

| Particulars   | Individual Shareholders' Book<br>(The entry/ies shall be per individual shareholder of the absorbed corporation)   | Transferee's Book  |               |             |        |                          |                                  |                       |        |                          |           |                                 |                          |     |   |        |                          |            |  |                          |  |  |               |  |          |           |             |        |                          |     |   |        |                          |            |  |                          |  |  |               |          |      |             |        |                          |                              |   |        |                                |   |  |        |                          |     |  |        |                          |  |  |               |
|---|--|--|---------------|-------------|--------|--------------------------|----------------------------------|-----------------------|--------|--------------------------|-----------|---------------------------------|--------------------------|-----|---|--------|--------------------------|------------|--|--------------------------|--|--|---------------|--|----------|-----------|-------------|--------|--------------------------|-----|---|--------|--------------------------|------------|--|--------------------------|--|--|---------------|----------|------|-------------|--------|--------------------------|------------------------------|---|--------|--------------------------------|---|--|--------|--------------------------|-----|--|--------|--------------------------|--|--|---------------|
| Journal Entry to Record the Tax-Free Exchange         | Investment in (name of transferee) xxx.xx<br>Investment in (name of dissolving corporation) xxx.xx<br>Dividend Income (net of FWT on dividend) xxx.xx<br><br>To record the Tax-Free Exchange (TFE) of investment in (share type) shares of (name issuing corporation/s) with aggregate fair market value of P_____ in exchange for (type and no. of share) of (name of transferee) with par value of P_____ per share.   | Investment in (issuing corp. for shares of stock) xxx.xx<br>PPE - Land & Improvement (for real props) xxx.xx<br>Others Assets (as applicable) xxx.xx<br>Liabilities xxx.xx<br>Capital Stock xxx.xx<br>Additional Paid-In Capital xxx.xx<br><br>To record the Tax-Free Exchange (TFE) of real properties, investment in (share type) shares of (name issuing corp/s), and other assets with aggregate fair market value of P_____, including liabilities assumed resulting from merger, in exchange for (type and no. of share) of (name of transferee) with par value of P_____ per share.   |               |             |        |                          |                                  |                       |        |                          |           |                                 |                          |     |   |        |                          |            |  |                          |  |  |               |  |          |           |             |        |                          |     |   |        |                          |            |  |                          |  |  |               |          |      |             |        |                          |                              |   |        |                                |   |  |        |                          |     |  |        |                          |  |  |               |
| Balance Sheet Notes Entry                             | Investment includes (no. and type of share/s) with par value of P_____ in (name of transferee) resulting from the Tax-Free Exchange of investment in (no. and type of share/s) of (issuing corporation/s) covered by Stock Certificate No/s. _____ which were acquired for the total cost of (substituted basis) and which have fair market value as of the date of exchange amounting to P_____.  | Real properties, investment in (no. and type of share/s) of (issuing corporation/s) and other assets were acquired through merger as evidenced by Plan of Merger and Articles of Merger, including the increase of the Authorized Capital Stock of (name of transferee), approved by the Securities and Exchange Commission on (date). The total acquisition cost/substituted cost to (name of transferee) of the investment/s amounts to (FMV at the time of exchange). The real properties, investment/s and other assets were previously covered by Transfer Certificate of Title and Stock Certificate No/s. _____ issued by (issuing corporation/s) and are now presently covered by Stock Certificate No/s. _____ constituting (no. and type of share/s) [total] shares in the name of (name of transferee). |               |             |        |                          |                                  |                       |        |                          |           |                                 |                          |     |   |        |                          |            |  |                          |  |  |               |  |          |           |             |        |                          |     |   |        |                          |            |  |                          |  |  |               |          |      |             |        |                          |                              |   |        |                                |   |  |        |                          |     |  |        |                          |  |  |               |
| Proforma Entries to Record Subsequent Sale / Transfer | Cash or Accounts receivables xxx.xx<br>Investment in (name of transferee) xxx.xx<br>Gain on Sale of Investment xxx.xx<br><br>To record subsequent sale / transfer of investment acquired thru Tax-Free Exchange<br><br>Current Tax Payable xxx.xx<br><br>Provision for Tax as follows: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Tax Type</th> <th>Tax Rate*</th> <th>Multiply By</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>1) Net Capital Gains Tax</td> <td>5% on P100,000 and 10% on excess</td> <td>Gains realized on TFE</td> <td rowspan="2">xxx.xx</td> </tr> <tr> <td>OR Stock Transaction Tax</td> <td>1/2 of 1%</td> <td>FMV of inv/s at the time of TFE</td> </tr> <tr> <td>2) Net Capital Gains Tax</td> <td>15%</td> <td>Gains realized on subsequent sale of investment/s</td> <td rowspan="2">xxx.xx</td> </tr> <tr> <td>OR Stock Transaction Tax</td> <td>6/10 of 1%</td> <td>Selling Price of investment at the time of subsequent sale</td> </tr> <tr> <td><b>Total Tax Payable</b></td> <td></td> <td></td> <td><b>xxx.xx</b></td> </tr> </tbody> </table> <p>* If subsequent sale/s of investment/s was/were made before January 1, 2018, the tax rates used in the computation of Net Capital Gains Tax and Stock Transaction Tax at the time of tax-free exchange shall apply.</p> <p>* Computation of Gain Realized on Subsequent Sale of Investment:<br/>                     Selling Price xxx.xx<br/>                     Less: Cost (Substituted Basis) xxx.xx<br/>                     Net Capital Gain on sale of unlisted shares xxx.xx</p> <p>* Per RMO 17-2016, the substituted basis of the stock or securities received by the transferee on a tax-free exchange shall be as follows: (1) The original basis of the property, stock or securities to be transferred; (2) Less: (a) money received, if any, and (b) the fair market value of the other property received, if any; (3) Plus: (a) the amount treated as dividend of the shareholder, if any, and (b) the amount of any gain that was recognized on the exchange, if any.</p> | Tax Type   | Tax Rate*     | Multiply By | Amount | 1) Net Capital Gains Tax | 5% on P100,000 and 10% on excess | Gains realized on TFE | xxx.xx | OR Stock Transaction Tax | 1/2 of 1% | FMV of inv/s at the time of TFE | 2) Net Capital Gains Tax | 15% | Gains realized on subsequent sale of investment/s | xxx.xx | OR Stock Transaction Tax | 6/10 of 1% | Selling Price of investment at the time of subsequent sale | <b>Total Tax Payable</b> |  |  | <b>xxx.xx</b> | Cash or Accounts receivables xxx.xx<br>Investment in (name of issuing corporation) / PPE - Land & Improvement / Other Assets xxx.xx<br>Gain on Sale of Investment xxx.xx<br><br>To record subsequent sale / transfer of real properties, investment/s and/or other assets acquired thru Tax-Free<br><br>Current Tax Payable xxx.xx<br><br>Provision for tax as follows: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Tax Type</th> <th>Tax Rate*</th> <th>Multiply By</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>1) Net Capital Gains Tax</td> <td>15%</td> <td>Gains realized on subsequent sale of investment/s</td> <td rowspan="2">xxx.xx</td> </tr> <tr> <td>OR Stock Transaction Tax</td> <td>6/10 of 1%</td> <td>Selling Price of investment at the time of subsequent sale</td> </tr> <tr> <td><b>Total Tax Payable</b></td> <td></td> <td></td> <td><b>xxx.xx</b></td> </tr> </tbody> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Tax Type</th> <th>Rate</th> <th>Multiply By</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>1) Withholding Tax-ONETT</td> <td>1.5% to 6% per RR No. 6-2001</td> <td>Fair Market Value (FMV) of the property/ies at the time of subsequent sale / transfer</td> <td>xxx.xx</td> </tr> <tr> <td>2) Documentary Stamp Tax (DST)</td> <td>1.5% for every P1,000 and fractional part thereof</td> <td></td> <td>xxx.xx</td> </tr> <tr> <td>3) Value-Added Tax (VAT)</td> <td>12%</td> <td></td> <td>xxx.xx</td> </tr> <tr> <td><b>Total Tax Payable</b></td> <td></td> <td></td> <td><b>xxx.xx</b></td> </tr> </tbody> </table> <p>*Gain on sale of property/ies is subject to Normal Corporate Income Tax (NCIT)</p> <p>*FMV at the time of subsequent sale / transfer refers to the selling price, zonal value or the value reflected in the tax declaration, whichever is highest.</p> | Tax Type | Tax Rate* | Multiply By | Amount | 1) Net Capital Gains Tax | 15% | Gains realized on subsequent sale of investment/s | xxx.xx | OR Stock Transaction Tax | 6/10 of 1% | Selling Price of investment at the time of subsequent sale | <b>Total Tax Payable</b> |  |  | <b>xxx.xx</b> | Tax Type | Rate | Multiply By | Amount | 1) Withholding Tax-ONETT | 1.5% to 6% per RR No. 6-2001 | Fair Market Value (FMV) of the property/ies at the time of subsequent sale / transfer | xxx.xx | 2) Documentary Stamp Tax (DST) | 1.5% for every P1,000 and fractional part thereof |  | xxx.xx | 3) Value-Added Tax (VAT) | 12% |  | xxx.xx | <b>Total Tax Payable</b> |  |  | <b>xxx.xx</b> |
| Tax Type  | Tax Rate*  | Multiply By  | Amount        |             |        |                          |                                  |                       |        |                          |           |                                 |                          |     |   |        |                          |            |  |                          |  |  |               |  |          |           |             |        |                          |     |   |        |                          |            |  |                          |  |  |               |          |      |             |        |                          |                              |   |        |                                |   |  |        |                          |     |  |        |                          |  |  |               |
| 1) Net Capital Gains Tax                              | 5% on P100,000 and 10% on excess   | Gains realized on TFE  | xxx.xx        |             |        |                          |                                  |                       |        |                          |           |                                 |                          |     |   |        |                          |            |  |                          |  |  |               |  |          |           |             |        |                          |     |   |        |                          |            |  |                          |  |  |               |          |      |             |        |                          |                              |   |        |                                |   |  |        |                          |     |  |        |                          |  |  |               |
| OR Stock Transaction Tax                              | 1/2 of 1%  | FMV of inv/s at the time of TFE  |               |             |        |                          |                                  |                       |        |                          |           |                                 |                          |     |   |        |                          |            |  |                          |  |  |               |  |          |           |             |        |                          |     |   |        |                          |            |  |                          |  |  |               |          |      |             |        |                          |                              |   |        |                                |   |  |        |                          |     |  |        |                          |  |  |               |
| 2) Net Capital Gains Tax                              | 15%  | Gains realized on subsequent sale of investment/s  | xxx.xx        |             |        |                          |                                  |                       |        |                          |           |                                 |                          |     |   |        |                          |            |  |                          |  |  |               |  |          |           |             |        |                          |     |   |        |                          |            |  |                          |  |  |               |          |      |             |        |                          |                              |   |        |                                |   |  |        |                          |     |  |        |                          |  |  |               |
| OR Stock Transaction Tax                              | 6/10 of 1%   | Selling Price of investment at the time of subsequent sale   |               |             |        |                          |                                  |                       |        |                          |           |                                 |                          |     |   |        |                          |            |  |                          |  |  |               |  |          |           |             |        |                          |     |   |        |                          |            |  |                          |  |  |               |          |      |             |        |                          |                              |   |        |                                |   |  |        |                          |     |  |        |                          |  |  |               |
| <b>Total Tax Payable</b>                              |  |  | <b>xxx.xx</b> |             |        |                          |                                  |                       |        |                          |           |                                 |                          |     |   |        |                          |            |  |                          |  |  |               |  |          |           |             |        |                          |     |   |        |                          |            |  |                          |  |  |               |          |      |             |        |                          |                              |   |        |                                |   |  |        |                          |     |  |        |                          |  |  |               |
| Tax Type  | Tax Rate*  | Multiply By  | Amount        |             |        |                          |                                  |                       |        |                          |           |                                 |                          |     |   |        |                          |            |  |                          |  |  |               |  |          |           |             |        |                          |     |   |        |                          |            |  |                          |  |  |               |          |      |             |        |                          |                              |   |        |                                |   |  |        |                          |     |  |        |                          |  |  |               |
| 1) Net Capital Gains Tax                              | 15%  | Gains realized on subsequent sale of investment/s  | xxx.xx        |             |        |                          |                                  |                       |        |                          |           |                                 |                          |     |   |        |                          |            |  |                          |  |  |               |  |          |           |             |        |                          |     |   |        |                          |            |  |                          |  |  |               |          |      |             |        |                          |                              |   |        |                                |   |  |        |                          |     |  |        |                          |  |  |               |
| OR Stock Transaction Tax                              | 6/10 of 1%   | Selling Price of investment at the time of subsequent sale   |               |             |        |                          |                                  |                       |        |                          |           |                                 |                          |     |   |        |                          |            |  |                          |  |  |               |  |          |           |             |        |                          |     |   |        |                          |            |  |                          |  |  |               |          |      |             |        |                          |                              |   |        |                                |   |  |        |                          |     |  |        |                          |  |  |               |
| <b>Total Tax Payable</b>                              |  |  | <b>xxx.xx</b> |             |        |                          |                                  |                       |        |                          |           |                                 |                          |     |   |        |                          |            |  |                          |  |  |               |  |          |           |             |        |                          |     |   |        |                          |            |  |                          |  |  |               |          |      |             |        |                          |                              |   |        |                                |   |  |        |                          |     |  |        |                          |  |  |               |
| Tax Type  | Rate   | Multiply By  | Amount        |             |        |                          |                                  |                       |        |                          |           |                                 |                          |     |   |        |                          |            |  |                          |  |  |               |  |          |           |             |        |                          |     |   |        |                          |            |  |                          |  |  |               |          |      |             |        |                          |                              |   |        |                                |   |  |        |                          |     |  |        |                          |  |  |               |
| 1) Withholding Tax-ONETT                              | 1.5% to 6% per RR No. 6-2001   | Fair Market Value (FMV) of the property/ies at the time of subsequent sale / transfer  | xxx.xx        |             |        |                          |                                  |                       |        |                          |           |                                 |                          |     |   |        |                          |            |  |                          |  |  |               |  |          |           |             |        |                          |     |   |        |                          |            |  |                          |  |  |               |          |      |             |        |                          |                              |   |        |                                |   |  |        |                          |     |  |        |                          |  |  |               |
| 2) Documentary Stamp Tax (DST)                        | 1.5% for every P1,000 and fractional part thereof  |  | xxx.xx        |             |        |                          |                                  |                       |        |                          |           |                                 |                          |     |   |        |                          |            |  |                          |  |  |               |  |          |           |             |        |                          |     |   |        |                          |            |  |                          |  |  |               |          |      |             |        |                          |                              |   |        |                                |   |  |        |                          |     |  |        |                          |  |  |               |
| 3) Value-Added Tax (VAT)                              | 12%  |  | xxx.xx        |             |        |                          |                                  |                       |        |                          |           |                                 |                          |     |   |        |                          |            |  |                          |  |  |               |  |          |           |             |        |                          |     |   |        |                          |            |  |                          |  |  |               |          |      |             |        |                          |                              |   |        |                                |   |  |        |                          |     |  |        |                          |  |  |               |
| <b>Total Tax Payable</b>                              |  |  | <b>xxx.xx</b> |             |        |                          |                                  |                       |        |                          |           |                                 |                          |     |   |        |                          |            |  |                          |  |  |               |  |          |           |             |        |                          |     |   |        |                          |            |  |                          |  |  |               |          |      |             |        |                          |                              |   |        |                                |   |  |        |                          |     |  |        |                          |  |  |               |

