**DONOR’S TAX**

1. **Forms of Donation**

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| --- | --- | --- |
| **Type** | **Value** | **Form** |
| Movable (Art 748) | P5,000 or below | * Oral or written (public or private). * If oral, it must be with delivery (otherwise unenforceable – Statute of Frauds) * Acceptance need not be in writing. |
| Above P5,000 | Must be written & accepted also in writing (public/private) |
| Immovable | Regardless of value | Must be written & accepted also in public document (same or different/another instrument. Otherwise, it is void. |

1. **Cost Basis of Property**

|  |  |  |
| --- | --- | --- |
| **Mode of Acquisition** | | **Cost Basis** |
| Onerous | | Acquisition cost or amount paid by transferee (in case of acquisition for less than full & adequate consideration |
| Gratuitous | Gift | FMV or Value in the hands of donor whichever is lower. |
| Inheritance | FMV at date of inheritance. |

1. **Properties Subject to Estate/Donor’s Tax**

|  |  |  |  |
| --- | --- | --- | --- |
| **Location** | **Type** | **Citizens/Residents** | **Nonresident Alien** |
| Inside the Philippines | Real Property | Included | Included |
| Tangible Property | Included | Included |
| Intangible personal property | Included | Included subject to reciprocity |
| Outside the Philippines | Real Property | Included | Excluded |
| Tangible Property | Included | Excluded |
| Intangible personal property | Included | Excluded |

1. **Transfers for Less Than Full and Adequate Consideration**

|  |  |  |  |
| --- | --- | --- | --- |
| **Type** | | **Transfer Inter-vivos** | **Transfer in Contemplation of Death** |
| Real property | Capital | Capital Gains Tax | Estate Tax |
| Ordinary | Donor’s Tax |
| Personal property | Capital |
| Ordinary |

Note that for transfer inter-vivos, this does not include transfers in contemplation of death as those are subject to estate tax instead.