



Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City



**SEVENTEENTH CONGRESS**

First Regular Session

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**COMMITTEE REPORT NO. 03**

Submitted by the Committee on Ways and Means on 05 OCT 2016

RE : House Bill No. 3955  
Recommending its approval in substitution of House Bill No. 3187

SPONSORS : Representative Dakila Carlo E. Cua

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Mr. Speaker:

The Committee on Ways and Means to which was referred House Bill No. 3187, introduced by Representatives Dakila Carlo E. Cua and Pantaleon D. Alvarez, entitled:

**“AN ACT MANDATING THE GOVERNMENT TO PROVIDE FOR AN ADDITIONAL AMOUNT OF CAPITAL GAINS TAX DUE IN THE JUST COMPENSATION FOR THE SALE OF PROPERTY IN THE EXERCISE OF THE STATE’S POWER OF EMINENT DOMAIN, AMENDING FOR THE PURPOSE SECTION 24 (D) OF REPUBLIC ACT NO. 8424, AS AMENDED, OTHERWISE KNOWN AS THE NATIONAL INTERNAL REVENUE CODE OF 1997”**

has considered the same and recommends that the attached House Bill No. 3955, entitled:

**“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 approved in substitution of House Bill No. 3187 with Representatives Dakila Carlo E. Cua, Pantaleon D. Alvarez, Joey Sarte Salceda and Llanda B. Bolilia as authors thereof.

Respectfully submitted,

  
**REP. DAKILA CARLO E. CUA**  
Chairman  
Committee on Ways and Means

The HONORABLE SPEAKER  
HOUSE OF REPRESENTATIVES  
QUEZON CITY



House of Representatives  
Quezon City, Metro Manila

Seventeenth Congress  
First Regular Session

House Bill No. **3955**

(in substitution of House Bill No. 3187)



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Introduced by Representatives Dakila Carlo E. Cua, Pantaleon D. Alvarez, Joey Sarte Salceda and Llanda B. Bolilia

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**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:*

**SECTION 1.** Section 24(D) 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. 24. X X X. —

(A) X X X

(B) X X X

(C) X X X

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

(1) In General. – X X X

(2) Exception. – (1) 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 adjudications 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 OF THE REAL PROPERTY THE JUST COMPENSATION AND THE AMOUNT OF DOCUMENTARY STAMP TAX DUE ON THE SAID TRANSACTION:

(a) X X X

(b) X X X

X X X.”

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

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

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

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

Approved,

# FACT SHEET

HOUSE BILL NO. 3955

*(in substitution of House Bill No. 3187)*

**“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”**

## OBJECTIVES:

- To justly indemnify real property owners whose properties have been expropriated by the government

## KEY PROVISIONS:

- Amends Sec. 24 (D) to the effect that government shall pay not only the just compensation but also the amount of CGT due on real property sale transactions involving the proper exercise of the power of eminent domain; and
- Likewise amends Sec. 196 such that in said real property “forced sales”, government shall likewise pay the compulsory seller the amount of DST aside from just compensation due

## RELATED LAW:

- The National Internal Revenue Code of 1997, as amended