

EFFECTIVITY OF THRESHOLD AMOUNTS FOR SALE OF RESIDENTIAL LOT, SALE OF HOUSE AND LOT, LEASE OF RESIDENTIAL UNIT AND SALE OR LEASE OF GOODS OR PROPERTIES OR PERFORMANCE OF SERVICE...

BIR REVENUE REGULATIONS NO. 3-2012, February 20, 2012

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Section 1. BACKGROUND. Sections 109(P), (Q) and (V) of the Tax Code of 1997, as amended provides that the amounts stated therein shall be adjusted to their present values using the Consumer Price Index as published by the National Statistics Office (NSO). With the issuance of Revenue Regulations No. 16-2011 dated October 27, 2011, the threshold amounts has been adjusted as follows:

Section

Amount in Pesos (2005)

Adjusted Threshold Amounts

Section 109 (P)

1,500,000

1,919,500.00

Section 109 (P)

2,500,000

3,199,200.00

Section 109 (Q)

10,000

12,800.00

Section 109 (V)

1,500,000

1,919,500.00

Section 2. EFFECTIVITY OF ADJUSTED THRESHOLD AMOUNT. — The new threshold amounts shall be made effective for instrument of sale (whether the instrument is nominated as a deed of absolute sale, deed of

conditional sale or otherwise) is executed and notarized on or after January 1, 2012.

Thus, pertinent portions of Section 4.106-3 of Revenue Regulations No. 16-2005, as amended by Revenue Regulations No. 16-2011 should properly be worded as follows:

“Section 4.106-3 Sale of Real Properties. — Sale of real properties held primarily for sale to customers or held for lease in the ordinary course of trade or business of the seller shall be subject to VAT.

Sale of residential lot with gross selling price exceeding P1,919,500.00, residential house and lot or other residential dwellings with gross selling price exceeding P3,199,200.00, where the instrument of sale (whether the instrument is nominated as a deed of absolute sale, deed of conditional sale or otherwise) is executed and notarized on or after January 1, 2012 and shall be subject to twelve percent (12%) output VAT.

However, for instruments of sale executed and notarized on or after Nov. 1, 2005 but prior to January 1, 2012, the threshold amounts should appropriately be P1,500,000 and P2,500,000 respectively, and excess thereof shall be subject to ten percent (10%) output VAT, and starting Feb. 1, 2006, to twelve percent (12%) output VAT.

xxx xxx xxx”

Moreover, Sections 4.109-1 (B)(1), (p)(4) of Revenue Regulations No. 16-2005, as amended by Revenue Regulations No. 16-2011 should properly be worded as follows:

“(p) The following sales of real properties are exempt from VAT, namely:

(4) Sale of residential lot valued at One Million Nine Hundred Nineteen Thousand Five Hundred Pesos (P1,919,500.00) and below, or house & lot and other residential dwellings valued at Three Million One Hundred Ninety-Nine Thousand Two Hundred Pesos (P3,199,200.00) and below where the instrument of sale/transfer/disposition was executed and notarized on or after January 1, 2012;

However, for instruments executed and notarized on or after Nov. 1, 2005 but prior to January 1, 2012, the threshold amounts should appropriately be P1,500,000 and P2,500,000 respectively.

Provided, That every three (3) years thereafter, the amounts stated herein shall be adjusted to its present value using the Consumer Price Index, as published by the national Statistics Office (NSO); Provided, further, that such adjustment shall be published through revenue regulations to be issued not later than March 31 of each year;

xxx xxx xxx”

Section 3. REPEALING CLAUSE. — All existing rules and regulations and other issuances or parts thereof which are inconsistent with the provisions of these Regulations are hereby modified, amended or revoked accordingly.

Section 4. EFFECTIVITY. — These regulations shall take effect starting January 1, 2012.

(SGD.) CESAR V. PURISIMA

Secretary of Finance

Recommending Approval:

(SGD.) KIM S. JACINTO-HENARES

Commissioner of Internal Revenue

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