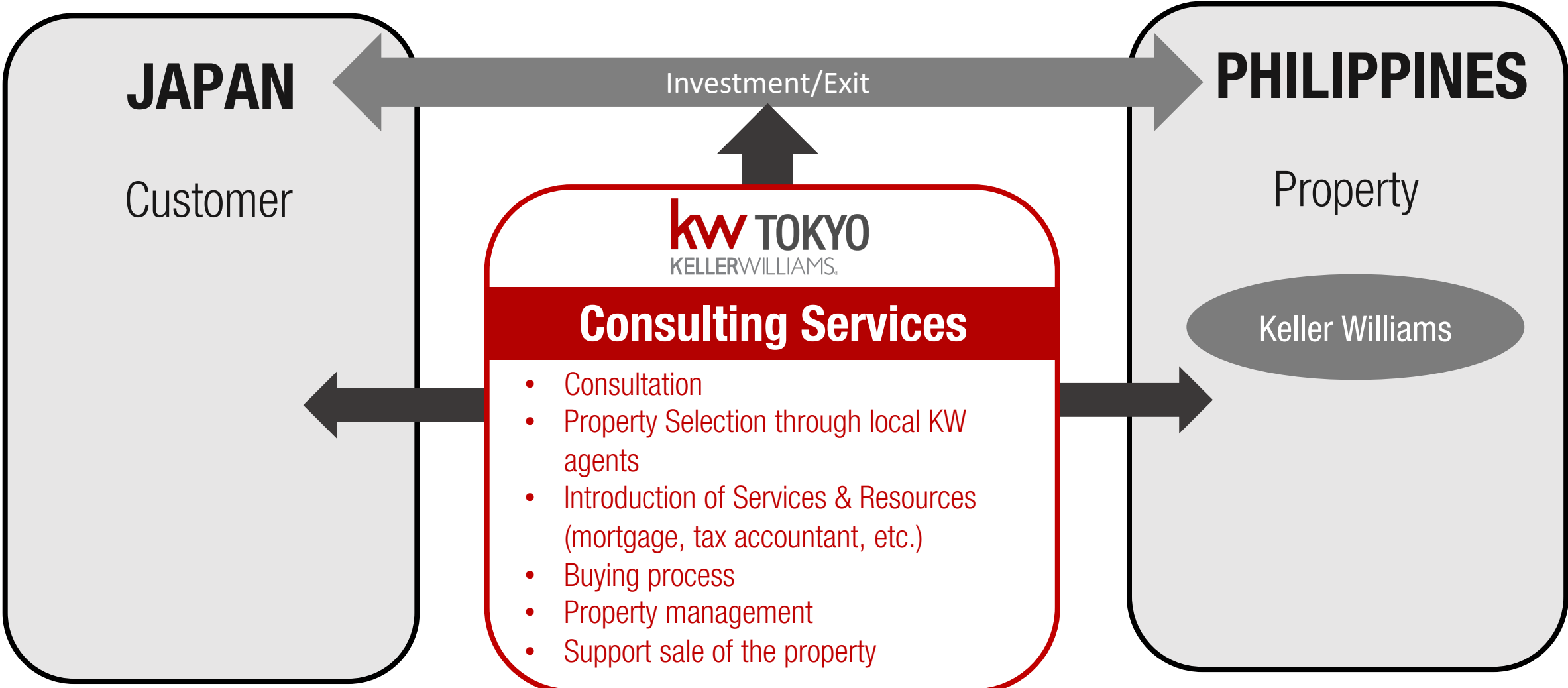




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# **Guidelines in Buying Ph Properties**

# KW Tokyo & KW Philippines Services



# How to buy property in the Philippines?

## Legal steps for transfer of titles for lands and apartments

1. A deal between buyer and seller is made regarding sale of the property.
2. Lawyer creates and notarizes a Deed of Absolute Sale (SoAS)
3. Parties obtain a Land Tax Declaration from the BIR and submits it to the office of the city's Assessor
4. Real estate tax will be paid by the buyer at the City Treasurer's office.
5. City Assessor's office determines the property's market value.
6. Buyer will pay transfer taxes to Assessor's office.
7. The Documentary Stamp and Capital Gains tax are paid at the BIR's office.
8. The Registry of Deeds will now cancel the ownership of the seller on the property and awards a new one to the buyer.
9. Buyer gets copies of the new title and visits the Assessor's office to request for tax declaration.
10. Condos that have 60% owned by locals can be acquired by foreigners, land ownership is limited for foreigners
11. Loan financing is limited only to resident foreigners and local buyers.

# Real Estate Taxes in the Philippines

Amount of Payment	Real Property Tax = 2% x Assessed Value of the Property
Frequency of Payment	Quarterly
Exemption	<ul style="list-style-type: none"><li>• Real property owned by the Republic of the Philippines</li><li>• Charitable institutions, churches, clergy houses or convents, mosques, non-profit or religious cemeteries (basically all that's used for religious, charitable, or educational purposes)</li><li>• Machinery and equipment used by local water districts</li><li>• Machinery and equipment used for pollution control and environmental protection</li></ul>
Other Types of Taxes	<p>Selling and renting out:</p> <ul style="list-style-type: none"><li>• Capital Gains Tax</li><li>• Rental Income Tax</li></ul> <p>Buying:</p> <ul style="list-style-type: none"><li>• Documentary Stamp Tax</li><li>• Registration Fee</li><li>• Transfer Tax</li></ul>

# Transaction Fees and Charges related to purchase of property in the Philippines

Fees & Charges	Amount	Paid By
Registration Fee	1%	Buyer
Documentary Stamp Tax	1.50%	Buyer
Local Transfer Tax	0.50% to 0.75%	Buyer
Notary Fee	1% to 2%	Buyer
Capital Gains Tax	6%	Seller
Real Estate Broker Fee	3% to 5%	Seller

**Notes:**

- Notary fee is negotiable
- Local transfer tax: Metro Manila (0.75%), Provinces (0.5%)
- Documentary Stamp Tax: Based on selling price or fair market value (whichever is higher)
- Capital Gains Tax: Transaction tax incurred during sale or transfer of properties identified as capital assets. Value (6%) is based on selling price or fair market value (whichever is higher)

## **Can a Foreigner Own Land in the Philippines?**

Foreigners or expats interested in acquiring land or real property through aggressive ownership structures must consider the provisions of the Philippines' Anti-Dummy Law to determine how to proceed. A major restriction in the law is the restriction on the number of foreign members on the Board of Directors of a landholding company (which is limited to 40% foreign participation). Another concern is the possible forfeiture of the property if the provisions of the law is breached.

## **Are there any exceptions to the restriction on foreign land acquisition?**

Yes, there are. The list of exceptions to the restriction are as follows:

- Acquisition before the 1935 Constitution
- Acquisition through hereditary succession if the foreigner is a legal or natural heir
- Purchase of not more than 40% interest in a condominium project
- Purchase by a former natural-born Filipino citizen subject to the limitations prescribed by law (natural-born Filipinos who acquired foreign citizenship is entitled to own up to 5,000 sq.m. of residential land, and 1 hectare of agricultural or farm land).
- Filipinos who are married to aliens and able to retain their Filipino citizenship (unless by their act or omission they have renounced their Filipino citizenship)

# Rules of Ownership

## **Can a Corporation Own Land in the Philippines?**

Foreign nationals, expats or corporations may completely own a condominium or townhouse in the Philippines. To take ownership of a private land, residential house and lot, and commercial building and lot, they may set up a [domestic corporation in the Philippines](#). This means that the corporation owning the land has less than or up to 40% foreign equity and is formed by 5-15 natural persons of legal age as incorporators, the majority of which must be Philippine residents.

## **Can a Foreigner Lease Real Estate Property in the Philippines?**

Leasing land in the Philippines on a long-term basis is an option for foreigners, expats or foreign corporations with more than 40% foreign equity. Under the [Investors' Lease Act](#) of the Philippines, they may enter into a lease agreement with Filipino landowners for an initial period of up to 50 years renewable once for an additional 25 years.

## **Can a Foreigner Own Residential Houses or Buildings in the Philippines?**

Foreign ownership of a residential house or building in the Philippines is legal as long as the foreigner or expat does not own the land on which the house was built.



# Rules of Ownership

## **Can a Foreigner Own Condominiums or Townhouses in the Philippines?**

The [Condominium Act of the Philippines](#) (RA 4726) expressly allows foreigners to acquire condominium units and shares in condominium corporations up to 40% of the total and outstanding capital stock of a Filipino-owned or controlled condominium corporation. However, there are a very few single-detached homes or townhouses in the Philippines with condominium titles. Most condominiums are high-rise buildings.

## **Can a Foreigner Married to a Filipino Citizen Hold a Land Title in the Philippines?**

If holding a title as an individual, a typical situation would be that a foreigner married to a Filipino citizen would hold title in the Filipino spouse's name. The foreign spouse's name cannot be on the Title but can be on the contract to buy the property. In the event of the death of the Filipino spouse, the foreign spouse is allowed a reasonable amount of time to dispose of the property and collect the proceeds or the property will pass to any Filipino heirs and/or relatives.

## **Can a Former Natural-Born Filipino Citizen own Private Land in the Philippines?**

Any natural-born Philippine citizen who has lost their Philippine citizenship may still own private land in the Philippines (up to a maximum area of 5,000 square meters in the case of rural land). In the case of married couples, the total area that both couples are allowed to purchase should not exceed the maximum area mentioned above.

# Rules of Ownership

## **Can a Former Filipino Citizen or OFW Buy and Register Properties Under Their Name?**

Former natural-born Filipinos who are now naturalized citizens of another country can buy and register, under their own name, land in the Philippines (but with limitations in land area).

However, those who avail of the Dual Citizenship Law in the Philippines can buy as much as any other Filipino citizen.

Under the [Dual Citizenship Law of 2003](#) (RA 9225), former Filipinos who became naturalized citizens of foreign countries are deemed not to have lost their Philippine citizenship, thus enabling them to enjoy all the rights and privileges of a Filipino citizen regarding land ownership in the Philippines.

# Documentary Requirements for OFW (move - how to buy)

UNDER AGENCY	DIRECT HIRE
1. Completed and signed application form	1. Any two income documents are required:
2. Clear copy of one valid ID (photo-bearing government issued of borrower/spouse/co-borrower/signatories of the loans)	<ul style="list-style-type: none"><li>• Consularized Special Power of Attorney is needed if with attorney in fact</li></ul>
3. Any one of the following income documents: <ul style="list-style-type: none"><li>• Certificate of Employment with compensation (issued within the last 6 months) Latest Crew Contract (for seafarer/seaman)</li><li>• Latest Employment Contract (for land-based OFW)</li><li>• Allotment Slip</li><li>• Latest 3 months pay slip or bank statement for past 3 months</li></ul>	<ul style="list-style-type: none"><li>• Mortgage Redemption Insurance (MRI) Application Form</li><li>• Relevant collateral documents</li></ul>

# Documentary Requirements for Foreign Borrowers

FOREIGNERS ISSUED WITH WORKING OR RESIDENT VISA	FOREIGNERS ISSUED WITH FILIPINO TIES
1. Copy of VISA and Passport	1. Copy of VISA and Passport
2. Must be working or residing in the Philippines under Alien Social Integration Act RA 7919	2. Marriage Certificate
3. Alien Certificate of Registration Identity Card	3. Proof of Filipino Citizenship
4. Alien Employment Permit	4. Filipino spouse should be the Principal Borrower
5. Consularized Special Power of Attorney	5. Consularized Special Power of Attorney

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## ご相談

- 現地KWエージェントのネットワークを利用した幅広い物件の選択
- 各種サービスパートナーのご案内（銀行、税理士等）

## ご購入

- 物件の購入申し込み
- 売買契約の締結と物件の引き渡し

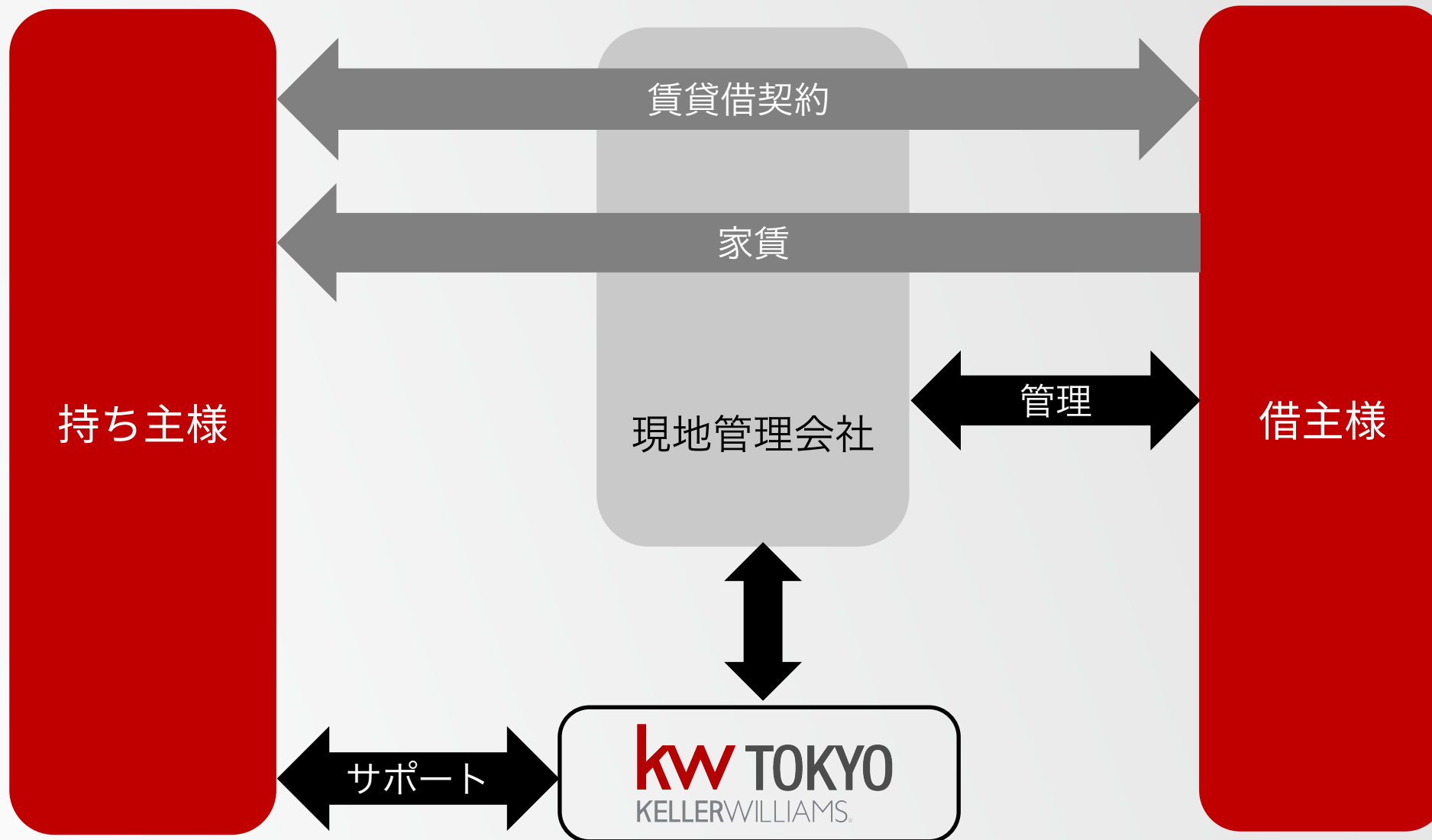
## 物件の運用

- 賃貸管理会社の選択
- 入居者の募集と家賃の回収

## 出口戦略

- 市場動向や節税効果を考慮したうえでの売却時期に関するご相談









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