



HOUSE OF REPRESENTATIVES

H. No. 3955

BY REPRESENTATIVES CUA, ALVAREZ (P.), SALCEDA, BOLILIA, FARIÑAS, BONDOD, MERCADO, HOFER, CRISOLOGO, GONZALES (A.D.), NOEL, GULLAS, TY, GONZALES (A.P.), PIMENTEL, MATUGAS, ALONTE-NAGUIAT, SAVELLANO, GARIN (O.), DE VENECIA, LOPEZ (B.), ORTEGA (V.), ROMERO, GARCIA (J.), NOGRALES (J.), SALO, BELARO, HERRERA-DY, ROA-PUNO, PRIMICIAS-AGABAS, SUAREZ, DE VERA, BRAVO (A.), ROQUE (H.) AND CAMPOS, PER COMMITTEE REPORT NO. 3

AN ACT MANDATING THE GOVERNMENT TO PAY THE CAPITAL GAINS TAX AND THE DOCUMENTARY STAMP TAX DUE IN ADDITION TO THE JUST COMPENSATION FOR THE SALE OF REAL PROPERTY IN THE EXERCISE OF THE STATE'S POWER OF EMINENT DOMAIN, AMENDING FOR THE PURPOSE SECTIONS 24(D) AND 196 OF REPUBLIC ACT NO. 8424, AS AMENDED, OTHERWISE KNOWN AS THE NATIONAL INTERNAL REVENUE CODE OF 1997

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

1 SECTION 1. Section 24(D) of Republic Act No. 8424, as amended,
2 otherwise known as the National Internal Revenue Code of 1997, is hereby
3 further amended to read as follows:

4 "SEC. 24. x x x. -

5 "(A) x x x

6 "(B) x x x

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“(C) x x x

“(D) *Capital Gains from Sale of Real Property.* –

“(1) *In General.* – x x x

“(2) *Exception.* – x x x

“(3) **JUST COMPENSATION IN THE EXERCISE OF POWER OF EMINENT DOMAIN.** – THE GOVERNMENT SHALL, IN THE EXERCISE OF ITS POWER OF EMINENT DOMAIN, PAY THE COMPULSORY SELLER OF THE REAL PROPERTY THE JUST COMPENSATION AND THE AMOUNT OF CAPITAL GAINS TAX DUE ON THE SAID TRANSACTION.”

SEC. 2. Section 196 of Republic Act No. 8424, as amended, otherwise known as the National Internal Revenue Code of 1997, is hereby further amended to read as follows:

“SEC. 196. *Stamp Tax on Deeds of Sale and Conveyances of Real Property.* – On all conveyances, deeds, instruments, or writings, other than grants, patents or original certificates of adjudication issued by the Government, whereby any land, tenement or other realty sold shall be granted, assigned, transferred or otherwise conveyed to the purchaser, or purchasers, or to any other person or persons designated by such purchaser or purchasers, there shall be collected a documentary stamp tax, at the rates herein below prescribed, based on the consideration contracted to be paid for such realty or on its fair market value determined in accordance with Section 6(E) of this Code, whichever is higher: *Provided*, That when one of the contracting parties is the Government, the tax herein imposed shall be based on the actual consideration: **PROVIDED, FURTHER, THAT THE GOVERNMENT SHALL, IN THE EXERCISE OF ITS POWER OF EMINENT DOMAIN, PAY THE COMPULSORY SELLER**

1 **OF THE REAL PROPERTY THE JUST COMPENSATION AND THE**
2 **AMOUNT OF DOCUMENTARY STAMP TAX DUE ON THE SAID**
3 **TRANSACTION:**

4 “(a) x x x

5 “(b) x x x

6 “x x x.”

7 **SEC. 3. *Rules and Regulations.*** – The Secretary of Finance shall,
8 upon the recommendation of the Commissioner of Internal Revenue, within
9 sixty (60) days from the effectivity of this Act, promulgate the necessary rules
10 and regulations to faithfully implement the intent and the provisions of this
11 Act: *Provided*, That the failure of the Secretary of Finance to promulgate the
12 said rules and regulations shall not prevent the implementation of this Act
13 upon its effectivity.

14 **SEC. 4. *Separability Clause.*** – If any provision of this Act is
15 subsequently declared invalid or unconstitutional, the other provisions hereof
16 which are not affected thereby shall remain in full force and effect.

17 **SEC. 5. *Repealing Clause.*** – All other laws, acts, presidential decrees,
18 executive orders, issuances, presidential proclamations, rules and regulations
19 or parts thereof which are contrary to or inconsistent with any provision of this
20 Act are hereby repealed, amended or modified accordingly.

21 **SEC. 6. *Effectivity.*** – This Act shall take effect fifteen (15) days after
22 its complete publication either in the *Official Gazette* or in at least one (1)
23 newspaper of general circulation.

 Approved,

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