REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

RA7279
BIR Ruling No. 500-2014
#322-2016   6-29-2016

GOLDENVILLE REALTY AND DEVELOPMENT CORPORATION
3368 Harvard Street, Pinagkaisahan Makati City

Attention : **IDA ABENDANO- GUINTU**
President and General Manager

Gentlemen:

This refers to your letter dated May 31, 2016, requesting for the issuance of Certificate of Tax Exemption for the Southville 9 Phase 2 Resettlement Housing Project in Brgy. Pinugay, Baras, Rizal pursuant to Republic Act (R.A.) No. 7279, otherwise known as the "Urban Development and Housing Act of 1992".

Documents submitted show that the Goldenville Realty and Development Corporation with Tax Identification Number , is the absolute and registered owner of parcels of land located at Brgy. Pinugay, Baras, Rizal, covered by Transfer Certificates of Title (TCT), to wit;

TCT	Lot No.	Area (sq. m.)
	C-6-D-14	6,627
	C-6-C-20	6,393
	C-6-C-12	21,101
	C-6-C-13	14,756
	C-7-A-14	8,316
	C-6-D-11	15,396
	C-6-C-10	9,981
	Total Area	82,570

issued by the Registry of Deeds for Rizal, Morong Branch.

On March 20, 2014, a Contract Agreement[1] was executed by and between Goldenville Realty and Development Corporation and Southville 9 (Ynares Village) Phase 2 Homeowners Association Inc., a homeowner's organization registered with the Housing and Land Use Regulatory Board (HLURB) with Registration No. , whereby Goldenville Realty and Development Corporation offered its services to the families who are members of Southville 9 (Ynares Village) Phase 2 Homeowners Association Inc. by delivering developed homelots and completed housing units under the Community Association Initiative Approach Program (CAIAP) of the National Housing Authority (NHA) for for every developed lot and completed housing unit per member/family.

[1] Financing the Acquisition of Developed Lots and Completed Housing Units

Moreover, on March 28, 2014, a Memorandum of Agreement[2] (MOA) was executed by and among Goldenville Realty and Development Corporation as the landowner/developer/constructor, Southville 9 (Ynares Village) Phase 2 Homeowners Association Inc., as the beneficiary[3], and the NHA, as the lead government agency in the implementation of National Resettlement and Relocation Programs of the government and to ensure the timely, peaceful and orderly relocation and resettlement of the families affected by calamities and those living in danger areas from Metro Manila.

Under the MOA, members[4] of Southville 9 (Ynares Village) Phase 2 Homeowners Association Inc. shall be provided by the NHA with a financial grant for the acquisition of One Thousand (1,000) developed lots and financing of the acquisition of completed housing units through the CAIAP under the National Resettlement Program of the government in the amount not to exceed per lot and One Hundred Twenty Five per housing unit.

On April 13, 2015, Goldenville Realty and Development Corporation and the NHA executed a Deed of Absolute Sale whereby the former transferred and conveyed One Thousand (1,000) developed lots or parcels of land with an aggregate area of Forty Thousand One Three Hundred Forty One square meters (41,341 sq.m.) portion of the subject properties covered by TCT Nos. and to the latter at an agreed price of One Hundred Fifteen Million Pesos

In reply, please be informed that pursuant to Sections 19 and 20 of Republic Act (RA) No. 7279, pertinent portions of which state that:

> *"Sec. 19. Incentives for the National Housing Authority. — The National Housing Authority, being the primary government agency in charge of providing housing for the underprivileged and homeless, shall be exempted from the payment of all fees and charges of any kind, whether local or national, such as income and realty taxes. All documents or contracts executed by and in favor of the National Housing Authority shall also be exempt from the payment of documentary stamp tax and registration fees, including fees required for the issuance of transfer certificates of title.*
>
> *"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:*

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[2] For Financing the Acquisition of Developed Lots and Financing the Acquisition of Completed Housing Units (Southville 9 [Ynares Village] Phase 2 Resettlement Housing Project, Brgy. Pinugay, Baras)

[3] See Annex list of beneficiaries consisting of twenty seven (27) pages

[4] Composed of members/families affected by the calamities and those living in danger areas from Metro Manila and Province of Rizal

> (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;"*

the landowner/developer of properties who sells its properties for use in a socialized housing project is exempt from the payment of the capital gains tax and project-related income taxes.

Such being the case, ***the sale of 1,000 developed lots on the 41.341 sq.m.*** portion of the subject properties covered by TCT Nos

and by Goldenville Realty and Development Corporation to NHA is exempt from capital gains tax, project-related income taxes and consequently from withholding tax. (BIR Ruling No. 500-2014 dated December 29, 2014)

Moreover, pertinent portions of RMC No. 42-01 dated October 5, 2001, provide, viz.:

> *xxx xxx xxx*
>
> *A. National Housing Authority (NHA) — The NHA, being the primary government agency in charge of providing housing for the underprivileged and homeless citizens shall be exempted from the payment of the following national internal revenue taxes:*
>
> *(1) . . .*
>
> *(2) Documentary stamp tax on sales transactions executed by and in favor of the NHA in connection with socialized housing projects. Since Section 19 of R.A. 7279 exempts "all documents or contracts executed by and in favor of the NHA," the exemption from documentary stamp tax extends to the other party (either seller or buyer) that is dealing or transacting with the NHA.*
>
> *xxx xxx xxx*

The exemption from documentary stamp tax of NHA in connection with any of its socialized housing project extends to the other party (either seller or buyer) that deals or transacts with the NHA. Consequently, since NHA is a party to the sale, no documentary stamp tax shall be due on such sale, either on NHA or the party with which NHA is transacting. Accordingly, the transfer Goldenville Realty and Development Corporation to NHA of the ***1,000 developed lots on the 41,341 sq.m.*** portion of the subject properties covered by TCT Nos.

and s concerned, are likewise exempt from documentary stamp tax imposed under Section 196 of the Tax Code of 1997, as amended. (BIR Ruling No. 500-2014 dated December 29, 2014)

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 is to be applied or is being applied to socialized housing project pursuant to RA 7279.

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 Certificate Authorizing Registration (CAR) after the submission of the requirements provided under RMO 15-2003.

Pursuant to Section 20 (d)(3) of RA 7279, the transfer/sale by Goldenville Realty and Development Corporation of ***1,000 developed lots on the 41,341 sq.m.*** portion of the subject properties covered by TCT Nos.

and in favor of NHA shall be exempt from VAT. However, its purchases of goods/articles 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. Moreover, it shall be understood that Goldenville Realty and Development Corporation 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

K-1-JRC

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JUN 29 2016