

## ADVISORY ON TAXATION OF FOREIGN CURRENCY DEPOSITS

**PAGE NOS.**

SUPREME COURT 1  
G.R. No. 262092, October 9, 2024  
Tax Exemption of Foreign Currency  
Deposits

20/F Chatham House  
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**SUPREME COURT DECISION**  
**COMMISSIONER OF INTERNAL REVENUE vs.**  
**ESTATE OF CHARLES MARVIN ROMIG**  
**G.R. No. 262092**  
**October 9, 2024 (Uploaded: January 28, 2025)**

**ADVISORY**

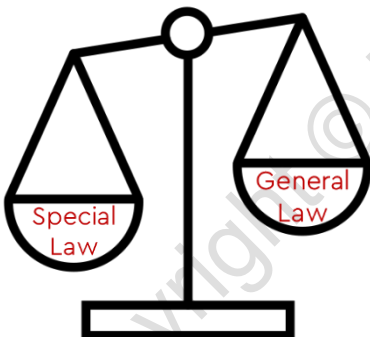
**Tax Exemption of Foreign Currency Deposits**

Foreign currency deposit accounts are exempt from estate tax pursuant to the Foreign Currency Deposit Act (Republic Act No. 6426), as amended

In the case of *Commissioner of Internal Revenue Vs. Estate of Charles Marvin Romig*, the Supreme Court held that **R.A. No. 6426, as amended<sup>1</sup>, is a special law** created with the goal of attracting deposits from foreign lenders and investors. Towards this end, R.A. No. 6426 provided for tax exemptions and incentives to foreign currency deposits, as well as banks and financial institutions having foreign currency deposit unit license.

On the other hand, the **1997 NIRC, as amended, is a general law<sup>2</sup>** that governs the imposition of national internal revenue taxes, fees, and charges.

In deciding, the Supreme Court ruled that:



- ☑ between a general law and a special law, the latter prevails because a special law reveals the legislative intent more clearly than a general law does;
- ☑ a special law cannot be repealed or modified by a subsequent general law in the absence of any express provision. The 1997 NIRC, as amended, does not contain any express repeal of the grant of tax exemption found in RA. 6426, as amended.

Source:

G.R. No. 262092, October 9, 2024

<sup>1</sup> Republic Act No. 6426 otherwise known as the Foreign Currency Deposit Act

<sup>2</sup> 1997 National Internal Revenue Code, as amended