The DST under this Section is imposed on the privilege of issuing shares of stock. The shares are considered issued upon the acquisition of the stockholder of the

attributes of ownership over the shares (the right to vote, the right to receive dividends, the right to dispose, etc. notwithstanding that restrictions on the exercise of any of these rights may be imposed by the Corporation's articles and/or by-laws, the Securities and Exchange Commission, stockholder agreement, court order, etc.), which acquisition of such attributes of ownership shall be manifested by the acceptance by the Corporation of the stockholder's subscription to its shares of stock. The entire shares of stock subscribed are considered issued for purposes of the DST, even if not fully paid. The delivery of the certificates of stock to stockholders is not essential for the DST to accrue.

In all cases where the issued shares are with par value, the basis of the DST shall be the par value thereof. For shares of stock without par value, the basis shall be the actual consideration for the shares of stock. However, in a case where shares of stocks without par value are issued as stock dividends, the basis of the DST shall be the actual value represented by each share.

SECTION 4. New Rate of DST on Sales, Agreements to Sell, Memoranda of Sales, and Subsequent Transfer of Shares of Stocks. -

"SEC. 175. Stamp tax on Sales, Agreements to Sell, Memoranda of Sales, Deliveries or Transfer of Shares or Certificates of Stock. - On all sales, or agreements to sell, or memoranda of sales, or deliveries, or transfer of shares or certificates of stock in any association, company, or corporation, or transfer of such securities by assignment in blank, or by delivery, or by any paper or agreement, or memorandum or other evidences of transfer or sale whether entitling the holder in any manner to the benefit of such stock, or to secure the future payment of money, or for the future transfer of any stock, there shall be collected a documentary stamp tax of Seventy-five centavos (P0.75) on each Two hundred pesos (P200), or fractional part thereof, of the par value of such stock: Provided, That only one tax shall be collected on each sale or transfer of stock from one person to another, regardless of whether or not a certificate of stock is issued, indorsed, or delivered in pursuance of such sale or transfer: and Provided, further, That in case of stock without par value the amount of the documentary stamp tax herein prescribed shall be equivalent to twenty-five percent (25%) of the documentary stamp tax paid upon the original issue of said stock."

Section 175 of the Code used to be Section 176 with the old tax rate of DST applicable on sales, agreements to sell, memoranda of sales, deliveries, or transfer of shares or certificates of stock is now revised from One peso and fifty centavos (P1.50) on each Two hundred Pesos (P200) to **"Seventy-five centavos (P0.75) on each Two hundred pesos (P200),"** or fractional part thereof, of the par value of such stock. Likewise, the documents described as "due bills" and "certificates of obligation", which were previously included in the old section, have been removed from the coverage of this renumbered and amended Section.

All transfer of shares of stocks of a domestic corporation are subject to the DST upon execution of the deed transferring ownership or rights thereto, or upon delivery, assignment or indorsement of such shares in favor of another. No transfer

of shares of stock shall be recorded unless DST thereon has been duly paid for in accordance with Section 201 of the Code.

For a sale or exchange to be taxable, there must be an actual or constructive transfer of beneficial ownership of the shares of stock from one person to another. Such transfer may be manifested by the clear exercise of attributes of ownership over such stocks by the transferee, or by an actual entry of a change in the name appearing in the certificate of stock or in the Stock and Transfer Book of the issuing corporation or by any entry indicating transfer of beneficial ownership in any form of registry *including those of a duly authorized scripless registry, such as those maintained for or by the Philippine Stock Exchange*. However, if by the transfer of certificates of stock from a resigned trustee to a newly appointed trustee such certificate of stock remain in the name of the cestui que trust or the resigned trustee so that the new trustee is constituted as mere depository of the stock, such transfer is not taxable. Provided, however, that transfer of shares to "nominees" to qualify them to sit in the board or to qualify them to perform any act in relation to the corporation shall not be subject to the DST provided herein only upon proof of a duly executed Nominee Agreement showing the purpose of the transfer; that the transfer is without consideration other than the undertaking of the nominee to only represent the beneficial owner of the stock; and the transfer is in trust.

Agreements to sell shares of stock are also subject to DST. It is not only actual sales or transfers that are taxable but also agreements to sell such stock or executory contracts for the sale or transfer of shares of stock. However, if the DST has been paid on the agreement to sell or memoranda of sale, the actual sale or transfer of the stocks pursuant to the agreement will no longer be subject to DST.

SECTION 5. New Rate of DST on All Debt Instruments. -

"SEC. 179. Stamp Tax on All Debt Instruments. - On every original issue of debt instruments, there shall collected a documentary stamp tax of One pesos (P1.00) on each Two hundred pesos (P200), or fractional part thereof, of the issue price of any such debt instrument : Provided, That for such debt instruments with terms of less than one (1) year, the documentary stamp tax to be collected shall be of a proportional amount in accordance with the ratio of its term in number of days to three hundred sixty-five (365) days: Provided, further, That only one documentary stamp tax shall be imposed on either loan agreement, or promissory notes issued to secure such loan.

"For purposes of this section, the term debt instrument shall mean instruments representing borrowing and lending transactions including but not limited to debentures, certificates of indebtedness, due bills, bonds, loan agreements, including those signed abroad wherein the object of contract is located or used in the Philippines, instruments and securities issued by the government or any of its instrumentalities, deposit substitute debt instrument, certificates or other evidences of deposits that are either drawing interest significantly higher than the regular savings deposit taking into consideration the size of the deposit and the risks involved or drawing interest and having a specific maturity