May 25, 2021

BIR RULING NO. OT-192-21

Sec. 91 (B) of the Tax Code of 1997, as amended; BIR Ruling No. 542-19

AAA
BBB
CCC and
DDD
La Trinidad, Benguet

Gentlemen :

This refers to your letter dated February 4, 2020 requesting, for an extension of time to pay donor's tax due on February 19, 2020 and estate tax due on April 3, 2020.

It is represented that EEE passed away on April 3, 2019 leaving an accumulated hospital bills of more than P850,000.00; that the heirs have limited funds as the income from their property is barely enough for their food and utility bills, as well as attorney's fees, maintenance expenses, and others; and that the heirs have prioritized the education of their youngest sibling and their children. Hence, this request for extension of time.

In reply, please be informed that Section 91 (B) of the National Internal Revenue Code (Tax Code) of 1997, as amended, provides, *viz*:

> *"Section. 91. Payment of tax. —*
>
> xxx xxx xxx
>
> *(B) Extension of Time. — When the Commissioner finds that the payment on the due date of the estate tax or of any part thereof would impose undue hardship upon the estate or any of the heirs, he may extend the time for payment of such tax or any part thereof not to exceed five (5) years, in case the estate is settled through the courts, or two (2) years in case the estate is settled extrajudicially. In such case, the amount in respect of which the extension is granted shall be paid on or before the date of the expiration of the period of the extension, and the running of the Statute of Limitations for assessment as*

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provided in Section 203 of this Code shall be suspended for the period of any such extension."

xxx xxx xxx

Based on the foregoing justifiable reason, and in conformity with the above-quoted provision, this Office hereby grants the request for extension of time within which to pay the estate tax up to the maximum period of two (2) years or five (5) years, whichever is applicable, reckoned from the actual filing of the estate tax return, provided that the executor, or administrator, or beneficiaries, shall furnish a bond in such amount, not exceeding double the amount of the tax and with such sureties as the Commissioner deems necessary, conditioned upon the payment of the said tax in accordance with the terms of the extension. [1]

It shall be understood, however, that the estate shall be liable for the corresponding interest that shall have accrued thereon up to the time of payment of the estate tax due on the transmission by the said estate of its properties in favor of the heirs pursuant to Section 249 of the Tax Code of 1997, as amended. [2]

Insofar as the donor's tax is concerned, this Office is constrained to deny your request for lack of legal basis.

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,

(SGD.) CAESAR R. DULAY
Commissioner of Internal Revenue

Footnotes

1. BIR Ruling No. 542-2019 dated September 27, 2019.
2. *Ibid*.

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