



REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
BUREAU OF INTERNAL REVENUE

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RECORDS MGT. DIVISION

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May 31, 2012

REVENUE REGULATIONS NO. 9-2012

**SUBJECT :** Implementing Sections 24(D)(1), 27(D)(5), 57, 106 and 196 of the National Internal Revenue Code of 1997 on Non-Redemption of Properties Sold During Involuntary Sales

**TO :** All Internal Revenue Officers and Others Concerned

**Section 1. Scope.** – Pursuant to the provisions of Section 244 of the National Internal Revenue Code of 1997 (Tax Code), as amended, these Regulations are promulgated to: 1) implement Sections 24(D)(1), 27(D)(5), 57, 106 and 196 of the Tax Code and Revenue Regulations (RR) No. 2-98, as amended, and Revenue Regulations (RR) No. 16-2005, as amended, on non-redemption of property/ies sold during involuntary sales; and 2) revoke and amend all contrary issuances and rulings.

**Section 2. Taxability of Owner's/Mortgagor's Failure to Redeem his Foreclosed/ Auctioned Off Property/ies within the Applicable Statutory Redemption Period.** – In case of non-redemption of properties sold during involuntary sales, regardless of the type of proceedings and personality of mortgagees/selling persons or entities, the Capital Gains Tax (CGT) imposed under Sections 24(D)(1) and 27(D)(5) of the Tax Code, in relation to Section 57 of the Tax Code and RR 2-98, as amended, if the property is a capital asset; or the Creditable Withholding Tax (CWT) imposed under Section 57 and RR 2-98, as amended, if the property is an ordinary asset; the Value-added Tax (VAT) imposed under Section 106 of the Tax Code and RR 16-2005, as amended; and the Documentary Stamp Tax (DST) imposed under Section 196 of the Tax Code shall become due.

The buyer of the subject property, who is deemed to have withheld the CGT or CWT due from the sale, shall then file the CGT return and remit the said tax to the Bureau within thirty (30) days from the expiration of the applicable statutory redemption period; or file the CWT return and remit the said tax to the Bureau within ten (10) days following the end of the month after expiration of the applicable statutory redemption period, provided that, for taxes withheld in December, the CWT return shall be filed and the taxes remitted to the Bureau on or before January 15 of the following year.

If the property sold through involuntary sale is under the circumstances which warrant the imposition of VAT, the said tax must be paid to the Bureau by the VAT-registered owner/mortgagor on or before the 20<sup>th</sup> day or 25<sup>th</sup> day, whichever is applicable, of the month following the month when the right of redemption prescribes.

The DST return shall be filed and the said tax paid to the Bureau within five (5) days after the close of the month after the lapse of the applicable statutory redemption period.

The CGT/CWT/VAT and DST shall be based on whichever is higher of the consideration (bid price of the highest bidder) or the fair market value or the zonal value as determined in accordance with Section 6(E) of the Tax Code.

**Section 3. Repealing Clause.** – All regulations, rulings or orders, or portions thereof which are inconsistent with the provisions of these Regulations are hereby revoked, repealed or amended accordingly.

**Section 4. Effectivity.** – These Regulations shall take effect immediately.

  
CESAR V. PURISIMA  
Secretary of Finance

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Recommending Approval:

  
KIM S. JACINTO - HENARES  
Commissioner of Internal Revenue

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