July 31, 2018

BIR RULING NO. 1124-18

R.A. 9679; Revenue Memorandum
Circular No. 43-2011

Home Development Mutual Fund
Pryce Tower Condo, Pryce Business Park,
Bajada, Davao City

Attention: *Elizabeth LV. Tinagan*
Department Manager II

Gentlemen :

This refers to your letter dated April 20, 2011 requesting for a ruling on whether or not the Home Development Mutual Fund (hereinafter referred to as the "Fund") can now adopt the exempting provision of Republic Act (RA) No. 9679, which took effect on August 27, 2009, on the creditable withholding tax imposed on the Fund on the sale/transfer of ownership of its assets and properties.

RA No. 9679 provides —

> "**SEC. 19. Exemption from Tax, Legal Process and Lien.** — All laws to the contrary notwithstanding, the Fund and all its assets and properties, all contributions collected and all accruals thereto and income or investment earnings therefrom, as well as all supplies, equipment, papers or documents shall be exempt from any tax, assessment, fee, charge, or customs or import duty; and all benefit payments made by the PAG-IBIG Fund shall likewise be exempt from all kinds of taxes, fees or charges, and shall not be liable to attachments, garnishments, levy or seizure by or under any legal or equitable process whatsoever, either before or after receipt by the person or persons entitled thereto, except to pay any debt of the member to the Fund. No tax measure of whatever nature enacted shall apply to the Fund, unless it expressly revokes the declared policy of the State in Section 2 hereof granting tax exemption to the Fund. Any tax assessment against the Fund shall be null and void."

In reply, please be informed that pursuant to Section 2.57.2 (J) of Revenue Regulations No. 2-98, as amended, implementing Section 57 (A) and (B) of the Tax Code of 1997, as amended, a creditable withholding tax is imposed on the sale, exchange or disposition of real property located in the Philippines classified as ordinary assets.

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However, RA 9679 expressly exempts all income derived from the Fund's assets and properties from "any tax." From the foregoing, this Office hereby holds that the Fund shall be exempt from the payment of creditable withholding tax on the sales/transfers of ownership of its assets and properties pursuant to Section 19 of RA No. 9679.

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,

(SGD.) CAESAR R. DULAY
Commissioner of Internal Revenue

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