

REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
**BUREAU OF INTERNAL REVENUE**  
Quezon City

August 22, 2003

**REVENUE MEMORANDUM CIRCULAR NO. 50-2003**

**SUBJECT:** Clarifying the Venue for Payment of Capital Gains Tax/ Creditable Expanded Withholding Tax and Corresponding Documentary Stamp Tax Relative to the Sale of Real Properties by Insurance Companies

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

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Pursuant to the Memorandum of Agreement (MOA) issued and signed in 1998 between the Insurance Commission (IC) and the Bureau of Internal Revenue (BIR), the filing of the returns and payment of premium tax, documentary stamp tax, value-added tax and income tax of all insurance companies shall be serviced by one bank located at or near the IC, which happened to be the Land Bank of the Philippines, U.N. Avenue Branch. With the implementation of this provision in the MOA, it has been misconstrued by some insurance companies that all taxes including capital gains tax (CGT)/creditable expanded withholding tax (EWT) and documentary stamp tax (DST) relative to the sale of real properties should be paid at the same venue. As provided under Revenue Regulations No. 8-98 and other pertinent internal revenue issuances, the internal revenue taxes pertaining to the sale of real properties shall be paid to an accredited agent bank (AAB) within the jurisdiction of a Revenue District Office (RDO) where the property being transferred is located or in areas where there are no AABs, to the Revenue Collection Officer (RCO) of the RDO having jurisdiction over the location of the property.

The confusion as to the venue of payment of CGT/EWT and DST by the aforesaid taxpayers resulted to the non-issuance of the Tax Clearance Certificate (TCL) and/or Certificate Authorizing Registration (CAR) by the concerned RDO unless and until the penalties due to payment at the wrong venue have been settled in full by these taxpayers. In order to address this problem, the penalties on violations of this nature committed by insurance companies from the effectivity of the MOA but prior to the issuance of this Circular are hereby waived.

However, for future transactions, all insurance companies are hereby advised to observe strictly the provisions of Revenue Regulations No. 8-98, as amended, and cause the payment of the CGT/EWT and corresponding DST on the sale of real properties to an AAB under the jurisdiction of the RDO where the property is located or, in areas where there are no AABs, to the RCO of the RDO having jurisdiction over the location of the property. Violation of the rule on venue hereafter committed shall require the imposition of surcharge and other penalties imposable under existing laws.

All concerned are hereby enjoined to be guided accordingly and give this Circular as wide a publicity as possible.

(Original Signed)  
**GUILLERMO L. PARAYNO, JR.**  
Commissioner of Internal Revenue