



Republic of the Philippines  
**House of Representatives**  
Quezon City, Metro Manila



TWENTIETH CONGRESS

First Regular Session

House Bill No. 6861

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Introduced by REPRESENTATIVE GERALD CLOYD ALEXIS V. GALANG

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**EXPLANATORY NOTE**

*"Do not kill the hen that lays the golden eggs" in taxation means governments should avoid excessive tax rates or burdensome regulations that destroy the very sources of wealth creation.*

Middle and lower-income households encounter considerable challenges when making housing adjustments due to current tax regulations. The existing 6% Capital Gains Tax, calculated on the greater of either the gross selling price or fair market value, combined with Documentary Stamp Tax rates reaching 1.5% or higher, creates substantial transaction expenses. These costs consume a significant portion of the sale proceeds that families might otherwise allocate to essential needs.

A comparative analysis reveals that Singapore and Hong Kong similarly do not impose a general Capital Gains Tax on property transactions. Notably, Singapore treats profits derived from frequent property transactions as business income subject to taxation, whereas Hong Kong imposes neither Capital Gains Tax nor Estate taxes.

This proposed amendment represents more than a simple tax modification—it constitutes a family-friendly, middle-class supportive policy. It acknowledges the vital role that modest family homes play in the financial security and aspirations of low-to-middle income Filipinos. By exempting real property transactions valued at Php 5,000,000.00 and below from both Capital Gains Tax and Documentary Stamp Tax, this legislation delivers essential financial relief, improves housing flexibility, safeguards family assets, and advances tax equity. It enables ordinary Filipino families to maximize the value of their hard-earned properties and build a more secure future.

Thus, this bill seeks to address this inequity and alleviate the financial burden on low-to-middle income Filipino families by amending Sections 24(D) and 196 of the National Internal Revenue Code of 1997. The core proposal is to exempt from both

Capital Gains Tax (CGT) and Documentary Stamp Tax (DST) the sale, exchange, disposition, or conveyance of real property where the current fair market value does not exceed Five Million Pesos (PHP 5,000,000.00).

The urgent passage of this measure is sought to provide immediate and tangible benefits to countless low-to-middle income earners across the nation.

  
**GERALD GALANG**  
2<sup>nd</sup> Legislative District, City of Valenzuela



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**AN ACT**  
**AMENDING THE SECTIONS 24 (D) AND 196 OF REPUBLIC ACT NO. 8424, AS**  
**AMENDED, OTHERWISE KNOWN AS THE NATIONAL INTERNAL REVENUE**  
**CODE OF 1997**

*Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:*

**SECTION 1.** Section 24 of Republic Act No. 8424, as amended, otherwise known as the National Internal Revenue Code of 1997, is hereby further amended to read as follows:

"SEC. 24. x x x. -

" (a) x x x

" (b) x x x

" (c) x x x

**(d) Capital Gains from Sale of Real Property. -**

(1) *In General.* - The provisions of Section 39(B) notwithstanding, a final tax of six percent (6%) based on the gross selling price or current fair market value as determined in accordance with Section 6(E) of this Code, whichever is higher, is hereby imposed upon capital gains presumed to have been realized from the sale, exchange, or other disposition of real property located in the Philippines, classified as capital assets, including pacto de retro sales and other forms of conditional sales, by individuals, including estates and trusts: Provided, That the tax liability, if any, on gains from sales or other dispositions of real property to the government or any of its political subdivisions or agencies or to government-owned or controlled corporations shall be determined either under Section 24 (A) or under this Subsection, at the option of the taxpayer.

**(2) Exception. -**

**(a) x x x**

- (b) **NOTWITHSTANDING THE CAPITAL GAINS TAXATION RULES WITHIN THIS SUBSECTION, ANY GAIN REALIZED FROM THE DISPOSITION OF REAL PROPERTY SHALL BE EXEMPT FROM THE IMPOSITION OF SAID TAX WHERE THE PROPERTY'S CURRENT FAIR MARKET VALUE IS FIVE MILLION PESOS (Php 5,000,000.00) OR LESS.**

**SEC. 2.** Section 196 of Republic Act No. 8424, as amended, otherwise known as the National Internal Revenue Code of 1997, is hereby further amended to read as follows:

**“SEC. 196. Stamp Tax on Deeds of Sale and Conveyances of Real Property. –** On all conveyances, deeds, instruments, or writings, other than grants, patents or original certificates of adjudication issued by the Government, whereby any land, tenement or other realty sold shall be granted, assigned, transferred or otherwise conveyed to the purchaser, or purchasers, or to any other person or persons designated by such purchaser or purchasers, there shall be collected a documentary stamp tax, at the rates herein below prescribed, based on the consideration contracted to be paid for such realty or on its fair market value determined in accordance with Section 6(E) of this Code, whichever is higher: Provided, That when one of the contracting parties is the Government, the tax herein imposed shall be based on the actual consideration: **PROVIDED, FURTHERMORE, THAT ANY AND ALL CONVEYANCES, DISPOSITIONS, OR TRANSFERS OF REAL PROPERTY HAVING A CURRENT FAIR MARKET VALUE OF LESS THAN FIVE MILLION PESOS (PHP 5,000,000.00) SHALL HEREBY BE EXEMPTED FROM THE IMPOSITION OF AND LIABILITY FOR DOCUMENTARY STAMP TAX AS PRESCRIBED BY THE PROVISIONS OF THIS CODE.**

“(a) x x x

“(b) x x x

“x x x.”

**SEC. 3. Rules and Regulations.** – The Secretary of Finance shall, upon the recommendation of the Commissioner of Internal Revenue, within sixty (60) days from the effectivity of this Act, promulgate the necessary rules and regulations to faithfully implement the intent and the provisions of this Act: Provided, That the failure of the Secretary of Finance to promulgate the said rules and regulations shall not prevent the implementation of this Act upon its effectivity.

**SEC. 4. Repealing Clause.** All laws, decrees, executive orders, rules, and regulations, or parts thereof which are inconsistent with the provisions of this Act are hereby repealed, amended, or modified accordingly.

**SEC. 5. Separability Clause.** If any provision of this Act is declared unconstitutional or invalid, the remaining provisions shall not be affected and shall remain in full force and effect.

**SEC. 6. Effectivity.** This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

*Approved,*