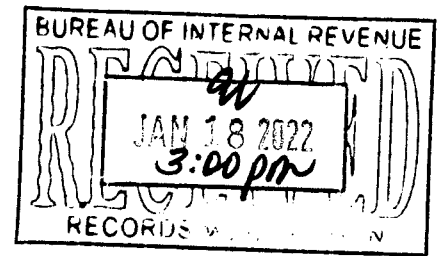




REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City



November 23, 2021

REVENUE MEMORANDUM CIRCULAR NO. 6-2022

SUBJECT : Clarification on the Documentary Stamp Tax Imposed Under Section 175 of the 1997 Tax Code, as Amended, on Transfer of Shares of Stocks

TO : All Internal Revenue Officers, Employees and Others Concerned

Section 175 of the 1997 Tax Code, as amended, pertains to the imposition of Documentary Stamp Tax (DST) on sales, agreements to sell, memoranda of sales, deliveries or transfer of shares of stocks. Recently, it has come to the attention of the Bureau that there are still taxpayers who are unaware on the imposition and collection of this DST, particularly on the transactions described below. Hence, for clarity, quoted hereunder is the entire provision of Section 175 of the 1997 Tax Code, as amended, thus:

“ SEC. 175. Stamp Tax on Sales, Agreements to Sell, Memoranda of Sales, Deliveries or Transfer of Shares or Certificates of Stock.- On all sales, or agreements to sell, or memoranda of sales, or deliveries, or transfer of shares or certificates of stock in any association, company or corporation, or transfer of such securities by assignment in blank, or by delivery, or by any paper or agreement, or memorandum or other evidences of transfer or sale whether entitling the holder in any manner to the benefit of such stock, or to secure the future payment of money, or for the future transfer of any stock, there shall be collected a documentary stamp tax of One peso and fifty centavos (P 1.50) on each Two hundred pesos (P200), or fractional part thereof, of the par value of such stock: Provided, That only one tax shall be collected on each sale or transfer of stock from one person to another, regardless of whether or not a certificate of stock is issued, indorsed, or delivered in pursuance of such sale or transfer: and Provided, further, That in the case of stock without par value the amount of the documentary stamp tax herein prescribed shall be equivalent to fifty percent (50%) of the documentary stamp tax paid upon the original issue of said stock.”

DST is levied on the exercise by a person of certain privileges conferred by law for the creation, revision, or termination of specific legal relationships through execution of specific instruments. It is in the nature of an excise tax. Thus, the following transfers of shares of stock shall also be subject to DST under Section 175 of the 1997 Tax Code, as amended:

- (1) Transfer pursuant to a Deed of Donation;
- (2) Transfer pursuant to a Will of the Decedent as approved by the probate court in a Judicial Settlement of Estate; and,

(3) Generally, transfer of shares of stock from the decedent's estate to the heirs thru intestate succession (without a Will) is not subject to DST under Section 175 of the 1997 Tax Code, as amended, as ownership of such shares is transferred to the heirs *via* succession by operation of law. However, it would be different if, in case of a Judicial Settlement of Estate as approved by the probate court or an Extra-Judicial Settlement of Estate (both without a Will), the heir/s specifically waive/s or renounce/s his or her share over the inheritance (*i.e.*, shares of stocks left by the decedent), then, in such a situation, the renounced/ waived shares of stock to be transferred to another heir/s shall also be subject to DST pursuant to Section 175 of the 1997 Tax Code, as amended. In this case, the rules set forth in Revenue Memorandum Circular (RMC) No. 91-2021 apply.

All are enjoined to give this Circular a wide publicity as possible.



CAESAR R. DULAY

Commissioner of Internal Revenue

049141

