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

| Sec. 24 (D) (1), 188 & 196, TC |
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| BIR Ruling No. 530-17 |
| OT-018-2020 |
| JAN 2 2 2020 |

**GERALDINE BAUTISTA SO**
Muntinlupa City

Dear Ms. So,

This refers to your letter dated May 23, 2018, indorsed to this Office by the Regional Director, Revenue Region No. 2, Cordillera Administrative Region, Baguio City, requesting for exemption from the payment of capital gains tax (CGT) on the reconveyance of a parcel of land with improvements by virtue of a Decision rendered by the Regional Trial Court of Baguio City, First Judicial Region, Branch 60, Baguio City, in Civil Case No. entitled *"Geraldine Bautista, Fe Jamir Bautista, Ronald Bautista, Gregory Bautista, Michelle Bautista and Jason Bautista, Plaintiffs, versus Sps. Milagros and Eugenio Cordero, John and Peter Does, Jose T. Constantino, and Atty. Juanito K. Ampaguey, in his capacity as the Deputy Register of Deeds of Baguio City, Defendants."*

Documents disclosed that the plaintiffs filed an Action for the Cancellation of the Transfer Certificate of Title, Declaration of Nullity of a Deed of Sale, with Damages and Prayers for the Issuance of a Temporary Restraining Order and a Writ of Preliminary Injunction against the defendants alleging that because the purported signature of Estrella F. Bautista on the Deed of Sale is a forgery, the Deed of Sale that was executed on July 18, 1990 by Estrella F. Bautista in favor of defendant, Milagros Cordero, does not have the consent of the vendor and is null and void. It is alleged that the deed was prepared fraudulently and purposely to defeat the rights of Estrella F. Bautista's other surviving heirs to the property, including the plaintiffs.

It is shown that the subject parcel of land, with improvement, was sold to Estrella F. Bautista by the government on March 19, 1975, after her husband, Mamerto Bautista, Sr. died on October 10, 1974 in Quezon City. The subject property is owned exclusively by Estrella F. Bautista as shown in OCT No. Estrella F. Bautista died on April 26, 1992. She died intestate and was survived by her children namely, Virginia Bautista de Castro, Renato Flores Bautista, Enya Marieta Bautista Jorge, Raymund Flores Bautista and defendant Milagros Bautista Cordero, who is the youngest of the brood. Mamerto Bautista, Jr. predeceased his mother, Estrella F. Bautista, on November 22, 1985 and was survived by his heirs, who are the

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plaintiffs. At the time of the alleged execution of the Deed of Sale on July 18, 1990, Estrella F. Bautista, who was 78 years old at that time, was living with the defendants-spouses. However, the processing of the transfer of title over the subject property was commenced by the defendants-spouses only in June, 1997 and the transfer taxes were paid by them only on July 27, 1997. On the other hand, Petition for Letters of Administration and Settlement of the Estate of Estrella F. Bautista docketed as Special Proceedings Case No. [redacted] was filed by plaintiffs Geraldine Bautista and the heirs of Estrella F. Bautista except defendants-spouses Milagros and Eugenio Cordero before the Regional Trial Court of Quezon City in April, 1997.

The Regional Trial Court rendered its Decision on October 26, 2001 at Baguio City in favor of the plaintiffs of which the pertinent dispositive portion of the said Decision reads:

*"WHEREFORE, premises considered, judgment is hereby rendered as follows:*

1. *The Deed of Sale dated July 18, 1990 notarized by Jose T. Constantino and described as Doc. No. 107; Page No. 22; Book No. IV; Series of 1990, is hereby declared null and void for lack of valid consent of the alleged vendor;*

2. *Consequently, the Register of Deed of Baguio City is hereby ordered:*
   a. *To cancel Transfer Certificate of Title No. [redacted] of the Registry of Deeds for Baguio City in the name of Milagros Bautista Cordero for being null and void;*
   b. *To issue a new owner's duplicate copy of Original Certificate of Title No. [redacted] in the name of Estrella F. Bautista which shall be entitled to like faith and credit as the original thereof; and to deliver the same to Geraldine Bautista, petitioner in Special Proceedings Case No. [redacted] entitled "Geraldine Bautista, Petitioner, versus Milagros Bautista Cordero, Oppositor" after payment of the required fees, if any.*

3. *Plaintiff Geraldine Bautista is directed to pay the fees due to the Register of Deeds, if any, for the issuance of a new owner's copy of Original Certificate of Title No. [redacted] and to forthwith deliver the same to the Clerk of Court of Branch 215 of the Regional Trial Court of Quezon City for proper disposition in Special Proceedings Case No. [redacted] entitled "Geraldine Bautista, Petitioner, versus Milagros Bautista Cordero, Oppositor".*

4. *The defendant Milagros Bautista Cordero is hereby ordered to pay unto the plaintiffs the following:*
   a. *P60,000.00 for actual damages;*
   b. *P100,000.00 for moral damages;*
   c. *P50,000.00 for attorneys fees; and*
   d. *The costs of this suit.*

4. *The case as against the other defendants is dismissed for insufficiency of evidence."*

In reply, please be informed that since the reconveyance of the subject property was pursuant to the Order of the Regional Trial Court and without any monetary consideration in order to return the subject property to the legal owner, the transfer of the subject property in favor of Estrella F. Bautista is not subject to the 6% capital gains tax imposed under Section 24 (D) (1) of the Tax Code of 1997, as amended. Likewise, the Deed of Reconveyance is not subject to the documentary stamp tax (DST) imposed under Section 196 of the Tax Code of 1997, as amended, but only to the DST of Thirty pesos (P30.00)[1] imposed under Section 188 of the same 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 null and void.

Very truly yours,

**CAESAR R. DULAY**
Commissioner of Internal Revenue

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[1] The new DST Rate of P30.00 was used as amended by RA 10963 or TRAIN Law.