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

Secs. 24(D)(5), 98, 105, 196, 1997 NIRC
BIR Ruling No. 332-2012
#383-2017
8-22-2017

BDO Private Bank, Inc.
BDO Equitable Tower, 8751 Paseo de Roxas
Makati City

Attention : Mr. Juan Sabino P. Lizares
First Vice-President

Gentlemen:

This refers to your letter dated October 16, 2015 stating that:

1. On December 10, 2010, ALFRED BRIAN GESALEM HUANG (hereinafter referred to as the Trustor) entered into a Trust Agreement with BDO Private Bank, Inc. – Wealth Advisory and Trust Group ("BDOPB") by virtue of which Trust Account No. was established. The Trustor conveyed to BDOPB an amount in cash, in trust nevertheless for himself and reserving unto himself the right to revoke, amend, annul, and cancel the trust created thereby.

2. Pursuant to the terms of the Trust Agreement, BDOPB purchased, with the funds transferred to it in trust, a parcel of land, consisting of Three Hundred Fifty (350) square meters, together with the improvements existing thereon, situated at 19 Dalahican St., Damar Village, Quezon City covered by Transfer Certificate of Title (TCT) No. of the Registry of Deeds for Quezon City (the "Property"). BDOPB being the trustee and the legal title holder, has caused the registration of the title in the name of BDO Private Bank, Inc., as Trustee for the Trust Account No.

3. The Trustor now wants the trust res, particularly the Property to be transferred to his name. To give full effect to the Trustor's intention, BDOPB and the Trustor executed a Deed of Conveyance dated September 29, 2015, so that the legal and beneficial title will be consolidated in the Trustor's name. There was no monetary or valuable consideration for this consolidation of title.

You now request for a confirmation of opinion that inasmuch as the Deed of Conveyance referred to involves no real transfer of ownership by BDO Unibank, Inc. of the trust res back to the same trustor of a revocable trust, no internal revenue tax is due thereon.

In reply thereto, please be informed that your opinion is hereby confirmed as follows:

The transfer of title of the afore-stated Property by the trustee in favor of the beneficiary, who is the beneficial owner thereof is not subject to capital gains tax imposed under Sec. 27 (D) (5) of the Tax Code of 1997 nor to the creditable withholding tax prescribed in Revenue Regulations (RR) No. 2-98, as amended, considering that the conveyance is not motivated by a valuable consideration and merely acknowledges, confirms and consolidates the legal title and beneficial ownership over the properties in the name of Alfred Brian Gesalem Huang, the Trustor.

Furthermore, in BIR Ruling No. 332-12 dated May 14, 2012, involving a BDO Trust Property – citing BIR Ruling No. 031-99 dated March 19, 1999, this Office has already ruled that:

> "xx the conveyance by the Trustee in favor of the Trustor of the subject properties which the former acquired by virtue of the Trust Agreement is not to be treated as another transfer separate and distinct from the sale between the original owner and the Trustee. The conveyance is merely to be treated as a continuation and confirmation of title in favor of the ultimate and real beneficiary of the subject properties."

The transfer of the properties to the Trustor is not likewise subject to the 12% VAT because the said property is not held primarily for sale to customers or for lease in the ordinary course of trade or business.

The conveyance of the property to the Trustor without any monetary consideration is not subject to gift tax imposed under Sec. 98 of the 1997 Tax Code, since there is no donative intent on the part of the trustee.

The Deed of Conveyance executed to terminate the trust relationship between the trust entity and the Trustor and the consolidation of the legal title and beneficial ownership over the subject property is a conveyance without monetary consideration, and as such not subject to the documentary stamp tax imposed under Sec. 196 of the same Tax Code, as amended. However, the notarial acknowledgment to such deed is subject to the documentary stamp tax of P15.00 under Sec. 188 of the 1997 Tax Code.

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 as null and void.

Very truly yours,

CAESAR R. DULAY
Commissioner of Internal Revenue

K-1-RFR
\bdo

008850