REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

Section 199(I) of the Tax Code of 1997, as amended by Republic Act No. 3243; RA No. 7653 (The New Central Bank Act), as amended by RA No. 11211
BIR Ruling No. 397-12
DT- 132-2022
APR 06 2022

Bangko Sentral ng Pilipinas
A. Mabini Street
Malate, Manila

Attention: **Leah C. Ozar**
Officer-in-Charge

Gentlemen:

This is in reference to your request for confirmation of your opinion that the transactions of the **Bangko Sentral ng Pilipinas** (BSP) in the performance of its mandate are exempt from documentary stamp tax (DST), as provided in Section 199 (I) of the National Internal Revenue Code (Tax Code) of 1997, as amended.

On June 6, 2012 and October 23, 2014, The Manila Banking Corporation (TMBC) and Fist Sovereign Asset Management (SPV-AMC) executed Deeds of Assignments (DOAs) absolutely assigning to BSP the following properties located at the Municipality of San Jose Del Monte, Province of Bulacan, as partial settlement of TMBC's obligation with BSP:

Transfer Certificate of Title Numbers:

TCT No.
TCT No.
TCT No.

The assignment is subject to the automatic extinguishment of BSP's right over the assigned properties upon approval by the court of the compromise agreement between BSP and TMBC. To date, no court-approved compromise agreement has been executed or made. In the meantime, BSP's rights as an assignee over the subject properties have yet to be annotated on the new TCTs.

It is further represented that while in the process of registration of BSP's interest over the subject properties, the Register of Deeds of Meycauyan Bulacan, required the submission of a written confirmation from the BIR that the mentioned DOAs, which BSP intends to register in the titles, do not require the payment of DST.

In this regard, you now request for a confirmatory ruling that contracts, deeds, documents and transactions related to the conduct of BSP's

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In reply thereto, please be informed that DST is a tax on documents, instruments and papers evidencing the acceptance, assignment, sale or transfer of an obligation, right or property incident thereto whereby both the person issuing and the person to whom the document/instrument is issued may be held liable for the tax. It is an excise tax because it is imposed on the privilege to enter into a transaction. The party liable for the payment thereof may be the party issuing the instrument or the one accepting it.

However, Section 199 (I) of the Tax Code of 1997, as amended by Section 9 of Republic Act (RA) No. 9243 (An Act Rationalizing the Provisions on DST of the NIRC of 1997, as amended, and for Other Purposes) reads as follows:

> *"SEC. 199. Documentary and Papers Not Subject to Stamp Tax. — The provisions of Section 173 to the contrary notwithstanding, the following instruments, documents and papers* ***shall be exempt from the documentary stamp tax****:*
>
> *xxx xxx xxx*
>
> *(l)* ***All contracts, deeds, documents and transactions related to the conduct of business of the Bangko Sentral ng Pilipinas.*** " (Emphasis and underscoring ours)

It is clear from the above-quoted provision that all contracts, deeds, documents and transactions entered into by the BSP which is related to the conduct of its business are exempt from the payment of DST.

Furthermore, Section 173 of Tax Code of 1997, as amended, which provides that whenever one party to the taxable document enjoys exemption from the tax herein imposed, the other party thereto who is not exempt shall be the one directly liable for the tax. However, it is clear from the provision of RA No. 9243 as implemented by Revenue Regulations No. 13-04, the provisions of Section 173 to the contrary notwithstanding, that all contracts, deeds, documents and transactions entered into by the BSP which are related to the conduct of its business are exempt from the payment of DST[1].

In connection therewith, the loan granted to TMBC is within the conduct of business of BSP. RA No. 7653 (The New Central Bank Act), as amended by RA No. 11211, authorizes BSP to extend loans to banks secured by real estate mortgage. The relevant provision states:

> *"Section 81. Guiding Principles. – The Rediscounts, discounts, loans and advances which the Bangko Sentral is authorized to extend to banking institutions, under the provisions of the present article of this Act shall be used to influence the volume of credit consistent with the objective of price stability and maintenance of financial stability."*

Therefore, in the implementation of the aforementioned provision, BSP accepts direct assignments of real properties from banks as partial payment for the loans granted by BSP. The

[1] BIR Ruling No. 397-12, dated June 13, 2012

transactions which gave rise to the DOAs are made in the exercise of BSP's mandate and are executed in the conduct of its business.

In view of the foregoing, this Office confirms your opinion that the assignment of the subject properties to BSP pursuant to the executed DOAs which are related to the conduct of its business, are exempt from DST.

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

Very truly yours,

CAESAR R. DULAY
Commissioner of Internal Revenue

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