REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
Quezon City

Section 32, RA No. 7279
BIR Ruling No. 053-15
311-2016
6-28-2016

DON VICENTE VILLAS HOMEOWNERS ASSOCIATION INC. PH-7
Brgy. Pulo, Cabuyao, Laguna

Attention: **DANILO F. PALMA**
President

Gentlemen:

This refers to the letter of Ma. Ana R. Oliveros, President of the Social Housing Finance Corporation (SHFC) dated September 15, 2015, endorsing the sale transaction between Roderick B. Bella and Don Vicente Villas Homeowners Association, Inc. Ph-7 for exemption from the payment of Capital Gains Tax and other taxes in accordance with the Republic Act (RA) No. 7279, otherwise known as the "Urban Development and Housing Act of 1992".

Documents submitted disclose that Roderick B. Bella (hereinafter referred to as Landowner) is the registered owner of a parcel of land, identified as Lot 1-A of the subd. Plan Psd-04-1955332, being a potion of Lot 1, Psu-69751 covered by Transfer Certificate of Title (TCT) No. issued by the Registry of Deeds for the Calamba City. The aforesaid property is situated at Brgy. Pulo, Cabuyao, Laguna with an area of Twelve Thousand Eleven square meters (12,011 sq.m.), more or less. Don Vicente Villas Homeowners Association, Inc. Ph-7 (TIN , on the other hand, is a homeowner's organization duly registered with the Housing and Land Use Regulatory Board (HLURB). On April 20, 2015, the parties executed a Deed of Absolute Sale whereby the Landowner, through his Attorney-in-Fact, Roland Rex B. Bella, transferred and conveyed the subject property[1] to Don Vicente Villas Homeowners Association, Inc. Ph-7 at an agreed price of

Pursuant to the certification issued by SHFC, 5,381 sq.m. out of 12,011 sq.m. covered by TCT No. actually comprises a Community Mortgage Program (CMP) Project and shall be proportionately distributed to the association's qualified member-beneficiaries[2]. For this purpose, Don Vicente Villas Homeowners Association, Inc. Ph-7 secured a housing loan under the CMP, a financing assistance program of the SHFC a subsidiary of the National Home Mortgage Finance Corporation (NHMFC). Documentary Stamp Tax (DST) due on the sale has been paid.

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[1] Five Thousand Three Hundred Eighty One square meters (5,381 sq.m.) under the CMP at an agreed price of
(nd the remaining area was acquired by direct buyers
[2] see Annex for the masterlist of qualified beneficiaries

In support of its request, Don Vicente Villas Homeowners Association, Inc. Ph-7 has completely submitted on September 18, 2015 the following documents:

1) SHFC letter application for tax exemption;
2) Certification of the President of the SHFC that 5,381 sq.m. portion of the subject property qualifies and is actually a CMP project;
3) SHFC Letter of Guaranty No.
4) Certified true copy of the Deed of Absolute Sale to the Community Association;
5) Certified true copy of the Articles of Incorporation of the Community Association;
6) Certified true copy of the Masterlist of Qualified Beneficiaries duly certified by the SHFC;
7) Certified true copies of the TCT and Latest Tax Declaration of the Property Sold to the Community Association;
8) Certified true copy of the Location Plan of the Lot Sold to the Community Association;
9) TIN ID /BIR Certificate of Registration of the seller and the Homeowner Association; and
10) *Other pertinent documents*

In reply, please be informed that pursuant to Section 32 of RA No. 7279, pertinent portions of which state that:

> *"Sec. 32. Incentives. — To encourage its wider implementation, participants in the CMP shall be granted with the following privileges or incentives:*
>
> *xxx xxx xxx*
>
> *(b) Properties sold under the CMP shall be exempted from the capital gains tax; and"*

the landowners who sold their properties for use in a socialized housing project are exempt from the payment of capital gains tax.

Such being the case, the sale by Roderick B. Bella to Don Vicente Villas Homeowners Association, Inc. Ph-7 of 5,381 sq.m. out of 12,011 sq.m. covered by TCT No. is exempt from the capital gains tax.

Upon issuance of this letter of exemption, and upon registration of the document of sale, a lien on the Certificate of Title of the land to be issued in the name of the Homeowner's Association shall be annotated by the Register of Deeds having jurisdiction over the property, to the effect that the said property shall be used for socialized housing pursuant to RA No. 7279. (BIR Ruling No. 053-15 dated February 27, 2015)

However, the documentary stamp tax is not one of the taxes covered by the tax exemption clause in Sec. 32 of RA 7279. Accordingly, the landowners are liable to pay

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the documentary stamp tax on the document conveying the afore-stated property imposed under Section 196 of the Tax Code of 1997, based on the consideration contracted to be paid for such realty or its fair market value determined in accordance with Section 6 (E) of the said Code, whichever is higher.

It is, however, understood that this ruling is never intended and shall not be construed as giving authority to the concerned Register of Deeds to effect transfer of the land title in the name of the buyer without the necessary certificate of authority to register issued by this Bureau. In this regard, this ruling shall be presented to the Revenue District Office (RDO) concerned in order for the latter to issue the Certificate Authorizing Registration (CAR). The CAR shall only be issued after the submission of the requirements provided under RMO15-2003. (BIR Ruling No. 053-15 dated February 27, 2015)

Notwithstanding the foregoing, the Bureau of Internal Revenue shall conduct verification and post-audit that the actual occupants of the property transferred under the CMP are qualified beneficiaries and therefore, the sellers are entitled to exemption from capital gains tax or income tax imposed under the Tax Code of 1997.

This ruling is being issued on the basis of the foregoing facts as represented. However, if upon investigation, it will be ascertained that the facts are different, then this ruling shall be considered as null and void.

Very truly yours,

KIM S. JACINTO-HENARES
Commissioner of Internal Revenue

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DON VICENTE VILLAS HOMEOWNERS ASSOCIATION INC. PH-7

Brgy. Pulo, Cabuyao, Laguna

Name of Beneficiary				Blk. No.	Lot No.	Total Area (sq.m.)
1	SAMBO	DOMINGO JR.,	QUIMBAO	1	1	68.73
2	RAMOS,	CHRISTOPHER	LANDICHO	1	3	59.44
3	RAMOS,	ANNALIZA	LANDICHO	1	4	59.44
4	PADILLA,	ANDREW	REYES	1	5	59.44
5	DIPLOMO,	DANILO	LEGASPI	1	6	59.44
6	DIPLOMO,	AMY	LEGASPI	1	8	59.44
7	PAUYO JR,	DANILO	NATIONAL	1	9	59.44
8	ABIHAY,	CHERRY	ALAON	1	10	59.44
9	AVILA,	MELANIE	ARELLANO	1	11	59.44
10	ROSSIN,	MARICHU	ASAYTONO	1	12	59.44
11	LEGO,	MICHAEL	TONGOL	1	13	59.44
12	TABELISMA,	GAVINO	BELARDE	1	16	59.44
13	PINGOL,	FEDERICO	BUOT	1	17	59.44
14	UGAN,	ANALIZA	CANANAS	1	18	59.44
15	ABA,	MARISSA	DEQUET	1	19	59.44
16	ASPACIO,	HANELLIA	PAMINTUAN	1	20	59.44
17	SILAO,	ROGELIO	CALBO	1	21	59.44
18	MIRALLES,	BRAYAN	LEGO	1	22	59.44
19	CAMACHO,	MELCHOR	CAMANTIGUE	1	23	59.44
20	JARQUE,	ROSANNA	ORIJUELA	1	24	59.44
21	ORIJUELA,	THELMA	RATIO	1	26	59.44
22	ALATA,	FERDINAND	DELA CRUZ	1	28	59.44
23	FERASOL,	BILLY	FURATERO	1	29	59.44
24	MARQUEZ,	CHONA	ARELLANO	1	30	59.44
25	MORAL,	MYRNA	MIRASOL	1	31	59.44
26	SOLO,	ROGELIA	BOTONA	1	32	59.44
27	TUD,	MICHAEL ANGELO	TAPEN	1	33	59.44
28	SOLO,	JOPHET	BOTONA	1	34	59.44
29	SOLO,	REY	BOTONA	1	36	59.44
30	AÑOSO,	IRIS	LAPUZ	2	2	68.73
31	VALENTON,	PAULINO	PINGOL	2	10	59.44
32	MENDOZA,	LUZVIMINDA	BANGCOLITA	2	12	59.44
33	BUENO,	JIONA	NABARTE	2	14	59.44
34	TICA,	SALVADOR	ALIPALA	2	18	59.44
35	TORENTE,	ELLEN	GARCIA	2	20	59.44
36	SABOSAP,	GEMMA	ARIAGA	2	21	59.44
37	ROSALES,	WILMA	FACTOR	2	22	59.44
38	DELA CERNA,	PAULITO JR.	BON	2	23	59.44
39	TICA,	CRISTINA	ALIPALA	2	33	59.44
40	TICA,	GUILLERMO	ALIPALA	2	35	59.44
41	TICA,	EDENCIA	RAMOS	2	36	59.44
42	LUCING,	MARY ANN	BATUCABE	2	37	59.44
43	MARAVE,	SILVINO	DE CASTRO	2	38	59.44
44	LUCING,	RAMIL	BATUCABE	2	39	65.01

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45	BARBASA,	ARTEMIO	T.	3	5	59.44
46	NANO,	EFREN	GUERRERO	3	6	59.44
47	ARCILLA,	BABY JEAN	D.	3	7	59.44
48	NANO,	VERONICA	GUERRERO	3	8	59.44
49	ALBO,	MERIAM	BATOLINAO	3	16	59.44
50	ALBO,	MAY	BATOLINAO	3	18	59.44
51	TUTING	ANDRES JR.	U.	3	19	59.44
52	DELOS SANTOS,	LEYLANIE	RAMOS	3	22	59.44
53	SALLAN,	BABYLIN	RONCEJERO	3	24	59.44
54	PALMA,	JOSE ALDRIN	ADORAL	3	25	59.44
55	RONCEJERO,	BENITO	BERMAS	3	26	59.44
56	MORALES,	CRISTITA	OCAMPO	3	27	59.44
57	RONCEJERO,	MARITES	BERMAS	3	28	59.44
58	HERNANDEZ,	JONALYN	BEROG	3	29	59.44
59	ARCILLA,	JAYSON	D.	4	3	59.44
60	MENDOZA,	MYLONA	ZUELA	4	8	59.44
61	TABLANG,	ERVIN	ABALOS	4	9	59.44
62	SALVADOR,	MARISSA	VALDEZ	4	11	59.44
63	ABECE,	LEANDRO	KILEOPE	4	20	59.44
64	BEROG,	EMMANUEL	VECINA	4	22	59.44
65	APILA,	WENELYN	FROGOSA	5	9	59.44
66	BAGANDO	GRACE	J.	5	19	59.44
67	FORTON,	JENNY	ROXAS	5	21	59.44
68	FORTON,	JOEVEN	ROXAS	5	23	59.44
69	BEREDO,	WILFREDO	ROQUERO	5	25	59.44
70	PALMA,	CATHERINE	BETIKO	5	26	59.44
71	NACE,	JOCEPHINE	FORTON	5	27	59.44
72	PALMA,	DANILO	FLORES	5	28	59.44
73	RECTO,	SERGIO JR.	PERALTA	5	29	61.30
74	RECTO,	MARIVIC	PERALTA	5	31	61.30
75	MUZARES,	RONILO	SANCHEZ	6	19	59.44
76	MUZARES,	NIÑO	MAMANGUN	6	21	59.44
77	LACORTE,	JACINTO	LUNA	6	31	61.30
78	FERRER,	JANETH	ALVAREZ	7	21	59.44
79	ROSARIO,	JERRY	VALERIO	7	22	59.44
80	ALVAREZ,	SAINT JOHN	SANTIAGO	7	23	59.44
81	ISTURIS,	CLARIBEL	SAUZA	7	24	59.44
82	BRAVO,	NILO	AMARO	7	26	59.44
83	SAYAGO,	JONEL	BRONDO	8	7	59.44
84	LERON,	HENRY	BIGKAS	8	8	59.44
85	NITULLANO,	ROGELIO JR.	ALZONA	8	9	59.44
86	PONGOS,	LUCENA	DIANO	8	10	59.44
87	LEONEN,	GLENDA	VALENTON	8	11	59.44
88	BENITEZ,	RHEA	VALENTON	8	15	59.44
89	CAMPILAN,	JOAN	TORION	8	26	59.44
90	DEGUIT,	DENNIS	VEROY	8	27	61.30

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