

**Republic of the Philippines**  
**Congress of the Philippines**  
Metro Manila

**Twelfth Congress**  
**Third Regular Session**

Begun and held in Metro Manila, on Monday, the twenty-second day of July, two thousand three.

**REPUBLIC ACT NO. 9243**  
**February 17, 2004**

**AN ACT RATIONALIZING THE PROVISIONS ON THE DOCUMENTARY STAMP TAX OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED. AND FOR OTHER PURPOSES**

*Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:*

**Section 1.** Sec. 174 of the National Internal Revenue Code of 1997, as amended, is hereby deleted.

**SECTION 2.** Sec. 175 of the National Internal Revenue Code of 1997, as amended, is hereby renumbered as Sec. 174 and further amended as follows:

"Sec. 174. *Stamp Tax on Original Issue of Shares of Stock.* - On every original issue, whether on organization, reorganization or for any lawful purpose, of shares of stock by any association, company or corporation, there shall be collected a documentary stamp of One peso (P1.00) on each Two hundred pesos (P200), or fractional part thereof, of the par value, of such shares of stock: *Provided*, That in the case of the original issue of shares of stock without par value, the amount of the documentary stamp tax herein prescribed shall be based upon the actual consideration for the issuance of such shares of stock: *Provided, further*, That in the case of stock dividends, on the actual value represented by each share."

**SECTION 3.** Sec. 176 of the National Internal Revenue code of 1997, as amended , is hereby renumbered as Sec. 175 and further amended as follows:

"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 Seventy-five-centavos (P0.75) 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 twenty-five percent (25%) of the documentary stamp tax paid upon the original issue of said stock."

**SECTION 4.** Sec. 177 to 179 of the National Internal Revenue Code of 1997, as amended, are hereby renumbered as Sections 176 to 178.

**SECTION 5.** Sec. 180 of the National Internal Revenue Code of 1997, as amended, is hereby renumbered as Sec. 179 and further amended to read as follows:

"Sec. 179. *Stamp Tax on All Debt Instruments.* - On every original issue of debt instruments, there shall be collected a documentary stamp tax on One peso (P1.00) on each Two hundred pesos (P200), or fractional part thereof, of the issue price of any such debt instruments: *Provided*,

That for such debt instruments with terms of less than one (1) year, the documentary stamp tax to be collected shall be of a proportional amount in accordance with the ratio of its term in number of days to three hundred sixty-five (365) days: *Provided, further*, That only one documentary stamp tax shall be imposed on either loan agreement, or promissory notes issued to secure such loan.

For purposes of this section, the term debt instrument shall mean instruments representing borrowing and lending transactions including but not limited to debentures, certificates of indebtedness, due bills, bonds, loan agreements, including those signed abroad wherein the object of contract is located or used in the Philippines, instruments and securities issued by the government of any of its instrumentalities, deposit substitute debt instruments, certificates or other evidences of deposits that are either drawing interest significantly higher than the regular savings deposit taking into consideration the size of the deposit and the risks involved or drawing interest and having a specific maturity date, orders for payment of any sum of money otherwise than at sight or on demand, promissory notes, whether negotiable or non-negotiable, except bank notes issued for circulation."

**SECTION 6.** A new section numbered Sec. 180 of the National Internal Revenue Code of 1997, as amended, is hereby inserted to read as follows:

"Sec. 180. *Stamp Tax on All Bills of Exchange or Drafts.* - On all bills of exchange (between points within the Philippines) or drafts, there shall be collected a documentary stamp tax of Thirty centavos (P0.30) on each Two hundred pesos (P200), or fractional part thereof, of the face value of any such bill of exchange or draft."

**SECTION 7.** Sec. 183 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"Sec. 183. *Stamp Tax on Life Insurance Policies.* - On all policies of insurance or other instruments by whatever name the same may be called, whereby any insurance shall be made or renewed upon any life or lives, there shall be collected a documentary stamp tax of Fifty centavos (P0.50) on each Two hundred pesos (P200), or fractional part thereof, of the amount of premium collected."

**SECTION 8.** Sec. 186 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"Sec. 186. *Stamp Tax on Policies of Annuities and Pre-Need Plans.* - On all policies of annuities, or other instruments by whatever name the same may be called, whereby an annuity may be made, transferred or redeemed, there shall be collected a documentary stamp tax of Fifty centavos (P0.50) on each Two hundred pesos (P200), or fractional part thereof, of the premium or installment payment or contract price collected. On pre-need plans, the documentary stamp tax shall be Twenty centavos (P0.20) on each Two hundred pesos (P200), or fractional part thereof, of the premium or contribution collected."

**SECTION 9.** Sec. 199 of the National Internal Revenue Code of 1997, as amended is hereby further amended to read as follows:

"Sec. 199. *Documents and Papers Not Subject to Stamp Tax.* - The provisions of Sec. 173 to the contrary notwithstanding, the following instruments, documents and papers shall be exempt from the documentary stamp tax:

(a) Policies of insurance or annuities made or granted by a fraternal or beneficiary society, order, association or cooperative company, operated on the lodge system or local cooperation plan and organized and conducted solely by the members thereof for the exclusive benefit of each member and not for profit.

(b) Certificates of oaths administered to any government official in his official capacity or of acknowledgment by any government official in the performance of his official duties, written appearance in any court by any government official, in his official capacity; certificates of the administration of oaths to any person as to the authenticity of any paper required to be filed in court by any person or party thereto, whether the proceedings be civil or criminal; papers and

documents filed in courts by or for the national, provincial, city or municipal governments; affidavits of poor persons for the purpose of proving poverty; statements and other compulsory information required of persons or corporations by the rules and regulations of the national, provincial, city or municipal governments exclusively for statistical purposes and which are wholly for the use of the bureau or office in which they are filed, and not at the instance or for the use or benefit of the person filing them; certified copies and other certificates placed upon documents, instruments and papers for the national, provincial, city or municipal governments, made at the instance and for the sole use of some other branch of the national, provincial, city or municipal governments; and certificates of the assessed value of lands, not exceeding Two hundred pesos (P200) in value assessed, furnished by the provincial, city or municipal Treasurer to applicants for registration of title to land.

(c) Borrowing and lending of securities executed under the Securities Borrowing and lending Program of a registered exchange, or in accordance with regulations prescribed by the appropriate regulatory authority: Provided, however, That any borrowing or lending of securities agreement as contemplated hereof shall be duly covered by a master securities borrowing and lending agreement acceptable to the appropriate regulatory authority, and which agreements is duly registered and approved by the Bureau of Internal Revenue. (BIR).

(d) Loan agreements or promissory notes, the aggregate of which does not exceed Two hundred fifty thousand pesos (P250,000), or any such amount as may be determined by the Secretary of Finance, executed by an individual for his purchase on installment for his personal use or that of his family and not for business or resale, barter or hire of a house, lot, motor vehicle, appliance or furniture: *Provided, however*, That the amount to be set by the Secretary of Finance shall be in accordance with a relevant price index but not to exceed ten percent (10%) of the current amount and shall remain in force at least for three (3) years.

(e) Sale, barter or exchange of shares of stock listed and traded through the local stock exchange for a period of five (5) years from the effectivity of this Act.

(f) Assignment or transfer of any mortgage, lease or policy of insurance, or the renewal or continuance of any agreement, contract, charter, or any evidence of obligation or indebtedness, if there is no change in the maturity date or remaining period of coverage from that of the original instrument.

(g) Fixed income and other securities traded in the secondary market or through an exchange.

(h) Derivatives: *Provided*, That for purposes of this exemption, repurchase agreements and reverse repurchase agreements shall be treated similarly as derivatives.

(i) Interbranch or interdepartmental advances within the same legal entity.

(j) All forbearances arising from sales or service contracts including credit card and trade receivables: *Provided*, That the exemption be limited to those executed by the seller or service provider itself.

(k) Bank deposit accounts without a fixed term or maturity.

(l) All contracts, deeds, documents and transactions related to the conduct of business of the Banko Sentral ng Pilipinas.

(m) Transfer of property pursuant to Sec. 40(c)(2) of the National Internal Revenue Code of 1997, as amended.

(n) Interbank call loans with maturity of not more than seven (7) days to cover deficiency in reserves against deposit liabilities, including those between or among banks and quasibanks."

**SECTION 10. *Implementing Rules and Regulations*** - The Secretary of Finance, the Bangko Sentral Governor and the Securities and Exchange Commission Chairperson shall promulgate and publish the necessary rules and regulations for the effective enforcement of this Act.

**SECTION 11. *Separability Clause.*** - If any provision of this Act is held unconstitutional or invalid, all other provisions not affected thereby shall remain valid.

**SECTION 12. *Repealing Clause.*** - All laws, decrees, executive orders, rules and regulations or parts thereof, which are inconsistent with this Act, are hereby repealed, amended or modified accordingly.

**SECTION 13. *Effectivity.*** - This Act shall take effect fifteen (15) days following its publication in the *Official Gazette* or in two (2) newspapers of general circulation.

**Approved:**

**FRANKLIN DRILON**  
President of the Senate

**JOSE DE VENECIA JR.**  
Speaker of the House of  
Representatives

This Act which is a consolidation of House Bills No. 2266, 4480 and 4481 and Senate Bill No. 2518 was finally passed by the House of Representatives and the Senate on January 12, 2004 and February 2, 2004, respectively.

**OSCAR G. YABES**  
Secretary of Senate

**ROBERTO P. NAZARENO**  
Secretary General  
House of Representatives

*Approved: February 17, 2004*

**GLORIA MACAPAGAL-ARROYO**  
*President of the Philippines*