

DLN:



Republika ng Pilipinas
Kagawaran ng Pananalapi
Kawanihan ng Rentas Internas

Capital Gains Tax Return

BIR Form No.

1706

July, 1999 (ENCS)

For Onerous Transfer of Real Property Classified as
Capital Asset (both Taxable and Exempt)

Fill in all applicable spaces. Mark all appropriate boxes with an X.

1 Date of Transaction (MM/DD/YYYY)	2 Amended Return? <input type="checkbox"/> Yes <input type="checkbox"/> No	3 No. of Sheets Attached	4 ATC <input type="checkbox"/> I I 4 2 0 <input type="checkbox"/> I C 4 2 0	Individual Corporation
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Part I Background Information

5 TIN Seller	6 RDO Code	7 TIN Buyer	8 RDO Code
9 Seller's Name (et al)		10 Buyer's Name (et al)	
11 Seller's Registered Address		12 Buyer's Registered Address	
13 Seller's Residence Address (For Individual)		14 Location of Property	

15 Classification of Property	<input type="checkbox"/> Residential <input type="checkbox"/> Agricultural	<input type="checkbox"/> Commercial <input type="checkbox"/> Industrial	<input type="checkbox"/> Condominium Residential <input type="checkbox"/> Condominium Commercial	Others (specify)
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16 Brief Description of the Property	Area sold (sq.m.)	Tax Declaration No.
TCT/OCT/CCT No.		Others

17 Is the property being sold your principal residence? (For Individual sellers only)	<input type="checkbox"/> Yes <input type="checkbox"/> No
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18 Do you intend to construct or acquire a new principal residence within 18 months from the date of disposition/sale? (For Individuals)	<input type="checkbox"/> Yes <input type="checkbox"/> No
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19 Does the selling price cover more than one property? <input type="checkbox"/> Yes <input type="checkbox"/> No	20 Are you availing of tax relief under an International Tax Treaty or Special Law? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, specify
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21 Description of Transaction (Mark one box only) <input type="checkbox"/> Cash Sale <input type="checkbox"/> Installment Sale <input type="checkbox"/> Exempt <input type="checkbox"/> Foreclosure Sale <input type="checkbox"/> Others If Exempt, or others, specify	For Installment Sale: 22 Selling Price 23 Cost and Expenses 24 Mortgage Assumed 25 Total Payments (Collection) During the Initial Year 26 Amount of Periodic Payment (Collection) 27 No. of Installments in the Contract 28 Date of Installment (MM/DD/YYYY)
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29 Fair Market Value (FMV) - Valuation at the time of Contract	29A <input type="checkbox"/> FMV of Land per latest Tax Declaration	29C <input type="checkbox"/> FMV of Land as determined by BIR Commissioner (zonal value)
29B <input type="checkbox"/> FMV of Improvements per latest Tax Declaration	29D <input type="checkbox"/> FMV of Improvements as determined by BIR Commissioner (BIR Rules)	

30 Determination of Taxable Base	30A <input type="checkbox"/> Gross Selling Price	30B <input type="checkbox"/> Bid Price (For Foreclosure Sale)
30C <input type="checkbox"/> Fair Market Value of Land and Improvement (Sum of 29A & 29B/29C & 29D/29A & 29D/29B & 29C, whichever is higher)	30D <input type="checkbox"/> Taxable Installment Collected (For Installment Sale Excluding Interest)	30F <input type="checkbox"/> Others (specify)
30E <input type="checkbox"/> On the Unutilized Portion of Sales Proceeds (in case nos. 17 & 18 are applicable) (see Schedule 1 at the back)	COMPUTATION	

Part II Computation of Tax

31 Taxable Base (Item 30A or 30C, whichever is higher, for cash sale, or item 30B, or item 30D, or Item 30E, or Item 30F, whichever is applicable)	31
32 6% Tax Due	32
33 Less: Tax Paid in Return Previously Filed, if this is an Amended Return	33
34 Tax Payable/(Overpayment)	34
35 Add: Penalties Surcharge Interest Compromise	35
35A 35B 35C	35D
36 Total Amount Payable/(Overpayment)/(Sum of Items 34 & 35D)	36
If Overpayment, mark one box only: <input type="checkbox"/> To be Refunded <input type="checkbox"/> To be Issued a Tax Credit Certificate	

I declare, under the penalties of perjury, that this return has been made in good faith, verified by me, and to the best of my knowledge and belief, is true and correct, pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof.

37 Taxpayer/Authorized Agent Signature over Printed Name	38 Title/Position of Signatory
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Part III Details of Payment

Particulars	Drawee Bank/ Agency	Number	Date MM DD YYYY	Amount
39 Cash/Bank Debit Memo				39
40 Check 40A	40B	40C	40D	40
41 Tax Debit Memo	41A	41B	41C	41
42 Others 42A	42B	42C	42D	42

Stamp of Receiving
Office and Date of
Receipt

Machine Validation/Revenue Official Receipt Details (If not filed with the bank)

Schedule 1	Computation of Tax Base on the Unutilized Portion of Sales Proceeds (if box nos. 17 and 18 are applicable)

BIR FORM 1706 - CAPITAL GAINS TAX RETURN
(For Onerous Transfer of Real Property Classified as Capital Asset - both Taxable and Exempt)
Guidelines and Instructions

Who shall file:

This return shall be filed in triplicate copies by all persons (natural or juridical) whether resident or non-resident, including Estates and Trusts, who sell, exchange, or dispose of a real property located in the Philippines classified as capital asset as defined under Sec. 39 (A) (1) of RA No. 8424. The term "sale" includes pacto de retro sale and other forms of conditional sales. The transaction may be taxable or exempt.

When and Where to File:

The return shall be filed by the seller with any Authorized Agent Bank (AAB) of the Revenue District Office (RDO) having jurisdiction over the place where the property being transferred is located.

In places where there are no AABs, the return shall be filed with the Revenue Collection Officer or duly Authorized City or Municipal Treasurer of the Revenue District Office having jurisdiction over the place where the property being transferred is located.

The return shall be filed within thirty (30) days following each sale, exchange or disposition of real property.

In case of installment sale where the taxpayer is allowed to pay the tax by installment under certain conditions and requirements, the return shall be filed within thirty (30) days following the receipt of the first down payment or following each subsequent installment payment, whichever is applicable.

One return shall be filed for every real property sold, exchanged or disposed of (for cash sale, or foreclosure sale), or every installment payment made (for installment sale).

When and Where to Pay

The total amount payable shall be paid to the Authorized Agent Bank (AAB) where the return is filed. In places where there are no AABs, payments shall be made directly to the Revenue Collection Officer or duly Authorized City or Municipal Treasurer who shall issue Revenue Official Receipt (BIR Form No. 2524) therefor.

For payments in AABs, the lower portion of the return must be properly machine-validated and stamped by the Authorized Agent Bank to serve as the receipt of payment. The machine validation shall reflect the date of payment, amount paid and transaction code, and the stamp mark shall show the name of the bank, branch code, teller's name and teller's initial. The AAB shall also issue an Official Receipt or bank debit advice or credit document, whichever is applicable, as additional proof of payment.

Tax Base/Rate:

There shall be imposed a final tax rate of six percent (6%) based on whichever is higher of the following:

- 1) The fair market value as determined by the Commissioner (zonal value);
- 2) The fair market value as shown in the Schedule of Values of the Provincial and City Assessors; or
- 3) The selling price of the property or fair market value of the property received in an exchange transaction.

Capital gains presumed to have been realized from the sale or disposition of their principal residence by natural persons, the proceeds of which is fully utilized in acquiring or constructing a new principal residence within eighteen (18) calendar months from the date of sale or disposition, shall be exempt from payment of the capital gains tax: Provided, That the historical cost or adjusted basis of the real property sold or disposed shall be carried over to the new principal residence built or acquired: Provided, further, that the Commissioner shall have been duly notified by the taxpayer within thirty (30) days from the date of sale or disposition through a prescribed return (Form 1706) and "Sworn Declaration of Intent", as prescribed in Revenue Regulations No. 13-99, of his intention to avail of the tax exemption herein mentioned: Provided, still further, That the said tax exemption can only be availed of once every ten (10) years: Provided, finally, that if there is no full utilization of the proceeds of sale or disposition, the portion of the gain presumed to have been realized from the sale or disposition shall be subject to capital gains tax. For this purpose, the gross selling price or fair market value at the time of sale, whichever is higher, shall be multiplied by a fraction which the unutilized amount bears to the gross selling price in order to determine the taxable portion and the tax due.

If the seller fails to utilize the proceeds of sale or disposition in full or in part within the 18-month reglementary period, his right of exemption from the capital gains tax did not arise to the extent of the unutilized amount, in

which event, the tax due thereon shall immediately become due and demandable on the 31st day after the date of the sale, exchange or disposition of principal residence. As such, he shall file his capital gains tax return covering the sale, exchange or disposition of his principal residence and pay the deficiency capital gains tax inclusive of the twenty five percent (25%) surcharge for late payment of the tax plus twenty percent (20%) delinquency interest per annum incident to such late payment computed on the basis of the basic tax assessed. The interest shall be imposed from the thirty-first (31st) day after the date of sale of principal residence until the date of payment, provided, that the date of sale shall mean the date of notarization of the document of sale, exchange, or disposition of principal residence.

Penalties:

There shall be imposed and collected as part of the tax:

1. A surcharge of twenty five percent (25%) for each of the following violations:
 - a. Failure to file any return and pay the amount of tax or installment due on or before the due dates;
 - b. Unless otherwise authorized by the Commissioner, filing a return with a person or office other than those with whom it is required to be filed;
 - c. Failure to pay the full or part of the amount of tax shown on the return, or the full amount of tax due for which no return is required to be filed on or before the due date;
 - d. Failure to pay the deficiency tax within the time prescribed for its payment in the Notice of Assessment.
2. A surcharge of fifty percent (50%) of the tax or of the deficiency tax, in case any payment has been made on the basis of such return before discovery of the falsity or fraud, for each of the following violations:
 - a. Willful neglect to file the return within the period prescribed by the Code or by rules and regulations; or
 - b. In case a false or fraudulent return is willfully made.
3. Interest at the rate of twenty percent (20%) per annum, or such higher rate as may be prescribed by rules and regulations, on any unpaid amount of tax, from the date prescribed for payment until the amount is fully paid.
4. Compromise penalty.

Attachments Required:

1. Copy of the Notarized Deed of Sale or Exchange;
 2. Photocopy of the Transfer Certificate of Title (TCT), Original Certificate of Title (OCT), or Condominium Certificate of Title (CCT);
 3. Certified True Copy of the latest tax declaration on lot and/or improvement;
 4. If what is sold is lot only, a certification from the Assessor's Office that there is no existing improvement on the property or that the improvement is in the name of another;
 5. Copy of BIR Ruling for tax exemption confirmed by the BIR, if applicable;
 6. Duly approved Tax Debit Memo, if applicable;
 7. For amended return, proof of tax payment and the previously filed return.
 8. "Sworn Declaration of Intent" as prescribed in Revenue Regulations 13-99, if the transaction is tax-exempt because the taxpayer falls under boxes 17 & 18. (See Form 1706)
- These requirements must be submitted upon field or office audit of the tax case before the Tax Clearance Certificate/Certificate Authorizing Registration can be released to the taxpayer.

Note: All Background information must be properly filled up.

- Box No. 1 refers to the transaction period and not the date of filing the return.
- TIN = Taxpayer Identification Number.
- The last 3 digits of the 12-digit TIN refers to the branch code.
- Onerous transfer means transfer for value.
- If box Nos. 17 and 18 are applicable, taxpayer should file an amended return (Amended Form 1706) if the sales proceeds are not fully utilized to acquire or construct new principal residence. However, if an Assessment Notice has already been issued, taxpayer should use Form No. 0605.

ENCS