REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

RA7279
BIR Ruling No. 063-14
#004-2016

1-6-2016

CSE BUILDERS/EDDMARI CONSTRUCTION AND TRADING-JOINT VENTURE
Phase 6 Block 1 Lot 10 Eastwood Greenview Subd.
Brgy. San Isidro, Rodriguez, Rizal

Attention: **CHRISTOPHER M. ESTRELLA**
General Manager
CSE Builders

Gentlemen:

This refers to your letter dated October 16, 2015 requesting issuance of Certificate of Tax Exemption for the socialized housing project under the Yolanda Housing Project located at Site 1 and 2, District 1, Poblacion & Babatngon, Leyte 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: , is the registered owner of the following parcels of land covered by four (4) Transfer Certificates of Title (TCT) located at District 1, Poblacion & Babatngon, Leyte, to wit:

TCT	Lot	Area (sq. m.)
	1363	31,396
	1362	31,046
	1364	32,282
		59,856
	Total Area	154,580

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

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assistance under R. A. No. 7279. The NHA has issued Notices of Award dated October 24, 2014 to CSE Builders/Eddmari Construction and Trading-Joint Venture for the "Procurement of Fully Developed Lots and Completed Housing Units under the NHA's Yolanda Housing Program located at Site 1 and 2, District 1, Poblacion & Babatngon, Leyte" with a contract price of [redacted] ([redacted]

To give effect to the Notices of Award, Contracts for the Procurement of House and Lot Packages at Channel Ridge View Site 1 and 2, Brgy. Poblacion, Babatngon, Leyte were executed on December 4, 2014 between NHA and CSE Builders/Eddmari Construction and Trading-Joint Venture, whereby the latter is committed to deliver One Thousand Seven Hundred Seventy Four (1,774)[2] units (House and Lot Package) for a price of [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 CSE Builders/Eddmari Construction and Trading-Joint Venture is a project contractor whose services are engaged by NHA to undertake construction of 1,774[4] Housing Units with its necessary construction components in Channel Ridge View Site 1 and 2, Brgy. Poblacion, Babatngon, Leyte 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 CSE Builders/Eddmari Construction and Trading-Joint Venture from the land development and housing construction with its necessary construction components for 1,774[5] Housing Units in Channel Ridge View

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[1] [redacted] for Site 1 and [redacted] for Site 2
[2] 1000 Units for Site 1 and 774 Units for Site 2
[3] [redacted] for Site 1 and [redacted] for Site 2
[4] 1000 Units for Site 1 and 774 Units for Site 2
[5] id

Site 1 and 2, Brgy. Poblacion, Babatngon, Leyte 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 1,774[6] Housing Units in Channel Ridge View Site 1 and 2, Brgy. Poblacion, Babatngon, Leyte by CSE Builders/Eddmari Construction and Trading-Joint Venture shall be exempt from VAT. However, the purchases of goods/articles by CSE Builders/Eddmari Construction and Trading-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 CSE Builders/Eddmari Construction and Trading-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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