October 27, 2016

BIR RULING NO. 365-16

Sec. 98 (A), 1997 NIRC

People's Law Office
Suite 207, Victoria Bldg.
11th Ave., Caloocan City

Attention: *AAA*

Gentlemen :

This refers to your letter dated May 12, 2016, on behalf of your client, BBB (TIN 000-000-000), requesting for a ruling to the effect that several deposit accounts with the United Coconut Planters Bank (UCPB) are not subject to estate taxes, as the same were absolutely assigned, transferred and conveyed to him.

It is represented that BBB, a Filipino citizen, and a Physician by profession rendered medical services to his mother, CCC and in recognition of his selfless efforts in taking care of her mother, the latter assigned, transferred and conveyed several bank accounts in his favor through a Deed of Assignment dated May 26, 2015. The aforesaid accounts with UCPB are more particularly described with the herein amounts, as follows:

Type of Account	*Account No.*	*Ledger Balance as of April 8, 2016*
Peso Current Account	_____	P_____
Peso Savings Account	_____	_____
Peso Savings Account	_____	_____
Peso Savings Account	_____	_____
Peso Savings Account	_____	_____
Peso Savings Account	_____	_____
Peso Savings Account	_____	_____
Peso Savings Account	_____	_____
Peso Savings Account	_____	_____
Peso Savings Account	_____	_____
Peso Savings Account	_____	_____

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Total P_____

Not needing cash on hand after he was assigned the banks account of his mother, BBB did not bother transferring the above-described accounts to his name. Unfortunately, on August 8, 2015, CCC died, leaving three (3) children, one of whom is BBB. She left behind her real and personal properties mostly involving substantial amount of shares of stock in some corporations. CCC was shot while inside her car which fatally wounded her and caused her immediate death. Months after the death of CCC, BBB went to UCPB-JP Rizal Branch, Makati City to have the accounts transferred in his name. UCPB Legal Department refused to transfer it to him without the corresponding certificate showing payment of estate taxes of his mother. UCPB's Legal Department Head signified that had the Deed of Assignment been presented to UCPB prior to CCC' death, the problem would not have apparently risen. It is the position of BBB that the accounts do not form part of the estate of CCC; thus, the same should not be subject to estate taxes.

In reply thereto, please be informed that pursuant to Sec. 85 of the Tax Code of 1997, as amended, the value of the gross estate of the decedent shall be determined by including the value at the time of his death of all of his property/ies, real or personal, tangible or intangible, wherever situated.

Deposit account or the corresponding interest maintained by a depositor is presumed to be owned by him. The said presumption will not apply if there is evidence that the ownership of the aforesaid deposit account belongs to another, other than the one named in the accounts.

In the instant case, subject deposit accounts now belong to BBB. These accounts were transferred and conveyed by CCC to reward his son's medical and other valuable services to her. This is evidenced by a notarized Deed of Assignment which was executed prior to the death of CCC which would substantiate the claim of BBB that the entire deposit accounts with UCPB belong to him. Thus, no part of said accounts shall belong to the deceased depositor, CCC and should be excluded from the latter's gross estate. Hence, not subject to estate tax.

Furthermore, a review of the Deed of Assignment would show that CCC intended to transfer the deposit accounts upon the execution of the Deed of Transfer. A person certainly can transfer or donate his property/ies to anyone during his lifetime. In fact, upon disposition thereof, the aforesaid assignor was no longer the true owner of the property/ies transferred.

Accordingly, the UCPB bank deposits, including interest and all earnings of such deposit made by CCC with the said bank should be excluded from her gross estate, but

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nonetheless, should be subject to donor's tax pursuant to Sec. 98 (A) of the 1997 Tax Code, as amended.

It is to be noted that UCPB shall not allow withdrawals and/or distribution of the said funds without the necessary tax clearance that the donor's tax has been fully paid.

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 void.

Very truly yours,

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

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