REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

Sec. 40(C)(2)&(6)(b); RR 18-01
BIR Ruling No. 214-12
BIR Ruling No. 075-18
[illegible]
AUG [illegible]

2GO GROUP, INC.
8th Floor, Tower 1, Double Dragon Plaza
EDSA Extension cor. Macapagal Avenue
Pasay City

Attention: **Atty. Atty. Kenneth S. Ng**

Gentlemen:

This refers to your letter dated December 6, 2018 requesting for confirmation that the merger of Negros Navigation Co. Inc. ("NENACO"), as the absorbed corporation with 2GO Group Inc. ("2GO"), as the surviving corporation, is a tax-free merger within the contemplation of Section 40(C)(2) in relation to Section 40(C)(6)(b) of the National Internal Revenue Code of 1997, as amended ("Tax Code").

Background

2GO, with Tax Identification Number (TIN) is a domestic corporation duly registered with the Securities and Exchange Commission (SEC) under Company Registration No. on January 1, 1996, to engage primarily in the business of freight and passage services. It is under the control of NENACO as its parent company, owning 88.31% of the shares of 2GO. 2GO has an authorized capital stock of Four Billion Seventy Million Three Hundred Forty Three Thousand Six Hundred Seventy Pesos (P4,070,343,670.00)[1] divided into Four Billion Seventy Million Three Hundred Forty Three Thousand Six Hundred Seventy (4,070,343,670) shares with par value of P1.00 per share. Out of the authorized capital stock of 2GO, Two Billion Four Hundred Forty-Six Million One Hundred Thirty-Six Thousand Four Hundred (2,446,136,400) shares with a total par value of Two Billion Four Hundred Forty-Six Million One Hundred Thirty-Six Thousand Four Hundred Pesos (P2,446,136,400.00) are subscribed and paid-up.

On the other hand, NENACO with TIN: is a domestic corporation duly registered with the SEC and is engaged in domestic shipping operations, such as, of owning, maintaining, servicing, operating, leasing, chartering and chartering out shipping vessels. NENACO has an authorized capital stock consisting of Three Billion Six Hundred Fifty Six Million Three Hundred Eighty Thousand Pesos (P3,656,380,000.00) common shares divided into Twelve Billion Four Hundred Six Million Nine Hundred Thousand (12,406,900,000), with a par value of P0.20 per share, Two Hundred Million Pesos (P200,000,000.00) Preferred shares series A divided into One Billion Shares (1,000,000,000) with a par value of P0.20 per share and Nine Hundred Seventy Five Million Pesos (975,000,000.00) Preferred shares series B divided into One Billion Five Hundred Million (1,500,000,000) shares with a par value of P0.65 per share. Out of the total authorized capital stock of NENACO, Eight Billion Three Hundred Sixty-Nine Million Eight Hundred Eighteen Thousand Eight Hundred Seventy (8,369,818,870) shares with a par value

[1] The Articles of Merger submitted to the Securities and Exchange Commission still includes the preferred shares in the amount of P4,564,330 which is considered part of the authorized capital stock of 2GO.

of One Billion Six Hundred Seventy-Three Million Nine Hundred Sixty-Three Thousand Seven Hundred Seventy-Four Pesos (P1,673,963,774) are subscribed and paid-up.

To summarize, the authorized capital stock issued and outstanding capital stock of NENACO and 2GO as set forth in their respective Audited Financial Statements (as of December 31, 2018) filed with SEC together with the Articles of Merger and Plan of Merger, are as follows:

2GO

Type of Share	Par Value	Authorized Capital Stock (No. of Shares)	Authorized Capital Stock (Amount)	Issued and Outstanding Capital Stock (No. of Shares)	Issued and Outstanding Capital Stock (Amount)
Common Share	P 1.00	)	P		)

NENACO

Type of Share	Par Value	Authorized Capital Stock (No. of Shares)	Authorized Capital Stock (Amount)	Issued and Outstanding Capital Stock (No. of Shares)	Issued and Outstanding Capital Stock (Amount)
Common Share	P 0.20		P		P
Preferred Shares – Series A	P 0.20				
Preferred Shares – Series B	P 0.65				

Based on its Audited Financial Statement as of December 31, 2018, NENACO has total assets amounting to Six Billion One Hundred Three Million Four Hundred Fifty-Seven Thousand Pesos (6,103,457,000.00) and total liabilities of Three Hundred Fourteen Million Seven Hundred Forty-Two Thousand Pesos (P314,742,000.00).

On April 5, 2018, the Board of Directors and Stockholders of the two corporations approved the merger between 2GO and NENACO with 2GO as the surviving corporation. It is further agreed in the Plan of Merger that the Effective Date of the merger shall be the first day of the month following the date when the Certificate of Merger shall have been issued and released by the SEC ("Effective Date of Merger"). The merger was undertaken to simplify their collective legal structures, create synergy, and promote operational efficiency and cost effectiveness.

On September 18, 2018, the SEC approved the Articles of Merger and the Plan of Merger of NENACO and 2GO with the latter as the surviving entity.

In the implementation of the Merger between 2GO and NENACO, upon the effective date of the merger, all the issued and outstanding shares of the capital stock of NENACO held by the stockholders of NENACO shall be exchanged for shares in the capital stock of 2GO on the basis of the net asset value of NENACO. Considering that a portion of the assets transferred to 2GO are its own shares of stock, 2GO will re-issue those shares which it reacquired as a consequence of the merger to the stockholders of NENACO proportionate to their stockholdings in NENACO. In

addition to the shares which will be re-issued in exchange for the shares reacquired by 2GO from NENACO, 2GO will issue new common shares to the stockholder of NENACO.

Pursuant to the Plan of Merger, 2GO will issue a total of Two Billion One Hundred Seventy Six Million One Hundred Fifty One Thousand Nine Hundred Seven (2,176,151,907) shares with a par value of One Peso (P1.00) per share to the stockholders of NENACO in exchange for the net assets of NENACO, which shares are composed of the Two Billion One Hundred Sixty Million One Hundred Forty One Thousand Nine Hundred Ninety One (2,160,141,991) shares reacquired by 2GO as a consequence of the merger, and Sixteen Million Nine Thousand Nine Hundred Sixteen (16,009,916) shares from the unissued authorized capital stock of 2GO, as follows:

Name of Stockholder	**Nationality**	**Type**	**No. of Shares Subscribed and Paid-up**	**Amount Subscribed and Paid-up (in PhP)**	**Percentage of Ownership**
KGLI-NM Holdings, Inc.	Filipino	Common			
China-ASEAN Marine B.V.	Foreign	Common			
SM Investments Corporation	Filipino	Common			
Public		Common			
TOTAL					

Beginning on the Effective Date of Merger, the authorized capital stock and issued and outstanding capital stock of 2GO are as follows:

2GO (Beginning the Effective Date of Merger)

Type of Share	Par Value	Authorized Capital Stock (No. of Shares)	Authorized Capital Stock (Amount)	Issued and Outstanding Capital Stock (No. of Shares)	Issued and Outstanding Capital Stock (Amount)
Common Share	P 1.00				

Based on the foregoing representations, you now request for confirmation that:

1. The transaction described above constitutes a "Merger" within the contemplation of Section 40(C)(2) in relation to 40(C)(6)(b) of the Tax Code because 2GO, pursuant to the Plan of Merger, acquired all the assets and assumed all the liabilities of NENACO and the same is being undertaken for bona fide business purposes to simplify the collective legal structure of the parties to the merger, create synergy, and promote operational efficiency and cost effectiveness, and not for the purpose of escaping the burden of taxation. Hence no gain or loss will be recognized by:

   a. NENACO, upon the transfer and conveyance of its assets to 2GO and upon assumption by 2GO of NENACO's liabilities, obligations and undertakings pursuant to the Plan of Merger.

b. The stockholders of NENACO, including its nominee stockholders, upon receipt of 2GO shares in exchange for NENACO shares.

c. 2GO, upon its receipt of the assets transferred by NENACO and its assumption of liabilities, undertakings and obligations of NENACO, as well as upon the issuance by 2GO of its shares of stock to NENACO stockholders, who shall surrender their NENACO stock certificates for cancellation, pursuant to the Plan of Merger.

2. The above-mentioned transactions and exchanges pursuant to the Plan of Merger of NENACO into 2GO are not subject to donor's tax; and

3. The transfer by NENACO of its assets pursuant to the Plan of Merger is not subject to value-added tax ("VAT") and any unused input tax of NENACO as of the effective date of Merger shall be absorbed by 2GO as the surviving corporation pursuant to Sec. 4.106-8(b) of Revenue Regulations ("RR") No. 16-2005, as amended.

In reply thereto, please be informed as follows:

1. The foregoing merger of NENACO and 2GO is a merger within the contemplation of Section 40(C)(2) and (6)(b) of the Tax Code because 2GO's acquisition/assumption of all the assets and liabilities of NENACO is being undertaken to simplify their collective legal structures, create synergy, and promote operational efficiency and cost effectiveness. Thus, said merger was undertaken for a bona fide business purpose and not for the purpose of escaping the burden of taxation.

The merger of NENACO and 2GO qualifies for non-recognition of gain or loss for income tax purposes in accordance with Section 40(C) (2) of the Tax Code. Accordingly, no gain or loss shall be recognized by 2GO, as the transferee, on its receipt of the assets and liabilities of NENACO and NENACO, as the transferor of its assets and liabilities to 2GO, pursuant to and as a consequence of the merger.

The basis of the shares of stocks to be received by the stockholders of NENACO upon the exchange shall be the same as the basis of the properties, stocks or securities exchanged, decreased by (1) the money received, and (2) the fair market value of the other property/ies received and increased by (a) the amount treated as dividend of the shareholders and (b) the amount of any gain that was recognized in the exchange. (Sec. 40 (C)(5)(a) of the Tax Code)

The basis of the properties transferred in the hands of the transferee (2GO), listed in *Annex "A"* hereof, shall be the same as it would be in the hands of the transferor (NENACO) increased by the amount of the gain, if any, recognized to the transferor (NENACO) on the transfer. (Sec. 40 (C)(5)(b), *supra*)

If the amount of the liabilities assumed plus the amount of the liabilities to which the property is subject exceed the total of the adjusted basis of the property transferred pursuant to such exchange, then such excess shall be considered as a gain from the sale or exchange of a capital asset or of property which is not a capital asset, as the case may be. (Sec. 40 (C)(4)(b), supra)

The substituted bases of the properties transferred by NENACO to 2GO should strictly comply with the rule that cash and other cash items will be excluded from the computation of the adjusted bases of the properties transferred for purposes of determining whether liabilities assumed and to which the property is subject do not exceed the adjusted basis of

the properties transferred, pursuant to No. IV (A) (2) of Revenue Memorandum Ruling (RMR) No. 2-2002 dated June 10, 2002.

Accordingly, the allocated shares and liabilities and the substituted basis of the properties transferred by NENACO, as of December 31, 2018, are as follows:

	Amount (in Php)	**Allocated Liabilities**	**Allocated Shares**	**Substituted Basis (in Php)**
Cash				
Trade and other Receivables				
Other current assets				
Property and Equipment				
Investment in subsidiaries				
Other non-current assets				
TOTAL				

Liabilities	**Amount (in Thousands)**
Current Liabilities	
Trade & other payables	
Total Current Liabilities	
Non-current liabilities	
Deferred Tax Liabilities	
Total Noncurrent Liabilities	
TOTAL	

2. Well-settled in our jurisprudence is the fact that the essential elements of a valid donation are: (1) the reduction of the patrimony of the donor; (2) the increase in the patrimony of the donee; and (3) the intent to do an act of liberality (*animus donandi*).

   Clearly, there is no intention on the part of any of the parties to the merger – NENACO to donate to 2GO its assets since the transaction is purely for a legitimate business purpose. Thus the aforesaid merger will not be subject to gift tax since there is no intention to donate, and the transaction is a *bona fide* merger effected solely for business reasons.

3. No documentary stamp tax (DST) is due on the transfer made pursuant to the Plan of Merger under Section 199(m) of the Tax Code, as amended by Republic Act (R.A.) No. 9243, in relation to Section 40(C)(2) of the Tax Code. However, the original issuance of shares by 2GO to the stockholders of NENACO, as well as the re-issuance by 2GO of its treasury shares as a consequence of the merger shall be subject to DST at the rates of P2.00

and P1.50, respectively, on each P200.00 par value, or fractional part thereof, as provided under Section 174 of the Tax Code, as amended.

4. The transfer of properties of NENACO to 2GO as a consequence of the merger shall not be subject to any output tax, pursuant to Section 4.109-1(B)(1)(x) of Revenue Regulations (RR) No. 13-2018, since the said transfer is considered a VAT-exempt transaction under Section 34 of Republic Act (RA) No. 10963. The conveyance of properties to effectuate a merger is not made in the course of business but by operation of law pursuant to the merger. Thus, any unused input tax as of the effective date of merger will be absorbed by 2GO, as the surviving corporation pursuant to Section 4.106-8(b)(3) of RR No. 16-2005, as amended by RR Nos 4-2007 and 10-2011.

5. The excess and unutilized creditable withholding taxes (CWT) of NENACO as of the effective date of the merger, which form part of the assets to be transferred by NENACO to 2GO as a consequence of the merger, may be applied as a tax credit by 2GO against its income tax due for the taxable year 2018, the effective date of the merger being September 1, 2018, and in the succeeding taxable years, or may be the subject of a claim for refund or issuance of a tax credit certificate (TCC).

6. The excess and unexpired MCIT of NENACO as of the effective date of the merger as of year 2018, if any, shall be carried forward and credited against the normal income tax due of the surviving corporation, 2GO, for the three (3) immediately succeeding taxable years pursuant to Section 27(E)(2) of the Tax Code, as amended.

7. It is to be emphasized, however, that the net operating loss carry-over (NOLCO) under Section 34 (D) (3) of the Tax Code, and as implemented by Revenue Regulations No. 14-2001, of NENACO, if any, is not one of their assets that can be transferred and absorbed by the surviving corporation, 2GO, as this privilege or deduction can be availed of by NENACO only. Accordingly, the tax-free merger between NENACO and 2GO does not cover the NOLCO of the former.

8. The retained earnings, if any, of NENACO are subject to the ten percent (10%) final withholding tax on dividends constructively received by its shareholders pursuant to Section 24 (B)(2) of the Tax Code, as amended. *(BIR Ruling No. 1422-18 dated December 7, 2018)*

In order that the above-described reorganization can be considered as merger under Section 40(C)(2) and (6)(b) of the Tax Code, the parties to the merger should comply with the following requirements set forth under Revenue Regulations No. 18-2001:

A. The plan of reorganization should be adopted by each of the corporations, parties thereto, the adoption being shown by the acts of its duly constituted responsible officers and appearing upon the official records of the corporation. Each corporation, which is a party to the reorganization, shall file, as part of its return for the taxable year within which the reorganization occurred a complete statement of all facts pertinent to the non-recognition of gain or loss in connection with the reorganization, including:

   1. A copy of the plan of reorganization, together with a statement executed under the penalties of perjury, showing in full the purposes thereof and in detail all transactions incident to, or pursuant to the plan;

   2. A complete statement of all cost or other basis of all property, including all stocks or securities, transferred incident to the plan;

3. A statement of the amount of stock or securities and other property or money received from the exchange, including a statement of all distribution of other disposition made thereof. The amount of each kind of stock or securities and other property received shall be stated on the basis of the fair market value thereof at the date of the exchange;

4. A statement of the amount and nature of any liabilities assumed upon the exchange, and the amount and nature of any liabilities to which any of the property acquired in the exchange is subject.

B. Every taxpayer, other than a corporation, party to the reorganization, who received stock or securities and other property or money upon a tax-free exchange in connection with a corporate reorganization shall incorporate in his income tax return for the taxable year in which the exchange takes place a complete statement of all facts pertinent to the non-recognition of gain or loss upon such exchange, including:

1. A statement of the cost or other basis of the stock or securities transferred in the exchange; and

2. A statement in full of the amount of stock or securities and other property or money received from the exchange, including any liabilities assumed upon the exchange, and any liabilities to which property received is subject. The amount of each kind of stock or securities and other property (other liabilities assumed upon the exchange) received shall be set forth upon the basis of the fair market value thereof at the date of the exchange.

C. Permanent records in substantial form shall be kept by every taxpayer who participates in a tax-free exchange in connection with a corporate reorganization showing the cost or other basis of the transferred property or money received (including any liabilities assumed on the exchange, or any liabilities to which any of the properties received were subject), in order to facilitate the determination of gain or loss from subsequent disposition of such stock of securities and other property received from the exchange.

In addition to the foregoing requirements, the parties shall enclose with their respective income tax returns for the taxable year in which the merger occurred a copy of the request for ruling filed with, and the corresponding ruling issued by, the Bureau of Internal Revenue, both duly stamp-received by the appropriate office of the Bureau of Internal Revenue.

Such parties shall include as a note to their respective audited financial statements for the taxable year in which the merger occurred a statement to the effect that they hold such assets/shares acquired in a merger and the year in which such merger occurred, and in the taxable years until the subject properties are subsequently transferred to another transferee.

Moreover, the shareholders of the absorbed/dissolving corporation and the surviving/transferee corporation shall record in their respective books of accounts the mandatory accounting entries stated in Annex "B" hereof, pursuant to Revenue Memorandum Order (RMO) No. 17-2016.

Furthermore, the parties shall cause to annotate at the back of the Transfer Certificates of Title and Certificates of Stock, the date the merger was executed, the original/historical/adjusted costs of acquisition of the properties or shares of stock involved, and the fact that no gain or loss was recognized as a result of such merger; provided however, that any violation by the Corporate Secretary of this condition shall be penalized under Section 275 of the same Code. It is further

required that within ninety (90) days from receipt of this ruling, the parties to the transaction must submit to the Legal and Legislative Division, Bureau of Internal Revenue, proof of annotation of the original/historical/adjusted bases of the properties and/or real properties involved in the transfer and certified true copies by the Corporate Secretary, of duly annotated Certificates of Stock, in respect of the shares of stock of the transferee corporation, including the revised allocation of shares and re-computation of the substituted bases of the properties which shall be in accordance with RMR No. 2-2002.

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

044317

K-1
eps(negros navigation-2Go)

Sec. 40(C)(2) & (6)(b)
Negros Navigation – 2Go Group, Inc.
==========

Annex "A"

LIST OF PROPERTY/IES TRANSFERRED

(Pursuant to Section 40(C)(2) and 6(c) of the Tax Code of 1997,
Revenue Regulations No. 18-2001 dated November 13, 2001,
and Revenue Memorandum Order No. 32-2001 dated November 28, 2001)

Name of Transferee: **2GO GROUP, INC.**

No.	Transfer Certificates of Title No./Tax Declaration Nos.	Property Description and Classification	Acquisition Cost (in Php)	Depreciation	Original/Adjusted Basis (in PhP)
1		Land/CR			
2		Land/CR			
3		Land/CR			
4		Land/CR			
5		Land/RR			
6		Land/CR			
7		Land/RR			
8		Land/RR			
9		Land/RR			
10		Land/RR			
11		Land/RR			
	TOTAL				[2]

No.	Name of Issuing Corporation	Stock Certificate No.	Number of Shares	Original Basis (in Php)
1	2GO Group Inc.			
2	2GO Group Inc.			
	TOTAL			

[2] Only represents the amount of real properties (with TCTs and Tax Declarations) or registrable properties. The difference of P 67,066,167.38 from a total of P 83,813,000 as appearing in NENACO's Audited Financial Statements ending Dec. 31, 2018 under Land and Leasehold Improvements, represents those properties without TCTs and Tax Declarations or non-registrable properties.

[3] The difference of P 2,080,017,009 between the investment balance in the books of NENACO and the stock certificates issued by 2GO in favor of NENACO are (1) additional paid-in capital and (2) capitalized transaction costs (e.g., consulting and advisory fees)

ANNEX "B"

<table>
<tr><th>Particulars</th><th>Individual Shareholder's Book
(The entry/ies shall be per individual shareholder of the absorbed corporation)</th><th>Transferee/Surviving Corporation's Book</th></tr>
<tr><td>Journal Entry to Record the Tax Free Exchange</td><td>Investment in (transferee's name) XXX.XX
Investment in (name of dissolving corp.) XXX.XX
Dividend Income (net of FWT on dividend) XXX.XX

To record the Tax-Free Exchange of investment in (share type) shares of (name of issuing corporation/s) with aggregate fair market value of P ____ in exchange for (type and no. of share) of (name of transferee) with par value of P____ per share.</td><td>Investment in (issuing corp., for shares of stock) XXX.XX
PPE - Land & Improvement (for real props.) XXX.XX
(Other Assets (as applicable) XXX.XX
Liabilities XXX.XX
Capital Stock XXX.XX
Additional Paid-In Capital XXX.XX

To record the Tax-Free Exchange of real properties, investment in (share type) shares of (name of issuing corporation s), and other assets with aggregate fair market value of P ____, including liabilities assumed resulting from merger, in exchange for (type and no. of share) of (name of transferee) with par value of P ____ per share.</td></tr>
<tr><td>Balance Sheet Notes Entry</td><td>Investment includes (no. and type of share/s) with par value of P ____ in (name of transferee) resulting from the Tax-Free Exchange of investment in (no. and type of share/s) of (issuing corporation/s) covered by Stock Certificate No/s. ____ which were acquired for the total cost of (substituted basis) and which have fair market value as of the date of exchange amounting to P ____</td><td>Real properties, investment in (no. and type of share/s) of (issuing corporation/s), and other assets were acquired through merger as evidenced by Plan of Merger and Articles of Merger, including the increase of the Authorized Capital Stock of (name of transferee), approved by the Securities and Exchange Commission on (date). The total acquisition cost/substituted cost to (name of transferee) of the investment/s amounts to (FMV at the time of the exchange). The real properties, investment/s, and other assets were previously covered by Transfer Certificate of Title and Stock Certificate No s. ____ issued by (issuing corporation/s) and are now presently covered by Stock Certificate No/s. ____ constituting (no. and type of share s) [total] shares in the name of (name of transferee).</td></tr>
<tr><td>Proforma Entries to Record Subsequent Sale/Transfer</td><td>Cash or Accounts Receivables XXX.XX
Investment in (name of transferee) XXX.XX
Gain on Sale of Investment XXX.XX

To record subsequent sale transfer of investment acquired thru tax-free exchange

Current XXX.XX
Tax Payable XXX.XX

Provision for Tax as follows

<table>
<tr><th colspan="2">Tax Type</th><th>Tax Rate*</th><th>Multiply by</th><th>Amount</th></tr>
<tr><td>1)</td><td>Net Capital Gains Tax</td><td>25% on P400,000 and 10% on excess</td><td>Gains realized on tax-free exchange</td><td rowspan="2">XXX.XX</td></tr>
<tr><td>OR</td><td>Stock Transaction Tax</td><td>1/2 of 1%</td><td>FMV of investment/s at the time of the tax-free exchange</td></tr>
<tr><td>2)</td><td>Net Capital Gains Tax</td><td>15%</td><td>Gains realized on subsequent sale of investment/s</td><td rowspan="2">XXX.XX</td></tr>
<tr><td>OR</td><td>Stock Transaction Tax</td><td>1/2 of 1%</td><td>Selling price of investment at the time of subsequent sale</td></tr>
<tr><td colspan="4">Total Tax Payable</td><td>XXX.XX</td></tr>
</table>

* If subsequent sales on investment/s was/were made before January 1, 2018, the tax rates used in the computation of Net Capital Gains Tax and Stock Transaction Tax at the time of the tax-free exchange shall apply.

* Computation of Gain Realized on Subsequent Sale of Investment
Selling Price XXX.XX
Less: Cost (Substituted Basis) XXX.XX
Net Capital Gain on sale of unlisted shares XXX.XX

* Per RMO No. 17-2018, the substituted basis of the stock or securities received by the transferor on a tax-free exchange shall be as follows: (1) The nominal basis of the property, stock or securities to be transferred, (2) Less: (a) money received, if any, and (b) the fair market value of the other property received, if any, plus (3) the amount, if any, treated as dividend of the shareholder, if any, and (b) the amount of any gain that was recognized on the exchange, if any.</td><td>Cash or Accounts Receivables XXX.XX
Investment in (name of issuing corp.) XXX.XX
PPE - Land & Improvement / Other Assets XXX.XX
Gain on Sale of Property/ies* XXX.XX

To record subsequent sale/transfer of investment/s acquired thru tax-free exchange

Current XXX.XX
Tax Payable XXX.XX

Provision for Tax as follows:

<table>
<tr><th colspan="2">Tax Type</th><th>Tax Rate*</th><th>Multiply by</th><th>Amount</th></tr>
<tr><td>1)</td><td>Net Capital Gains Tax</td><td>15%</td><td>Gains realized on subsequent sale of investment/s</td><td rowspan="2">XXX.XX</td></tr>
<tr><td>OR</td><td>Stock Transaction Tax</td><td>1/2 of 1%</td><td>Selling price of investment at the time of subsequent sale</td></tr>
<tr><td colspan="4">Total Tax Payable</td><td>XXX.XX</td></tr>
</table>

<table>
<tr><th colspan="2">Tax Type</th><th>Tax Rate</th><th>Multiply by</th><th>Amount</th></tr>
<tr><td>1)</td><td>Withholding Tax - ONETT</td><td>1.5% to 6% per RR No. 6-2008</td><td rowspan="3">Fair Market Value (FMV) of the property/ies at the time of subsequent sale/transfer</td><td>XXX.XX</td></tr>
<tr><td>2)</td><td>Documentary Stamp Tax (DST)</td><td>1.5% for every P1,000 and fractional part thereof)</td><td>XXX.XX</td></tr>
<tr><td>3)</td><td>Value-Added Tax (VAT)</td><td>12%</td><td>XX.XX</td></tr>
</table>

* Gain on sale of property/ies is subject to Normal Corporate Income Tax (NCIT).

* FMV at the time of subsequent sale/transfer refers to the selling price/zonal value or the value reflected in the tax declaration, whichever is higher.</td></tr>
</table>