October 19, 2016

BIR RULING NO. 358-16

Section 101 (A) (3), NIRC; BIR Ruling No. 368-2015; BIR Ruling No. 241-2011

RDV Ph-Law Office
42-A Zeta II Bldg. 191 Salcedo St.
Legazpi Village, Makati City

Attention: *AAA*

Gentlemen :

This refers to your letter dated January 3, 2012 requesting exemption from donor's tax on the donation of two (2) parcels of land in favor of a religious corporation under Section 101 (A) (3) of the National Internal Revenue Code (NIRC) of 1997, as amended.

Documents submitted show that BBB is the absolute and registered owner of a parcel of land located in the Municipality of Kananga, Province of Leyte, covered by Original Certificate of Title (OCT) No. N-2075 with an area of 493 sq.m.; that by virtue of an Affidavit of Self Adjudication executed as sole surviving heir of CCC who died on May 3, 2009, BBB likewise became the absolute owner of another parcel of land covered by OCT No. N-2076, with an area of 494 sq.m.; that the estate tax return for the Estate of CCC had been duly filed, and the tax due thereon had been paid with the Bureau of Internal Revenue (BIR) on September 15, 2014; that on September 21, 2010, BBB executed a Deed of Donation over the two (2) parcels of land in favor of the Roman Catholic Archbishop of Palo, Inc. (RCAPI) (TIN: 000-000-000), a corporation sole duly registered with the Securities and Exchange Commission (SEC) under Company Registration No. 0107159; and that the aforesaid donation was accepted on behalf of the RCAPI by DDD, _____, on January 3, 2011.

In reply, please be informed that gifts in favor of a religious corporation is exempt from the payment of donor's tax pursuant to Section 101 (A) (3) of the NIRC of 1997, as amended, subject to the condition that not more than thirty percent (30%) of said gift shall be used by the donee for administration purposes. Inasmuch as RCAPI is a religious corporation, any donation to it is exempt from the payment of donor's tax pursuant to the

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above provisions of the NIRC, as amended, subject to the condition that not more than 30% of said gifts shall be used by RCAPI for administration purposes. *(BIR Ruling No. 241-2011 dated July 22, 2011)*

Since the donation involves parcels of land, the Register of Deeds shall annotate this condition at the back of the titles because failure to comply with the said condition shall subject the donation to donor's tax. *(BIR Ruling No. 368-15 dated October 29, 2015)*

Moreover, Section 185 of Regulations No. 26, otherwise known as the Revised Documentary Stamp Tax Regulations, implementing Title VII of the NIRC, 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 likewise not subject to the documentary stamp tax prescribed under Section 196 of the NIRC, as amended, but only to the documentary stamp tax of P15.00 imposed under Section 188 of the same Code. *(BIR Ruling No. 241-2011 dated July 22, 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,

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

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