

Chapter VI

DOCUMENTARY STAMP TAX

The documentary stamp tax is an excise tax levied on documents, instruments, loan agreements and papers evidencing the acceptance, assignment, sale or transfer of an obligation, rights, or property incident thereto. The amount of tax is either fixed or based on the par or face value of the document or instrument.

The tax is paid by the person making, signing, issuing, accepting or transferring the documents. However, whenever one party to the taxable document enjoys exemption from the tax, the other party thereto who is not exempt shall be the one directly liable for the tax.

Except as otherwise provided by rules and regulations, the tax return shall be filed and the tax due shall be paid at the same time within 10 days after the close of the month when the taxable document was signed, issued, accepted or transferred. In lieu of the foregoing, the tax may be paid either through purchase of DST stamp and actual affixture, or by imprinting a secured stamp on the taxable document through the web-based Electronic Documentary Stamp Tax (eDST) System.

Failure to stamp a taxable document shall not invalidate the same. However, it shall not be recorded (i.e. in the Registry of Deeds) or admitted or used as evidence in any court until the requisite stamp is affixed thereto and cancelled. Furthermore, no notary or other officer authorized to administer oaths shall add his jurat or acknowledgment to the document unless the proper documentary stamp is affixed thereto and cancelled.

The documentary stamp taxes payable on documents or instruments are as follows:

Documents/Instruments	Tax Rate
1. Original issue of shares of stock (Sec. 174)	PhP1.00 per PhP200, or fraction thereof, of the par value
2. Sales, agreements to sell, memoranda of sales, deliveries or transfer of shares or certificates of stock (Sec. 175)	PhP0.75 per PhP200, or fraction thereof, of the par value
3. Bonds, debentures, certificates of stocks or indebtedness issued in foreign countries (Sec. 176)	PhP1.00 per PhP200, or fraction thereof, of the face/par value
4. Certificates of profits or interest in property or accumulations (Sec. 177)	PhP0.50 per PhP200, or fraction thereof, of the face value
5. Bank checks, drafts, certificates of deposit not bearing interest and other instruments (Sec. 178)	PhP1.50 per check, draft or certificate
6. Debt instruments ³¹³ (Sec. 179)	PhP1.00 per PhP200, or fraction thereof, of the issue price

³¹³ 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 or 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.

Documents/Instruments	Tax Rate
7. Bills of exchange or drafts (Sec. 180)	PhP0.30 per PhP200, or fraction thereof, of the face value
8. Acceptance of bills of exchange and others (Sec. 181)	PhP0.30 per PhP200, or fraction thereof, of the face value
9. Foreign bills of exchange and letters of credit (Sec. 182)	PhP0.30 per PhP200, or fraction thereof, of the face value
10. Life Insurance Policies (Sec. 183) ³¹⁴	
a. If the amount of insurance does not exceed PhP100,000.00	exempt
b. If the amount of insurance exceeds PhP100,000.00 but does not exceed PhP300,000.00	PhP10.00
c. If the amount of insurance exceeds PhP300,000.00 but does not exceed PhP500,000.00	PhP25.00

For 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.

³¹⁴ RA 10001, “An Act Reducing the Taxes on Life Insurance Policies, Amending For This Purpose Sections 123 and 183 of the National Internal Revenue Code of 1997, As Amended”, signed into law on February 23, 2010.

Five years after the effectivity of RA 10001, all policies of insurance or other instruments by whatever name the same shall be called whereby any insurance shall be made upon any life or lives shall be exempt from the documentary stamp tax.

Documents/Instruments	Tax Rate
d. If the amount of insurance exceeds PhP500,000.00 but does not exceed PhP750,000.00	PhP50.00
e. If the amount of insurance exceeds PhP750,000.00 but does not exceed PhP1,000,000.00	PhP75.00
f. If the amount of insurance exceeds PhP1,000,000.00	PhP100.00
11. Policies of insurance upon property (Sec. 184)	PhP0.50 on each PhP4.00, or fraction thereof, of the amount of premium charged
12. Fidelity bonds and other insurance policies (Sec. 185)	PhP0.50 on each PhP4.00, or fraction thereof, of the amount of premium charged
13. Policies of annuities and pre-need plans (Sec. 186)	
Annuities	PhP0.50 per PhP200, or fraction thereof, of the premium or installment payment or contract price collected
Pre-need plans	PhP0.20 per PhP200, or fraction thereof, of the premium or contribution collected

Documents/Instruments	Tax Rate
14. Indemnity bonds (Sec. 187)	PhP0.30 on each PhP4.00, or fraction thereof, of the premium charged
15. Certificates (Sec. 188)	PhP15.00
16. Warehouse receipts (Sec. 189)	PhP15.00
17. Jai-alai and horse race tickets, lotto or other authorized numbers games (Sec. 190)	PhP0.10/ticket worth PhP1.00 and additional PhP0.10 for each PhP1.00 in excess of PhP1.00
18. Bills of Lading or receipts (Sec. 191)	
a. Value exceeding P100 but not over	PhP1.00
b. Value exceeding P1,000	PhP10.00
19. Proxies (Sec. 192)	PhP15.00
20. Powers of attorney (Sec. 193)	PhP5.00
21. Leases and other hiring agreements (Sec. 194)	PhP3.00 for the first PhP2,000, or fraction thereof, and additional PhP1.00 for every PhP1,000 or fraction thereof, in excess of the first PhP2,000 per year

Documents/Instruments	Tax Rate
22. Mortgages, pledges, and deeds of trust (Sec. 195) <ul style="list-style-type: none"> a. Php5,000 or less b. On each Php5,000 or fraction thereof in excess of Php5,000 	Php20.00 Php10.00
23. Deeds of sale and conveyances of real property (Sec. 196) <ul style="list-style-type: none"> a. Consideration is Php1,000 or less b. On each Php1,000 or fraction thereof in excess of Php1,000 	Php15.00 Php15.00
24. Charter parties and similar instruments (Sec. 197) <ul style="list-style-type: none"> a. Registered gross tonnage of vessel does not exceed 1,000 tons and duration of charter does not exceed 6 months b. Registered gross tonnage of vessel exceeds 1,000 tons but not over does not exceed 6 months c. Registered gross tonnage of vessel exceeds 10,000 tons and duration of charter does not exceed 6 months 	Php500 and additional Php50/month in excess of 6 months Php1,000 and additional Php100/month in excess of 6 months Php1,500 and additional Php150/month in excess of 6 months
25. Assignments and renewals of certain instruments (Sec. 198)	Same rate as that of the original instruments

The following instruments, documents and papers shall be exempt from documentary stamp tax (Sec. 199):

1. 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.
2. 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 (PhP200) in value assessed, furnished by the provincial, city or municipal Treasurer to applicants for registration of title to land.
3. 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 agreement is duly registered and approved by the Bureau of Internal Revenue (BIR).

4. Loan agreements or promissory notes, the aggregate of which does not exceed Two hundred fifty thousand pesos (PhP250,000), 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.
5. Sale, barter or exchange of shares of stock listed and traded through the local stock exchange.³¹⁵
6. 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.
7. Fixed income and other securities traded in the secondary market or through an exchange.
8. Derivatives; Provided, that for purposes of this exemption, repurchase agreements and reverse repurchase agreements shall be treated similarly as derivatives.
9. Interbranch or interdepartmental advances within the same legal entity.

³¹⁵ Under RA 9243, the exemption was effective for only five years (March 20, 2004 – March 20, 2009) and RA 9648 made the exemption permanent.

10. 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.
11. Bank deposit accounts without a fixed term or maturity.
12. All contracts, deeds, documents and transactions related to the conduct of business of the Bangko Sentral ng Pilipinas.
13. Transfer of property pursuant to Section 40(C)(2) of the National Internal Revenue Code of 1997, as amended.
14. 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 quasi-banks.
15. Remittances of all overseas Filipino workers (OFWs), upon showing of the same proof of entitlement by the OFW's beneficiary or recipient.³¹⁶



³¹⁶ RA 10022, “An Act Amending RA 8042, Otherwise Known as the Migrant Workers and Overseas Filipinos Act of 1995, as Amended, Further Improving the Standard of Protection and Promotion of the Welfare of Migrant Workers, Their Families and Overseas Filipinos in Distress, and for Other Purposes”, approved on March 8, 2010.