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

RA No. 7279
BIR Ruling No. 053-15
#137-2016
4-18-2016

PDAAP VILLAGE 2 HOMEOWNERS ASSOCIATION, INC.
Brgy. Binuntucan
Pontevedra, Capiz

Attention : **RIMA B. CAPULSO**
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 2 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. 2, Plan No. (LRA) PCS- , Portion of Cons.-Subd. of Lots 967-A and 967-B, Psd-06-003054, LRC (CLR) Rec. No. 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 Three Thousand Six Hundred Forty Two square meters (23,642 sq.m.), more or less. PDAAP Village 2 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 Twenty Three Thousand Three Hundred Thirty Nine square meters (23,339 sq.m.) portion of the subject property to PDAAP Village 2 Homeowners Association, Inc. at an agreed price of Pesos

Pursuant to the certification issued by SHFC, 23,339 sq.m. out of 23,642 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 2 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 2 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 23,339 sq.m. portion of the subject properties qualifies and is actually a CMP project;
3) SHFC Letter-Guaranty No. CMP-1123;
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 2 Homeowners Association, Inc. of the 23,339 sq.m. out of 23,642 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 23,339 sq.m. out of 23,642 sq.m. covered by TCT No. by the landowner to PDAAP Village 2 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 2 HOMEOWNERS ASSOCIATION, INC.
Brgy. Binuntucan, Pontevedra, Capiz

1	ALMONGUERA	MARLOU	BARIL	1	1	179.85
2	ALMONGUERA	CHERRY	BARIL	1	2	135.27
3	YOSA	MONA LOURDES	REYES	1	3	189.07
4	ALMONGUERA	JOSE JHUN	BARIL	1	4	135.27
5	DALO	LORJOEFRE	VILLARIEZ	1	5	189.07
6	VILLARIEZ	MARK SHERWIN	MORALES	1	6	135.27
7	DALO	JUN ALFRED	VILLARIEZ	1	7	189.07
8	DALO	FLORENCE JOY	VILLARAIEZ	1	8	135.27
9	VILLA	MARY GRACE	BORCI	1	9	189.07
10	DUMAPIG	ANNALIZA	VILLARIEZ	1	10	135.27
11	CAPULSO	RIMA	BARIL	1	11	189.07
12	DECENA	ROWENA	BARIL	1	12	135.27
13	DAPILAGA	JAYSON	LOOC	2	1	164.48
14	REYES	MA. JIMELY	DAPILAGA	2	2	122.97
15	TOSALEM	BERNISA	ARLOS	2	3	172.16
16	ARLOS	DOLOROSA	DURAN	2	4	122.97
17	DEQUINA	JESSITA	DELFIN	2	5	172.16
18	DEQUINA	KEAN	DELFIN	2	6	122.97
19	DORADO	JOSE SEWAR	DESEO	2	7	172.16
20	HORTILLAS	FRIZEL	GONZALES	2	8	122.97
21	ARGUILLES	MARILYN	SEVERINO	2	9	172.16
22	EISELT	LYLYN	ARGUILLES	2	10	122.97
23	ARGUILLES	RONALD	SEVERINO	3	1	129.12
24	ARGUILLES	MICHAEL	SEVERINO	3	2	124.51
25	ARGUILLES	MICHELLE	SEVERINO	3	3	138.35
26	ARGUILLES	LEONARD	SEVERINO	3	4	138.35
27	CADUSALE	EMILY	OCAY	3	5	138.35
28	DENOLO	RUBEN	PACIENTE	3	6	138.35
29	EDELMAN	ANALIZA	DENOLO	3	7	122.97
30	EDELMAN	RENIEL JAY	DENOLO	3	8	122.97
31	BACUDO	EDEN	BUHAT	3	9	122.97
32	DENOLO	RUEL	PACIENTE	3	10	122.97
33	BALSOTE	ZAYBER	SARITO	3	11	127.59
34	VIRTUOSO	EDILBERTO	DOLOSO	3	12	127.59
35	BACUDO	ERWIN	BUHAT	3	13	122.97
36	MONAQUE	DAVID	ARANDA	3	14	122.97
37	FLAVIANO	EMMANUEL	DELA RAYA	3	15	122.97
38	NAVARRA	MARIDEL	BACERO	3	16	122.97
39	AGARRADO	JAY R	BATUIGAS	3	17	138.35
40	BENIAS	JOSEPH	BIBA	3	18	138.35
41	AGARRADO	JAY	BATUIGAS	3	19	138.35
42	UPOD	FELICIANO	SANTIAGO	3	20	138.35
43	AGARRADO	JAMES	BATUIGAS	3	21	130.66
44	UPOD	FRANKLIN	ANCHETA	3	22	130.66

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45	BACOMO	HERMAN SR.	LUNAJO	4	1	122.97
46	BICLAR	JOENEL	BIBIT	4	2	127.59
47	BACOMO	HERMAN JR.	DENAGA	4	3	138.35
48	DEOCAMPO	JESI DOMINIC	BICLAR	4	4	138.35
49	BACOMO	JAYPEE	DENAGA	4	5	138.35
50	DENOLO	RONNIE	PACIENTE	4	6	138.35
51	DENOLO	MARY ANN	ALBALADEJO	4	7	122.97
52	DENOLO	MARY JOY	ALBALADEJO	4	8	122.97
53	OLIVEROS	CLARA	BERTUSO	4	9	122.97
54	BULAQUENA	RAZHEL	CARILLO	4	10	122.97
55	ASIS	EVAN	ALBALADEJO	4	11	127.59
56	ASIS	HERMALYN	ALBALADEJO	4	12	127.59
57	ALVAREZ	GELENE RODA	INION	4	13	122.97
58	ASIS	RAYMAN	ALBALADEJO	4	14	122.97
59	ALVAREZ	GUILLERMO	BARLAN	4	15	122.97
60	ONAS	MERRY GRACE	ARAQUE	4	16	122.97
61	MAMBURAM	CARLO JAY	CRUZ	4	17	138.35
62	BANDILLA	MARITES	MAGBANUA	4	18	138.35
63	BEGAS	BLANCE ROSE	DE ERIO	4	19	138.35
64	MAMBURAM	KAREN	CRUZ	4	20	138.35
65	CORDENILLO	JUDY LYN	DEGALA	4	21	133.73
66	CORDENILLO	CHERRYLL	MAMBURAM	4	22	130.66
67	ALMONGUERA	JOSE GENERIE	BARIL	5	1	126.05
68	BAULITE	JOSEPHINE	DADIVAS	5	2	121.44
69	ALMONGUERA	ROBERT	BARIL	5	3	138.35
70	BAULITE	REX	DADIVAS	5	4	138.35
71	ALMONGUERA	MARIVIC	BARIL	5	5	138.35
72	ALMONGUERA	ANTONIO	MATA	5	6	138.35
73	BARROGO	LYZEL	ALMONGUERA	5	7	122.97
74	BARROGO	CHRISTIAN REY	ALMONGUERA	5	8	122.97
75	DOLLETE	ROCHEL	DACLES	5	9	122.97
76	CARIAN	STEPHEN	ESTALAR	5	10	122.97
77	BULQUERIN	ROBERTSON	BECHAYDA	5	11	127.59
78	DOLLETE	ROXAN GUADALUPE	DACLES	5	12	127.59
79	BULQUERIN	ROSIE MAY	BECHAYDA	5	13	122.97
80	ALBALADEJO	SANTIAGO	UPOD	5	14	122.97
81	BULQUERIN	ROBERT	BECHAYDA	5	15	122.97
82	ALBALADEJO	ARJIE	BARRIENTOS	5	16	122.97
83	BELO	SWELLEN	ABELLO	5	17	138.35
84	BELO	ALLEN	ABELLO	5	18	138.35
85	FALCUNIT	CHARRY	BELO	5	19	138.35
86	BENOSA	CLAIRE	BELO	5	20	138.35
87	BELO	ARLYN	ABELLO	5	21	130.66
88	BIBIT	ANTHONY	ALPANOSA	5	22	133.73
89	TABLATE	EDNA	ASIS	6	1	124.51
90	SEVERINO	ELNA	ACOLENTABA	6	2	129.12
91	DENAGA	LEAH	CANDELARIO	6	3	138.35
92	SEVERINO	PAUL MATTHEW	ACOLENTABA	6	4	138.35
93	SEVERINO	MA. RIZA	ACOLENTABA	6	5	138.35
94	SEVERINO	LIDA	ACOLENTABA	6	6	138.35

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95	SEVERINO	MARY THERESE G.	ACOLENTABA	6	7	122.97
96	SEVERINO	MA. LARA	ACOLENTABA	6	8	122.97
97	ALBALADEJO	FRANCIS NOL	SEVERINO	6	9	122.97
98	ALBALADEJO	PAUL HYACINTH	SEVERINO	6	10	122.97
99	BILLONES	GLORIA	TAGHAP	6	11	122.97
100	BILLONES	MARK GIL	TAGHAP	6	12	122.97
101	BILLONES	JAYSON	TAGHAP	6	13	122.97
102	BILLONES	SHYDEN	TAGHAP	6	14	122.97
103	DADOR	MA. ELSA	VILLARAIZ	6	15	122.97
104	BATUIGAS	PATTY JANE	YAP	6	16	122.97
105	RUADO	FERNANDO	DELA CRUZ	6	17	138.35
106	BATUIGAS	MAILEEN	BUENAFE	6	18	138.35
107	PATALINGHOD	MA. ERNA	VILLARAIZ	6	19	138.35
108	AGPALO	FLORITA	AME	6	20	138.35
109	BERNALES	SUSAN	BELDIA	6	21	133.73
110	SALVADOR	STEPHANIE	AGPALO	6	22	130.66
111	RESENTE	NERISSA	ALBALADEJO	7	1	138.35
112	RESENTE	IRAH	ALBALADEJO	7	2	135.27
113	BORBON	VIOLETA	BULAQUENA	7	3	138.35
114	ILAG	MERYSOL	ALBALDEJO	7	4	138.35
115	BORBON	LOVELYN	BULAQUENA	7	5	132.20
116	CAPULSO	AILYN	LINAS	7	6	132.20
117	UPOD	ROWELYN	BULQUERIN	7	7	122.97
118	CAPULSO	REYMARK	LINAS	7	8	122.97
119	UPOD	RONALD	BULQUERIN	7	9	122.97
120	CAPULSO	RENANTE	ALBALADEJO	7	10	132.20
121	UPOD	WENIFREDA	BULQUERIN	7	11	122.97
122	OSORIO	LOVELYN	ROXAS	7	12	133.73
123	CLARITO	RENE BOY	ALTOVEROS	7	13	132.20
124	OSORIO	ROXANEE	ROXAS	7	14	138.35
125	CLARITO	CHRISTINE	ALTOVEROS	7	15	138.35
126	CAPULSO	REINALDO	DENAGA	7	16	138.35
127	ALBA	JESSICA	BELTRAN	7	17	138.35
128	CAPULSO	TENYROSE	BORBON	7	18	138.35
129	FERMIN	SALVACION	DOROTEO	8	1	135.27
130	DILLERA	CAREN	DILLA	8	2	126.05
131	DILLERA	MARK GIL	DILLA	8	3	124.51
132	DEQUINO	EDILBERTO	DORADO	8	4	124.51
133	DIAZ	RUBY	FERNANDEZ	8	5	127.59
134	TRONO	TERESITA	BARROSA	9	1	138.35
135	BARROSA	VICTOR	AGUSTIN	9	2	135.27
136	DE JESUS	RUBY JEAN	RAMIREZ	9	3	122.97
137	BARROSA	VICTORICO	BLACANO	9	4	129.12
138	MAKILING	JOHN VINCENT	BARROSA	9	5	122.97
139	BARROSA	JOHNRIC	CALIBUYOT	9	6	133.73
140	MAKILING	JESERIE	BARROSA	9	7	129.12
141	MAKILING	JENNY JOY	BARROSA	9	8	133.73
142	MAKILING	RIZA	BARROSA	9	9	122.97
143	RAMIREZ	JOVYL JOHN	BARROSA	9	10	133.73
144	BORBON	GEMMA	DUYA	9	11	122.97
145	PALMES	CATHERINE	DOLOSO	9	12	133.73

146	BORBON	ARNEL	DUYA	9	13	122.97
147	RICARTE	ANALYN	SANTIAGO	9	14	133.73
148	ADAO	MARY GRACE	DORDAS	9	15	138.35
149	CELOSO	CARMELA	VILLANUEVA	9	16	133.73
150	BISMANOS	WERLIN	DEQUINA	10	1	135.27
151	DEQUINA	MARY GRACE	DADOR	10	2	138.35
152	DORADO	WENDY	DEQUINA	10	3	133.73
153	BELO	JOEL	ORDINES	10	4	122.97
154	DORADO	FERNANDO JR.	DEQUINA	10	5	135.27
155	DORADO	FHARLYN GRACE	DEQUINA	10	6	122.97
156	BALLE	GERALDINE	BULQUERIN	10	7	135.27
157	CULLAMCO	GLYNN	BALLE	10	8	132.20
158	CONTRERAS	MARIA FELOMINA	HAGUISAN	10	9	135.27
159	CULLAMCO	GWYNN GEORGE	MERCADO	10	10	122.97
160	BACALLAN	RONEL	MAGALLANES	10	11	135.27
161	BASQUEZ	JOSEPH	BARIL	10	12	122.97
162	BACALLAN	ROGEN	MAGALLANES	10	13	135.27
163	BACALLAN	ROGELIO	LUMAMPAO	10	14	138.35
164	BADOLES	LEOVI	ARGUELLES	11	1	129.12
165	ARGUELLES	VICENTE	DAPILAGA	11	2	129.12
166	CABALI	JAUN	HERNANDEZ	11	3	129.12
167	BORBON	SHEILA MAE	BULAQUENA	11	4	129.12
168	BORBON	JAYVEN	BULAQUENA	11	5	129.12
169	PALMES	EDGAR	DOLOSO	11	6	129.12
170	PALMES	EDUARDO	DOLOSO	11	7	126.05
171	PALMES	ELMER	DOLOSO	11	8	126.05
172	PALMES	EDWIN	DOLOSO	11	9	126.05
173	BULAQUENA	RONEL	BERTUSO	11	10	126.05
174	BULAQUENA	GENELYN	BERTUSO	11	11	126.05
175	BULAQUENA	JANICE	CELOSO	11	12	127.59

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