

****Title****: Stockholders of F. Guanzon and Sons, Inc. vs. Register of Deeds of Manila

****Facts****:

On September 17, 1960, the stockholders of F. Guanzon and Sons, Inc. voted to dissolve the corporation. Following this resolution, on September 19, 1960, the five stockholders executed a certificate of liquidation, distributing the corporation's assets among themselves in proportion to their shareholdings. This included real properties located in Manila. The certificate was presented to the Register of Deeds of Manila for registration, which was denied on seven grounds.

The stockholders disputed four specific grounds:

1. The number of parcels of land not certified in the acknowledgment
2. Required payment of ₱430.50 in registration fees
3. Required attachment of ₱940.45 worth of documentary stamps to the document
4. The necessity of a court judgment approving the dissolution and directing the disposition of the assets, as per Rule 104, Sec. 3 of the Rules of Court.

The stockholders contested these grounds by elevating the matter to the Commissioner of Land Registration, who sustained the disputed grounds except for the requirement of a court judgment. The stockholders then appealed to the Supreme Court.

****Issues****:

1. Whether the certificate of liquidation merely involved a distribution of the corporation's assets or constituted a transfer or conveyance of those assets.
2. Whether the certificate of liquidation needed to contain certified details of the number of parcels of land involved.
3. Whether the amount of documentary stamps required should be ₱0.30 instead of ₱940.45.
4. Whether the payment of ₱430.50 as a registration fee was valid.

****Court's Decision****:

On the first issue, the Supreme Court agreed with the Register of Deeds and the Commissioner of Land Registration that the certificate of liquidation, although involving the distribution of assets, essentially represented a transfer of assets from the corporation to the stockholders. The court emphasized that a corporation is a separate legal entity distinct from its stockholders, and the property owned by the corporation is distinct from the personal property of the stockholders (i.e., their shares). Thus, the act of distributing the

assets in liquidation indeed constituted a transfer or conveyance.

Regarding the second issue, since the act involved a transfer of assets, the document had to include details of the parcels of land to be legally recognized and recorded.

On the third issue, the Court ruled that as the act was a transfer, the appropriate documentary stamps amounting to ₱940.45 were necessary.

On the fourth issue, similarly, the registration fee of ₱430.50 was deemed valid in light of the transfer's legal nature.

****Doctrine**:**

The case reaffirms the principle that in matters of corporate dissolution, the act of distributing the corporation's assets to stockholders is considered a transfer or conveyance. A corporation is a separate legal entity from its members, and its property distribution during dissolution requires appropriate legal documentation, fees, and adherence to procedural rules applicable to transfers of property.

****Class Notes**:**

- ****Key Legal Concept**:** A corporation's property distribution upon dissolution constitutes a transfer or conveyance to its stockholders.
- ****Principles**:**
 - Corporation as a legal entity distinct from stockholders
 - Shares of stock represent a right to share in the corporation's proceeds but do not equate to ownership of corporate property.
- ****Relevant Statutes**:** Rule 104, Sec. 3 of the Rules of Court (dissolution directives)
- ****Application**:** Liquidation certificates must detail land parcels, require appropriate documentary stamps, and registering such documents necessitates appropriate fees.

****Historical Background**:**

The case occurred during a period when clarity on corporate dissolution and liquidation processes was imperative for legal and business practices in the Philippines. The ruling has value for historical jurisprudence on property law and corporate legal identity, providing foundational clarity on the separation between corporate assets and stockholder entitlement during liquidation.