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

Section 101 (A) (2) of the National Internal Revenue Code of 1997, as amended;
BIR Ruling No. 311-2014
#230-2016
6-1-2016

OFFICE OF THE PUNONG BARANGAY
Brgy. Ocapon, Villaverde, Nueva Viscaya

Attention: HON. RONALD H. BAGLAN, SR.
Punong Barangay

Gentlemen:

This refers to your letters dated March 01, 2016 and March 30, 2016, requesting exemption from payment of donor's tax on the donation of two parcels of land by ***VIRGINIA B. POHNAC*** *(hereinafter referred to as the* **"DONOR"***) in favor of the* **BARANGAY LOCAL GOVERNMENT UNIT-OCAPON, VILLAVERDE, NUEVA VISCAYA** (hereinafter referred to as the **"DONEE"**).

Documents submitted disclosed that the **DONOR** with Taxpayer Identification Number (TIN) and with principal address at Brgy. Ocapon, Villaverde, Nueva Viscaya, is the absolute and registered owner of two parcels of land covered by Transfer Certificate of Title (TCT) No. containing an area of Six Hundred Thirty Four (634) square meters, more or less, of the Registry of Deeds for the Province of Ifugao, particularly described as follows:

TCT No.

"A parcel of land Lot 1-B of the subdivision plan Psd-132705-005970 being a portion of Lot 1-F-2-06-000121-D, situated in the Barrio of Ambasa, Municipality of Lamut, Island of Luzon. Bounded on . . . . containing an area of SIX HUNDRED THIRTY FOUR (634) Sq.m. more or less. . . . "

and TCT No. containing an area of Five Hundred Twelve (512) square meters, more or less, of the Registry of Deeds for Lamut, Ifugao, and particularly described as follows:

TCT No.

*"**LOT NO:** 1-H **PLAN NO:** PSD-132705-005970*
***PORTION OF:** LOT 1, F-2-06-000121-D*
***LOCATION:** BARANGAY OF AMBASA, MUNICIPALITY OF LAMUT, PROVINCE OF IFUGAO, ISLAND OF LUZON*

xxx xxx xxx

***AREA**: FIVE HUNDRED TWELVE (512) SQUARE METERS, MORE OR LESS*

xxx xxx xxx"

that on the other hand, the **DONEE** with principal address at Brgy. Ocapon, Villaverde, Nueva Viscaya, is a local government unit; that on February 23, 2016, the **DONOR** executed a Deed of Donation in favor of the **DONEE**, represented by its *Punong*

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Barangay, Hon. Ronald H. Baglan, Sr., conveying to the latter portions of the above-described parcels of land, as follows:

> *"**ONE HUNDRED THIRTY TWO** (132) sq. meters to be segregated from TCT No.*
> *(477) sq. meters shall be segregated from TCT No.*

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:*
>
> *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 OCAPON, VILLAVERDE, NUEVA VISCAYA** 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,

KIM S. JACINTO-HENARES
Commissioner of Internal Revenue

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