November 15, 2018

BIR RULING NO. 1338-18

Section 101 (A) (2) of the National Internal Revenue Code of 1997, as amended; BIR Ruling No. 311-2014

AAA

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Gentlemen :

This refers to your letter dated June 22, 2015, received by this Office on September 02, 2015, requesting exemption from the payment of donor's tax on the donation of a parcel of land which you have made in favor of Barangay Pag-asa, Obando, Bulacan.

Documents submitted disclosed that **AAA** (hereinafter referred to as the **"DONOR"**) owned a parcel of land covered by Original Certificate of Title (OCT) No. 2014000055 of the Registry of Deeds for Bulacan, located at Brgy. Pag-asa, Obando, Bulacan, containing an area of One Hundred Fifty-Seven (157) square meters, more or less, and particularly described as follows:

OCT No. 2014000055

TECHNICAL DESCRIPTION

Lot No. 6806, Cad-302-D

(Lot 6359-F, Csd-03-020619)

"Beginning at a point marked "1" of Lot No. 6806, Cad-302-D, being S. 68-02 W., 124.56 m. from BLIM No. 1, Cad-302-D, Obando Cadastre, thence S. 40-01 E., 8.47 m. to point 2; S. 46-25 E., 13.28 m. to point 3; S. 45-26 W., 9.30 m. to point 4; N. 20-54 W., 2.24 m. to point 5; N. 33-22 W., 6.73 m. to point 6; N. 41-33 W., 7.37 m. to point 7; N. 41-20 W., 6.72 m. to point 8; N. 54-04 E., 6.64 m. to point 1; point of beginning.

Containing an area of ONE HUNDRED FIFTY SEVEN (157) SQUARE METERS."

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that on May 15, 2014, the **DONOR** executed a Deed of Donation in favor of **BARANGAY PAG-ASA, OBANDO, BULACAN**, represented by its Chairman, **OSCAR RAYMUNDO**, (hereinafter referred to as the **"DONEE"**) conveying to the latter the above-described parcel of land for the purpose of building a Day Care Center and Multi-Purpose Hall; and that the **DONEE** accepted the donation under the conditions set forth as embodied in the same instrument.

In reply, please be informed that Section 101 (A) (2) of the National Internal Revenue Code of 1997, as amended, 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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> xxx xxx xxx
>
> *(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;*
>
> xxx xxx xxx"

In view of the foregoing, since the donation is made to or for the use of **BARANGAY PAG-ASA, OBANDO, BULACAN**, which is a political subdivision of the Government, the aforementioned donation of a parcel of land is exempt from the payment of donor's tax pursuant to Section 101 (A) (2) of the National Internal Revenue Code of 1997, as amended.

Moreover, Section 185 of Regulations No. 26, otherwise known as the Revised Documentary Stamp Tax Regulations, implementing Title VII of the National Internal Revenue Code of 1997, as amended, provides that conveyances of realties not in connection with a sale, to trustees or other persons without consideration are not taxable. Accordingly, the Deed of Donation is not subject to the documentary stamp tax prescribed under Section 196 of the National Internal Revenue Code of 1997, as amended, but only to the documentary stamp tax of P15.00 imposed under Section 188 of the same Code. ***(BIR Ruling No. 311-2014 dated August 4, 2014)***

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,

(SGD.) CAESAR R. DULAY
Commissioner of Internal Revenue

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