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

Sec. 101 (A) (2), Tax Code of 1997;
BIR Ruling No. 415-2013; BIR Ruling No. 298-2012
#337-2016

6-29-2016
Date

ROLANDO P. MONTIEL
Quezon City Official Property Custodian
General Services Department
Quezon City Hall, Quezon City

Sir:

This refers to your letter dated 22 October 2013 requesting exemption from donor's tax and documentary stamp tax on the donation of six (6) parcels of land registered under the name of Mr. Bienvenido A. Tan Jr. in favor of the Quezon City Government.

Documents submitted show that Mr. Bienvenido A. Tan Jr. is the registered owner of the following properties:

Title Number	Area (m^2)	Location
	400	Quezon City
	400	Quezon City
	400	Quezon City
	400	Quezon City
	252	Quezon City
	1,973	Quezon City

On 26 October 2009, Mr. Bienvenido A. Tan Jr. executed a Deed of Donation transferring, ceding, and conveying, by way of donation, the aforementioned lands in favor of the Quezon City Government, including all rights, interest, and titles of the former thereto. Feliciano Belmonte, then mayor of the Quezon City Government, accepted the donation under the authority of the Quezon City Council, through Resolution No. SP-4634 dated 3 August 2009.

In reply, please be informed that Section 101 (A) (2) of the Tax Code of 1997 provides that:

> *"SEC. 101. Exemption of Certain Gifts. — The following gifts or donations shall be exempt from the tax provided for in this Chapter:*

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> *(A) In the Case of Gifts Made by a Resident. —*
> *(1) . . .*
> *(2) Gifts made to or for the use of the National Government or any entity created by any of its agencies which is not conducted for profit, or to any political subdivision of the said Government; and*
>
> xxx xxx xxx"

Inasmuch as the donee is a political subdivision of the National Government, and the real properties donated by Bienvenido Tan shall be devoted by the donee for public use and/or socialized housing project, the aforesaid donation is exempt from the payment of donor's tax pursuant to Section 101 (A) (2) of the Tax Code of 1997, as amended. (BIR Ruling No. 415-13 dated November 13, 2013)

Moreover, the Deed of Donation is not subject to the documentary stamp tax. However, the notarial acknowledgment on the deed is subject to the documentary stamp tax of P15.00 imposed under Section 188 of the Tax Code of 1997, as amended.

If the donor is a valued-added tax (VAT) registered person and the donation is an ordinary asset, the donation is subject to VAT pursuant to Section 4.106-7 of Revenue Regulations No. 16-2005, the same being considered a transaction deemed sale. If the donor is not a VAT registered person, the donation is exempt from VAT. (BIR Ruling No. 298-12 dated May 3, 2012)

Lastly, the Register of Deeds shall annotate the Deed of Donation Inter Vivos at the back of the TCT because failure to comply with particular terms therein shall be a ground for the revocation of the donation pursuant to Article 764 of the New Civil Code.

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

Very truly yours,

KIM S. JACINTO-HENARES
Commissioner of Internal Revenue

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JUN 24 2016

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