



Republic of the Philippines
DEPARTMENT OF FINANCE

Roxas Boulevard Corner Pablo Ocampo, Sr. Street
Manila 1004

DEPARTMENT CIRCULAR NO. 001.2019

SUBJECT: GUIDELINES ON THE GRANT OF RELIEF ON SURCHARGES AND INTERESTS ON TAX ON TRANSFER OF REAL PROPERTY OWNERSHIP IN SUPPORT OF THE ESTATE TAX AMNESTY PROGRAM

Section 1. Rationale. Title II, Section 4 of Republic Act (RA) No. 11213, otherwise known as the Tax Amnesty Act, mandates the grant of a one-time opportunity for taxpayers to settle their estate tax obligations, through an estate tax amnesty program, for taxable years 2017 and prior. As the law does not cover the relief on penalties imposed by local governments on local transfer tax, pursuant to Section 135¹ in relation to Section 151² and Section 168³ of RA No. 7160, or the Local Government Code (LGC) of 1991, and other applicable local transfer tax laws prevailing at the time of death of the decedent, the noble intentions of providing reasonable tax relief under the Tax Amnesty Act is undermined.

To address the foregoing concern and in accordance with Section 4⁴ of Executive Order No. 127, series of 1987, and Section 192⁵ of the LGC, this Department Circular hereby provides the uniform guidelines in granting the relief on surcharges and interests on tax on transfer of real property ownership by succession imposed by all provinces and cities, including the lone municipality within the Metropolitan Manila Area (MMA), in order to ease the process on the part of taxpayers towards the full availment of the estate tax amnesty, facilitate the formalization of real property transfers, broaden the national and local government's revenue base, and improve real property tax collection efficiency.

Section 2. Grant of Relief. In granting relief on surcharges and interests on tax on transfer of real property ownership, relative to the estate tax amnesty program, the following guidelines shall apply to ensure uniform implementation thereof:

¹ **Section 135. Tax on Transfer of Real Property Ownership.** - (a) The province may impose a tax on the sale, donation, barter, or on any other mode of transferring ownership or title of real property at the rate of not more than fifty percent (50%) of one percent (1%) of the total consideration involved in the acquisition of the property or of the fair market value in case the monetary consideration involved in the transfer is not substantial, whichever is higher. The sale, transfer or other disposition of real property pursuant to R.A. No. 6657 shall be exempt from this tax. xxx It shall be the duty of the seller, donor, transferor, executor or administrator to pay the tax herein imposed within sixty (60) days from the date of the execution of the deed or from the date of the decedent's death.

² **Section 151. Scope of Taxing Powers.** - Except as otherwise provided in this Code, the city, may levy the taxes, fees, and charges which the province or municipality may impose: Provided, however, That the taxes, fees and charges levied and collected by highly urbanized and independent component cities shall accrue to them and distributed in accordance with the provisions of this code. xxx

³ **Section 168. Surcharges and Penalties on Unpaid Taxes, fees, or Charges.** - The Sanggunian may impose a surcharge not exceeding twenty-five percent (25%) of the amount of taxes, fees or charges not paid on time and an interest at the rate not exceeding two percent (2%) per month of the unpaid taxes, fees or charges including surcharges, until such amount is fully paid but in no case shall the total interest on the unpaid amount or portion thereof exceed thirty-six (36) months.

⁴ **Section 4. Mandate.** - The Ministry shall be responsible for the formulation, institutionalization and administration of fiscal policies in coordination with other concerned subdivisions, agencies and instrumentalities of government.

⁵ **Section 192. Authority to Grant Tax Exemption Privileges.** - Local government units may, through ordinances duly approved, grant tax exemptions, incentives or reliefs under such terms and conditions as they may deem necessary.

- a. The grant of relief shall be imposed only on all surcharges and interests on local transfer tax on estates of decedent/s who died on or before 31 December 2017 and shall be availed by the legal heir/s, administrator or executor until 14 June 2021;
- b. The grant of relief shall be authorized under a duly enacted local ordinance upon the effectivity of this Circular;
- c. The grant of relief shall be applied to transfer on real property ownership by succession only, and in no case shall apply to other kinds of transfer.

Section 3. Supplementary Guidelines. All concerned shall comply and be guided by the following supplementary guidelines:

- a. *Assessment and Collection of Tax on Transfer of Real Property Ownership.* Local treasurers shall collect the tax on transfer of real property ownership, which shall only be based on the prevailing schedule of fair market value of the subject property at the time of the death of the decedent, and in accordance with the grant of relief that the LGU may authorize pursuant to this Circular.
- b. *Role of Local Assessors in the Estate Tax Amnesty.* In view of Annex C of Revenue Memorandum Order No. 33-2019, issued by the Commissioner of Internal Revenue, which provides a list of documentary requirements for real properties in order to acquire the Certificate of Availment and electronic Certificate Authorizing Registration (eCAR)⁶ to avail of the estate tax amnesty, the following shall be required by the assessors in processing the transfer, to wit:
 1. Certified true copy of the Tax Declaration of real property/ies, including the improvements thereon, at the time of death or the succeeding available tax declaration issued nearest to the time of death of the decedent, if none is available at the time of death; and
 2. Certificate of No Improvement issued by the Assessor's Office at the time of death of the decedent.

All Provincial, City, and Municipal Assessors shall annotate in the Tax Declarations the pertinent serial number of eCAR issued by the BIR.⁷

All Assessors shall issue the abovementioned documents in accordance with the prescribed processing time stated in their respective Citizen's Charters, Manual of Operations, or duly authorized process flow of the assessor's office, which shall in no case be longer than three (3) working days, for simple transactions, or seven (7) working days for complex transactions from the date the request and/or complete application or request was received.⁸

- c. *Requirements for the Issuance of Tax Declaration for the Transfer of Real Property Ownership.* The following shall be required and evaluated by the concerned local government assessor:

⁶ Sections 12 and 13, RR No. 6-2019

⁷ Administrative Order No. 186, series of 2002

⁸ Section 9(b)(2), RA No. 11032



Documentary Requirements	Titled	Untitled
1. Certified true copy of Original Certificate of Title (OCT) or Transfer Certificate of Title (TCT)	Yes	No
2. Copy of notarized deed of conveyance	Yes	
3. Electronic Certificate Authorizing Registration (eCAR)	Yes	
4. Copy of transfer tax receipt on real property ownership	Yes	
5. Tax Clearance or official receipt issued by the local treasurer on the payment of basic real property tax (RPT) and Special Education Fund (SEF), and other applicable levies	Yes	
6. Special Power of Attorney (SPA), if the declaration is made by duly authorized representative	Yes	
7. Other requirements as may be duly authorized under the ordinance or the Citizen's Charter of the LGU	Yes	

- d. *Data Privacy of Local Assessment Records.* In accordance with RA No. 10173, otherwise known as the Data Privacy Act of 2012, all local assessment offices shall ensure security of personal information of real property owners, and at the same time shall be accountable in the processing and releasing of local assessment records, whether in manual, printed, or electronic format, for official and other relevant purposes, as may be provided by law, rules and regulations.

Real parties in interest and those enumerated under Section 6 of RA No. 11213, including the executor or administrator of the estate, or if there is no executor or administrator appointed, the legal heirs, transferees or beneficiaries, may seek the disclosure of property holdings of the decedent, subject to presentation of applicable evidentiary documents, such as death certificate, birth certificate, marriage certificate, will, duly notarized deed of conveyance, SPA of heirs, among others, and after exercise of due diligence by the local assessor concerned.

Section 4. Monitoring. The Bureau of Local Government Finance shall monitor the implementation of this Department Circular, provide the necessary technical assistance to local governments, and issue clarificatory guidelines for the purpose.

Section 5. Repealing Clause. All Department orders, circulars, memoranda or issuances contrary or inconsistent herewith are hereby revoked and/or modified accordingly.

Section 6. Effectivity. This Department Circular shall take effect immediately upon its publication in a newspaper of nationwide circulation.



Carlos G. Dominguez
CARLOS G. DOMINGUEZ
 Secretary
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