June 11, 2018

BIR RULING NO. 985-18

Section 40 (C) (2), NIRC

Victoria Casa Ciudad Realty and Leasing Corp.
615 Inez St., Gamban, Cabrera
Pasay City

Attention: *AAA*

Gentlemen :

This refers to your letter dated July 5, 2017 requesting exemption from the payment of documentary stamp tax (DST) relative to the transfer of certain real properties in favor of Victoria Casa Ciudad Realty and Leasing Corp.

Please be informed that the above transaction does not fall within the purview of tax-free exchange of properties under Section 40 (C) (2) of the 1997 Tax Code, as amended. There is nothing in the Deed of Assignment of Real Estate dated May 27, 2017, entered into by and between BBB, CCC, DDD and EEE (collectively referred to herein as the "Landowners") and Victoria Casa Ciudad Realty and Leasing Corp., that would show that the conveyance of the real properties was made in exchange for the stocks of Victoria Casa Ciudad Realty and Leasing Corp. In fact, the said Deed explicitly provides that "the Assignors do hereby assign, cede, transfer and convey x x x said real property unto the Assignee **without financial consideration**." Moreover, the authorized capital stock of Victoria Casa Ciudad Realty and Leasing Corp. had already been fully subscribed. Thus, it does not have available stocks to exchange for the subject real properties.

Accordingly, your request that the above transaction be exempt from the DST is hereby denied for lack of factual and legal basis.

Please be guided accordingly.

Very truly yours,

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

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