REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

RA7279
BIR Ruling No. 063-14
#005-2016 1-6-2016

BILREY CONSTRUCTION/ EDDMARI CONSTRUCTION AND TRADING/ C.S. GARCIA CONSTRUCTION-JOINT VENTURE
23 Pelayo St., BF Homes Quezon city

Attention : **CRISANTO S. GARCIA**
Owner/ Manager
C.S. Garcia Construction

Gentlemen:

This refers to your letter dated October 29, 2015 requesting issuance of Certificate of Tax Exemption for the socialized housing project under the Yolanda Housing Project located at Brgy. New Kawayan, Sta. Elena, Tacloban City pursuant to Republic Act (R.A.) No. 7279, otherwise known as the "Urban Development and Housing Act of 1992".

Documents submitted show that the National Housing Authority (NHA) (TIN: [redacted]), is the registered owner of parcels of land covered by two (2) Transfer Certificates of Title (TCT) located at Brgy. New Kawayan, Sta. Elena, Tacloban City, to wit:

TCT	Lot	Area (sq. m.)
[redacted]	1-B	46,473
[redacted]	5816-A	25,072
	Total Area	71,545

all issued by the Registry of Deeds for Leyte Province.

The above described properties have been identified and certified for development into a residential project under the Yolanda Permanent Housing Program intended for the families affected by Typhoon Yolanda and qualified for housing assistance under R. A. No. 7279. The NHA has issued Notice of Award dated March 31, 2015 to Bilrey Construction/Eddmari Construction and Trading/C.S. Garcia Construction-Joint Venture for the "Procurement of Fully Developed Lots and

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Recieved by:
Janet B. Battung
1-18-16

Completed Housing Units under the NHA's Yolanda Housing Program located at Brgy. New Kawayan, Sta. Elena, Tacloban City-1,000 Housing Units" with a contract price of [redacted] Pesos ([redacted]).

To give effect to the Notice of Award, Contract for the Procurement of House and Lot Packages at New Hope Village located at Brgy. New Kawayan, Sta. Elena, Tacloban City was executed on May 7, 2015 between NHA and Bilrey Construction/ Eddmari Construction and Trading/C.S. Garcia Construction-Joint Venture, whereby the latter is committed to deliver One Thousand (1,000) units (House and Lot Package) for a price of P[redacted], and that according to the contract, the scope of work under this project are "survey works, earthworks, road works, drainage works, water system, electrical power lines, miscellaneous works and housing construction.

In reply, please be informed that pursuant to Section 20 of Republic Act (RA) No. 7279, pertinent portions of which state that:

> *"Sec. 20. Incentives for Private Sector Participating in Socialized Housing. — To encourage greater private sector participation in socialized housing and further reduce the cost of housing units for the benefit of the underprivileged and homeless, the following incentives shall be extended to the private sector:*
>
> *xxx xxx xxx*
>
> *"(d) Exemption from the payment of the following:*
>
> *(1) Project-related income taxes;*
> *(2) Capital Gains Tax on raw lands used for the project;*
> *(3) Value-added tax for the project contractor concerned;"*
>
> *xxx xxx xxx*

Considering that Bilrey Construction/Eddmari Construction and Trading/C.S. Garcia Construction-Joint Venture is a project contractor whose services are engaged by NHA to undertake construction of 1,000 Housing Units with its necessary construction components in New Hope Village located at Brgy. New Kawayan, Sta. Elena, Tacloban City and which was certified by the NHA as a socialized housing project as resettlement site pursuant to R.A. 7279, the income directly realized by Bilrey Construction/Eddmari Construction and Trading/C.S. Garcia Construction-Joint Venture from the land development and housing construction with its necessary construction components for 1,000 Housing Units in New Hope Village located at Brgy. New Kawayan, Sta. Elena, Tacloban City shall be exempt from project-related income taxes. (BIR Ruling No. 063-14 dated February 19, 2014)

Moreover, pursuant to Section 20 (d)(3) of R.A. No. 7279, the housing construction with its necessary construction components for 1,000 Housing Units in New Hope Village located at Brgy. New Kawayan, Sta. Elena, Tacloban City by Bilrey Construction/Eddmari Construction and Trading/C.S. Garcia Construction-Joint Venture shall be exempt from VAT. However, the purchases of goods/articles by Bilrey Construction/ Eddmari Construction and Trading/C.S. Garcia Construction-Joint Venture shall be subject to VAT, even if the said purchases are to be used for the socialized housing project, since VAT is an indirect tax which can be passed on by the seller of the goods/services. It shall be understood that Bilrey Construction/ Eddmari Construction and Trading/C.S. Garcia Construction-Joint Venture must issue non-VAT official receipts on its gross receipts from the said socialized housing project.

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

Very truly yours,

KIM S. JACINTO-HENARES
Commissioner of Internal Revenue

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JAN 04 2016