August 7, 2018

BIR RULING NO. 1126-18

Section 85, NIRC, as amended

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Ma'am :

This refers to your electronic mail addressed to President Rodrigo Roa Duterte, relative to your query on joint deposit account.

In summary, your question is whether or not the surviving co-depositor can withdraw his/her share in a joint bank deposit account in case the other co-depositor dies, without need of a Certificate Authorizing Registration (CAR) from the Bureau of Internal Revenue (BIR).

In reply, please be informed that under Article 484 of the Civil Code of the Philippines, there is co-ownership whenever the ownership of an undivided thing or right belongs to different persons, to wit:

> *"Art. 484. There is co-ownership whenever the ownership of an undivided thing or right belongs to different persons.*
>
> *In default of contracts, or of special provisions, co-ownership shall be governed by the provisions of this Title."*

With respect to the sharing of the thing or interest being co-owned, Article 485 of the same Code provides:

> *"Art. 485. The share of the co-owners, in the benefits as well as in the charges, shall be proportional to their respective interests. Any stipulation in a contract to the contrary shall be void.*
>
> *The portions belonging to the co-owners in the co-ownership shall be presumed equal, unless the contrary is proved."*

Based on the foregoing, the funds deposited in the joint deposit account are under co-ownership because the ownership or right over the same belong to different persons, the

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joint depositors. The joint deposit account is presumed to be owned by the co-depositors in equal shares, in the absence of proof to the contrary. Thus, as applied in your case, only half of the amount of the bank deposit account pertaining to the decedent should be reported for estate tax purposes under Section 85 of the 1997 Tax Code, as amended. The other half portion of the said account shall not be included in the computation of the gross estate of the decedent and may be released to the surviving co-depositor without need of a CAR, subject to existing bank policy. That said, your other query not pertaining to taxation should be addressed to the bank concerned.

This ruling is being issued on the basis of the facts and documents as represented and submitted. However, if upon investigation, the BIR ascertains 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

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