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

RA No. 7279
BIR Ruling No. 053-15
#167-2016
5-4-2016

LADY OF FATIMA HOMEOWNERS ASSOCIATION, INC.
Puting Buhangin, Orion, Bataan

Attention : **RUBY C. LABANDILLO**
President

Gentlemen:

This refers to the letter of Ma. Ana R. Oliveros, President of the Social Housing Finance Corporation (SHFC) dated September 16, 2015, endorsing the sale transaction between Rafael O. Quicho and Lady of Fatima 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 Rafael O. Quicho (married to Mary Jane P. Quicho) (TIN , (hereinafter referred to as Landowner) is the registered owner of a parcel of land, identified as Lot No. 1162 of Cad. Survey of Orion covered by Transfer Certificate of Title (TCT) No. issued by the Registry of Deeds for Balanga, Bataan. The aforesaid property is situated at Puting Buhangin, Orion, Bataan with an area of Twelve Thousand Sixty Two square meters (12,062 sq.m.), more or less. Lady of Fatima 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 July 20, 2015, the parties executed a Deed of Absolute Sale whereby the Landowner transferred and conveyed Seven Thousand Six Hundred Six square meters (7,606 sq.m.) portion of the subject property to Lady of Fatima Homeowners Association, Inc. at an agreed price of Pursuant to the certification issued by SHFC, 7,606 sq.m. out of 12,062 sq.m. covered by TCT No. actually comprises a Community Mortgage Program (CMP) Project and shall be proportionately distributed to the association's qualified member-beneficiaries[1]. For this purpose, Lady of Fatima 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.

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[1] see Annex for the masterlist of qualified beneficiaries

In support of its request, Lady of Fatima Homeowners Association, Inc. has completely submitted on December 23, 2015 the following documents:

1) SHFC letter application for tax exemption;
2) Certification of the President of the SHFC, 7,606 sq.m. portion of the subject property qualifies and is actually a CMP project;
3) SHFC Letter of Guaranty No. 1115;
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 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 for use in a socialized housing project are exempt from the payment of capital gains tax.

Such being the case, the sale by Rafael O. Quicho to Lady of Fatima Homeowners Association, Inc. of the 7,606 sq.m. out of 12,062 sq.m. covered by TCT No. s 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)

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 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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LADY OF FATIMA HOMEOWNERS ASSOCIATION, INC.

Puting Buhangin, Orion, Bataan

	Name of Beneficiary			Blk. No.	Lot No.	Total Area (sq.m.)
1	PEREZ	FRANCISCO	P.	1	7	71.90
2	DUMAGAS	JONNAHLEE	A.	1	10	101.74
3	ARSENIO	MARIA	L.	1	11	58.33
4	LIMBOC	MARDEN MARIE	G.	1	12	54.26
5	LABONG	ALDRIN	E.	2	1	67.83
6	LABONG	RUBEN	E.	2	2	71.90
7	LABONG	NIKKO	E.	2	3	90.89
8	LABONG	ESTRELLITA	E.	2	4	77.32
9	APOLINAR	MARICEL	C.	2	5	97.67
10	ARSENIO	JELYN	C.	2	6	115.30
11	ARSENIO	JESSALYN	C.	2	7	66.47
12	ARTUZ	OLGA	C.	2	8	123.44
13	HIPOLITO	ERLINDA	A.	2	9	120.73
14	SERRANO	MARLON	A.	2	10	67.83
15	SERRANO	NENITA	S.	2	11	70.54
16	MALASAN	ANNA ANDREA	T.	2	12	35.27
17	BAYBAY	YOLANDA	B.	3	1	82.75
18	PEREZ	CHARITO	R.	3	2	33.91
19	BUENACEDA	TOM-TOM	M.	3	3	66.47
20	BUENACEDA	ROSANABETH	M.	3	4	46.12
21	ANIAG	OCTAVIO	S.	3	7	70.54
22	RAMIREZ	CESAR	P.	3	8	81.39
23	ANIAG	EMERITA	S.	3	9	54.26
24	UBIÑA	OMAR	M.	3	10	118.02
25	HERNANDEZ	JERALD	M.	3	13	67.83
26	HERNANDEZ	EDITHA	M.	3	14	67.83
27	BUCUD	JESSICA	H.	3	15	67.83
28	NAVARRO	ROMEO	D.	3	16	198.05
29	CHUA	CRISTINA	C.	3	17	67.83
30	ALMERIA	TOMAS	M.	3	18	77.32
31	ORDOÑA	ARJAY	C.	3	20	126.16
32	ORDOÑA	JOHN DHONIEL	A.	3	22	74.61
33	ALVAREZ	ERLINDA	P.	3	24	150.57
34	MORIDO	RHONA AMOR	M.	3	28	96.31
35	MORIDO	JERICK	M.	3	29	67.83
36	MORIDO	SANTOS	M.	3	30	103.10
37	MORIDO	JEMALYN	M.	3	31	67.83
38	CARINGAL	ELIZABETH	C.	4	2	104.45
39	SAHAGON	MYLA	L.	4	5	55.62
40	LABANDILO	RUBY	C.	4	6	132.94
41	TORRES	SONIA	L.	4	7	199.41
42	AURELIO	DEMBER	E.	4	8	70.54
43	AURELIO	ROSS JOIE	V.	4	9	70.54

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44	DIZON	ELVIS	J.	4	10	120.73
45	TORRES	SUZANNE	L.	4	11	63.76
46	LABANDILO	EDGARDO	G.	4	12	55.62
47	CRUZ	DOMINGO	B.	4	13	101.74
48	CHICO	DONALD LEE	L.	4	14	74.61
49	CHICO	DONATO	L.	4	15	78.68
50	DIMLA	MARRIANE KC	Y.	6	1	81.39
51	PAGUIO	RUSTAN	R.	6	2	81.39
52	VILLUAN	SILVINO JR.	G.	6	4	103.10
53	TORCATO	CESARIO JR.	B.	6	5	50.19
54	DE JESUS	NENITA	P.	6	6	90.89
55	TANGONAN	ERICKSON	P.	6	7	58.33
56	TANGONAN	IMELDA	P.	6	8	67.83
57	TANGONAN	WILSON JR.	P.	6	9	67.83
58	PERALTA	CINDY	F.	6	10	67.83
59	ORIEL	ROSAURO SR.	B.	6	11	77.32
60	PEREZ	JASON	A.	6	12	73.25
61	PEREZ	JESSIE	A.	6	13	77.32
62	VERANO	ROMEO	Q.	6	14	101.74
63	BAUTISTA	ROMEO JR.	M.	6	15	103.10
64	VOLANTE	MILAGROS	B.	6	16	86.82
65	PEREZ	RACQUEL	T.	6	17	70.54
66	DE LEON	ROSALIE	P.	6	18	70.54
67	DE LEON	ERWIN	I.	6	20	67.83
68	BALUYOT	VILMA	D.	6	21	63.76
69	SALENGA	RAQUEL	V.	6	25	67.83
70	PASTORES	FRANCIS PAUL	C.	7	1	203.48
71	REODIQUE	RANDY	A.	9	1	233.32
72	DELA CRUZ	LIBERTY	D.	9	3	67.83
73	TAMAYO	SUSANA	M.	9	4	62.40
74	REYES	REYNALDO	DC.	9	5	65.11
75	HERNANDEZ	NELSON	B.	9	6	55.62
76	GERVACIO	MARRIEL	A.	10	1	82.75
77	PAGUIO	JACK KAVIN	A.	10	2	46.12
78	PAGUIO	CESAR	C.	10	3	80.03
79	TAMAYO	JOJO	M.	10	4	119.37
80	CONSTANTINO	ROMANA	B.	10	5	67.83
81	BARRUN	HENRY	A.	10	6	67.83
82	BARRUN	MABEL	S.	10	7	67.83
83	BARRUN	VILMA	S.	10	8	80.03
84	SANTOS	CHRIS	A.	11	1	88.17
85	SANTOS	DANILO	A.	11	2	82.75
86	TAMAYO	ROMALYN	A.	11	3	73.25
87	JERMIA	RANDY	C.	11	4	71.90
88	MANGILIMAN	ROLDAN	B.	11	5	61.04
89	CINIO	JUNE	R.	11	6	101.74
90	CINIO	JIMBOY	R.	11	7	92.24

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