REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
Quezon City

RA No. 7279
BIR Ruling No. 053-15
#039-2016
1-21-2016

ATTY. ANACLETO JR. VILLAGE HOMEOWNERS ASSOCIATION, INC.
Brgy. Espinosa, Masbate City

Attention : **RUEL A. CORTES**
President

Gentlemen:

This refers to the letter of Ma. Ana R. Oliveros, President of Social Housing Finance Corporation (SHFC) dated August 11, 2015, endorsing the sale transaction between Osmeña Colleges, Inc. and Atty. Anacleto Jr. Village Homeowners Association, Inc. for exemption from the payment of Capital Gains Tax and other taxes in accordance with the Republic Act (RA) No. 7279, otherwise known as the "Urban Development and Housing Act of 1992".

Documents submitted disclose that Osmeña Colleges, Inc. (TIN (hereinafter referred to as Landowner) is the registered owner of a parcel of land, identified as Lot 2 of the consolidation-subdivision survey Pcs- , being a portion Lots 3 & 4, covered by Transfer Certificate of Title (TCT) No. issued by the Registry of Deeds for the Province of Masbate. The aforesaid property is situated at Brgy. Espinosa, Masbate City with an area of Twenty Three Thousand Eight Hundred Seventy Nine square meters (23,879 sq.m.). more or less. Atty. Anacleto Jr. Village Homeowners Association, Inc. (TIN: , on the other hand, is a homeowner's organization registered with the Housing and Land Use Regulatory Board (HLURB). On March 26, 2015, the parties executed a Deed of Absolute Sale whereby the Landowner transferred and conveyed Six Thousand Six Hundred Eighty One square meters (6,681 sq. m.) portion of the subject property to Atty. Anacleto Jr. Village Homeowners Association, Inc. at an agreed price of Pesos (₱) under Community Mortgage Program (CMP) of the SHFC. Pursuant to the certification issued by SHFC, 6,681 sq. m. out of 23,879 sq. m. covered by TCT No. actually comprise a CMP Project and shall be proportionately distributed to the association's qualified member-beneficiaries[1]. For this purpose, Atty. Anacleto Jr. Village Homeowners Association, Inc. secured a housing loan under the CMP, a financing assistance program of the SHFC, a subsidiary of the National Home Mortgage Finance Corporation (NHMFC). Documentary Stamp Tax (DST) due on the sale has been paid.

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[1] see Annex for the masterlist of qualified beneficiaries

In support of its request, Atty. Anacleto Jr. Village Homeowners Association, Inc. has completely submitted on October 30, 2015 the following documents:

1) SHFC letter application for tax exemption;
2) Certification of the President of the SHFC that 6,681 sq.m. portion of the subject properties qualifies and is actually a CMP project;
3) Certified true copy of the Letter-Guaranty No. 1067;
4) Certified true copy of the Deed of Absolute Sale to the Community Association;
5) Certified true copy of the Articles of Incorporation of the Community Association;
6) Certified true copy of the Masterlist of Qualified Beneficiaries duly certified by the SHFC;
7) Certified true copies of the TCT and Latest Tax Declaration of the Properties Sold to the Community Association;
8) Certified true copy of the Location Plan of the Lot Sold to the Community Association;
9) TIN ID / BIR Certificate of Registration of the seller and the Homeowner Association; and
10) *Other pertinent documents*

In reply, please be informed that pursuant to Section 32 of RA No. 7279, pertinent portions of which state that:

> *" Sec. 32. Incentives. — To encourage its wider implementation, participants in the CMP shall be granted with the following privileges or incentives:*
>
> *xxx xxx xxx*
>
> *(b) Properties sold under the CMP shall be exempted from the capital gains tax; and"*

the landowners who sold their properties for use in a socialized housing project are exempt from the payment of capital gains tax. Such being the case, the sale by the landowner to Atty. Anacleto Jr. Village Homeowners Association, Inc. of the 6,681 sq. m. portion out of 23,879 sq. m. covered by TCT No. is exempt from the capital gains tax.

Upon issuance of this letter of exemption, and upon registration of the document of sale, a lien on the Certificates of Title of the land to be issued in the name of the Homeowners Association shall be annotated by the Register of Deeds having jurisdiction over the properties, to the effect that the said properties shall be used for socialized housing pursuant to RA No. 7279. (BIR Ruling No. 053-15 dated February 27, 2015)

However, the documentary stamp tax is not one of the taxes covered by the tax exemption clause in Sec. 32 of RA 7279. Accordingly, the landowner is liable to pay the documentary stamp tax on the documents conveying the afore-stated properties imposed under Section 196 of the Tax Code of 1997, based on the consideration contracted to be paid for such realty or its fair market value determined in accordance with Section 6 (E) of the said Code, whichever is higher. (BIR Ruling No. 053-15 dated February 27, 2015)

Moreover, under Section 109 (1) (P) of the Tax Code of 1997, as amended by R.A. 9337, the sale of real properties utilized for low-cost and socialized housing as defined by R.A. No. 7279 shall be exempt from value-added tax (VAT), thus, the sale

of the 6,681 sq. m. portion out of 23,879 sq. m. covered by TCT No. by the landowner to Atty. Anacleto Jr. Village Homeowners Association, Inc. is exempt from the imposition of VAT. (BIR Ruling No. 053-15 dated February 27, 2015)

It is, however, understood 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 titles 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). The CAR shall only be issued after the submission of the requirements provided under RMO15-2003. (BIR Ruling No. 053-15 dated February 27, 2015)

Notwithstanding the foregoing, the Bureau of Internal Revenue shall conduct verification and post-audit that the actual occupants of the property transferred under the CMP are qualified beneficiaries and therefore, the seller is entitled to exemption from capital gains tax or income tax imposed under the Tax Code of 1997.

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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ATTY. ANACLETO JR. VILLAGE HOMEOWNERS ASSOCIATION, INC.
Brgy. Espinosa, Masbate City

	Name of Beneficiary			Blk. No.	Lot No.	Total Area (sq.m.)
1	VILLAMOR	MARIA THERESA	Y.	1	1	47.91
2	YRAY	MARIA FLAVIA	A.	1	2	49.14
3	YRAY	ANTONIO	A.	1	3	49.14
4	YRAY	CHRISTOPHER	A.	1	4	49.14
5	LAGUARDIA	LETICIA	T.	1	6	56.51
6	MARCO	CARLOS	L.	1	8	50.37
7	MARCO	ARIEL	L.	1	9	50.37
8	UBAC	EDMAR	M.	1	11	61.43
9	BERANO	MARY ANN	M.	2	1	58.97
10	MENES	NOEL	G.	2	2	36.86
11	CANTONJOS	MA. RUBY	M.	2	3	36.86
12	MENES	AIZEL	I.	2	4	66.34
13	MARCO	JHOMAR	M.	2	5	39.31
14	MARCO	EDA	R.	2	6	39.31
15	MARCO	BENJUN	R.	2	7	38.09
16	TAMAR	HILDA	A.	2	8	44.23
17	CENINSE	HEIDE	A.	2	9	44.23
18	ALVAREZ	EDISON	P.	2	10	44.23
19	ZARANDONA	YOLANDA	P.	3	1	45.46
20	PEÑALES	CHARITO	G.	3	2	47.91
21	GUIZ	ROBERTO JR.	F.	3	4	36.86
22	CONDE	ROA	G.	3	5	36.86
23	RAMIREZ	ARLENE	B.	3	6	70.03
24	MIRASOL	EVELYN	V.	3	7	119.17
25	PENALES	ISIDRO	G.	3	9	45.46
26	PENALES	JAIME	G.	3	10	45.46
27	RABINO	ELVIRA	A.	4	2	27.03
28	LLAMAS	ARVE KATE	B.	4	3	65.11
29	LLAMAS	ARJAY MARIONE	B.	4	4	67.57
30	MORTIGA	BELLA	L.	4	5	67.57
31	MARCO	MARK JOSEPH	R.	4	7	33.17
32	SALDIVAR	ANNA	G.	4	9	54.06
33	PEÑALES	JENNY	G.	4	10	55.29
34	PAMESA	ROWENA	B.	4	12	108.11
35	VERANO	ISABELO	F.	4	20	28.26
36	VERANO	DANTE JR.	L.	5	2	52.83
37	HERMOSA	MARILOU	L.	5	3	43.00
38	HERMOSA	ROMMEL	L.	5	4	43.00
39	HERMOSA	ROMELITA	L.	5	5	43.00
40	HERMOSA	RICHARD	L.	5	6	43.00
41	LERIT	ANTOLIN JR.	B.	5	7	68.80
42	JERUTA	JOEMY	L.	5	8	67.57
43	PUBLICO	ROSEMARIE	C.	7	2	66.34
44	MITRA	MARCEL JR.	A.	7	3	29.49

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45	MITRA	CHRISTIAN	A.	7	4	29.49
46	MITRA	JEAN CRISTY	A.	7	5	30.71
47	VILLANUEVA	BENLON	C.	7	6	67.57
48	COLO	PERLITA	G.	7	8	27.03
49	RAMISO	ABRAHAM	C.	8	1	19.66
50	ATEBAGOS	ROLLY	M.	8	2	25.80
51	CORRAL	RIO	B.	8	3	38.09
52	CORRAL	LEVI	B.	8	4	36.86
53	AGUILAR	ELENA	M.	8	5	22.11
54	ABEJUELA	FE	M.	8	6	22.11
55	MAXILUM	JOSE	R.	8	7	22.11
56	MAXILUM	NESTOR	R.	8	8	22.11
57	MAXILUM	JELLY	R.	8	9	22.11
58	ATIBAGOS	ROWIL	M.	8	10	25.80
59	DIGNOS	ROGEN JAN	R.	8	11	20.89
60	JIMENEZ	RIZALDY	DR.	8	12	25.80
61	RACELIS	ROSIE	J.	8	13	25.80
62	DELOS SANTOS	ALLAN	N.	8	14	38.09
63	NACIONAL	MARINA	D.	8	15	39.31
64	OLIVA	MARINO	D.	8	16	50.37
65	ATIBAGOS	JEANELYN	M.	8	17	46.69
66	COS	RUEL	B.	8	18	14.74
67	NACIONAL	JELITO	B.	8	19	18.43
68	DIONELA	MARICEL	G.	8	20	50.37
69	LUBA	ELMER	H.	8	21	44.23
70	GOÑO	LYNN	G.	9	1	30.71
71	GOÑO	GRACE	G.	9	2	23.34
72	PLACENCIA	NORBERTO	B.	9	3	38.09
73	LOZADA	HILDA	D.	9	4	51.60
74	TORRES	ESTRELLA	E.	9	5	33.17
75	NACIONAL	ARNEL	D.	9	6	44.23
76	ANDAYA	ZALDY JR.	D.	9	9	61.43
77	ANDAYA	FRANCIS	D.	9	10	50.37
78	ANDAYA	ISAGANI	D.	9	11	56.51
79	CORTES	RUEL	A.	9	12	38.09
80	PLACENCIA	JESUS	B.	9	13	38.09
81	PUMPAC	FE	A.	9	14	36.86
82	CRISTOBAL	VIRGILIO	D.	10	1	49.14
83	NACIONAL	ALLAN	C.	10	2	41.77
84	NACIONAL	NANCY	C.	10	3	41.77
85	BALBUENA	RUBEN JR.	A.	10	4	50.37
86	BALBUENA	RUBEN SR.	L.	10	5	44.23
87	NAKAMURA	JOY	V.	11	1	52.83
88	VERANO	JOEL	A.	11	2	54.06
89	FORMACIL	ARNULFO	R.	11	3	45.46
90	DALANON	MAY ANN	C.	11	5	34.40
91	DALANON	MELCHOR	V.	11	7	43.00
92	RIVERA	MARICHU	D.	12	1	87.23
93	DALANON	IMELDA	V.	12	2	87.23
94	DALANON	SHIRLEY	V.	12	3	89.69
95	BAYON	ALBERT	G.	13	1	57.74

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96	GARCIA	EDUARDO	L.	14	1	33.17
97	CUEVAS	ALLAN	G.	14	3	45.46
98	CUEVAS	ZALDY	G.	14	4	46.69
99	CUEVAS	ARWIN	G.	14	5	46.69
100	CUEVAS	BENEDICT	G.	14	6	46.69
101	CUEVAS	CATHERINE	G.	14	7	46.69
102	CUEVAS	RAFFE	G.	14	8	46.69
103	LUPAGUE	JERLYN	P	14	9	46.69
104	LUPAGUE	JINKY	P.	14	10	46.69
105.	ABIA	RICKY	B.	15	1	47.91
106	BICO	JOVY	V.	15	2	15.97
107	LAGCO	GEMMA	A.	15	3	38.09
108	ATIBAGOS	LEVINIDO	A.	15	4	58.97
109	SORIANO	RAFAEL	B.	15	5	40.54
110	PUNTAY	ARGIE	S.	15	6	23.34
111	LIAO	ANTONIO JR.	C.	15	7	47.91
112	DULLA	CONNIE	L.	15	8	46.69
113	LIAO	MARK ANTHONY	C.	15	9	89.69
114	CAMBAYA	MINERVA	C.	15	10	27.03
115	LIBOT	MARGIE	A.	15	11	31.94
116	LIBOT	SERGIO	C.	15	12	30.71
117	ENCABO	NESEL	A.	15	13	31.94
118	ALTICHE	JONALYN	A.	15	14	33.17
119	TABIGUE	BONIFACIO	A.	15	15	46.69
120	CAMBAYA	MARK ANGELO	C.	15	17	25.80
121	AMICAN	ROSALINDA	B.	16	2	63.89
122	BRIAGA	MERIAM	A.	16	3	54.06
123	BRIAGA	MARA	M.	16	4	54.06
124	BAJAR	MONIQUE	M.	16	6	44.23
125	BRIAGA	ROS	C.	16	7	44.23
126	AMICAN	CHRISTOPHER	B.	16	8	49.14
127	GOHILDE	CHRYZELLE	A.	16	9	49.14
128	ABAYON	CRISENCIANO	B.	17	2	38.09
129	ABAYON	JOSE SR.	M.	17	4	43.00
130	ABAYON	JOSE III	G.	17	5	46.69
131	ABAYON	JOSE JR.	G.	17	6	39.31
132	TUZON	CYNTHIA	R.	18	1	41.77
133	TUZON	MARYLIN	R.	18	2	40.54
134	RIVERA	ROSSANA	E.	18	3	51.60
135	RIVERA	JENNYLEN	E.	18	4	55.29
136	RIVERA	JERSON	U.	18	6	70.03
137	RIVERA	LORENA	M.	18	7	25.80
138	ABAYON	CHARITO	E.	18	8	46.69
139	ABAYON	FELISICIMO SR.	B.	18	9	33.79
140	ABAYON	CHRISTINE	S.	18	10	33.17
141	LUPANGO	FELY	R.	18	12	25.19
142	TUZON	CHERRY LIN	R.	18	13	40.54
143	HERNANDEZ	BARBARA	C.	19	1	47.91
144	HERNANDEZ	JENNIFER	C.	19	2	46.69
145	AVERILLA	LAWRENCE JOSEPH	D.	19	3	24.57
146	HERNANDEZ	SHERWIN	C.	19	4	46.69

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147	SANTOS	MICHELLE	C.	19	5	47.91
148	CABUG	PAMELA JOYCE	T.	19	6	46.69
149	HERNANDEZ	JOY	C.	19	7	47.91

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