EXPANDED WITHHOLDING TAX RATE IMPOSED ON SALES OR TRANSFERS OF REAL PROPERTY BY BANKS

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For the information and guidance of all revenue officials and employees, quoted hereunder is the letter of former Commissioner Jose U. Ong to Mr. Charlie V. Gorayeb, President, Chamber of Real Estate and Builders' Association, Inc. (CREBA) dated June 29, 1990:

> "Due to the position taken by the HLURB, Commissioner that it has no legal basis to require or allow banks to register with it, the third requirement provided in Revenue Regulations No. 1-90; i.e., registration of the bank-seller of foreclosed real properties with the HUDCC or HLURB, shall not be required. In other words, in order that a bank may be entitled to the 2.5% creditable withholding tax on sales or transfers of real property on or after March 1, 1990, it only has to be habitually engaged in the real estate business; i.e., it must have at least six (6) real estate transactions during the preceding taxable year, and it is registered with CREBA.
>
> "In view thereof, the presentation of the License to Sell and the Certificate of Registration from HLURB is hereby dispensed with insofar as banks who meet the above requirements are concerned."

All revenue officials and employees are enjoined to give this circular as wide a publicity as possible.

Adopted: 21 Sept. 1993

(Sgd.) LIWAYWAY VINZONS-CHATO
Commissioner of Internal Revenue

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