REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

Section 20, RA 7279
BIR Ruling No. 063-2014
#317-2016

6-28-2016

NATIONAL HOUSING AUTHORITY
Quezon Memorial Elliptical Road
Diliman, Quezon City

Attention: **Lorna M. Seraspe**
Group Manager
Visayas Management Office

Gentlemen:

This refers to your letter dated June 30, 2014 requesting, on behalf of Richmark Construction, for a certificate of tax exemption, on the land development of Catbalogan Resettlement Project located at Brgy. Sta. Lagundi, Catbalogan City, pursuant to Republic Act (RA) No. 7279, otherwise known as the "Urban Development and Housing Act of 1992".

Documents submitted show that the Land Development of Catbalogan Resettlement Project (now known as Catbalogan Highlands Subdivision) located at Brgy. San Andres, (now, Brgy. Lagundi), Catbalogan City, Samar, is a joint socialized housing project of the National Housing Authority (NHA) and the City Government of Catbalogan, under the NHA's Resettlement Assistance Program for the Local Government Units (RAP-LGUs), intended to accommodate families residing in danger areas and those affected by infrastructure projects of the City, and other qualified homeless urban poor families needing resettlement assistance under RA 7279. The aforesaid Project was awarded to **Richmark Construction**, (TIN:
for the amount of

Moreover, based on the Contract for Catbalogan Highlands Subdivision (Catbalogan Resettlement Project) dated June 24, 2014, the scope of works under the Project includes Earthworks, Road Works, Drainage Works, Water Works, Survey Works and Miscellaneous Works. Per NHA Memorandum dated July 23, 2013, the Project shall cover the development of some 2.7444 hectares, more or less, of the 8.5517 hectare property described as Lot No. 2060 of the Cadastral Survey of Catbalogan covered by Transfer Certificate of Title No. registered under the name of the City of Catbalogan. The Project shall generate Three Hundred Sixty (360) serviced lots.

In reply, please be informed that Section 20 of RA No. 7279 provides:

"*Sec. 20. Incentives for Private Sector Participating in Socialized Housing. — To encourage*

042394

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) xxx xxx xxx;

(3) Value-added tax for the project contractor concerned;"

xxx xxx xxx"

Section 3 (r) of R.A. 7279 defines "socialized housing" as follows:

"(r) "Socialized housing" refers to housing programs and projects covering houses and lots or homelots only undertaken by the Government or the private sector for the underprivileged and homeless citizens ***which shall include sites and services development****, long-term financing, liberalized terms on interest payments, and such other benefits in accordance with the provisions of this Act;" (Underscoring supplied)*

It is to be noted that in order for the above tax exemption to apply, the housing program must cover houses and lots or homelots for the benefit of the underprivileged and homeless citizens. A purely land development project without the construction of houses and lots or development of homelots cannot avail of the tax exemption since it is just a component of the main socialized housing project, without which, the project cannot be categorized as a socialized housing under Section 3 of R.A. 7279.

In view thereof, your request for tax exemption cannot be granted for lack of legal basis.

Very truly yours,

for

KIM S. JACINTO-HENARES
Commissioner of Internal Revenue

K-1-JHB

042394
JUN 2 7 2016