



PROPERTY TAXES IN THE PHILIPPINES

Presented by
KIM S. JACINTO-HENARES
Commissioner, Bureau of Internal Revenue
PHILIPPINES





Background

Property-related taxes are minor sources of government revenue but can potentially contribute more.

Property-related taxes include Capital Gains Tax (CGT), Value-Added Tax (VAT), Estate Tax, Donor's Tax and Documentary Stamp Tax (DST).





□ Capital Gains Tax

- Tax rate of 6% based on the gross selling price or current fair market value, whichever is higher
- Exemption of gains from sale of principal residence under certain conditions

□ Value-Added Tax (VAT)

- Tax equivalent to 12% of gross selling price or gross value of money derived from the sale or lease of property in the ordinary course of trade or business





□ Estate Tax

- First Php200,000 of net estate is exempt, and those exceeding it are subject to tax rates ranging from 5% to 20%

□ Donor's Tax

- First Php100,000 net gift is exempt; those exceeding it are subject to tax rates ranging from 2% to 15%

□ Documentary Stamp Tax (DST)

- Rate of DST is Php15 per Php1,000, based on the consideration contracted to be paid for such realty or on its fair market value, whichever is higher





Issues and Challenges

- ❑ Multiple taxes on property ownership and transfers
- ❑ Relatively high transfer taxes, which discourage formal transactions
- ❑ Weak enforcement of property related taxes
- ❑ Lack of uniform and centralized property valuation systems and methodologies





Issues and Challenges

- ❑ To curb the practice of splitting the residential properties into smaller units, so as not to exceed the threshold amount exempted from the VAT
- ❑ Addressed through BIR RR Nos. 16-2005, 6-2011, and 13-2012
- ❑ Adjacent lots counted as one and those exceeding threshold amounts are subject to VAT





Issues and Challenges

- ❑ Strengthened monitoring and coordination of efforts of the BIR with other government agencies
- ❑ Launching of BIR's Project Rest in Peace (RIP) via RMO No. 10-2010
- ❑ Focus on estate tax collections in 2014-2015





END OF PRESENTATION

*Thank
You*

