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

RA No. 7279
BIR Ruling No. 053-15
#072-2016
3-1-2016

SURICO HOMEOWNERS ASSOCIATION, INC.
Block 2, Santa Cruz
Brgy. Duterte, Agdao, Davao City

Attention : **RONALD P. PORTILLO**
President

Gentlemen:

This refers to the letter of Ma. Ana R. Oliveros, President of Social Housing Finance Corporation (SHFC) dated November 5, 2015, endorsing the sale transaction between Surico, Inc. and Surico 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 Surico, Inc. (TIN) (hereinafter referred to as Landowner) is the registered owner of two (2) parcels ot land covered by following Transfer Certificates of Title (TCT):

TCT No.	Property Identification No.	Lot No.	Area (sq. m.)
		4-B	1,511
		5	1,509
		total area	3,020

both issued by the Registry of Deeds for the City of Davao. The aforesaid properties are situated at Brgy. Duterte, Agdao, Davao City. Surico Homeowners Association, Inc. (TIN), on the other hand, is a homeowner's organization duly registered with the Housing and Land Use Regulatory Board (HLURB). On May 6, 2015, the parties executed a Deed of Absolute Sale whereby the Landowner transferred and conveyed the subject property to Surico Homeowners Association, Inc. at an agreed price of and (F). Pursuant to the certification issued by SHFC, the subject properties covered by TCT Nos. nd actually comprise a Community Mortgage Program (CMP) Project and shall be proportionately

039383

distributed to the association's qualified member-beneficiaries[1]. For this purpose, Surico 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 June 5, 2015.

In support of its request, Surico Homeowners Association, Inc. has completely submitted on November 13, 2015 the following documents:

1) SHFC letter application for tax exemption;
2) Certification of the President of the SHFC that 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 copy of the TCT and Latest Tax Declaration 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 landowner who sold its property 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 Surico Homeowners Association, Inc. of the subject properties covered by TCT Nos. and T- are 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

[1] see Annex for the masterlist of qualified beneficiaries

039383

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)

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 subject properties covered by TCT Nos. and by the landowner to Surico 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.

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

K-1-JRC

039383
FEB 24 2016

1	Pineda	Ronelo	R.	1	1	39.41
2	Estrella	Richel	P.	1	2	40.72
3	Damier	Danilo	L.	1	3	39.41
4	Libunao	John Paul	D.	1	4	39.41
5	Vallejos	Daniel Sr.	D.	1	5	39.41
6	Marfa	Mary Jane	V.	1	6	39.41
7	Navarro	Vergel	M.	1	7	39.41
8	Ode	Beverly Joy	M.	1	8	39.41
9	Sabanal	James	V.	1	9	39.41
10	Sabanal	Jason	V.	1	10	39.41
11	Bernadas	Glen	E.	1	11	39.41
12	Bernadas	Gary	S.	1	12	39.41
13	Cañete	Eva	P.	1	13	39.41
14	Cañete	Jose Edwin	L.	1	14	39.41
15	Magsipoc	Rey	A.	1	15	78.82
16	Suarez	Pedrita	M.	1	16	39.41
17	Ompoy	Luisa	B.	1	17	39.41
18	Aque	Ma. Rita	A.	1	18	39.41
19	Aque	Vermond	A.	1	19	39.41
20	Lozada	Mabini	P.	1	20	39.41
21	Alingig	Noel	L.	1	21	39.41
22	Castillo	Katherine	O.	1	22	78.82
23	Reyes	Melanie	P.	1	23	39.41
24	Reyes	Rey	A.	1	24	39.41
25	Orbeta	Luningning	M.	1	25	39.41
26	Orbeta	Loriebel	M.	1	26	39.41
27	Jadaong	Danilo	G.	1	27	51.23
28	Jadaong	Dalsie	R.	1	28	51.23
29	Lee	Lai	A.	2	1	78.82
30	Catayas	Keth Laurel	J.	2	2	39.41
31	Portillo	Johnny	P.	2	3	39.41
32	Catayas	Nilo	G.	2	4	39.41
33	Portillo	John Anthony	T.	2	5	39.41
34	Seprado	Janice	M.	2	6	39.41
35	Aguilar	Alfredo Jr.	V.	2	7	39.41
36	Seprado	James	M.	2	8	39.41
37	Pantojan	Annabelle	A.	2	9	39.41
38	Navarro	Vanessa	M.	2	10	39.41
39	Taculod	Jocelyn	A.	2	11	39.41
40	NAvarro	Rene	V.	2	12	39.41
41	Alamban	Juvelyn	C.	2	13	39.41
42	Juit	Diana Joy	A.	2	14	39.41
43	Alingig	Diana Jane	V.	2	15	39.41

0396 H 039382

44	Guisehan	Emily	S.	2	16	39.41
45	Sampang	Christine	A.	2	17	39.41
46	Guisehan	Alfredo	G.	2	18	39.41
47	Alingig	Joseph	M.	2	19	39.41
48	Guisehan	Ernesto Jr.	Q.	2	20	78.82
49	Portillo	Ronald	P.	3	1	39.41
50	Menchate	Jesus	T.	3	2	39.41
51	Portillo	Rona Mae	L.	3	3	39.41
52	Concepcion	Alberto	M.	3	4	39.41
53	Plarisan	Editha	D.	3	5	39.41
54	Galay	Ricardo	M.	3	6	39.41
55	Dollete	Paul Edward	P.	3	7	39.41
56	Diaz	Abigail	P.	3	8	39.41
57	Ayuda	Manuel Jr.	L.	3	9	39.41
58	Ong	Lourdes	L.	3	10	39.41
59	Ayuda	Mary Jane	L.	3	11	39.41
60	Ong	Roro	S.	3	12	39.41
61	Borres	Bryan	G.	3	13	39.41
62	Torillo	Aldrin	E.	3	14	39.41
63	Borres	Jessa	G.	3	15	39.41
64	Torillo	Claire	E.	3	16	39.41
65	Jadaong	Casimiro	G.	3	17	39.41
66	Tumuas	Emiliano	T.	3	18	39.41
67	Bontigao	Shienna Marie	G.	3	19	39.41
68	Tumuas	Arnulfa	T.	3	20	39.41
69	Sungahid	Efren	N.	3	21	39.41
70	Jadaong	Adams	P.	3	22	39.41
71	Matura	Gina	S.	3	23	39.41
72	Jadaong	Rene	G.	3	24	39.41

039383