REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

RA 7279
BIR Ruling No. 355-2015

LAMESA ST. VILLE HOMEOWNERS ASSOCIATION, INC.
Lamesa St., Ugong
Valenzuela City

Attention: **Luis A. Jugueta**
President

Gentlemen:

This refers to your letter dated October 3, 2014 requesting for Certificate of Exemption from capital gains tax (CGT) on the sale of a parcel of land executed by Ms. Delfina R. Ramos in favor of the LAMESA ST. VILLE HOMEOWNERS ASSOCIATION, INC. ("LAMESA ST. VILLE HOAI").

Documents submitted show that Ms. Delfina R. Ramos is the registered owner of a parcel of land covered by Transfer Certificate of Title (TCT) No. of the Registry of Deeds for Valenzuela City, containing an area of One Thousand (1,000) square meters located at La Mesa St., Brgy. Ugong, Valenzuela City; that the LAMESA ST. VILLE HOAI is a homeowner's organization duly registered with the Housing and Land Use Regulatory Board (HLURB) with Registration No. dated February 27, 2012; that the LAMESA ST. VILLE HOAI offered to buy the above parcel of land for a total cost of P); that on May 16, 2013, Ms. Delfina R. Ramos, the LAMESA ST. VILLE HOAI, the 2nd Congressional District of Valenzuela City, represented by Hon. Magtanggol T. Gunigundo I and the National Housing Authority (NHA) entered into a Memorandum of Agreement for the purchase of the aforesaid parcel of land for the benefit of the members of the LAMESA ST. VILLE HOAI using the Local Housing Fund allocation for the 2nd Congressional District of Valenzuela City; and that on October 9, 2014, a Deed of Sale over the subject parcel of land was executed by and between Ms. Delfina R. Ramos and the LAMESA ST. VILLE HOAI.

The NHA, in its Certification issued on September 14, 2015, certified that the lot covered by TCT No. registered in the name of Delfina Ramos, with an area of 1,000 square meters, located at La Mesa Street, Brgy. Ugong, Valenzuela City, was acquired by the LAMESA ST. VILLE HOAI through a loan availed from the Local Housing Fund earmarked for Congressional District II of Valenzuela City. The NHA further certified that the subject lot was raw/vacant lot, with no improvement at the time of its purchase by the LAMESA ST. VILLE HOAI. Moreover, the NHA also certified that the Local Housing Program (LHP) availed by the LAMESA ST. VILLE HOAI is a Cost Recoverable Socialized Housing Project under RA No. 7835; and that member-beneficiaries of LAMESA ST. VILLE HOAI are qualified for socialized housing assistance as prescribed in Section 16 of RA No. 7279.

In reply, please be informed that RA No. 7835 does not provide any tax exemption for a cost recoverable socialized housing project. On the other hand, the socialized housing project that is explicitly given exemption from CGT under RA No. 7279 is the Community Mortgage Program (CMP) Project. Since the subject lot covered by TCT No.   is not a CMP project, it is not covered by the tax exemption set forth under RA No. 7279.

In view thereof, we regret to deny your request for exemption from CGT for lack of legal basis.

Please be guided accordingly.

Very truly yours,

CAESAR R. DULAY
Commissioner of Internal Revenue

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Celia C. King
CELIA C. KING
Deputy Commissioner
Resource Management Group
Officer-In-Charge