REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

Section 20, RA 7279
BIR Ruling No. 063-2014
#316-2016

6-28-2016

Phintecstar Construction, Inc.
Suites 21 & 24 3J Heights Bldg.
No. 35 Visayas Avenue, Diliman
Quezon City

Attention: **Mr. Zoilo Joaquin C. Amador**
President

Gentlemen:

This refers to the letter dated May 12, 2014 of Lorna M. Seraspe, Group Manager, Visayas Management Office, of the National Housing Authority (NHA), requesting for a certificate of exemption on the Land Development of Kawayan Ville 3 (formerly, Tacloban North Resettlement Project, Phase 3), located at Brgy. Kawayan, Tacloban City, pursuant to Republic Act (RA) No. 7279, otherwise known as the "Urban Development and Housing Act of 1992".

Based on the NHA Memorandum dated February 4, 2014, it is shown that the Land Development of Kawayan Ville 3 located at Brgy. Kawayan, Tacloban City, is a socialized housing project of the NHA that will be implemented under the Emergency Housing Assistance for Calamity Victims Program of the Government, particularly to address the permanent housing requirement of the victims of typhoon Yolanda at the "no build zone" of Tacloban City. The site which will be developed is owned by the City Government of Tacloban and has a total land area of 100,984 square meters, of which, 42,910 square meters will cover the proposed land development project. When completed, the project will generate a total of Five Hundred Forty Two (542) serviced home lots with a modal lot size of 40 square meters.

It is further shown that per NHA Board Resolution No. 5738 dated February 24, 2014, the Land Development of Kawayan Ville 3 Project has been awarded to **Phintecstar Construction, Inc.** (TIN:), a domestic corporation duly registered with the Securities and Exchange Commission (SEC) with SEC Certificate of Registration No. Consequently, a Notice of Award dated March 10, 2014 was issued to **Phintecstar Construction, Inc.** to undertake the contract works for the Land Development of Kawayan Ville 3 Project, in the amount of

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). Based on the Contract for Kawayan Ville 3 Project dated May 8, 2014, the scope of works for the said project are Earthworks, Road Works, Drainage Works, Water System, Survey Works and Miscellaneous Works.

In reply, please be informed that pertinent portion of Section 20 of RA No. 7279 reads:

> *"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) 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,

KIM S. JACINTO-HENARES
Commissioner of Internal Revenue

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JUN 27 2016

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