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

RA7279
BIR Ruling No. 066-2011
#108-2016 4-5-2016

HON. JOHN G. BONGAT
City Mayor
City of Naga

Sir:

This refers to your letter dated September 3, 2013 requesting tax exemption on the sale transaction between the Heirs of Siy Cong Jui and the City of Naga from the payment of Capital Gains Tax and other taxes in accordance with the Republic Act No. 7279, otherwise known as the Urban Development and Housing Act of 1992.

Documents submitted show that the Heirs of Siy Cong Jui (Amparo Siy Cong Jui, Ernesto Siy Cong Jui, Socorro Siy Cong Jui and Alfonso Siy Cong Jui) (hereinafter referred to as Landowners) were the registered owners of a parcel of land, identified as Lot No. 1166 of the Cadastral Survey of Naga, Cadastral Case No. LRC cadastral Record No. covered by Original Certificate of Title (OCT) No. ssued by the Registry of Deeds for the City of Naga with an area of Twenty Five Thousand Nine Hundred Seven square meters (25,907 sq.m.), more or less; that Amparo Siy Cong Jui, Ernesto Siy Cong Jui, Socorro Siy Cong Jui and Alfonso Siy Cong Jui died on April 12, 1991, February 20, 1978, July 3, 2001 and September 5, 1960, respectively; that on August 11, 2010, an "Extrajudicial Settlement of the Estate" of the deceased landowners was executed among their respective heirs, to wit:

Landowners	Heirs
Amparo Siy Cong Jui	Sunsan Teng Tan, Amelia Teng Yap, Linda Teng Woo, Cecilia Teng Co and Richard Teng
Socorro Siy Cong Jui	Sonny S. Young, David S. Young, Edward S. Young, Dancy S. Young Lim, Vicky S. Young and Henry S. Young
Alfonso Siy Cong Jui	Eleonor Siy Tan, Alexander Siy, Azucena Siy Nakagawa, Edward Siy and Elizabeth Siy
Ernesto Siy Cong Jui	Sunsan Teng Tan, Amelia Teng Yap, Linda Teng Woo, Cecilia Teng Co, Richard Teng, Sonny S. Young, David S. Young, Edward S. Young, Dancy S. Young Lim, Vicky S. Young, Henry S. Young ,Eleonor Siy Tan, Alexander Siy, Azucena Siy Nakagawa, Edward Siy and Elizabeth Siy

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that the heirs divided and adjudicated, among themselves, the above described real property pro-indiviso; and that, Certificates Authorizing Registration (CAR) were issued to the Estates of the Landowners, all dated August 9, 2012, certifying that the said Estates have fully paid their respective estate taxes.

On the other hand, the City Government of Naga, a public entity created and existing under the laws of the Philippines, is desirous of purchasing the said property for its socialized housing project; that on February 8, 2012, a Decision based on Compromise Agreement was rendered by the Regional Trial Court, 5th Judicial Region, Branch 22, Naga City on the said parcel of land pursuant to City of Naga Ordinance No. 2011-034 expropriating the subject property to be used by urban poor beneficiaries[1] who are already residing thereon; that said Decision has become final and executory on March 1, 2012; and that in the same decision, the Court fixed the just compensation at
pesos (P

On April 17, 2012, the Heirs of the landowners, through their attorney-in-fact, Sonny S. Young, transferred the subject realty to the City Government of Naga equivalent to the amount of just compensation; and that the subject property is to be utilized for the Socialized Housing Project for the benefit of the poor and landless.

In reply, please be informed that pursuant to Sections 20 of RA No. 7279, pertinent portions of which state that:

> *"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:*
>
> *xxx xxx xxx*
>
> *2) Capital gains tax on raw lands use for the project;*
>
> *xxx xxx xxx"*

the owner of the raw land is exempt from the payment of capital gains tax or the withholding tax under Revenue Regulations No. 2-98, as amended, on the conveyance of the parcel of land for use in the aforesaid socialized housing project. Such being the case, the sale of the property covered by OCT No. to City Government of Naga is exempt from capital gains tax. (BIR Ruling No. 066-2011 dated March 9, 2011)

However, the sale is subject to the documentary stamp tax imposed under Section 196 of the Tax Code of 1997 based on the actual consideration of the property transferred, considering that one of the contracting parties is the Government.

[1] See annex

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Upon application for exemption, a lien on the titles of the land shall be annotated by the Register of Deeds having jurisdiction over the properties, to the effect that the same is to be applied or is being applied to socialized housing project pursuant to RA 7279.

Please take note 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 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 CAR after the submission of the requirement provided under RMO 15-2003, including proof of payment of documentary stamp tax.

This ruling is being issued on the basis of the foregoing facts as represented. However, if upon investigation, it will be disclosed that the facts are different, then this ruling shall be considered null and void.

Very truly yours,

KIM S. JACINTO-HENARES
Commissioner of Internal Revenue

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MABULO RESETTLEMENT PROJECT

Barangay Mabulo, Naga City

LOT NO.	BENEFICIARIES	AREA SQ. M.
BLOCK 1		
2	ESTELA, Noe / Elsie	54
4	ESTELA, Salvador / Alberta	54
5	CAYONTE, Salvacion	54
6	FACTOR, Cerilo / Ma. Francia	54
7	BORBO, Arto / Yolanda	54
8	NOLASCO, Mario / Elizabeth	54
9	PARMA, Jonathan / Helen	54
12	CAPIN, Ruben Sr. / Evelyn	54
13	OCZON, Nancy (w)	54
14	MANANSALA, Dennis / Armida	54
17	OBSUM, Ruben / Evangeline	54
BLOCK 2		
1	LORENTE, Christian	54
3	AMADOR, Jose / Lorna	54
5	LUMAPAG, Romeo (w)	54
7	BODOY, Vicente Sr. / Eva	54
BLOCK 3		
5	DELA TRINIDAD, Ricardo / Maria	54
BLOCK 4		
2	PEMPOLIO, Nepthalie Jr. / Marilou	54
3	MARTILLANO, Alberto / Lorenza	54
4	BOLO, Dolores (w)	54
5	SAMBRANO, Placido / Marisol	54
6	SOTTO, Ruperto / Precilla	54
BLOCK 5		
2	ASANZA, Andres / Maria Teresa	54
3	LIBRANDA, Julio / Corazon	54
5	MANANSALA, Christopher / Hecile	68
BLOCK 6		
1	PLEGINO, Geminiano / Nida	54
7	DELA TRINIDAD, Nirick / Roselle	54
8	RESCO, Jose / December	54
9	GALANG, Diomedes / Marie Grace	54
10	SAN LUIS, Freddie / Maria	54
BLOCK 7		
2	MODINO, Clark / Ma. Luisa	54
4	PEMPOLIO, Virgilio / Melinda	54

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5	DY, Ronilo / Ma. Vienna	54
6	PEMPOLIO, Nicanor / Nieves	54
7	LUMAPAG, Nelson / Bella	54
9	BATALLA, Fernando Jr. / Lilia	54
12	PORTUGAL, Alan & Belinda	54
13	ALMARIO, Alfredo / Salvacion	54
15	MANANSALA, Christopher / Hecile	54
16	BUENZALIDA, Roderick / Elizabeth	54
BLOCK 8		
1	FRANCISCO, Glen / Jesusa	54
2	AREVALO, Danilo / Teresita	54
5	CARILLO, Ely / Shirley	54
6	NICOLAS, Mapril / Melchie	54
7	ORDE, Venus (sp)	54
8	MANDANE, Bernardo Jr. / Rosemarie	54
9	SOMBRERO, Alfredo Jr. / Christina	54
10	CHUA, Rodrigo / Perlita	54
11	PERILLO, Edmegio / Carmen	54
12	ZALDIVAR, Rogelio / Emma	54
BLOCK 9		
1	REYES, Magno T. (c/o Boss RSV.)	54
2	CABALQUINTO, Alvin / Emma	54
3	TRESREYES, Marcellano Sr. / Amelita	54
4	MENDOZA, Roberto / Mary Jean	54
5	BOK, Franco / Analiza	54
6	PORTUGUEZ, Virginia (w)	54
7	BURCE, Jerry / Amalia	54
8	PORTUGUEZ, Noel / Cherry	54
9	JOB, Jaime / Salud	54
10	WONG, Leonardo / Lorna	54
11	SOMBRERO, Romeo / Emily	54
12	MORENO, Luis / Nena	54
13	SAMBRANO, Romeo / Rodelyn	54
BLOCK 10		
2	QUIDOLES, Pepito / Alicia	54
7	ALANO, Wilfredo / Rowena	54
8	PRASQUITA, Eva (sp)	54
11	DUBAS, Joel / Liezl	54
12	LORENTE, Nenita *(s)	54
BLOCK 11		
1	CABALQUINTO, Amel / Jovie	54
5	DAVID, Fernando / Emelita	54
13	SADAMA, Rommel / Daisy	54
15	PANTE, Ramon / Rosalinda	54

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BLOCK 12		
1	BONTO, Eduardo / Elena	54
4	REYES, Judith (w)	54
5	CALIMAG, Gregorio / Arlene	54
13	DEL CASTILLO, Joel / Eva	54
15	LACOSTALES, Jaime / Heide	54
16	AVILA, Tomas / Rose	54
19	LACOSTALES, Elmer / Nellie	54
BLOCK 13		
3	GOROSPE, Gemma (sp)	54
4	REGO, Randy / Edna	54
6	CAPAYAS, Anselmo (w)	54
7	LUMAPAG, Marlon / Narissa	54
9	SAN JOSE, Diego / Lourdes	54
10	BUENZALIDA, Victor / Alma	54
BLOCK 14		
1	ROMERO, Estrella (sp)	54
2	SAMBRANO, Jose / Michelle	54
3	ADOTE, Francisco / Elizabeth	54
4	FRANCISCO, Glen / Jesusa	54
BLOCK 14		
5	CADORES, Olivia / Leonardo Jr.	54
6	OTERO, Purificacion	54
7	SAN LUIS, Ruben / Delia	54
8	FRANCISCO, Ma. Theresa (w)	54
10	ABELLANO, Ruben Jr. / Editha	54
BLOCK 15		
1	AVELLANA, Rodolfo / Imelda	54
3	HUSAIN, Ruel / Shiela	54
4	ESPINOSA, Benito / Godelia	54
BLOCK 16		
1	MAGAS, Janet	54
2	ALEMANIA, Edna	54
3	ALEMANIA, Alona	54
4	JARDIN, Wilson	54
5	MAGAS, Roberto	54
6	JARDIN, Wilhen / Zenaida	54
7	TEJERO, Roberto	54
8	MAGAS, Lourdes	54
BLOCK 17		
1	FRANCISCO, Jenelita	54
2	ORLANDA, Edda	54
3	ALEMANIA, Nimfa	54
4	RANCES, Ronnel	54

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5	ALEGRE, Oscar / Carmen	54
6	ALEMANIA, Conrado (s)	54
7	DELOS SANTOS, Nelson	54
8	ODIAME, Junalyn	54
BLOCK 18		
3	MAGAS, Herminia	54
6	BRIOSO, Ildefonsa	54
7	MALANYAON, Erney	54
8	MALAGA, Melda	54
9	FRANCISCO, Jenet	54
10	FLOREDELIZA, Grencio	54
BLOCK 20		
4	LACOSTALES, Gleceria (w)	54
BLOCK 21		
1	PELGINO, Marcelina (w)	77
BLOCK 22		
4	VERDEJO, Walter / Lanie	64
5	RESCO, Domingo / Rosela	60
BLOCK 23		
1	STA. ROSA, Gina (w)	54
2	AVILA, Isagani / Leonila	54
3	JUNSAY, Gregorio Jr. / Gina	54
4	CUERDO, Fernando / Jennifer	54
5	ABESA, Cesar	54
6	BELEN, Rogen Nick / Ann Belen	54
7	HUSAIN, Ruel / Shiela	54
8	GALLARTE, Nelson / Soledad	54
9	MEDENILLA, Danilo	54
10	PERIDO, Ricardo Jovito / Aiza	54
BLOCK 24		
1	DELA ROSA, Rogelio (w)	54
2	DELA ROSA, Salvador / Creselda	54
3	BALDONADO, Marlon / Jenie	54
4	BELANDO, Mildred / Jocelyn	54
5	TALLION, Joel / Julieta	54
6	SATINYAMAN, Fernando / Nelia	54
7	DUAZO, Efipania (w)	54
8	DIALOGO, Luzviminda (Fredisminda)	54
9	SALES, Rebecca (w)	54
10	VILLAREAL, Domingo / Emily	54
11	GALANG, Rogelio / Marites	54
12	CLORES, Felix / Emilia	54
13	CARDENAS, Josefina (w)	54
14	BERMUDO, Alejandro / Vangeline	54

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15	BONGON, Daric / Elisa	54
16	BERMUDO, Angelo Sr. / Rosemarie	54
17	VILLETE, Delia (w)	54
18	ORTEGA, Marites	54
19	ORTEGA, Ronelo	54
21	VERDADERO, Winefreda & NODA, Antonio	54
22	ARCILLA, Arnel / Marilou	54
BLOCK 26		
10	OSTIL, Gerson / Cristy	54
BLOCK 27		
1	TALLION, Marivic	54
2	BERMUDO, Marylinn	54
3	RODRIGUEZ, Roderick / Rica	54
4	LORENTE, Joel	54
5	GARCIA, Christopher / Nelia	54
BLOCK 28		
1	DELA TRINIDAD, Lazaro / Vivian	54
2	POTENCIANO, Bernardo / Melanie	54
4	GOMEZ, Wilfredo / Rosela	54

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