REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

Sections 101 (A) (2), 196 & 188 Tax Code of 1997, as amended
BIR Ruling No. 429-2011;
BIR Ruling No. 381-2011;
BIR Ruling No. 206-2011;
BIR Ruling No. 175-2011
#185-2016 5-16-16

PNP-TUGUEGARAO CITY POLICE STATION
People's Gymnasim, Tuguegarao City,
Cagayan 3500

Attention: P/SUPT. JAY R. CUMIGAD
Chief of Police

Gentlemen:

This refers to your letter dated March 11, 2014, requesting for the issuance of a **Certificate of Tax Exemption** from the payment of Donor's Tax, on the donation of a portion of a real property made by the **LOCAL GOVERNMENT UNIT (LGU) of TUGUEGARAO CITY *("DONOR")*** in favor of the **PNP-TUGUEGARAO CITY POLICE STATION *("DONEE")*** pursuant to Section 101 (A) (2) of the Tax Code of 1997, as amended.

It is represented that the **LOCAL GOVERNMENT UNIT of TUGUEGARAO CITY**, with registered address at Tuguegarao City Hall, Carig Sur, Tuguegarao City , Cagayan, and Taxpayers Identification No. (TIN) s a political subdivision of the National Government of the Republic of the Philippines and that it is the registered owner of a parcel of land covered by Transfer Certificate of Title (TCT) No. issued by the Registry of Deeds for Tuguegarao City, situated at Carig Sur, Tuguegarao City, Cagayan, particularly described as follows:

TRANSFER CERTIFICATE OF TITLE (TCT) No.

A parcel of land, Lot 3-EEE of the Subdivision Plan, Psd-021529-004300 being a portion of lot N, situated in the barrio of Carig Sur, Municipality of Tuguegarao, Province of Cagayan. Bounded on the W. along line 1-2 by lot 3-BB; on the NE, along lines 2-3-4-5 by Road; on the S, along line 5-1 by lot N/I. Beginning at a point marked "1" on plan Being N. 53-29'W., 1187.27 m. from MBM No. 6, thence n. 38-56'E., 67.05 m. to point 2; S. 61-07'E., 77.24 m. to point 3; S. 08-55'E., 4.13 m. to

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point 4; S. 11-19'W., 66.63 m. to point 5; N 60-45'W., 111.58 m. to point 1, point of beginning, containing an area of **SIX THOUSAND THREE HUNDRED FIFTEEN (6,315 sq. m.) SQUARE METERS**, more or less. All points referred to are indicated on the plan and are marked on the ground as follows: all corners are marked by PL Cyl. Conc. Mons. 15 x 60 cms. Date of Orig. survey, S/4 and that of the subd. survey was executed by C.E. Mario Hipolito on 15 October, 1993 and was approved on 22 November, 1993. Prepared by: Mario Hipolito, G.E. Verified and checked by: Initials. Approved: Leonardo R. Sibbaluca, Assistant Regional Director for Operations. By: (Sgd.) Alberto Obedoza, Chief, Regional Survey Divison.

The Donor, **LOCAL GOVERNMENT UNIT of TUGUEGARAO CITY**, represented by its City Mayor, Honorable Jefferson P. Soriano, for and in consideration of the intention of Tuguegarao City Government to have a permanent Tuguegarao City Police Station, made and executed a Deed of Donation dated December 23, 2013, in favor of the **PNP-TUGUEGARAO CITY POLICE STATION** as Donee and represented by P/Supt. Jay R. Cumigad, PESE, Chief of Police, Tuguegarao City, thereby voluntarily gives, transfers and conveys by way of Donation unto the said Donee, ***a portion of the above described parcel of land consisting of ONE THOUSAND FIVE HUNDRED SQUARE METERS (1,500 sq. m.).*** The portion of the aforementioned parcel of land shall be used for the establishment and construction of the Philippine National Police (PNP) Tuguegarao City Station.

The Donee, expressing its utmost appreciation and gratefulness for the latter's generosity, received and accepted the donation made in its favor by the Donor on the same same Deed of Donation.

In support of the request, the following documents were submitted by **PNP-TUGUEGARAO CITY POLICE STATION:**

1. *Original copy* of the letter-request for Tax Exemption Ruling;
2. *Certified true copy* of the Deed of Donation dated December 23, 2013;
3. *Original copy* of the Transfer Certificate of Title (TCT) No. registered in the name of the City of Tuguegarao, issued by the Registry of Deeds for Tuguegarao City;
4. *Certified true copy* of City Resolution No. 084-2013, Granting Authority to the City Mayor, Hon. Atty. Jefferson P. Soriano, to Donate One Thousand Five Hundred Square Meters (1,500 sq. m.) from the Real Property of Tuguegarao City to the Philippine National Police for the Construction of a Police Station;
5. *Certified true copies* of the Commission on Audit (COA) Independent Auditor's Report and Statement of Management Responsibility for Financial Statements for 2013 of LGU-Tuguegarao City;

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6. *Affidavit* of Undertaking executed by P/Supt. Jay R. Cumigad that not more than thirty percent (30%) of the donated property or value thereof shall be used by **PNP-TUGUEGARAO CITY POLICE STATION** for administration purposes;
7. *Certified true copy* of the Tax Declaration of TCT No. issued by the City Assessor of Tuguegarao City, Cagayan;
8. *Certified true copy* of the Certificate of No-Improvement of Transfer Certificate of Title (TCT) No.
9. *Duplicate original copy* of the Resolution Authorizing P/Supt. Jay R. Cumigad, Chief of Police of Tuguegarao City Police Station , to accept a donation of a parcel of land from the Local Government of Tuguegarao City;
10. *Photocopy* of the TIN Card of P/Supt. Jay R. Cumigad;
11. *Certified true copy* of the Donor's Tax Return (BIR Form 1800) issued by the Revenue District Office (RDO) No. 13, Tuguegarao City.

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

> "**Section 101. *Exemption of Certain Gifts.*** - The following gifts or donations shall be exempt from the tax provided for in this Chapter:
>
> **(A)** ***In the Case of Gifts Made by a Resident. –***
>
> 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; and
>
> XXX XXX XXX

Applying the foregoing provision, the donation made by the **LOCAL GOVERNMENT UNIT of TUGUEGARAO CITY** to the **PNP-TUGUEGARAO CITY POLICE STATION**, an agency of the National Government, is exempt from donor's tax in view of Section 101 (A) (2), which provides that 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 shall be exempt from tax. ***(BIR Ruling No.***

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381-11 dated October 20-2011; BIR Ruling No. 206-11 dated July 1, 2011 and BIR Ruling No. 175-11 dated May 27, 2011)

Moreover, Section 185 of Revenue Regulations No. 26, otherwise known as the Revised Documentary Stamp Tax Regulations, implementing Title VII of the Tax 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 aforesaid Deed of Donation is likewise, not subject to the documentary stamp tax prescribed under Section 196 of the Tax Code, as amended, but only to the documentary stamp tax of P15.00 imposed under Section 188 of the same Code. ***(BIR Ruling No. 429-11 dated November 4, 2011)***

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

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PNP- TUGUEGARAO CITY POLICE STATION
(Donor's Tax)