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REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
National Office Building
Quezon City

BAGONG PILIPINAS

AUG 05 2025

REVENUE REGULATIONS NO. 020-2025

SUBJECT : **Implementing the Rate Adjustment of Stock Transaction Tax (STT) and the Imposition of the STT on the Sale or Exchange of Domestic Shares of Stocks and Other Securities Listed and Traded Through a Foreign Stock Exchange Under Section 17 of Republic Act No. 12214, Otherwise Known as the "Capital Markets Efficiency Promotions Act", Further Amending Section 127 of the National Internal Revenue Code of 1997, as Amended**

TO : **All Internal Revenue Officials, Employees and Others Concerned**

SECTION 1. SCOPE. — Pursuant to Sections 244 and 245 of the National Internal Revenue Code of 1997, as amended (Tax Code), in relation to Sections 17 and 25 of Republic Act (RA) No. 12214, otherwise known as the *"Capital Markets Efficiency Promotions Act"* (CMEPA), these Regulations are hereby promulgated to implement the rate adjustment of STT and the imposition of the STT on the sale or exchange of domestic shares of stocks and other securities listed and traded through a foreign stock exchange under Section 127 of the Tax Code.

SECTION 2. DEFINITION OF TERMS. — For purposes of these Regulations, the following definitions of words and phrases are hereby adopted:

(a) Shares of stock shall refer to shares of stock of a corporation, warrants, options, as well as units of participation in a partnership (except general professional partnerships), joint stock companies, joint accounts, joint ventures taxable as corporations, associations, and recreation or amusement clubs (such as golf, polo or similar clubs), and mutual fund certificates.

(b) Shareholder shall refer to holders of shares of stock, warrants, options, as well as holders of a unit of participation in a partnership (except general professional partnerships), joint stock company, joint account, taxable joint venture, and holder of a mutual fund certificate, joint-stock company, or insurance company, or member in an association, recreation, or amusement club, such as golf, polo, or similar clubs.

(c) Securities shall refer to shares, participation, or interest in a corporation, commercial enterprise, or profit-making venture evidenced by a certificate, contract, or instrument, whether written or electronic in character, which shall include:

1) Shares of stock, bonds, debentures, notes, evidence of indebtedness, and asset-backed securities;

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2) Investment contracts, certificates of interest, or participation in a profit-sharing agreement, such as certificates of deposit for a future subscription;

3) Fractional undivided interests in oil, gas, or other mineral rights;

4) Certificates of assignment, certificates of participation, trust certificates, voting trust certificates, or similar instruments;

5) Proprietary or non-proprietary membership certificates in corporations; and

6) Other similar instruments as may be determined by the securities and exchange commission.

(d) Dealer in securities means a merchant of stocks or securities, whether an individual, partnership or corporation, with an established place of business, regularly engaged in the purchase of securities and the resale thereof to customers; that is, one who, as a merchant, buys securities and re-sells them to customers with a view to the gains and profits that may be derived therefrom.

(e) Stock broker includes all persons whose business it is, for other brokers, to negotiate, purchases or sales of stocks, or engaged in the business of effecting transactions in securities for the account of others but does not include a bank or underwriter for one or more investment companies as defined in the Investment Company Act.[1] **Broker** is a person engaged in the business of buying and selling securities for the account of others.[2]

(f) Exchange is an organized marketplace or facility that brings together buyers and sellers and execute trades of securities and/or commodities.[3]

SECTION 3. SALE OR EXCHANGE OF SHARES OF STOCK AND OTHER SECURITIES LISTED AND TRADED THROUGH A LOCAL STOCK EXCHANGE. — There shall be levied, assessed and collected on every sale, exchange, or other disposition of shares of stock and other securities listed and traded through a local stock exchange, other than sale by a dealer in securities, in lieu of capital gains tax, a tax, as follows:

Particulars	Tax Rate and Base	Effectivity
Sale, exchange, or other disposition of shares of stock and other securities listed and traded through a **Local Stock Exchange**	**1/10 of 1% (0.1%)** of the Gross selling price or gross value in money of the shares of stock/other securities sold, exchanged or disposed	July 1, 2025

[1] Revenue Regulations No. 6-2008.
[2] Sec. 3.3, The Securities Regulation Code.
[3] Sec. 3.7, The Securities Regulation Code.

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SECTION 4. SALE OR EXCHANGE OF SHARES OF STOCK AND OTHER SECURITIES LISTED AND TRADED THROUGH A FOREIGN STOCK EXCHANGE. — There shall be levied, assessed and collected on every sale, exchange, or other disposition of shares of stock and other securities of a domestic corporation listed and traded through a foreign stock exchange, other than sale by a dealer in securities, in lieu of capital gains tax, a tax, as follows:

Particulars	Tax Rate and Base	Effectivity
Sale, exchange, or other disposition of shares of stock and other securities of a domestic corporation listed and traded through a **Foreign Stock Exchange**	**1/10 of 1% (0.1%)** of the Gross selling price or gross value in money of the shares of stock/other securities sold, exchanged or disposed	July 1, 2025

SECTION 5. SALE OR EXCHANGE OF SHARES OF STOCK AND OTHER SECURITIES LISTED AND TRADED THROUGH A LOCAL OR FOREIGN STOCK EXCHANGE BY A DEALER IN SECURITES. — Any gain realized from the sale, exchange, or disposition of listed shares of stocks and other securities by a dealer in securities licensed by the appropriate government regulatory agencies to buy and sell securities, for the individual's own account in the ordinary course of business, shall be considered ordinary income subject to graduated rates for individual and regular corporate income tax for corporation.

SECTION 6. RETURN ON SALE OF SHARES OF STOCK AND OTHER SECURITIES LISTED AND TRADED IN A LOCAL OR FOREIGN STOCK EXCHANGE. — It shall be the duty of every stock broker who effected the sale through the local stock exchange subject to the tax imposed herein to collect the tax and remit the same to the Bureau of Internal Revenue (BIR) within five (5) banking days from the date of collection thereof and to submit on Mondays of each week to the secretary of the stock exchange, of which the stock broker is a member, a true and complete return which shall contain a declaration of all the transactions effected through the taxpayer during the preceding week and of taxes collected by the said taxpayer and turned over to the BIR.

Provided, that for return on sales of shares of stock of a domestic corporation listed and traded in foreign stock exchanges, the collection and remittance of the above tax and the compliance of the foregoing reportorial requirements shall be made by the selling shareholder, by himself/herself, or through the stock broker, or authorized representative, on behalf of the selling shareholder: *Provided further* that the remittance of the said tax shall be made within a period not exceeding ten (10) banking days from the date of collection thereof.

SECTION 7. EFFECT OF NON-PAYMENT OF TAX. — No sale, exchange, transfer or similar transaction intended to convey ownership of, or title to any share of stock shall be registered in the books of the corporation unless the receipts of payment of the tax herein imposed is filed with and recorded by the stock transfer agent or secretary of the corporation. It shall be the duty of the aforesaid persons to inform the BIR in case of non-payment of tax. Any stock transfer agent or secretary of the corporation or the stock broker, who caused the

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registration of transfer of ownership or title on any share of stock in violation of the aforementioned requirements shall be punished in accordance with the applicable provisions of Title X of the Tax Code.

SECTION 8. SEPARABILITY CLAUSE. — If any provisions of these Regulations is declared invalid by a competent court, the remainder of these Regulations or any provisions not affected by such declaration of invalidity shall remain in force and effect.

SECTION 9. REPEALING CLAUSE. — All other issuances and rules and regulations or parts thereof which are contrary to and inconsistent with the provisions of these Regulations are hereby repealed, amended or modified accordingly.

SECTION 10. EFFECTIVITY CLAUSE. — These Regulations shall take effect on July 1, 2025, following its publication in the Official Gazette or the BIR's official website, whichever comes first.

RALPH G. RECTO
Secretary of Finance
JUL 29 2025

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Recommending Approval:

ROMEO D. LUMAGUI, JR.
Commissioner of Internal Revenue

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