REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
**BUREAU OF INTERNAL REVENUE**
Quezon City

| | | |
|---|---|---|
| Sec. 205(a) of the Tax Code of 1997, as amended; RMC No. 41-2019 | 000-00 OT- | 354 - 2022 |

Person to Contact: Chief, Law & Legislative Division
Tel. Nos. 926-55-36/927-09-63

Date: JUL 26 2022

**MIMOSA E. LOPEZ**

Madam:

This refers to your request for the liftin of the Notice of Tax Lien, Notice of Levy and Declaration of Forfeiture of Real Proper n Transfer Certificate of Title (TCT) No. , which were annot his Bureau, purposely to secure the tax liability of the previous owner.

Based from the documents submitted, u bought a Five undred Square Meter (500 sq. m.) parcel of land from Mr. F. He (Mr. Herrera for a consideration of on Au 5, 2004 he lar is registered under TCT No. which is located in nes, Migu Bul n. It was verbally agreed upon that Mr. Herrera would be the one to facilitate the transfe ing of the said TCT in your name.

Without your knowledge, Mr. Herrera executed a subsequent dee f a solute sale on the said parcel of land purportedly to lessen the amount of capital gains t (CGT) and documentary stamp tax (DST).

On October 9, 2006, TCT No. T- was issued by the Regist y Deeds of Bulacan in your name but with annotations of the following encumbrances, v. *"Notice of Tax Lien, date of inscription – May 3, 2005; Notice of Levy, date of inscri n – March 17, 2006; Declaration of Forfeiture of Real Property, date of inscription October 10, 2006"*.

You then inquired before the Bureau of Internal Revenue about otations and learned of the tax liabilities of Mr. Herrera. You were then requested the Bureau to secure the Certificate Authorizing Registration (CAR), the Deed of le and other documents Mr. Herrera had submitted to the Registry of Deeds. After o ining the said documents, you likewise discovered the fictitious deed of sale Mr. He ra d executed in order to lessen the amount of taxes he should had p .

Consequently, you assumed the payment of the deficiency taxes on the subject transaction through Improved Voluntary Assessment Program (IVAP) by paying (P ) and (P ) representing CGT and DST deficiency.

In reply, please be informed that Section 205(a) of the National Internal Revenue Code (Tax Code) of 1997, as amended provides foı civil remedies for collection of taxes, *viz*:

> *"SEC. 205. Remedies for the Collection of Delinquent Taxes. – The civil remedies for the collection of internal revenue taxes, fees, or charges, and any increment thereto resulting from delinquency shall be:*
>
> *(a) By distraint of goods, chattels, or effects, and other personal property of whatever character, including stocks and other securities, debts, credits, bank accounts, and interest in and rights to personal property, and* ***by levy upon real property and interest in or rights to real property;*** (Emphasis supplied)
>
> *xxx xxx xxx"*

The Notice of Tax Lien, Notice of Levy and the Declaration of Forfeiture of Real Property are encumbrances in favor of the government securing the tax liability of the registered owner.

However, the encumbra re effec only to cases wherein the right of ownership in a particular property con with the delinquent taxpayer. The tax lien/levy cannot be made applicable to cases when nquent taxpa had sold the property and parted with his ownership thereof.

Moreover Section 3.1(i) of Revenue Memorandum der (RMO) No 41-2019 dated June 4, 2019 provides that:

> *"III. GENERAL PROVISIONS*
>
> *3.1* ***The issue Warrant of Garnishment (WG)****, Notice of Tax Lien (NTL), Notice of Tax Levy (NOL), and Notice of Encumbrance (NOE) may be extinguished under any of the following instances:*
>
> *xxx xxx xxx*
>
> *i. The seized property is no longer owned by the delinquent taxpayer due to disposal prior to its seizure/lien/issuance of NOE."*
>
> *xxx xxx xxx*

OT 354-2022
JUL 26 2022

Since Mr. Herrera had sold the subject property to you prior to the inscription of the encumbrances, the annotations therefore in your title are void and without any legal effect. Accordingly, the Registry of Deeds is given authority to lift the said encumbrances in your favor.

This ruling is being issued on the basis of the foregoing facts as represented. However, if upon investigation, it will be disclosed that the facts are different, then this ruling shall be considered null and void.

Very truly yours,

**LILIA CATRIS GUILLERMO**
Commissioner of Internal Revenue

K-1

000176