

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

July 1, 2002

**REVENUE MEMORANDUM ORDER NO. 17-2002**

**SUBJECT:** Modified Guidelines for Implementing Revenue Regulations No. 18-2001 on the Procedure in Filing the Application and Joint Certification Pursuant to Section 40(C)(2) in relation to Section 40(C)(6)(c) of the Tax Code of 1997 as implemented by Revenue Regulations No. 18-2001, Designating the Venue for the Payment of the Processing Fee, and Providing the Guidelines for the Issuance of a Preliminary Letter-Ruling in Certain Requests For Ruling under Section 40(C)(2) pursuant to Revenue Memorandum Order No 32-2001 dated November 28, 2001.

**TO** : All Internal Revenue Officers and Others Concerned.

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**I. BACKGROUND**

This Revenue Memorandum Order is being issued to clarify and modify the procedure for securing a tax-free exchange ruling under Revenue Memorandum Order No 32-2001 dated November 28, 2001 pursuant to Revenue Regulations No. 18-2001 dated November 13, 2001. Specifically, this Revenue Memorandum Order outlines the following:

- A. Venue for the payment of the filing fee imposed under Revenue Regulations No. 18-2001.
- B. Modifying the procedure where there is a considerable number of properties to be transferred in the tax-free exchange, where a certification is required to satisfy the requirements of a government agency, or for listing requirements with the Philippine Stock Exchange.

- C. Modifying the procedure where the documentary requirements submitted by the taxpayer concerned are incomplete, thereby unnecessarily clogging the dockets in the Law Division.

## **II. OBJECTIVES**

Recognizing these difficulties and in line with the Bureau's policy of being more sensitive to the needs of the taxpayers, this Order is being issued to:

1. Prescribe the prerequisites in the filing of the Application and Joint Certification.
2. Designate specifically the venue for the payment of the Filing Fee.
3. Provide the Guidelines for the Issuance of a Preliminary Letter-Ruling in Certain Requests For Ruling under Section 40(C)(2).

## **III. PROCEDURES**

### *A. In filing the Application and Joint Certification*

No application to be filed with the Law Division for a BIR Certification on the tax consequence of a tax-free exchange shall be accepted unless the same has been completely filled up, accompanied by all and not less than all the documents enumerated in Revenue Memorandum Order 32-2001 dated November 28, 2001, and the processing fee duly paid.

For this purpose, the Legal Officer to be assigned to process the application shall review and verify the same for completeness and faithful compliance with the documentary requirements before the same is accepted for processing. In case the documents are incomplete, or the Application and Joint Certification is not completely filled up, the Legal Officer concerned shall return the entire application and supporting documents to the taxpayer.

### *B. Venue for the Payment of the Processing and Certification Fee*

Any of the Transferor/Absorbed corporation or the Transferee/Surviving corporation shall pay the necessary processing and certification fee with the Revenue District Office or any duly accredited agent bank having jurisdiction over

the Transferor/Absorbed corporation or the Transferee/Surviving corporation. The form to be used in the payment of the filing fee shall be BIR Form No. 0605.

The processing and certification fee shall be paid in advance in the amount of Five Thousand Pesos (P5,000.00) for each application not involving more than ten (10) real properties and/or Certificates of Stock. An additional fee of One Hundred Pesos (P100.00) shall be paid for every Transfer Certificate of Title/Condominium Certificate of Title/ Certificate of Stock in excess of ten (10).

No application shall be accepted unless the foregoing processing and certification fee shall have been paid.

### *C. Issuance of a Preliminary Letter-Ruling*

A Preliminary Letter-Ruling stating that the Request for Ruling qualifies as a tax-free exchange in accordance with Section 40(C)(2) in relation to Section 40(C)(6)(c) of the Tax Code of 1997 as implemented by Revenue Regulations No. 18-2001 shall be issued by the Assistant Commissioner, Legal Service, upon written request of the taxpayer, under the following conditions:

1. The said Ruling shall be used solely for purposes of complying with the mandatory requirements of other Government agencies or for listing requirements with the Philippine Stock Exchange, where required;
2. The application involves more than thirty (30) properties, real or personal; and
3. The said Ruling shall be based on the representations made in the Application and Joint Certification/Request for Ruling and shall be subject to further examination of documents and Application and Joint Certification/Request for Ruling.

However, no CAR/TCL shall be issued for purposes of registration of the properties involved in the said tax-free exchange with the Register of Deeds on the basis of such Preliminary Letter-Ruling. A CAR/TCL shall only be issued on the basis of the Certification issued by the Assistant Commissioner, Legal Service, pursuant to Revenue Memorandum Order No. 32-2001 dated November 29, 2001.

**IV. REPEALING CLAUSE. –**

The provisions of Revenue Memorandum Order No. 32-2001 dated November 29, 2001 and all other rules, orders or portions thereof that are contrary to or inconsistent with the provisions of this Order are hereby modified and/or repealed accordingly.

**V. EFFECTIVITY. -**

This Order shall take effect immediately.

(Original Signed)  
**RENÉ G. BAÑEZ**  
*Commissioner of Internal Revenue*

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