REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

Section 20 of RA 7279
BIR Ruling No. 432-2015
#148-2016 4-22-2016

QUADCORE CONSTRUCTION & DEVELOPMENT CORP.
Blk. 3 Lot 30 GMA Housing Project
Bagbag 1, Rosario, Cavite

Attention: **Elizabeth Vipinoso**
Head-Accounting Department

Gentlemen:

This refers to your letter dated January 29, 2016 requesting tax exemption on the Construction of Fourteen (14) Three-Storey Low Rise Buildings and Land Development in Site 2, Disiplina Village, Package 1, Brgy. Bignay, Valenzuela City, pursuant to Republic Act (R.A.) No. 7279, otherwise known as the "Urban Development and Housing Act of 1992".

Documents submitted disclosed that Quadcore Construction & Development Corp. ( ) is a domestic corporation duly registered with the Securities and Exchange Commission (SEC) under Registration No. ; that the National Housing Authority (NHA) has issued a Notice of Award dated September 11, 2015 to Quadcore Construction and Development Corp. for the Construction of Fourteen (14) Three-Storey Low Rise Buildings and Land Development Site 2, Disiplina Village, Package 1, located in Brgy. Bignay, Valenzuela City intended for the relocation and resettlement of Informal Settler Families (ISFs) living in danger areas; and that a Contract Agreement dated November 24, 2015 was executed between NHA and Quadcore Construction and Development Corp. for and in consideration of

The Project Profile based on the Memorandum for the NHA Board of Directors dated August 14, 2015 is shown below:

Table 1. Project Profile

2.1	Project Name	Construction of Fourteen (14) Three-Storey Low Rise Buildings and Land Development Site 2, Disiplina Village, Package 1

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2.2	Location	Brgy. Bignay, Valenzuela City
2.3	Landowner	City Government of Valenzuela
2.4	Lot Area	9,142 sq. m.
2.5	Project Beneficiaries	ISFs residing along Tullahan River, Valenzuela City
2.6	Building Data Total No. of Bldgs. Total No. of Units Typical Floor Area	 14 LRBs, 3-Storey Building **504** 16.00 sq. m. with 11 sq. m. loftable space
2.7	Duration	270 calendar days
2.8	Approved Budget for the Contract (ABC)	PhF
2.9	Source of Funds	NG Subsidy

In reply, please be informed that pertinent portion of Section 20 of Republic Act (RA) No. 7279, provides:

> *"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:*
>
> *(1) Project-related income taxes;*
> *(2) Capital Gains Tax on raw lands used for the project;*
> *(3) Value-added tax for the project contractor concerned;"*
>
> *xxx xxx xxx*

Considering that Quadcore Construction & Development Corp. is a project contractor whose services have been engaged by NHA to undertake Construction of Fourteen (14) Three-Storey Low Rise Buildings and Land Development with its necessary construction components for the 504 units in Site 2, Disiplina Village, Package 1, located in Brgy. Bignay, Valenzuela City, a duly certified socialized housing program of the NHA pursuant to R.A. 7279, the income directly realized by Quadcore Construction & Development Corp. from the construction of Fourteen (14) Three-Storey Low Rise Buildings and Land Development in Site 2, Disiplina Village, Package 1, shall be exempt from project-related income taxes. (BIR Ruling No. 432-2015 dated December 17, 2015)

Moreover, pursuant to Section 20 (d)(3) of R.A. No. 7279, the construction of the Fourteen (14) Three-Storey Low Rise Buildings and Land Development in Site 2, Disiplina Village, Package 1 by Quadcore Construction & Development Corp. shall be

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exempt from VAT. However, the purchases of goods/articles by Quadcore Construction & Development Corp. shall be subject to VAT, even if the said purchases are to be used for the socialized housing project, since VAT is an indirect tax which can be passed on by the seller of the goods/services.

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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