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

RA No. 7279
BIR Ruling No. 053-15
#040-2016
1-21-2016

KTC-SODACO LIZADA VILLAGE HOMEOWNERS ASSOCIATION, INC.
Brgy. Lizada, Rotil, Davao City

Attention : **RESAN B. ARTIAGA**
President

Gentlemen:

This refers to the letter of Ma. Ana R. Oliveros, President of Social Housing Finance Corporation (SHFC) dated November 3 2014, endorsing the sale transaction between South Davao Development Co., Inc. and KTC-Sodaco Lizada 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 Kalinan Timber Corporation (hereinafter referred to as Landowner) is the registered owner of a parcel of land, identified as Lot 128-A, Psd- being a portion of Lot 128, Cad 102 covered by Transfer Certificate of Title (TCT) No issued by the Registry of Deeds for the City of Davao. The aforesaid property is situated at Brgy. Lizada, Toril, Davao City with an area of Twenty Five Thousand square meters (25,000 sq.m.). more or less. KTC-Sodaco Lizada Village Homeowners Association, Inc. (TIN on the other hand, is a homeowner's organization duly registered with the Home Insurance and Guaranty Corporation (HIGC). On July 30, 2014, the parties executed a Deed of Absolute Sale whereby the Landowner[1] transferred and conveyed Fourteen Thousand Six Hundred Forty Eight square meters and 93/100 (14,648.93 sq.m.) portion of the subject property to KTC-Sodaco Lizada Village Homeowners Association, Inc. at an agreed price of
Pesos and (P). Pursuant to the certification issued by SHFC, 14,648.93 sq.m. out of 25,000 sq.m. covered by TCT No. actually comprise a Community Mortgage Program (CMP) Project and shall be proportionately distributed to the association's qualified member-beneficiaries[2]. For this purpose, KTC-Sodaco Lizada 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 on August 26, 2014 in the amount of

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[1]South Davao Development Co., Inc. (formerly: Sodaco Agricultural Corporation) (Surviving Corporation) merged with Sirawan Food Corporation , JCA Rubber Development Corporation, South Davao Development Corporation and Kalinan Timber Corporation (Absorbed Corporations)
[2] see Annex for the masterlist of qualified beneficiaries
[3] Tax base used was P and not the entire selling price stated in the Deed of Sale (P

In support of its request, KTC-Sodaco Lizada Village Homeowners Association, Inc. has completely submitted on July 3, 2015 the following documents:

1) SHFC letter application for tax exemption;
2) Certification of the President of the SHFC that 14,648.93 sq.m. portion of the subject properties qualifies and is actually a CMP project;
3) SHFC Letter-Guaranty No.
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 TCTs and Latest Tax Declarations of the Property 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 under CMP 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 KTC-Sodaco Lizada Village Homeowners Association, Inc. of the 14,648.93 sq.m. out of 25,000 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 Certificate 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 property, to the effect that the said property 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 landowners are liable to pay the documentary stamp tax on the document conveying the afore-stated property imposed under Section 196 of the Tax Code of 1997, based on the consideration contracted to be paid for such realties or their fair market values determined in accordance with Section 6(E) of the said Code, whichever is higher. (BIR Ruling No. 053-15 dated February 27, 2015)

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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)

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 14,648.93 sq.m. out of 25,000 sq.m. covered by TCT No. by the landowner to KTC-Sodaco Lizada Village Homeowners Association, Inc. is exempt from the imposition of VAT. (BIR Ruling No. 304-2013 dated August 6, 2013)

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 sellers are entitled to exemption from capital gains tax or income tax imposed under Sec. 27 (D)(5) the Tax Code of 1997, as amended.

On the other hand, the exemption granted under R.A. 7279 is without prejudice to the right of the Government to collect the proper amount of taxes to the merged corporation, if any.

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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JAN 20 2016

KTC-SODACO LIZADA VILLAGE HOMEOWNERS ASSOCIATION, INC.

Brgy. Lizada, Rotil, Davao City

1	OTON	IRENEO	V.	1	1	138.92
2	OTON	DIOSDADO	V.	1	2	86.83
3	OTON	JOAN	C.	1	3	104.19
4	ALFECHE	FRANCISCA	L.	1	5	92.61
5	ROSAL	VERONICA	O.	1	7	98.40
6	DARUNDAY	JERSHOM	A.	1	8	218.51
7	MAHINAY	ARTURO JR.	V.	1	9	65.12
8	REYNES	OSCAR JR.	O.	1	11	185.23
9	SIMON	NORMALITA	P.	1	12	228.64
10	VILLAHERMOSA	ANTONIO JR.	T.	1	13	69.46
11	ABELLA	ALEX	A.	1	17	78.14
12	BALUCOS	OLIVIA	B.	1	18	199.70
13	AMARILLO	ALBINO	G.	1	21	219.96
14	AMARILLO	ALEXANDER	L.	1	22	144.71
15	ANDING	RENANTE	E.	1	23	230.09
16	MACASO	JHOAN	L.	1	24	230.09
17	MORELES	ROSELYN	C.	1	25	196.80
18	EDAÑO	RAFAEL	A.	1	29	121.56
19	APURA	VILMA	E.	1	31	237.32
20	CREDO	GLADYS	A.	1	34	107.08
21	MOLARTE	CARMELITA	M.	1	37	111.43
22	ARTIAGA	RESAN	B.	2	4	218.51
23	ARTIAGA	JERRY	B.	2	5	214.17
24	CALAMONGAY	JEFFERSON	M.	2	6	185.23
25	MANAIT	EMILY	O.	2	7	107.08
26	ENCARNACION	EVELYN	M.	2	8	112.87
27	DELOS SANTOS	ELVIRA	M.	2	9	108.53
28	SON-OC	FEDERICO JR.	M.	3	2	125.90
29	GUMON	RONALD ROY	M.	3	3	43.41
30	CELA	FEDERICO	S.	3	5	201.15
31	EHILO	ANTONIO	M.	3	8	104.19
32	HENCIANOS	ALICIA	D.	3	9	104.19
33	OTE	FLOREDELIZA	C.	3	10	150.50
34	ANAY	SNOOKY MAE	G.	3	11	150.50
35	ANAY	APRILLE ROSE	G.	3	12	217.06
36	ANAY	FRANCISCO	P.	3	13	218.51
37	SAJOL	ARLENE	L.	4	2	136.03
38	SAJOL	EVELYN	A.	4	4	131.69
39	SABROSO	RHEA	C.	4	6	196.80
40	AUZA	JENIFER MAE	B.	4	10	172.20
41	SERO	MERCEDITA	O.	4	11	177.99
42	BUAL	CORAZON	A.	4	14	164.97
43	LEGUIP	NORMA	Q.	4	15	169.31
44	CONCHA	EXCELSIS DEO	Q.	4	16	172.20

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45	MEJORADA	MARLON	B.	4	17	167.86
46	SERRANO	ARLENE	M.	4	18	157.73
47	QUIAL	JOHNRAYMUND	L.	4	21	167.86
48	QUIAL	FRANK ADRIAN	R.	4	22	102.74
49	TERO	NARIELYN JANE	R.	4	23	260.48
50	PACAMALAN	NILO	E.	4	24	206.93
51	GILBUENA	CLARK	A.	4	26	105.64
52	CALACAT	AIME	E.	5	2	154.84
53	CANDELASA	ROBERTO JR.	C.	6	1	83.93
54	VICENTE	MYLENE MAE	S.	6	4	37.62
55	SAVELLA	LIAN	M.	6	5	214.17
56	ARTIAGA	ANNALYN	B.	7	1	163.52
57	ARTIAGA	DONNA HILL	F.	7	2	118.66
58	MCDOWELL	ALLAN	A.	7	7	94.06
59	CASINGINAN	FELINA	L.	7	8	99.85
60	LIGUTAN	WILFREDO JR.	T.	7	9	108.53
61	BALUCOS	ROVILYN	P.	7	10	108.53
62	PIZARRAS	BONITO	G.	7	11	101.30
63	PACATE	MELVIN	B.	7	12	95.51
64	BONETE	ANTONIO	M.	7	13	101.30
65	ALAG	ROGELIO	L.	7	14	101.30
66	MANSILAGAN	FELIPE JR	M.	7	15	99.85
67	PASTORIL	LEO	Q.	7	16	104.19
68	BAJADE	REY	D.	7	17	202.59
69	COMPUESTO	FLORDELIZA	Q.	7	18	202.59
70	SORIA	YVONE	S.	7	19	105.64
71	PANO	BUTCH	M.	7	20	101.30
72	VELASCO	ELIEZER	L.	7	21	104.19
73	SALVANI	JELYN	A.	7	22	208.38
74	SALVANI	LINETH	B.	7	23	104.19
75	DANGCALAN	JEFFREY	C.	7	28	95.51
76	AMAMIO	GERLIE	A.	7	29	120.11
77	AMAMIO	JOY	A.	7	30	140.37
78	AMAMIO	LISA	A.	7	31	92.61
79	CABURNAY	MARIA SOCORRO	A.	7	32	128.79
80	SALVANI	JEAN	L.	7	33	96.96
81	SALVANI	EDGARDO	S.	7	34	130.24
82	MALLARI	ALEJANDRO	R.	7	35	94.06
83	SONGCO	MANUEL JR.	A.	7	36	153.39
84	PAMINE	BONIFACIO JR.	A.	7	37	96.96
85	ESTOQUE	GILBERT	Q.	7	38	101.30
86	DIONALDO	FELIX	S.	7	39	76.70
87	BULAWAN	ELIEZER	L.	8	1	192.46
88	UCANG	JOELITO	S.	8	2	85.38
89	PEOLIO	EMMA CONCEPCION	B.	8	5	147.60
90	PEOLIO	FROILAN	B.	8	6	141.82
91	OCAY	DIONESIO	D.	8	7	156.29
92	ALLA	ROMEO	C.	8	8	131.69
93	PELICANO	RENATO	D.	8	9	149.05
94	AMAMIO	NENITA	P.	8	10	140.37
95	ABADILLA	LORNA	D.	8	11	160.63

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96	ABADILLA	CARLO	D.	8	12	144.71
97	SALVANI	ANNE	M.	8	13	150.50
98	SALVANI	LARRY	M.	8	14	150.50
99	GERE	VENERANDA	A.	8	18	120.11
100	SALVANI	RODNEY	M.	9	1	164.97
101	BAJENTING	JOSEPHINE	A.	9	3	177.99
102	DEL ROSARIO	VALENTINA	S.	9	4	118.66
103	PEOLIO	JIFFY	B.	9	5	86.85
104	HARAYO	JULIET	P.	9	6	169.31

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