REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

RA 7279; RR 11-97
BIR Ruling No. 066-2011 BIR Ruling No. 353-2013
#319-2016
6-29-2016

ALTISSIMA ENTERPRISES
Old National Higway, Macabling
Sta. Rosa, Laguna

Attention: **Roy M. Gonzales**
Proprietor

Gentlemen:

This refers to your letter dated December 1, 2015 requesting, on behalf of **ALTISSIMA ENTERPRISES**, tax exemption on the socialized housing project, **Villa Santa Rosa** located at Brgy. Caingin, Sta. Rosa City, Laguna, pursuant to Republic Act (RA) No. 7279, otherwise known as the "Urban Development and Housing Act of 1992".

Based on the documents submitted, it is shown that the National Housing Authority (NHA), the sole government agency engaged in direct shelter production to provide housing needs of the low and marginalized income families including those living in waterways and danger areas, those affected by calamities, and members of the AFP/PNP, BJMP and BFP, has a parcel of land to be developed into a residential project under the Community Initiative Approach Program (CIAP) of the NHA. The subject property is more particularly described as follows:

Transfer Certificate of Title No.

Lot No.: 1643-A
Plan No.: PSD-04-241750
Location: Barangay Caingin City of Sta. Rosa, Province of Laguna
Area: Fourteen Thousand One Hundred Forty Five Square Meters

On October 25, 2013, a Contract Agreement[1] was executed by and between ALTISSIMA ENTERPRISES and Villa Santa Rosa Homeowners' Association, Inc. (VSRHOAI) whereby ALTISSIMA ENTERPRISES has agreed to sell to VSRHOAI's individual members the developed lots and completed housing units under the

[1] (For the Acquisition of 1,773 Housing Units) Villa Santa Rosa, Barangay Caingin, Sta. Rosa, Laguna

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Community Initiative Approach Program (CIAP) of the NHA for [redacted]) for every developed lot and completed housing unit per family.

Moreover, on November 4, 2013, a Memorandum of Agreement[3] (MOA) was executed by and among ALTISSIMA ENTERPRISES, as the developer, VSRHOAI, as the beneficiaries, and the NHA, as the lead agency in the implementation of the Resettlement and Relocation Programs of the government and to ensure the timely, peaceful and orderly relocation and resettlement of the families affected by the calamities and those living in danger areas.

Under the MOA, members[4] of the VSRHOAI shall be provided by the NHA with a financial grant for the acquisition of approximately 1,773 developed lots and financing of the acquisition of completed housing units through the CIAP in the amount not to exceed [redacted] per lot and [redacted] per housing unit.

To give effect to the Contract Agreement and MOA, on February 5, 2014, a Deed of Absolute Sale was executed by and between ALTISSIMA ENTERPRISES and NHA, whereby the former agreed to sell to NHA, 1,773 developed lots or parcels of land covering an area of ***Seventy Thousand Nine Hundred Twenty square meters (70,920 sq.m.)*** for [redacted]

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

> *"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;"*
>
> *xxx xxx xxx*

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2 [redacted] per developed lot and [redacted] per completed housing unit

3 For Financing the Acquisition and Developed Lots and Financing the Acquisition of Completed Housing Units for Families Affected by Calamities and those Living in Danger Areas) Villa Santa Rosa, Brgy. Caingin, Sta. Rosa City, Laguna

4 Please see attached Partial Masterlist of Qualified Household Families consisting of seven (7) pages containing Two Hundred Nineteen (219) beneficiaries.

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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;"*

Based on the foregoing, housing projects covering houses and lots or homelots only, including sites development for socialized housing projects, intended for the underprivileged and homeless citizens undertaken by the Government or the public sector, are entitled to exemption from income tax on revenues directly derived therefrom. Considering that ALTISSIMA ENTERPRISES is a project contractor whose services have been engaged by NHA to undertake the construction of the 1,773 Housing Units with its necessary construction components in **Villa Santa Rosa** located at Brgy. Caingin, Sta. Rosa City, Laguna, a housing project under the socialized housing program of the NHA pursuant to R.A. 7279, the income directly realized by ALTISSIMA ENTERPRISES from the construction of 1,773 Housing Units with its necessary construction components, in **Villa Santa Rosa** located at Brgy. Caingin, Sta. Rosa City, Laguna, 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 construction of the 1,773 Housing Units with its necessary construction components, in **Villa Santa Rosa** located at Brgy. Caingin, Sta. Rosa City, Laguna by ALTISSIMA ENTERPRISES, shall be exempt from VAT. However, the purchases of goods/articles by ALTISSIMA ENTERPRISES 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.

This ruling is being issued on the basis of the foregoing facts as represented. However, if upon investigation, it will be ascertained that the facts are different, then this ruling shall be considered as null and void.

Very truly yours,

KIM S. JACINTO-HENARES
Commissioner of Internal Revenue

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