June 8, 2021

BIR RULING NO. OT-196-21

Secs. 90 (C), 91 (B) and 249 of the NIRC of 1997, as amended; BIR Ruling No. 475-2017

Batuhan Blando Concepcion & Trillana
15th Floor Picadilly Star Building
4th Avenue cor. 27th Street
BGC, Taguig 1634

Attention: *AAA & BBB*

Gentlemen :

This refers to your letter dated February 19, 2020, requesting on behalf of the heirs of CCC, for an extension of thirty (30) days within which to file the Estate Tax Return and pay the taxes due on the estate of the late CCC.

It is represented that CCC died on February 20, 2019 in _____; and that the extension is requested so it would not further impose undue hardship upon the estate of the decedent and heirs while the estate is being settled extrajudicially.

In reply thereto, please be informed that Section 90 (C) of the National Internal Revenue Code of 1997, as amended, provides, *viz.*:

> *"SEC. 90. Estate Tax Returns. —*
>
> xxx xxx xxx
>
> *(C) Extension of Time. — The Commissioner shall have authority to grant, in meritorious cases, a reasonable extension not exceeding thirty (30) days for filing the return."*

Based on the foregoing representation, this Office finds justifiable reason to grant the request for an extension to file the estate tax return of thirty (30) days counted from February 20, 2020, which is the last day for filing of the estate tax return of the late CCC. Thus, the

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filing of the said estate tax return of the decedent is hereby extended up to March 21, 2020.

However, on March 17, 2020, the entire Luzon was placed under Enhanced Community Quarantine (ECQ) [1] following the sharp increase in the number of confirmed COVID-19 cases throughout the country. Thus, the extension given was affected from March 17, 2020 to March 21, 2020.

In relation thereto, under Revenue Regulations (RR) No. 11-2020, the extended due date for filing BIR Form 1801 (Estate Tax Return) is thirty (30) days from the date of the lifting of the quarantine. The said RR further defined the term "quarantine" to mean "any announcement by the National Government resulting to limited operations and mobility, including, but not limited to community quarantine, and general community quarantine." Under RR No. 12-2020, this provision was amended to exclude general community quarantine and further stated that the extended due dates under RR No. 11-2020 "shall remain in effect regardless of any extension or modification of quarantine."

Applying the above-mentioned provisions in the instant case, while RR No. 11-2020 as amended by RR No. 12-2020 states that the extended due date for filing estate tax return is thirty (30) days from the date of the lifting of the Modified Enhanced Community Quarantine (MECQ) on May 31, 2020, it is logical that the extension shall be limited only to five (5) days, the remaining period only affected when the entire Luzon was placed under ECQ (March 17, 2020 to March 21, 2020). Thus, filing of the estate tax return of the estate of Arch. Francisco T. Mañosa is hereby extended up to June 05, 2020.

Moreover, Section 91 (B) of the National Internal Revenue Code of 1997, as amended, states that:

"SEC. 91. Payment of tax. —

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

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If an extension is granted, the Commissioner may require the executor, or administrator, or beneficiary, as the case may be, to 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."

Hence, since the payment on the due date of the estate tax of the estate of CCC would impose undue hardship upon the estate and the heirs while the estate is being settled extrajudicially, your request for an extension to pay the estate tax due is hereby granted. Thus, the estate tax shall be paid within two (2) years from actual filing of the estate tax return on or before June 5, 2020, whichever comes first, provided that the executor, or administrator, or beneficiary, 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.

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 National Internal Revenue Code of 1997, as amended.

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,

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

Footnotes

1. Per Memorandum from the Executive Secretary, Salvador C. Medialdea, dated March 16, 2020.

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