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

RA No. 7279
BIR Ruling No. 053-15
#112-2016
4-6-2016

SAN VICENTE URBAN VILLAGE
HOMEOWNERS ASSOCIATION, INC. PHASE II
Brgy. Tanza Norte, Panay, Capiz

Attention : **FEDERICO B. BARRERA**
President

Gentlemen:

This refers to the letter of Ma. Ana R. Oliveros, President of the Social Housing Finance Corporation (SHFC) dated August 18, 2015, endorsing the sale transaction between Susan De Matias Cillo and San Vicente Urban Village Homeowners Association Inc. Phase II 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 Susan De Matias Cillo (hereinafter referred to as Landowner) is the registered owner of a parcel of land, identified as Lot 2-K-1-B, Psd-06-072331, being a portion of Lot 2-K-1, Psd-06-068092 covered by Transfer Certificate of Title (TCT) No. issued by the Registry of Deeds for Roxas, Capiz. The aforesaid property is situated at Brgy. Bato, Panay, Capiz with an area of Twelve Thousand Nine Hundred Twenty Eight square meters (12,928 sq.m.), more or less. San Vicente Urban Village Homeowners Association Inc. Phase II (TIN), on the other hand, is a homeowner's organization duly registered with the Housing and Land Use Regulatory Board (HLURB). On May 13, 2015, the parties executed a Deed of Absolute Sale whereby the Landowner transferred and conveyed Nine Thousand Eight Hundred Sixty Seven square meters (9,867 sq.m.) portion of the subject property to San Vicente Urban Village Homeowners Association Inc. Phase II at an agreed price of Pesos (P). Pursuant to the certification issued by SHFC, 9,867 sq.m. out of 12,928 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[1]. For this purpose, San Vicente Urban Village Homeowners Association Inc. Phase II 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, San Vicente Urban Village Homeowners Association Inc. Phase II has completely submitted on December 9, 2015 the following documents:

1) SHFC letter application for tax exemption;
2) Certification of the President of the SHFC that 9,867 sq.m. portion of the subject property qualify and is actually a CMP project;
3) SHFC Letter-Guaranty No. CMP-1090;
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 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, Susan De Matias Cillo to San Vicente Urban Village Homeowners Association Inc. Phase II of the 9,867 sq.m. out of 12,928 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 Homeowner's 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)

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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 realty or its fair market value determined in accordance with Section 6 (E) of the said Code, whichever is higher.

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 title 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 sellers are 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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SAN VICENTE URBAN VILLAGE
HOMEOWNERS ASSOCIATION, INC. PHASE II
Brgy. Tanza Norte, Panay, Capiz

1	AGUPITAN	GLENN	BULAO	1	3	136.78
2	AGUPITAN	REGIN	BULAO	1	4	138.66
3	ALINDADA	WENDY LYNN	MAGANTE	1	5	129.29
4	RETITA	REUEL	GALINO	1	6	133.03
5	DORDAS	BENEFRIDA	F.	1	9	140.53
6	FAUSTO	ROMELYN	CABANUS	1	10	146.15
7	ANTIQUE	ELEONEL	ALIMONSURIN	1	11	133.03
8	CUNANAN	ELEONOR	ANTIQUE	1	12	134.91
9	BALASA	LEAH	L.	1	13	134.91
10	BALASA	FLORANTE	L.	1	14	118.04
11	CULILI	GRACE	PALANOG	1	15	101.18
12	HARESCO	EDEN	C.	2	1	146.15
13	AMORES	KEITH	HARESCO	2	2	146.15
14	AMORES	KHAREEN	HARESCO	2	3	146.15
15	AMORES	KEVIN	HARESCO	2	4	144.28
16	DENOSTA	ANNA	S.	2	5	131.16
17	DENOSTA	ANTONETTE	S.	2	7	131.16
18	ALIPAO	BUENAFE	TAYTAYON	2	9	136.78
19	BALBOA	JONATHAN	BUCAY	2	10	144.28
20	SOMO-OY	LENAR	BURVUL	2	11	118.04
21	BALBOA	LYDIA	BUCAY	2	12	142.40
22	ZABELLA	RAYMOND	R.	2	13	127.41
23	BARRERA	FEDERICO	BEGAS	2	14	159.27
24	HARESCO	EDMARK	C.	2	15	108.68
25	BISMANOS	ROLLY	CILLAMCO	2	16	136.78
26	CAMACHO	RAMIRO	CORDOVA	2	17	131.16
27	CAMACHO	JOHNSON	CORDOVA	2	18	149.90
28	CAMACHO	RASHIEL	CORDOVA	2	19	131.16
29	CAMACHO	BIL	CORDOVA	2	20	134.91
30	BERMEJO	MAY	OCANA	3	5	151.77
31	BAYLON	EDEN	A.	3	6	127.41
32	AGASE	LEONILA	MARCELINO	3	7	136.78
33	PATRIARCA	CHERRY	B.	3	8	118.04
34	AGASE	MAGDALENA	ORO	3	9	134.91
35	ALBAY	GRACE	D.	3	10	123.67
36	NEPUMOCENO	MA. ELENA IRENE	BISMANOS	3	15	134.91
37	ARANETA	ROWENA	BLANCO	3	16	125.54
38	DELA CRUZ	MARY GRACE	CABANUS	3	17	138.66
39	PAEZ	ANADEL	BLANCO	3	18	138.66
40	DELA CRUZ	MARNIE	CABANUS	3	19	138.66
41	DIVIDINA	ARLEE	ANTIQUE	3	21	138.66
42	SAMONTE	SHEILA	CAMACHO	3	22	138.66
43	DACUME	EVELYN	C.	4	1	125.54

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44	GASTAR	LOVELYN	DEMAUSA	4	2	131.16
45	BONAFE	ELVIE	C.	4	3	127.41
46	DELCANO	RHODALYN	GASTAR	4	4	121.79
47	DE TOMAS	ARGIE	ARDENA	4	5	129.29
48	MENDOZA	JEREMIAH CRIS	D.	4	7	129.29
49	FADERES	JENELYN	VALLE	4	9	119.92
50	PASIGNASIGNA	MARILYN	SOLIRA	4	10	121.79
51	BACUDO	LORENZO	BARIA	4	11	121.79
52	PASIGNASIGNA	MARK LEE	S.	4	12	127.41
53	LATUMBO	ARNY	C.	4	13	129.29
54	ONASCO	DANILO	AMORES	4	15	134.91
55	DE MATIAS	MENARDO	TIRADOR	4	17	121.79
56	ARCETA	MELDA	BIACO	4	19	121.79
57	CAMACHO	RENE	C.	4	20	106.80
58	BOCALA	NEMA	BARRIATOS	4	21	121.79
59	BIACO	ROSEMARIE	ERNESTO	4	22	114.30
60	BOCALA	VINCENT PAUL	BARRIATOS	4	23	125.54
61	BEGAS	JOEFREY	B.	4	24	112.42
62	DELA FUENTE	JAY	L.	4	25	116.17
63	CALVARIO	ANIANO	HERNANDEZ	4	26	116.17
64	ARROBANG	CINDY	MAUNGCA	4	27	110.55
65	CARTUJANO	MELANIE	VILLARDE	4	28	125.54
66	BOFILL	JOSUE	CONTRERAS	5	1	148.02
67	BIGCAS	EDGARDO	DOLOR	5	2	146.15
68	BASID	SANDRA	LACORTE	5	3	140.53
69	VITERBO	NILDA	BORNALES	5	4	138.66
70	ASTRONOMO	REGIE	CATALAN	5	5	123.67
71	ALBALADEJO	RENE	S.	5	8	136.78
72	ARQUISOLA	JENNYROSE	E.	5	9	136.78
73	BALORO	LENIE	S.	5	10	140.53
74	DAJAO	ALDREN	A.	5	11	140.53
75	ALBORTE	ELYROSE	UNARCE	5	12	144.28

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