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

Bureau of Internal Revenue Ruling

Executive Order (EO) No. 323; Proclamation No. 50, series of 1986, as amended		[illegible] 17

Date: October [illegible], 2017

Person to Contact: Chief, Law Division
Tel. Nos. 926-55-36 / 927-09-63

PRIVATIZATION AND MANAGEMENT OFFICE
Department of Finance, 104 Gamboa Street,
Legaspi Village, Makati City

Attention: MA. LOURDES B. RECENTE
Chief Privatization Officer

Gentlemen:

This refers to your letter dated February 08, 2017, requesting for an opinion or ruling that the National Government (NG), through the Privatization and Management Office (PMO) (formerly the Asset Privatization Trust), is exempted from paying the stock transaction tax incident to the proposed block sale of listed shares of stocks through the Philippine Stock Exchange (PSE).

Background:

The PMO, a government agency organized under the Department of Finance (DOF) by virtue of Executive Order (EO) No. 323 dated December 06, 2000 *[Constituting an Inter-Agency Privatization Council (PC) and Creating a Privatization and Management Office (PMO) under the Department of Finance for the Continuing Privatization of Government Assets and Corporations]*, took over the powers, duties, and functions of the Asset Privatization Trust under Proclamation No. 50, series of 1986, otherwise known as "*Proclaiming and Launching a Program for the Expeditious Disposition and Privatization of Certain Government Corporations and/or the Assets thereof, and Creating the Committee on Privatization and the Asset Privatization Trust.*"

Pursuant to EO No. 323, the PMO is empowered to implement the actual marketing/ disposition program of the government corporations, assets, and idle properties of the NG, provided that any and all sales and other modes of privatization or disposition is approved by the Privatization Council. The PMO is currently holding listed shares of stocks as one of its transferred assets for privatization and disposition. The PMO intends to undertake the disposition of said listing shares of stock by way of a block sale[1] through the PSE under the PSE's Revised Trading Rules dated June 08, 2010. Hence, this request.

In reply, please be informed that Section 34 of Proclamation No. 50, series of 1986, states that:

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[1] Defined in the Revised Trading Rules of the PSE as "pre-arranged transaction which is executed through the facilities of the Exchange."

"SEC. 34. Exemption from Taxes, Fees, and Other Charges. — The provisions of any law to the contrary notwithstanding, the Trust as well as the corporations and assets held by it, ***shall be exempt from all taxes, fees, charges, imposts, and assessments arising from or occasioned by the passing of title over such corporations or assets from the government institutions to the Trust and/or from the Trust to a private acquisitor or buyer imposed by the National Government or any subdivision thereof including but not limited to stock transfer taxes, capital gains taxes, documentary stamps, registration fees and the like:*** *Provided, that in case the said government institutions acquired the said assets by foreclosure, the non-payment of similar taxes, fees, charges, imposts, and assessments shall not be a bar to the consolidation of title in the foreclosing institutions and the subsequent passing of title to the Trust or the corporations held by the Trust.*

The sale or transfer of such corporations or assets shall not be enjoined or hindered by the existence of any liens by way of taxes, charges or other assessments in favor of the government at the time of sale or transfer: Provided, that the proceeds from such sale or transfer shall be subject to a tax lien and first be applied to satisfy such obligations secured by said liens." (Emphasis and underscoring supplied)

Under the above quoted provision, the Asset Privatization Trust (now Privatization and Management Office) as well as the corporations and assets held by it, shall be exempt from all taxes, fees, charges, imposts, and assessments arising from or occasioned by the passing of title over such corporations or assets from the government institutions to the Trust and/or from the Trust to a private acquisitor or buyer imposed by the NG or any subdivision thereof.

Accordingly, the disposition by the PMO of its listed shares of stocks by way of "block sale" through the PSE is exempt from payment of stock transaction tax.

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

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