REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

RA7279
BIR Ruling No. 351-2015 BIR Ruling No. 360-2013
#275-2016

6-22-2016

Office of the City Treasurer
City of Bogo, Cebu

Attention : Mr. Julio S. Ursonal, Jr.
City Treasurer

Gentlemen:

This refers to your letter dated September 8, 2014, as indorsed to this office by the Regional Director of Revenue Region No. 13, Cebu City requesting exemption from the capital gains tax (CGT) pursuant to the provisions of Republic Act (RA) No. 7279 or the "Urban Development and Housing Act of 1992", on the sale of a parcel of land by Spouses Isidro and Clomen Jamoral in favor of the City of Bogo for the benefit of the indigent informal settlers who were victims of Super Typhoon Yolanda.

Documents submitted show that Clomen M.V. Jamoral, married to Isidro P. Jamoral are the registered owners of a parcel of land located at Barangay Bungtod, Bogo City, Cebu covered by Transfer Certificate of Title (TCT) No. [redacted] (with an area of 34,637 sq. m.) of the Registry of Deeds for the Province of Cebu. On October 6, 2014, Sps. Jamoral executed a Deed of Absolute Sale over the said parcel of land in favor of the City Government of Bogo for the amount of [redacted] for the purpose of establishing a resettlement site for Typhoon Yolanda victims. Based on the Certificate of Participation dated June 30, 2014 issued by the City Mayor of Bogo, Sps. Jamoral have participated to the Resettlement/Socialized Housing Program of Bogo City for the indigent victims of Super Typhoon Yolanda. Their valuable participation pertains to their willingness and voluntary agreement to sell at cheap price their piece of land intended as a relocation for the afore-stated beneficiaries.[1]

In reply, please be informed that pursuant to Sections 20 of 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:*
>
> *xxx xxx xxx*

[1] qualified recipients are all Typhoon Yolanda survivors and are listed in the attached "Annex 1" hereof

#275-2016
6-22-2016

> 2) *Capital gains tax on raw lands use for the project;*
>
> *xxx* *xxx* *xxx"*

the owners of the raw land is exempt from the payment of the CGT or the withholding tax under Revenue Regulations No. 2-98, as amended, on the conveyance of a parcel of land which shall be utilized for a socialized housing project. Such being the case, the sale of the parcel of land covered by TCT No. of the Registry of Deeds for the Province of Cebu, which shall be utilized as resettlement for the indigent informal settlers who were survivors of Super Typhoon Yolanda is exempt from the CGT. *(BIR Ruling No. 360-2013 dated September 30, 2013)*

However, the sale is subject to the documentary stamp tax imposed under Section 196 of the Tax Code of 1997, as amended, based on the actual consideration contracted to be paid for such realties.

Upon application for exemption, a lien on the title of the land shall be annotated by the Register of Deeds having jurisdiction over the property, to the effect that the same are to be applied or are being applied to a socialized housing project pursuant to RA 7279. *(BIR Ruling No. 351-2015 dated October 8, 2015)*

Please take note 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 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 CAR after the submission of the requirement provided under Revenue Memorandum Order (RMO) No. 15-2003, including proof of payment of documentary stamp tax.

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,

for

KIM S. JACINTO-HENARES
Commissioner of Internal Revenue

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