July 24, 2018

BIR RULING NO. 1112-18

Sec. 2 (t) of Revenue Bulletin No. 01-03; BIR Ruling No. 264-15; BIR Ruling No. 648-12

The Law Firm of Ingles Laurel Calderon
Suite 7B, Valero Tower, 122 Valero Street,
Salcedo Village, Makati City

Attention: *AAA*

Gentlemen :

This refers to your letter dated October 06, 2015, received by this office on October 14, 2015, seeking clarification as to whether or not the return or re-assignment of a nominal shares of stock held in trust by a nominee trustee to the beneficial owner or trustor requires a Certificate Authorizing Registration.

The facts as stated in your letter are as follows:

"Corporation X is the major stockholder of a wholly-owned subsidiary, Corporation Z.

Corporation X, by virtue of a Conditional Deed of Assignment and for no consideration whatsoever, assigns to Y, a nominal share of stock to qualifying Y to be a member of the Board of Directors of Corporation Z.

In return, Y executes a Declaration of Trust in favor Corporation X whereby Y declares:

- *that he holds such nominal share of stock in Corporation Z in trust for the benefit of Corporation X;*
- *that he acknowledges that Corporation X is the true and beneficial owner of such nominal share of stock in Corporation Z;*
- *that he will act in accordance with the wishes of Corporation X with respect to said nominal share of stock; and*

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- *that at any time, Y is ready to "assign" said nominal share of stock back to Corporation X.*

Further, in the event that Corporation X assigns such returned nominal share of stock from Y to a new nominee trustee AA, does such new assignment to AA require a Certificate Authorizing Registration?"

In reply, please be informed that under Revenue Bulletin No. 01-03, the ruling function is limited to the determination of purely legal issues, as opposed to questions of fact. Accordingly, the Revenue Bulletin declared certain issues or subject matter as "No-Ruling Areas," on which the appropriate office of the Bureau is hereby instructed not to accept any request for rulings covered by said Revenue Bulletin or any amendments thereto.

Section 2 (t) of Revenue Bulletin 01-03 provides:

"SECTION 2. List of No-Ruling Areas. — The following shall hereby be construed and identified as "No-Ruling Areas":

xxx xxx xxx

t) Request for rulings on issue/s or transactions based on hypothetical situations.

xxx xxx xxx"

In view of your representation that the transaction is neither existing nor partially executed, this Office cannot as yet issue a definitive ruling or opinion on the above matter considering that the issue is based on hypothetical situation, which is considered as a "No-Ruling Area" pursuant to Section 2 (t) of Revenue Bulletin 01-03. ***(BIR Ruling No. 264-15 dated July 30, 2015 and BIR Ruling No. 648-12 dated December 07, 2012)***

Be that as it may, we would be glad to assist you should you request for a ruling when these transactions are executed by the concerned parties.

Please be guided accordingly.

Very truly yours,

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

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