REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

Sections 6(E) and 24(D)(1) of the Tax Code of 1997, as amended; Department Order No. 058-18
BIR Ruling No. 041-2001
OT-779-2022
JUN 02 2022

BRIA HOMES, INC.
Lower Ground Floor
Evia Lifestyle Center
Daang Hari, Almanza Dos
Las Piñas City

Attention: **Atty. Cecilia A. Ramilo, CPA**
Vice President

Gentlemen:

This refers to your request on behalf of Bria Homes, Inc. (the "Company") for clarification as to the applicable zonal values on certain real properties pursuant to the Department of Finance Order No. 058-2018 which became effective on December 14, 2018.

It is represented that the Company made purchases of Eight (8) parcels of land (the "Subject Properties") located in Brgy. Tipacan, Lipa City, Batangas on several dates from September 12, 2018 to January 11, 2020 from several individual landowners who are not engaged in real estate selling or leasing activities, to wit:

Sellers	Lot No.	TCT No.	Tax Dec. No.	Class/Area in Square Meters	Agreement to Purchase and Sell (ATPS) Date
Heirs of Spouses Fermin Dabu & Rosita Dabu				Agricultural – 10,242 Agricultural – 6,897	Feb. 8, 2019
Heirs of Spouses Filomeno Lescano & Marcela Katigbak-Lescano				Residential – 28,219 Agricultural – 17,214 Agricultural – 17,917	Sept. 12, 2018
Heirs of Spouses Domingo L. Tolentino and Irene B. Tolentino				Agricultural – 1,410	Feb. 22, 2019
Heirs of Spouses Pastor Rigos and Monica Villanueva-Rigos				Residential – 400 Agricultural – 11,604	Dec. 28, 2018
Roald H. Diaz				Agricultural – 10,000	Jan. 10, 2020

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It must be noted that all the above lots are covered by separate Tax Declarations and most lots are classified as "Agricultural", except for Lot with an area of 28,219 square meters and portion of Lot to the extent of 400 square meters, which are already classified as "Residential" as of the acquisition date.

Furthermore, the DO No. 058-2018 provides for the following table of zonal values for real properties located in Brgy. Tipacan, Lipa City:

BARANGAY **TIPACAN**

ALL LOTS	ALONG BRGY ROAD **(NEW)	CLASSIFICATION	4th REVISION ZV/SQ. M.
		CR	
		I	
		RR	
		GP	
		A50	
	INTERIOR	RR	
		A50	

**PREVIOUSLY IDENTIFIED AS TANGOB, SAN JOSE, LATAG, ANTIPOLO DEL SUR, PINAGKAWITAN, STO. TORIBIO, SAN BENITO

In view of the foregoing, you now request for confirmation that in computing the capital gains tax (CGT) and the documentary stamp tax (DST) due on the sale transaction between the landowners and the Company, the tax base shall be whichever is higher between/among the: (a) Selling Price as stated in the sale document executed by the parties; (b) Fair Market Value based on the latest Tax Declaration covering the properties; or (c) Zonal values as agricultural or residential, as the case may be, based on the classification of the lots per latest Tax Declarations.

In reply, please be informed that Department of Finance Order (D.O.) No. 058-18 provides that the zonal values established within the jurisdiction of Revenue District Office (RDO) No. 59-Lipa City, East Batangas, pursuant to Section 6(E) of the National Internal Revenue Code (Tax Code) of 1997, as amended, shall apply for purposes of computing any internal revenue tax due on sale/transfer or any other disposition of real properties, provided that said zonal values is higher than the: (1) fair market value as shown in the schedule of values of the provincial or city assessor; and (2) gross selling price/consideration as shown in the duly notarized document of sale or transfer of real property.

In this case, the classification and valuation of the properties located in Barangay Tipacan, Lipa City have already been determined and established under D.O. No. 058-18, *supra*. The properties located in Barangay Tipacan had already been classified as commercial, industrial, general purpose, agricultural and residential. Commercial properties are valued at P per square meter, industrial properties are valued at P per square meter, residential properties are valued at P and per square meter, general purpose properties are valued at P per square meter and agricultural properties are valued at P and per square meter.

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OT- 279 - 2022
JUN 02 2022

Considering that the Subject Properties have the corresponding classification and fair market values determined by the provincial or city assessor and established fair market values or zonal values determined by the Commissioner of Internal Revenue pursuant to Section 6(E) of the Tax Code of 1997, as amended, this Office hereby confirms your opinion that for purposes of computing the CGT and DST due on the sale transaction between the landowners and the Company, the tax base shall be whichever is higher among the: (a) Selling Price as stated in the sale document executed by the parties; (b) Fair Market Value based on the latest Tax Declaration covering the properties; or (c) Zonal values as agricultural or residential, as the case may be, based on the classification of the lots as shown per latest Tax Declarations.

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,

CAESAR R. DULAY
Commissioner of Internal Revenue

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grs(bria homes)