April 10, 2018

BIR RULING NO. 618-18

Sections 24 (D) (1), 188 and 196 of the Tax Code of 1997, as amended; BIR Ruling No. 461-11

AAA
c/o BBB
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Madam :

This refers to your letter dated December 9, 2014 requesting exemption from the payment of capital gains tax (CGT) and documentary stamp tax (DST) relative to the reconveyance/transfer of a certain real property made by virtue of a court decision.

It is shown that the Regional Trial Court (RTC), 11th Judicial Region, Branch 14, Davao City, issued an Order dated May 2, 2013, relative to Civil Case No. 28, 018-2000, ordering the reversion and reconveyance of a parcel of land, covered by Transfer Certificate of Title (TCT) No. T-319805 (formerly, 211044), [1] in favor of its original owner, AAA; and that said Order has already become final and executory as evidenced by the Certificate of Finality dated August 20, 2013 issued by the same RTC.

In reply, please be informed that since the reconveyance of the subject property was made in order to give effect to the RTC's Order to return said property to its original owner, said transfer is not subject to the CGT imposed under Section 24 (D) (1) of the Tax Code of 1997, as amended. Likewise, the reconveyance, being a transfer without any monetary consideration, is not subject to the DST imposed under Section 196 of the Tax Code of 1997, as amended, but only to the DST imposed under Sec. 188 of the same Code. *(BIR Ruling No. 461-11 dated November 24, 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,

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

Footnotes

1. As clarified in the RTC Order dated July 16, 2014.

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