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

Bureau of Internal Revenue Ruling

Sections 196, RA 8424		*345-2016

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

June 30, 2016
Date

MS. FELICISIMA E. ANGELES
Attorney-In-Fact of LUNINGNING ANGELES-BLUM
341 Kaimitoville, Valle Verde 2,
Ugong, Pasig City

Madam:

This refers to your letter dated October 14, 2015 seeking clarification as to the correct amount of Documentary Stamp Tax (DST) your sister is legally required to pay her purchase of real property from Megaworld Corporation.

Records disclosed that on October 2, 2015, Megaworld Corporation, a corporation duly organized and existing under the Philippine law, sold to your sister a condominium unit having an area of 36.50 square meters located in Manhattan Parkview Tower, Araneta Center, Cubao, Quezon City; that the property is covered by Condominium Certificate of Title (CCT) No. ; that per computation, the contract price of the property amounted to whereas the zonal valuation amounted to and the fair market value is at ; and that in the aforesaid sale, the DST was computed based on the contract price, inclusive of value added tax (VAT).

In reply, please be informed of the provision of Section 196 of the National Internal Revenue Code of 1997, as amended, provides:

> "***SEC. 196. Stamp tax on Deeds of Sale and Conveyances of Real Property.*** *- On all conveyances, deeds, instruments, or writings, other than grants, patents or original certificates of adjudication issued by the Government, whereby any land, tenement, or other realty sold shall be granted, assigned, transferred or otherwise conveyed to the purchaser, or purchasers, or to any other person or persons designated by such purchaser or purchasers, there shall be collected a documentary stamp tax, at the rates herein below prescribed, based on the consideration contracted to be paid for such realty or on its fair market value determined in accordance with Section 6(E) of this Code, whichever is higher: Provided, That when one of the contracting parties is the Government the tax herein imposed shall be based on the actual consideration.*

042685

(a) When the consideration, or value received or contracted to be paid for such realty after making proper allowance of any encumbrance, does not exceed One thousand pesos (P1,000) fifteen pesos (P15.00).

(b) For each additional One thousand Pesos (P1,000), or fractional part thereof in excess of One thousand pesos (P1,000) of such consideration or value, Fifteen pesos (P15.00).

Xxx.

Based on the foregoing, the tax base in computing the DST is the higher amount between the consideration contracted to be paid for such realty in the amount of (inclusive of VAT) or the fair market value determined in accordance with Section 6(E) of the Code which is . Therefore, the computation of the DST shall be based on the higher amount, as computed by the RDO No. 40 – Cubao.

Thus, your claim for tax refund on the alleged excess payment of DST has no legal basis.

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,

KIM S. JACINTO-HENARES
Commissioner of Internal Revenue

042 68
JUN 30 2016

K1-wpm