

REVENUE REGULATIONS NO. 13-99 issued September 14, 1999 prescribes the regulations for the exemption of a citizen or a resident alien individual from the payment of the 6% Capital Gains Tax on the sale, exchange or disposition of his principal residence. In order for a person to be exempted from the payment of the tax, he should submit, together with the required documents, a Sworn Declaration of his intent to avail of the tax exemption to the Revenue District Office having jurisdiction over the location of his principal residence within (30) days from the date of the sale, exchange or disposition of the principal residence. The proceeds from the sale, exchange or disposition of the principal residence must be fully utilized in acquiring or constructing the new principal residence within eighteen (18) calendar months from the date of the sale, exchange or disposition. In case the entire proceeds of the sale is not utilized for the purchase or construction of a new principal residence, the Capital Gains Tax will be computed based on the formula specified in the Regulations.

If the seller fails to utilize the proceeds of sale or disposition in full or in part within the 18-month reglementary period, his right of exemption from the Capital Gains Tax did not arise on the extent of the unutilized amount, in which event, the tax due thereon will immediately become due and demandable on the 31st day after the date of the sale, exchange or disposition of the principal residence.

If the individual taxpayer's principal residence is disposed in exchange for a condominium unit, the disposition of the taxpayer's principal residence will not be subjected to the Capital Gains Tax herein prescribed, provided that the said condominium unit received in the exchange will be used by the taxpayer-transferor as his new principal residence.