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

RA No. 7279
BIR Ruling No. 053-15
#136-2016
4-18-2016

PDAAP VILLAGE 1 HOMEOWNERS ASSOCIATION, INC.
Sitio Esperanza, Brgy. Binuntucan
Pontevedra, Capiz

Attention : **LEONAME A. BORDO**
President

Gentlemen:

This refers to the letter of Ma. Ana R. Oliveros, President of Social Housing Finance Corporation (SHFC) dated December 1, 2015, endorsing the sale transaction between Philippine Distressed Asset Asia Pacific (SPV-AMC) 2, Inc. and PDAAP Village 1 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 Philippine Distressed Asset Asia Pacific (SPV-AMC) 2, Inc. (TIN) (hereinafter referred to as Landowner) is the registered owner of a parcel of land, identified as Lot No. 3, Plan No. (LRA) PCS-1, Portion of Cons.-Subd. of Lots 967-A and 967-B, Psd-06-003054, LRC (CLR) Rec. No. 9058 covered by Transfer Certificate of Title (TCT) No. issued by the Registry of Deeds for Roxas, Capiz. The aforesaid property is situated at Brgy. Binuntucan, Pontevedra, Capiz with an area of Twenty Six Thousand Five Hundred Eighteen square meters (26,518 sq.m.), more or less. PDAAP Village 1 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 October 8, 2015, the parties executed a Deed of Absolute Sale whereby the Landowner transferred and conveyed Seventeen Thousand Eight Hundred Sixty Three square meters (17,863 sq.m.) portion of the subject property to PDAAP Village 1 Homeowners Association Inc. at an agreed price of pesos and Pursuant to the certification issued by SHFC, 17,863 sq.m. out of 26,518 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, PDAAP Village 1 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 November 5, 2015.

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[1] see Annex for the masterlist of qualified beneficiaries

In support of its request, PDAAP Village 1 Homeowners Association, Inc. 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 17,863 sq.m. portion of the subject properties qualifies and is actually a CMP project;
3) SHFC Letter-Guaranty No. CMP-1122;
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, Philippine Distressed Asset Asia Pacific (SPV-AMC) 2, Inc., to PDAAP Village 1 Homeowners Association, Inc. of the 17,863 sq.m. out of 26,518 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 landowner is 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 17,863 sq.m. out of 26,518 sq.m. covered by TCT No. by the landowner to PDAAP Village 1 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

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PDAAP VILLAGE 1 HOMEOWNERS ASSOCIATION, INC.

Sitio Esperanza, Brgy. Binuntucan, Pontevedra, Capiz

1	SUERTE	GINA	OROCIO	1	1	241.26
2	OROCIO	SALLY	BELO	1	2	133.50
3	OROCIO	EDUARDO	BELO	1	3	207.48
4	OROCIO	ERNESTO	BELO	1	4	135.11
5	DICHOPO	ANALIE	VILLAR	1	5	181.75
6	DUENO	MERNA	OROCIO	2	1	175.32
7	MIKUNOG	MELINDA	OROCIO	2	2	183.36
8	PULLONA	NESTOR	DELA CRUZ	3	2	128.67
9	PULLONA	CHRISTIAN	OROCIO	3	3	128.67
10	BARNES	MARGARITA	DUMANIL	3	4	128.67
11	BUENAVIDES	FELYN	DUMANIL	3	5	128.67
12	SEVERINO	ELIZALDE	DELOS REYES	3	6	128.67
13	GALOR	MICHAEL	AGUIRRE	3	7	128.67
14	ACTA	FLORENCIO JR.	ALTAHTAP	3	8	128.67
15	BARRERA	JOSE RICKY	BATUAMPO	3	9	128.67
16	CAMACHO	NID JOHN	GALINO	3	10	128.67
17	ORTIZO	GEORGE	DIPITRAN	3	11	128.67
18	BAUTISTA	GEORGE JR.	DENOLO	3	12	128.67
19	BAUTISTA	JUNAR	DAYNOLO	3	13	128.67
20	BELTRAN	JOSEPHINE	ORTEGA	3	14	128.67
21	MARASIGAN	MA. FE	VILLAR	3	15	128.67
22	MARASIGAN	ANGELICA	VILLAR	3	16	128.67
23	DONADO	JOSE NERIL	DELFIN	3	17	128.67
24	ALMODAL	MADONA	ALBALADEJO	3	18	128.67
25	ALBALADEJO	LUIS	MANTONG	3	19	128.67
26	ALBALADEJO	DIOSDADO	MANTONG	3	20	128.67
27	JULIAN	ALFIE	CORDERO	3	21	135.11
28	LISARES	LEONARDO	DIEVINION	3	22	135.11
29	JULIAN	ANGIE	CORDERO	3	23	135.11
30	TUMLOS	RODEL	TAYCO	5	1	133.50
31	BIBIT	JOHN KENN	TUMLOS	5	2	143.15
32	PIMENTEL	RHODORA	VILLAR	5	3	128.67
33	BIBIT	KEISY JADE	TUVLOS	5	4	144.76
34	ALUAD	ANALINA	DADIVAS	5	5	130.28
35	BIBIT	MARIA ROWENA	TUMLOS	5	6	149.58
36	ECTO	ANALYN	CABANGAL	6	1	128.67
37	BRILLO	CHERYL	MONTEVEROS	6	2	144.76
38	AGANA	MA. DIOSIE	ACTA	6	3	128.67
39	DICHOSA	ANALYN	CANDELON	6	4	144.76
40	DICHOPO	ANALOU	DEOCAMPO	6	5	128.67
41	DICHOPO	REMY	DEOCAMPO	6	6	136.71
42	DICHOPO	RONA	DEOCAMPO	6	7	131.89
43	DICHOPO	ROBELYN	DEOCAMPO	6	8	144.76
44	MANZON	VIOLETA	OROCIO	10	1	162.45

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45	ALBALADEJO	ELSA	DELFIN	10	2	209.09
46	BALLE	GLYCEL	BULQUERIN	10	3	144.76
47	BICLAR	RIQUE	DE HONOR	10	4	144.76
48	BALLE	GERALD	BULQUERIN	10	5	144.76
49	BARROS	DEMA	BUENAFE	10	6	144.76
50	ARGUELLES	ROMMEL	INOCENCIO	10	7	128.67
51	ARGUELLES	JAMES	INOCENCIO	10	8	128.67
52	OROCIO	EDWIN	BELO	10	9	128.67
53	DUERTE	PENELOPE	BETITA	10	10	128.67
54	BASINANG	ROSITA	NEMREDA	10	11	128.67
55	BALPONGO	ARTEMIO	VILLAR	10	12	128.67
56	AGRIS	JOSEPHINE	JAVIER	10	13	144.76
57	AGRIS	ROLLY	BALCENA	10	14	144.76
58	PUYONG	GEMMA	BERONIO	10	15	144.76
59	MACARIO	MA. FE	ARIZOLA	10	16	144.76
60	OROCIO	CREEZJA GWEN	MACAHILIG	10	17	128.67
61	VILLARINA	RUBY	NEPOMUCENO	10	18	128.67
62	MACHILIG	LENY	CHAN	10	19	128.67
63	AGRIS	ROWEL	BALCENA	10	20	128.67
64	DINGLASAN	CHRISTIAN IAN	LATOZA	10	21	128.67
65	SUBERE	CHIMENE	BIADOG	10	22	128.67
66	BORJA	EMELYN	BAYRON	10	23	144.76
67	BORJA	ERNESTO	BUNI	10	24	144.76
68	BUENAVIDES	MAY	CAPOTE	10	25	144.76
69	OROCIO	JOCELYN	SEVERINO	10	26	144.76
70	MANZON	BEVERLY JOY	OROCIO	10	27	139.93
71	OROCIO	BERNABE	SEVERINO	10	28	143.15
72	BADOLES	LEAH	ARGUELLES	11	1	180.14
73	VILLARAIZ	ALFONSO	ALBALADEJO	11	2	136.71
74	NOOL	LILIBETH	BADOLES	11	3	180.14
75	DOCE	SANDRA	GALLENO	11	4	138.32
76	GALLENO	JOEMAR	ALBALADEJO	11	5	180.14
77	ALAMO	ARACELI	ARGUELLES	11	6	128.67
78	DOCE	SELMA	GALLENO	11	7	180.14
79	ALAMO	KIMBERLY	ARGUELLES	11	8	128.67
80	DELOS SANTOS	JOSE	FRANCISCO	11	9	180.14
81	DORIQUEZ	ALMA	LEGASPI	9	1	136.71
82	DECREPITO	MARY ANN	LEGASPI	9	2	133.50
83	BAES	MA. SARAH	CARMELO	9	3	144.76
84	ARENO	CHRISTOPHER	LAYSA	9	4	144.76
85	DUMALI	JUDY	DECREPITO	9	5	144.76
86	DECREPITO	EUFEMIO	DUMILONG	9	6	144.76
87	PULLONA	JEFFREY	OROCIO	9	7	128.67
88	PULLONA	GIRLIE	OROCIO	9	8	128.67
89	GAMIDO	MELODY	AVENIANO	9	9	128.67
90	PULLONA	ERNESTO	OROCIO	9	10	128.67
91	DUPAL-AG	MARILOU	OROCIO	9	11	133.50
92	DUPAL-AG	RAFFY LOU	OROCIO	9	12	133.50
93	AGRIS	JOSA	DURON	9	13	128.67
94	DUPAL-AG	KARLO JAMES	OROCIO	9	14	128.67
95	AGRIS	LEAH	BALCENA	9	15	128.67

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96	MANALAD	CONCEPCION	MANZON	9	16	128.67
97	BACOMO	HERLENE	DELEN	9	17	144.76
98	GALVEZ	ELVINA	BITO ON	9	18	144.76
99	DADIVAS	RENANTE	SOBRON	9	19	144.76
100	DEDIOS	LANI	SOBRON	9	20	144.76
101	MANALAC	BENJIE	FRANCISCO	9	21	136.71
102	DADIVAS	RICKY	SOBRON	9	22	139.93
103	DANGAN	BERNABETH	ANOCHE	7	1	135.11
104	BURBANO	CAROLYN	LONDRES	7	2	141.54
105	ANOCHE	REYNALD	DADIVAS	7	3	128.67
106	FRANCISCO	ARNEL	IBANEZ	7	4	143.15
107	DALIVA	NANCY	RIZON	7	5	128.67
108	FRANCISCO	MARY GRACE	BELTRAN	7	6	143.15
109	DELA TORRE	EMILY	PANOGA	7	7	128.67
110	GALANG	CRISTINA	DE JESUS	7	8	143.15
111	DISTOR	ANGIE	OLID	7	9	138.32
112	DIESTRO	MICHELLE	BELTRAN	7	10	143.15
113	SARTAGUDA	LLOYD MARTIN	CABALQUINTO	8	1	143.15
114	DIANALA	MARICAR	ORONA	8	2	139.93
115	BORDO	LEONAME	ALBALADEJO	8	3	128.67
116	DIANALA	CHRISTOPHER	ORONA	8	4	144.76
117	BORDO	LEONARDO JR.	BULAO	8	5	128.67
118	DIANALA	CYREL	ORONA	8	6	143.15
119	ESPINO	DANILO JR.	BATAN	8	7	128.67
120	DIANALA	CHARLES	ORONA	8	8	143.15
121	ESPINO	TROY	BATAN	8	9	128.67
122	BALLEJO	DALLIA	ESPINO	8	10	143.15
123	ESPINO	MARIBEL	DICIANA	8	11	144.76
124	CAYANAN	DOROTHY	ESPINO	8	12	143.15
125	DELA TORRE	ANALIZA	PANOGA	3	1	172.10
126	BICLAR	ARLENE	BALLE	4	1	128.67
127	BICLAR	IGNACIO III	DELEANOR	4	2	131.89

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