REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

Bureau of Internal Revenue Ruling

Sec. 19, RA No. 9679; RMC 043-2011		#273-2016

Person to Contact: Chief, Law Division
Tel. Nos. 926-55-36 / 927-09-63

Date: June 22, 2016

HOME DEVELOPMENT MUTUAL
FUND – TACLOBAN BRANCH
M.H. del Pilar cor Lopez Jaena, Tacloban City

Attention: **ATTY. JOSE MAZO, JR.**
Branch Attorney

Gentlemen:

This is in reply to your letter dated January 17, 2013 requesting for clarification regarding the exemption from Creditable Withholding Tax (CWT) of the **HOME DEVELOPMENT MUTUAL FUND – TACLOBAN BRANCH (Pag-IBIG Tacloban Branch)** in its sale of its ordinary assets.

It is represented that the **Pag-IBIG Tacloban Branch** intends to sell a property covered by Transfer Certificate of Title No. to Luthgarda C. Tupaz. In the course of her preparation for the sale, Ms. Tupaz asked the local BIR examiner to compute the Documentary Stamp Tax (DST) of the Deed of Sale. The examiner asked Ms. Tupaz for a receipt/certificate of the CWT payment. Ms. Tupaz now insists that the **Pag-IBIG Tacloban Branch** pay for the CWT on the sale. However, you claim that **Pag-IBIG Tacloban Branch** is not liable to pay CWT by virtue of Section 19 of Republic Act No. 9679.

In reply, please be informed that the Bureau has already issued Revenue Memorandum Circular No. 043-2011 dated September 28, 2011 which states:

> For the information and guidance of all concerned, Section 19 of Republic Act (RA) No. 9679 known as the "Home Development Mutual Fund Law of 2009", otherwise known as Pag-IBIG (Pagtutulungan sa kinabukasan: Ikaw, Bangko, Industriya at Gobyerno) Fund", is hereby quoted as follows:
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> > "**SEC. 19.** ***Exemption from Tax, Legal Process and Lien.*** — All laws to the contrary notwithstanding, the Fund and all its assets and properties, all contributions collected and all accruals thereto and **income** or investment earnings therefrom, as well as all supplies, equipment, papers or **documents** shall be exempt from any tax,

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> assessment, fee, charge, or customs or import duty; and all benefit payments made by the Pag-IBIG Fund shall likewise be exempt from all kinds of taxes, fees or charges, and shall not be liable to attachments, garnishments, levy or seizure by or under any legal or equitable process whatsoever, either before or after receipt by the person or persons entitled thereto, except to pay any debt of the member to the Fund. No tax measure of whatever nature enacted shall apply to the Fund, unless it expressly revokes the declared policy of the State in Section 2 hereof granting tax exemption to the Fund. Any tax assessment against the Fund shall be null and void."

RA No. 9679 was signed into law on July 21, 2009. The Implementing Rules and Regulations was made effective on January 1, 2010 after its publication.

From the foregoing, this Office hereby confirms your opinion that **Pag-IBIG Tacloban Branch** is exempt from the payment of CWT on its sale of its ordinary assets.

The Deed of Sale being a taxable document, the DST imposed under Section 196 of the National Internal Revenue Code of 1997, as amended, must be paid. However, since **Pag-IBIG Tacloban Branch** is exempt from all kinds of taxes by virtue of Section 19 of Republic Act No. 9679, the other party to the taxable document who is not exempt, shall be the one directly liable to pay the said DST. Lastly, also by virtue of Section 19 of Republic Act No. 9679, the sale of the subject property is exempt from value-added 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,

KIM S. JACINTO-HENARES
Commissioner of Internal Revenue

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