REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

Section 20, RA 7279
BIR Ruling No. 436-2012 BIR Ruling No. 063-2014
038-2017 2-7-2017

NATIONAL HOUSING AUTHORITY
Quezon Memorial Elliptical Road
Diliman, Quezon City

Attention: **Ma. Alma T. Valenciano**
Group Manager-MMO

Gentlemen:

This refers to your letter dated May 26, 2016, requesting, on behalf of Vircon Survey Services, for a certificate of exemption on the Survey Works and Individual Lot Titling for the Koronadal Sites and Services, Brgy. San Isidro, Koronadal City, South Cotabato, a survey component of the Socialized Housing Program of the Government under Republic Act (RA) No. 7279, otherwise known as the "Urban Development and Housing Act of 1992".

Documents submitted show that a Notice of Award dated July 19, 2013 was issued in favor of Vircon Survey Services (TIN:) to undertake the Survey Works and Individual Lot Titling for the Koronadal Sites and Services, Brgy. San Isidro, Koronadal City, South Cotabato,,for a consideration of P1,207,838.00; that on September 18, 2013, the National Housing Authority (NHA) and Vircon Survey Services executed the Survey Contract for Survey Works and Individual Lot Titling for the Koronadal Sites and Services, Brgy. San Isidro, Koronadal City, South Cotabato; and that based on the said Contract, the scope of works includes Relocation Survey, Structural Survey, Subdivision Survey (Individual Lot Survey and Monumenting), Subdivision Survey (Verification and Approval by DENR-LMS), Individual Lot Titling and General Requirements.

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 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.*

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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 must be noted that in order for the above tax exemption to apply, the housing program must cover houses and lots or homelots only for the benefit of the underprivileged and homeless citizens. A purely survey works, without the construction of houses and lots or development of homelots, is definitely outside the definition of "socialized housing" under Section 3 of R.A. 7279; hence, not entitled to avail of the tax exemption under RA 7279.

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

Very truly yours,

CAESAR R. DULAY
Commissioner of Internal Revenue

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