September 27, 2019

BIR RULING NO. 543-19

Sections 90 (C), 91 (B) & 249, NIRC of 1997, as amended; Revenue Regulations (RR) No. 02-2003; BIR Ruling No. 276-2015

Juan Castillo Garcia & Carmen Josefa G. Yabut
c/o Batino Tan Talon Cacao Espinosa,
4th Floor, BMG Center, San Antonio St.,
Paseo de Magallanes, Makati City

Gentlemen :

This refers to your letter dated September 14, 2016, requesting for an extension of time to file the estate tax return of AAA and an extension of time to pay the estate tax due thereof, pursuant to Sections 90 (C) and 91 (B), respectively, of the National Internal Revenue Code of 1997, as amended.

It is represented that AAA died from liver cancer on August 26, 2016; that you need more time to gather all pertinent documents and data needed for the preparation of the estate tax return, since the deceased used to have the custody of all the documents pertaining to her properties; that payment of estate tax, if any, will impose undue hardship on the part of the estate as the money is not readily available for payment because the estate is only composed of real properties and there is no other property which can be easily disposed of to pay the estate tax; that you will still raise the money to pay the estate tax and this will take time especially if the amount is substantial; and that due to the foregoing, you are requesting for an extension of thirty (30) days to file the estate tax return and two (2) years to pay the estate tax due thereon.

In reply thereto, please be informed that Sections 90 (C) and 91 (B) of the National Internal Revenue Code of 1997, as amended, provide, *viz.*:

"SEC. 90. Estate Tax Returns. —

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(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."

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"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 settled 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."

Based on the foregoing representations, 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 26, 2017, which is the last day for filing of the estate tax return of the late AAA. Thus, the filing of the said estate tax return of the decedent is hereby extended up to March 28, 2017.

Moreover, your request for extension of the time within which to pay the estate tax is hereby granted up to the maximum period of two (2) years, reckoned from actual filing of the return or on March 28, 2017, 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 disclosed that the facts are different, then this ruling shall be considered null and void.

Very truly yours,

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

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