REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

BIR Ruling No. OT-422-2022
RA No. 11524
OT-049-2023
MAY 18 2023

Bureau of Treasury
Ayuntamiento Building
Cabildo Street corner A. Soriano
Intramuros, 1002 Manila

Attention: **Eduardo Anthony G. Mariño III**
Deputy Treasurer of the Philippines
Trust Fund Management Committee Secretariat

Gentlemen:

This refers to your request, on behalf of the **Bureau of Treasury** ("BTr"), seeking a ruling for an exemption from the requisite Certificate Authorizing Registration ("CAR"), in order to enable the transfer of shares of stock from the Coconut Industry Investment Fund - Oil Mills Group ("CIIF Companies") to the Republic of the Philippines ("ROP"), as expressly set forth below:

Name of Corporations	Number of Shares
Cagayan de Oro Oil Company, Inc.	
Granexport Manufacturing Corporation	
San Pablo Manufacturing Corp	
Legaspi Company, Inc	
Southern Luzon Coconut Oil Mills	
Iligan Coconut Industries, Inc.	

Alternatively, you request for a waiver of the requirement to submit a Deed of Reconveyance or Deed of Assignment in securing a CAR, which would subsequently enable the transfer of the mentioned shares.

You allege that this Office issued a pronouncement in BIR Ruling No. OT-422-2022 dated November 04, 2022, that the cancellation of the CIIF shares maintained by United Coconut Planters Bank ("UCPB") and its re-issuance thereof to the Republic of the Philippines pursuant to several Supreme Court decisions is exempt from capital gains tax, donor's tax, and documentary stamp tax. The aforementioned ruling also directs the designated Revenue District Officer to furnish the requisite CAR to enable the BTr to lawfully effectuate the transfer of the shares from CIIF Companies to the name of the ROP.

We reply as follows:

Exemption from CAR

It is important to emphasize that a CAR is an indispensable requirement for the proper and legal registration of the transfer of shares of stock in the stock and transfer book of corporations.

OT- MAY 18 2023

Revenue Memorandum Circular ("RMC") No. 37-2012, clarifying Section 11 of Revenue Regulations ("RR") No. 06-08, provides that it is necessary to obtain a CAR to effectuate the transfer of ownership of shares of stock, viz:

> "In order to transfer ownership of shares of stock not traded in the Stock Exchange, **it is necessary to secure a CAR pursuant to the process laid down in Revenue Memorandum Order ("RMO") No. 15-03.** The receipts of the payment of the tax should also be filed with and recorded by the secretary of the corporation pursuant to Section 11 of RR No. 06-08." (Emphasis Supplied)

Note that the abovementioned legal requirement must be complied with to ensure the validity and lawfulness of the stock transfer transaction. Accordingly, this Office cannot waive the requirement of CAR.

Waiver of Deed of Reconveyance or Deed of Assignment

It is imperative to note that one of the essential requirements for the processing of a CAR is the submission of a Deed of Reconveyance or Deed of Assignment to the BIR as specified in RMO No. 15-03.

In this connection, it bears mentioning that the submission of a Deed of Assignment may be waived in appropriate cases, particularly when the transfer of legal title of shares is merely a confirmation of its ownership, such as the situation in the present case where the Supreme Court already ruled that the subject shares actually belong to the ROP. It should be stressed that the absence of a Deed of Assignment may be supplanted by other documents, such as a court decision ordering the transfer of the shares.

In view thereof, we dispense the mandatory submission of a Deed of Reconveyance/Deed of Assignment and the concerned Revenue District Officer ("RDO") may already issue the CAR upon compliance with other requirements.

Additionally, due to the substantial number of shares involved in this case, it is expedient that a single CAR be duly issued to cover all shares of stock per company. Lastly, the Corporate Secretary of the CIIF Companies should provide the concerned RDO a comprehensive list of the stockholders' names and their respective shareholdings, in lieu of a stock certificate.

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,

ROMEO D. LUMAGUI, JR.
Commissioner of Internal Revenue
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K-1