

STOCKHOLDERS OF F. GUANZON AND SONS, INC., PETITIONERS AND APPELLANTS, VS. REGISTER OF DEEDS OF MANILA, RESPONDENT AND APPELLEE.

G. R. No. L-18216. October 30, 1962

Ponente: BAUTISTA ANGELO, J.

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BAUTISTA ANGELO, J.:

On September 19, 1960, the five stockholders of the F. Guanzon and Sons, Inc. executed a certificate of liquidation of the assets of the corporation reciting, among other things, that by virtue of a resolution of the stockholders adopted on September 17, 1960, dissolving the corporation, they have distributed among themselves in proportion to their shareholdings, as liquidating dividends, the assets of said corporation, including real properties located in Manila.

The certificate of liquidation, when presented to the Register of Deeds of Manila, was denied registration on seven grounds, of which the following were disputed by the stockholders:

"3. The number of parcels not certified to in the acknowledgment;

"5. P430.50 Reg. fees need be paid;

"6. P940.45 documentary stamps need be attached to the document;

"7. The judgment of the Court approving the dissolution and directing the disposition of the assets of the corporation need be presented (Rules of Court, Rule 104, Sec. 3)."

Deciding the consulta elevated by the stockholders, the Commissioner of Land Registration overruled ground No. 7 and sustained requirements Nos. 3, 5 and 6.

The stockholders interposed the present appeal.

As correctly stated by the Commissioner of Land Registration, the propriety or impropriety of the three grounds on which the denial of the registration of the certificate of liquidation was predicated hinges on whether or not that certificate merely involves a distribution of the corporation assets or should be considered a transfer or conveyance.

Appellants contend that the certificate of liquidation is not a conveyance or transfer but merely a distribution of the assets of the corporation which has ceased to exist for having been dissolved. This is apparent in the minutes of dissolution attached to the document. Not being a conveyance the certificate need not contain a statement of the numbers of parcels of land involved in the distribution in the acknowledgment appearing therein. Hence the amount of documentary stamps to be affixed thereon should only be P0.30 and not P940.45, as required by the register of deeds. Neither is it correct to require appellants to pay the amount of P430.50 as registration fee.

The Commissioner of Land Registration, however, entertained a different opinion. He concurred in the view

expressed by the register of deeds to the effect that the certificate of liquidation in question, though it involves a distribution of the corporation's assets, in the last analysis represents a transfer of said assets from the corporation to the stockholders. Hence, in substance it is a transfer or conveyance.

We agree with the opinion of these two officials. A corporation is a juridical person distinct from the members composing it. Properties registered in the name of the corporation are owned by it as an entity separate and distinct from its members. While shares of stock constitute personal property, they do not represent property of the corporation. The corporation has property of its own which consists chiefly of real estate (*Nelson vs. Owen*, 113 Ala., 372, 21 So. 75; *Morrow vs. Gould*, 145 Iowa 1, 123 N. W. 743). A share of stock only typifies an aliquot part of the corporation's property, or the right to share in its proceeds to that extent when distributed according to law and equity (*Hall & Faley vs. Alabama Terminal*, 173 Ala., 398, 56 So., 235), but its holder is not the owner of any part of the capital of the corporation (*Bradley vs. Bauder*, 36 Ohio St., 28). Nor is he entitled to the possession of any definite portion of its property or assets (*Gottfried vs. Miller*, 104 U.S., 521; *Jones vs. Davis*, 35 Ohio St., 474). The stockholder is not a co-owner or tenant in common of the corporate property (*Harton vs. Johnston*, 166 Ala., 317, 51 So., 992).

On the basis of the foregoing authorities, it is clear that the act of liquidation made by the stockholders of the F. Guanzon and Sons, Inc. of the latter's assets is not and cannot be considered a partition of community property, but rather a transfer or conveyance of the title of its assets to the individual stockholders. Indeed, since the purpose of the liquidation, as well as the distribution of the assets of the corporation, is to transfer their title from the corporation to the stockholders in proportion to their shareholdings,—and this is in effect the purpose which they seek to obtain from the Register of Deeds of Manila,—that transfer cannot be effected without the corresponding deed of conveyance from the corporation to the stockholders. It is, therefore, fair and logical to consider the certificate of liquidation as one in the nature of a transfer or conveyance.

Wherefore, we affirm the resolution appealed from, with costs against appellants.

Labrador, Concepcion, Reyes, J. B. L., Paredes, Dizon, Regala, and Makalintal, JJ., concur.

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