REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

RA7279
BIR Ruling No. 473-2014
#320-2016 6-29-2016

J.C. UYECIO CONSTRUCTION AND DEVELOPMENT COMPANY
Divine Grace
Balagtas, Bulacan

Attention : **JAMES C. UYECIO**
President

Gentlemen:

This refers to your undated letter requesting tax exemption of Padre Pio Resettlement Project located in Brgy. Cacarong Matanda, Pandi, Bulacan pursuant to Republic Act (R.A.) No. 7279, otherwise known as the "Urban Development and Housing Act of 1992".

Documents submitted show that Danilo R. Castro, (married to Carmencita L. Castro), Spouses Deogracias S. Mendoza and Anacleta N. Ramos and Ines I. Ramirez et al., (hereinafter referred to as Landowners) are the registered owners of parcels of land covered by three (3) Transfer Certificates of Title (TCT) located at Brgy. Cacarong Matanda, Pandi, Bulacan, to wit:

Landowners	**TCT**	**Area (sq. m.)**
Danilo R. Castro		4,048
Spouses Deogracias S. Mendoza and Anacleta N. Ramos	)	10,591
Ines I. Ramirez (13/26 share), Nerea I. Ramirez 1/26 share), Marcelina I. Ramirez (1/26 share), Paula I. Ramirez (1/26 share), Manuel I. Ramirez Jr., (1/26 share), Priscila I. Ramirez (1/26 share), Pedro I. Ramirez (1/26 share), Gloria I. Ramirez (1/26 share), Felicisima I. Ramirez (1/26 share), Lourdes I. Ramirez (1/26 share), Elvira I. Ramirez (1/26 share), Leticia I. Ramirez (1/26 share), Ramon I. Ramirez (1/26 share) and Antonio I. Ramirez (1/26 share)		57,543
		114,435
	5)	77,872
	Total Area	264,489

all issued by the Registry of Deeds for Province of Bulacan.

Deed of Absolute of Sale was executed by and between the landowners and the J. C. Uyecio Construction and Development Company (TIN whereby the landowners transferred and conveyed the above mentioned properties, to wit:

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Landowners	Date of Deed of Absolute Sale	TCT	Consideration (PhP)
Danilo R. Castro	July 22, 2015		
Spouses Deogracias S. Mendoza and Anacleta N. Ramos	July 22, 2015		
Ines I. Ramirez (13/26 share), Nerea I. Ramirez 1/26 share), Marcelina I. Ramirez (1/26 share), Paula I. Ramirez (1/26 share), Manuel I. Ramirez Jr.[1], (1/26 share), Priscila I. Ramirez (1/26 share), Pedro I. Ramirez (1/26 share), Gloria I. Ramirez (1/26 share), Felicisima I. Ramirez (1/26 share), Lourdes I. Ramirez (1/26 share), Elvira I. Ramirez (1/26 share), Leticia I. Ramirez (1/26 share), Ramon I. Ramirez (1/26 share) and Antonio I. Ramirez (1/26 share)	July 22, 2015		

The following taxes were paid, to wit:

TCT No.			
Date of Payment	Documentary Stamp Tax[2]	Date of Payment	Capital Gains Tax[3]
August 5, 2015		August 20, 2015	
TCT No.			
Date of Payment	Documentary Stamp Tax[4]	Date of Payment	Capital Gains Tax[5]
August 5, 2015		August 20, 2015	
September 1, 2015		September 1, 2015	
TCT Nos.			
Date of Payment	Documentary Stamp Tax[6]	Date of Payment	Capital Gains Tax[7]
August 5, 2015		August 20, 2015	
TCT Nos.			
Manuel I. Ramirez Jr.,			
Date of Payment	Estate Tax [8]		
February 2, 2016			

[1] Heirs of Manuel I. Ramirez Jr., namely; Sharon B. Ramirez, Nadine B. Ramirez-Dela Rosa, Manuel Valentine B. Ramirez, Celine B. Ramirez, Carlo Gerardo B. Ramirez, Assumpta Carolina-Nava, Michelle Karen B. Ramirez and Candace Pia B.Ramirez-Lingao as evidenced by Extrajudicial Settlement of Estate of the Late Manuel I. Ramirez Jr. with Special Power of Attorney dated November 3, 2015, identified as Doc. No. 108, Page No. 59, Book VII, Series of 2015

[2] eCR201300373175 dated September 22, 2015

[3] id

[4] eCR201500003577 dated October 16, 2015

[5] id

[6] eCR201500116422, eCR201500116423 and eCR201500116424 all dated April 20, 2015

[7] id

[8] eCR201500115421, eCR201500115422 and eCR201500115423 all dated March 18, 2016

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On February 6, 2015, a Contract Agreement was executed by and between J. C. Uyecio Construction and Development Company (TIN:) and Padre Pio Homeowners Association Inc., a homeowner's organization registered with the Housing and Land Use Regulatory Board (HLURB), whereby former has offered to sell the developed lots and completed housing units under the Community Initiative Approach Program (CIAP) of the National Housing Authority (NHA) for) for every developed lot and completed housing unit per family.

Moreover, on December 23, 2014, February 20, 2015 and October 20, 2015, a Memoranda of Agreement[10] (MOA) were executed by and among, J. C. Uyecio Construction and Development Company, as the landowner/developer/contractor, Padre Pio Homeowners Association Inc., as the beneficiary[11], and the NHA, as the lead agency in the implementation of the National Resettlement Programs of the government and to ensure the timely, peaceful and orderly relocation and resettlement of families affected by calamities and those living in danger areas from Metro Manila.

Under the MOA, members[12] of Padre Pio Homeowners Association Inc. shall be provided by the NHA with a financial grant for the acquisition of Three Thousand Five Hundred Thirty Three (3,533[13]) developed lots and financing the acquisition of 3,533 completed housing units in the amount not to exceed per lot and Pesos per completed housing unit.

On March 24, 2015, April 14, 2015, August 24, 2015 and December 19, 2015, J. C. Uyecio Construction and Development Company and the NHA executed Deeds of Absolute Sale (DOAS) whereby the former, transferred and conveyed 3,533[14] developed lots on the One Hundred Forty Four Thousand Six Hundred Seventy Nine square meters (144,679 sq.m.) of the subject properties covered by TCT No. and to NHA at an agreed price of

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[9] for developed lot and for completed housing units

[10] For financing the acquisition of developed lots and financing the acquisition of completed housing units (Padre Pio Resettlement Project, Brgy. Cacarong Bata, Pandi, Bulacan)

[11] See Annex list of beneficiaries consisting of seventy one (71) pages

[12] Composed of members/families living in danger areas, those affected by calamities and those affected by the clearing of waterways, esteros and infrastructure projects of the government in Metro Manila

[13] 700 units under Batch 1-2014, 2,000 units under Batch 1-2015 and 833 under Batch 2-2015

[14] 700 Units under Batch 1-2015, 2,000 under Batch 2-2015 and 833 under Batch 4-2015

[15] for DOAS dated March 24, 2015, each for DOAS dated April 14, 2015 and August 24, 2015 and for DOAS dated December 19, 2015

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 on raw lands used for the project;*
>
> *(3) Value-added tax for the project contractor concerned;"*

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

Such being the case, ***the sale of 3,533 developed lot packages on the 144,679 sq.m.*** portion of the subject properties by J. C. Uyecio Construction and Development Company to NHA is exempt from capital gains tax, project-related income taxes and consequently from withholding tax. (BIR Ruling No. 036-2014 dated January 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 of J. C. Uyecio Construction and Development Company to NHA of ***3,533 developed lot packages on the 144,679 sq.m.*** portion of the subject properties are likewise exempt from documentary stamp tax imposed under Section 196 of the Tax Code of 1997, as amended. (BIR Ruling No. 036-2014 dated January 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 J. C. Uyecio Construction and Development Company of ***3,533 developed lot packages on the 144,679 sq.m.*** of the subject properties 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 J. C. Uyecio Construction and Development Company 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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