DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
Quezon City

Section 85 of the National Internal Revenue Code of 1997, as amended; RA 6426; PD 1246
BIR Ruling No. 023-2012
#061-2018
1-24-2018

ZUNIEGA OLASO MACAPUNDAG & SALVADOR LAW OFFICES
Unit 103, 2/F First Capital Condominium (FCC) Bldg.,
119 Rada (Thailand) St., Legaspi Village, Makati City

Attention: **ATTY. JOSUE SIM ZUNIEGA**

Gentlemen:

This refers to your letter dated October 5, 2015 requesting that a ruling or authority be issued in favor of your clients, **Mr. Kenjiro Isoe** and **Ms. Kazuyo Nakayama**, allowing them to withdraw their share on the deposits in their joint accounts with their deceased co-depositor **Ms. Chikako Ichimura,** at the Bank of the Philippine Islands, Science Park Cabuyao Branch, without having to pay the estate tax of their deceased co-depositor.

It is represented that Mr. Kenjiro Isoe, Ms. Kazuyo Nakayama, and Ms. Chikako Ichimura are Japanese nationals who are long term residents of the Philippines by virtue of Special Retiree Resident (SRRV) visas issued by the Philippine Retirement Authority; that on August 21, 2015, Ms. Chikako Ichimura died intestate; that when Ms. Chikako Ichimura died, she was already a widow and her only son Yoshio Ichimura died ahead of her on April 9, 2005 at Calamba City, Laguna; that during the lifetime of the deceased, Mr. Kenjiro Isoe and Ms. Kazuyo Nakayama, opened various accounts together with the deceased, at the Bank of the Philippine Islands, Science Park Cabuyao Branch, where each of them owns one third (1/3) of the Bank accounts under an "OR" joint account, more particularly described as follows:

Account No.	Balance
Peso	(PhP)
Dollar	(US$)
Yen	(JPY)

and that being senior residents and retirees who chose the Philippines to be their new home, Mr. Kenjiro Isoe and Ms. Kazuyo Nakayama urgently need to withdraw from the accounts but the Bank refuses to allow them to withdraw / close the subject Peso, US Dollar, and Japanese Yen deposits unless there is a certification from the Bureau of Internal Revenue that the estate tax has been paid or that the estate is exempt from the payment of the said tax in compliance with Section 97 of the National Internal Revenue Code (NIRC) of 1997, as amended.

In reply thereto, please be informed that pursuant to Section 85 of the National Internal Revenue Code (NIRC) of 1997, the value of the gross estate of the decedent shall be determined by including the value at the time of his death of all property, real or personal, tangible or intangible, wherever situated.

Moreover, interest on a deposit account maintained by two or more persons is deemed to be equally owned by them for income tax purposes. The same presumption may likewise apply for estate tax purposes. ***(BIR Ruling No. 023-2012 dated January 11, 2012)***

Thus, only one third (1/3) of the balance of the deposit should be reported for estate tax purposes pertaining to Ms. Chikako Ichimura, the decedent; and the two-thirds (2/3) portion of the balance of the said accounts shall not be included in the computation of the gross estate of the decedent.

This shall also serve as authority for the aforementioned bank to release two thirds (2/3) of the balances in the joint accounts among Mr. Kenjiro Isoe, Ms. Kazuyo Nakayama, and Ms. Chikako Ichimura. After the shares of Mr. Kenjiro Isoe and Ms. Kazuyo Nakayama in the said bank accounts have been paid to them, the accounts shall cease to be "or" accounts and shall be converted to individual accounts in the name of Ms. Chikako Ichimura. The aforementioned bank is further required to submit reports to the Law Division, Bureau of Internal Revenue, National Office Building, that it has effected these changes within 30 days after the withdrawal by Mr. Kenjiro Isoe and Ms. Kazuyo Nakayama of their share in said bank accounts.

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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