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

Sections 27 (A), 27 (D) (5), 56 (A), 106, 188, and 196, of the National Internal Revenue Code of 1997, as amended
BIR Ruling No. 1286-2018
CT-346-2021
OCT 04 2021

MENDOZA & PANGAN
Unit II-I, V. Madrigal Building
6793 Ayala Avenue,
1226 Makati City

Attention: ATTY. EDUARDO M. PANGAN

Gentlemen:

This refers to your request on behalf of your client, **NHK Spring Philippines, Inc.** ("NSP"), for confirmation that the transfer of the shares owned by **NSP Employees' Retirement Trust ("NSP ERT")** from the previous trustee to the successor-trustee is not subject to capital gains tax (CGT) and documentary stamp tax (DST).

Background:

Documents submitted disclosed that NSP has established the NSP Employees' Retirement Plan for the purpose of providing retirement and other benefits for all its eligible and regular employees. The NSP Employees' Retirement Plan contemplated the creation of a fund to which contributions shall be made and from which disbursements shall be paid, and provides for a trustee to receive, hold, invest, and administer the same. Thus, on December 06, 2012, a Trust Agreement was entered into by and between NSP and the Bank of the Philippine Islands ("BPI") where the former has appointed the latter as its trustee.

However, the trust entity BPI Asset Management Trust Group (BPI-AMTG) as a trust department of BPI was spun-off into BPI Asset Management Trust Corporation (BPI-AMTC), a stand-alone trust corporation. Therefore, the trust fund subject of the Trust Agreement dated December 06, 2012 was transferred by BPI-AMTG to BPI-AMTC.

BPI-AMTC (by itself and its nominees) is the registered shareholder of a total of ( ) preferred shares of the capital stock of Laguna Taiyo Properties, Inc. ("LTPI") which BPI-AMTC holds in its capacity as the trustee of NSP Employees Retirement Trust Fund, broken down as follows:

BPI-AMTC as Trustee of NSP ERT
Amalia Lourdes S. Valdez
Marie Jacqueline A. Alcaraz
Glenn M. Santos
Total

On March 07, 2017, NSP served a notice to terminate the Trust Agreement with BPI-AMTC, effective upon ability of the trustee to transfer and the successor-trustee to receive the funds/assets of the NSP ERT. NSP appointed Metropolitan Bank & Trust Company – Trust Banking Group ("MBTC-TBG") as the new trustee. Thereafter, BPI-AMTC executed a Deed of Assignment dated September 22, 2017 transferring to MBTC-TBG, as the new trustee, the LTPI preferred shares. Hence, this request.

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In reply, please be informed that that since there is no actual transfer of ownership over the aforementioned property as a result of the change of trustee from BPI-AMTC to MBTC-TBG under a Deed of Assignment dated September 22, 2017, the said transfer is not subject to CGT under Section 24 (D) of the National Internal Revenue Code of 1997, as amended. There is no change in beneficial and equitable ownership.

Also, since there is no sale, exchange or disposition of property involved in the transaction, the same is not subject to DST under Section 196 of the National Internal Revenue Code of 1997, as amended. However, the notarial acknowledgment of the Deed of Assignment is subject to DST of P15.00[1] under Section 188 of the same Code.

Notwithstanding foregoing, the issuance of Certificate Authorizing Registration (CAR) is necessary to effect the change of trustee in the LTPI preferred shares transferred by BPI-AMTC to MBTC-TBG. In this regard, this Ruling shall be presented to the Revenue District Office (RDO) concerned in order for the latter to issue the CAR as prescribed in Revenue Regulations (RR) No. 24-2002.

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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[1] The old DST rate of P15.00 is used since the transaction took place prior to the effectivity of Republic Act (RA) No. 10963.