

[BATAS PAMBANSA BLG. 37, September 07, 1979]

AN ACT AMENDING SECTIONS 34, 45, 51 AND 72 OF THE NATIONAL INTERNAL REVENUE CODE OF 1977, AS AMENDED, BY SUBJECTING TO THE FINAL TAX CAPITAL GAINS DERIVED FROM THE SALE OF REAL PROPERTY.

Be it enacted by the Batasang Pambansa in session assembled:

SECTION 1. Section 34 of the National Internal Revenue Code of 1977, as amended, is hereby further amended by adding thereto paragraph (h) to read as follows:

"(h) The provisions of paragraph (b) of this Section to the contrary notwithstanding, net capital gains from the sale or other disposition of real property by citizens of the Philippines or resident alien individuals shall be subject to the final income tax rates prescribed as follows:

NET CAPITAL GAINS	RATES
On the first P100,000 or less	10%
On any amount over P100,000	20%

such tax shall be in lieu of the tax imposed under Section 21 of this Code: *Provided, however,* That the tax liability, if any, on gains from sales or other dispositions of real property to the government or any of its political subdivisions or agencies or to government-owned or controlled corporations shall be determined either under Section 21 hereof or under this Section, at the option of the taxpayer; *Provided, further,* That if the taxpayer elects to report such gains in accordance with the provisions of Section 43 (b), the amount of the tax which shall be paid on each installment shall be the proportion of the tax herein imposed, which the installment payment received bears to the total selling price; *Provided, finally,* That failure on the part of the seller to pay the tax imposed herein on any gains returnable under the installment method will automatically disqualify the seller-taxpayer from paying the tax in installments and the unpaid portion of the tax shall immediately be due and demandable. The tax herein imposed shall be returned and paid in accordance with Sections 45 (c) and 51 (a) (4) of this Code.

"No registration of any document transferring real property shall be effected by the Register of Deeds unless the Commissioner or his duly authorized representative has certified that such transfer has been reported and the tax herein imposed, if any, has been paid; in case of deferred-payment sales of real property where the vendor retains title to the property, the vendee shall furnish the Commissioner with a copy of the instrument of sale within the same period prescribed for payment of the tax herein imposed."

SEC. 2. Subparagraphs (A) and (B) of paragraph (c) of Section 45 of the National Internal Revenue Code of 1977, as amended, are hereby renumbered as