REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

RA7279
BIR Ruling No. 171-15; BIR Ruling No. 063-14
#003-2016

1-6-2016

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

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

Gentlemen:

This refers to the letter of Felicisimo F. Lazarte, Jr., Group Manager of Northern and Central Luzon Management Office, National Housing Authority (NHA) dated July 3, 2015, requesting issuance of Certificate of Tax Exemption for socialized housing project, the "Fully Developed & Completed Housing Units" under NHA's Yolanda Permanent Housing Program located at Brgy. Tabuc/Ilaya, Panay, Capiz pursuant to Republic Act (R.A.) No. 7279, otherwise known as the "Urban Development and Housing Act of 1992".

Documents submitted show that the Carmela B. Jamora (hereinafter referred to as Landowner) is the registered owner of a parcel of land with an area of square meters (120,280 sq.m.), identified as Lot No. 356-B of the subdivision plan, Psd- , being a portion of Lot 356 of the cadastral survey of Panay, G.LR.O Cad. Record No. situated at Brgy. Pob. Tabuc, Panay, Capiz and covered by Transfer Certificate of Title (TCT) No. [1] issued by the Registry of Deeds for Roxas, Capiz. On April 21, 2015, a Deed of Absolute Sale was executed whereby the Landowner transferred and conveyed the subject property to National Housing Authority (NHA) (TIN: at an agreed price of Pesos (P

The above described property has 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

V 037976

[1] Formerly: TCT No.

assistance under R. A. No. 7279. The NHA has issued Notice of Award dated December 4, 2014 to Goldenville Realty and Development Corporation (TIN: for the "Procurement of Fully Developed Lots and Completed Housing Units under the NHA's Yolanda Housing Program located at Brgy. Tabuc/Ilaya, Panay, Capiz-1,000 Housing Units" with a contract price of P

To give effect to the Notice of Award, Contract for the Procurement of Fully Developed Lots and Completed Housing Units (1,000 Units) at Panay Ville Housing Project, Brgy. Tabuc/Ilaya, Panay, Capiz was executed on April, 23, 2015 between NHA and Goldenville Realty and Development Corporation, whereby the latter is committed to deliver One Thousand (1,000) units (House and Lot Package) for a price of P).; and that according to the contract, the scope of work under this project are "land development to include boundary and subdivision survey, roadworks, drainage works, water supply works, power supply works, housing construction and miscellaneous requirements necessary for the completion of the project".

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:*
>
> *(1) Project-related income taxes;*
> *(2) Capital Gains Tax;*
> *(3) Value-added tax for the project contractor concerned;"*
>
> xxx xxx xxx

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

xxx xxx xxx

037976

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

Sale by the Landowner to NHA

The landowner who sells her property for use in a socialized housing project is exempt from the payment of the capital gains tax.

Such being the case, the sale by Carmela B. Jamora to NHA of the subject property covered by TCT No. is exempt from capital gains tax. (BIR Ruling No. 171-2015 dated June 8, 2015)

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. Accordingly, the transfer by the landowner to NHA of the subject property covered by TCT No. are likewise exempt from documentary stamp tax imposed under Section 196 of the Tax Code of 1997, as amended. (BIR Ruling No. dated June 8, 2015)

Moreover, under Section 109 (1)(P) of the Tax Code of 1997, as amended by R.A. 9337, the sale of real properties utilized for low-cost and socialized housing as defined by R.A. No. 7279 shall be exempt from value-added tax (VAT), thus, the sale of the subject property covered by TCT No. by the landowner to NHA for purposes of the Yolanda Permanent Housing Program is exempt from the imposition of VAT. (BIR Ruling No. 171-2015 dated June 8, 2015)

Upon application for exemption, a lien on the titles of the lands shall be annotated by the Register of Deeds having jurisdiction over the properties, 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 lands in

[2] id
[3] id
[4] id

037976

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 Revenue Memorandum Order (RMO) No. 15-2003.

Transaction between Goldenville Realty and Development Corporation and NHA

Considering that Goldenville Realty and Development Corporation is a project contractor whose services are engaged by NHA to undertake construction of 1,000 Housing Units with its necessary construction components in Panay Ville Housing Project, Brgy. Tabuc/Ilaya, Panay, Capiz 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 Goldenville Realty and Development Corporation from the land development and housing construction with its necessary construction components for 1,000 Housing Units in Panay Ville Housing Project, Brgy. Tabuc/Ilaya, Panay, Capiz 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 Panay Ville Housing Project, Brgy. Tabuc/Ilaya, Panay, Capiz by Goldenville Realty and Development Corporation shall be exempt from VAT. However, the purchases of goods/articles by Goldenville Realty and Development Corporation 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 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

037976
JAN 04 2016