REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
Quezon City

Section 188, NIRC, as amended
BIR Ruling No. 143-10
OT- 0455-2020

DEPARTMENT OF EDUCATION
Region IV-A CALABARZON
Schools Division of Rizal

Date: AUG 18 2020

Attention: **CHERRYLOU D. REPIA, CESO V**
Schools Division Superintendent

Gentlemen:

This refers to your letter requesting legal opinion with regard to the imposition of documentary stamp tax (DST) on various school credentials such as Diploma, Form 137, Certification, Authentication and Verification (CAV) and other school records. In particular, you seek an opinion whether or not such school records may be exempted from the DST and, if not, that the imposition of the same be deferred until the enhanced community quarantine (ECQ) period is fully lifted.

It was represented that the Department of Education is anticipating the closing of the school year 2019-2020; that the new graduates and transferee-students from various schools will be requesting for the school credentials such as Diploma, Form 137, Certification, Authentication and Verification (CAV) and other school records; that as part of the collection drive of the Government, schools under your jurisdiction are advised to require those who requested the aforesaid records to affix DST for every issuance of records or certificates before the release of the same; that being under the ECQ, you are cognizant of the fact that most of your students are saddled with financial constraints and, more often than not, their parents are prioritizing to buy food to sustain their daily living; and that it is your opinion that failure to affix the required stamp on a taxable document shall not invalidate the same but will have the effect of non-recording of documents in the government registry, inadmissibility thereof as evidence in any courts and no notary or other officer authorized to administer oaths shall add his jurat or acknowledgement to the document until the required stamp is affixed thereto and cancelled.

In reply, please be informed that the issue on the imposition of the DST on school records, such as Diploma, Form 137, Certification, Authentication and Verification (CAV) and other school records issued for the purpose of giving information or establishing a proof of a fact, is already settled. Section 188 of the 1997 Tax Code, as amended, provides, to wit:

> "SEC. 188. Stamp Tax on Certificates. - On each certificate of damages or otherwise, and on every certificate or document issued by any

gu
ɾ

> customs officer, marine surveyor, or other person acting as such, and on each certificate issued by a notary public, and on each certificate of any description required by law or by rules or regulations of a public office, or which is issued for the purpose of giving information, or establishing proof of a fact, and not otherwise specified herein, there shall be collected a documentary stamp tax of Thirty pesos (P30.00)[1]." (Underscoring supplied)

Clearly, school records, such as Diploma, Form 137, Certification, Authentication and Verification (CAV), are documents which are issued by the school to give information or to establish proof of a fact and, thus, fall within the ambit of Section 188 of the 1997 Tax Code, as amended.

Relative to the above, the BIR has issued Revenue Regulations (RR) No. 9-2000, identifying the persons liable for the DST and the mode of payment/remittance of the said tax under certain conditions. As enunciated in the aforesaid Regulations, the DST is a tax imposed against the person making, signing, issuing, accepting or transferring the document or facility evidencing the aforesaid transactions. However, whenever one of the parties to the taxable document is exempt from the DST, the other party who is not exempt shall be the one directly liable for the said tax. This was further clarified in Revenue Memorandum Circular (RMC) No. 25-2008 particularly with regard to the obligation of educational institutions to remit the DST in respect of issuance of taxable certificates such as Diploma, Transcript of Records and other taxable certificates. Said RMC provides, to wit:

> "Sec. 3 Mode of Payment and Remittance of Tax. –
>
> xxx xxx xxx
>
> (4) When one of the parties to taxable document or transaction is included in any of the entities enumerated below, such entity shall be responsible for the remittance of the stamp tax prescribed under Title VII of the Code: Provided, however, that if such entity is exempt from tax herein imposed, it shall remit the tax as a collecting agent, pursuant to the preceding paragraph 3 (b) (2) hereof, any provision of these Regulations to the contrary notwithstanding:
>
> xxx xxx xxx
>
> (e) An educational institution in respect of issuance of taxable certificates (e.g. Diploma, Transcript of Records, and other documents taxable as certificates under Section 188 of the Code);"

In *BIR Ruling No. 143-2010*, we had the occasion to rule that notwithstanding the tax exemption of educational institutions, they are "collecting agents" for the BIR for the purpose of remitting to the BIR the DST on diplomas and transcript of records, issued by them in favor of non-exempt persons or entities, and that should they fail to remit the DST on

---

[1] As amended by Republic Act No. 10963 or the TRAIN Law.

OT- 0455-2020
AUG 18 2020

diplomas and transcripts of record to the BIR as such "collecting agents", the educational institutions shall be held personally liable for the DST.

Anent your request for the deferment of the payment of the DST until the ECQ has been lifted by the Government, please take note of RR No. 7-2020, as amended by RR No. 30-2020, which provides for the extension of statutory deadlines and timelines for the filing and submission of any documents and the payment of taxes during the ECQ period. Under the said Regulations, the filing of DST returns and the payment of the taxes due thereon for transactions for the month of March which falls due on April 5, 2020 has been extended until May 20, 2020. The Regulations further provides that if the ECQ period will be extended further, then the filing of the returns and payment of the corresponding taxes due thereon shall also be extended by thirty (30) calendar days from the lifting of the ECQ.

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,

CAESAR R. DULAY
Commissioner of Internal Revenue

036081