REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

RA7279
BIR Ruling No. 003-16
169-2016 5/6/16

RFN CONSTRUCTION AND DEVELOPMENT CORPORATION/ ROSAND BUILDERS-JOINT VENTURE
Rm. 210 Tia Maria Bldg.
C.V. Starr Avenue, Pamplona, Las Piñas City

Attention: **RAFAEL A. ILAGAN**
Authorized Managing Officer

Gentlemen:

This refers to your letter dated January 11, 2016, requesting issuance of Certificate of Tax Exemption for socialized housing project, the "Fully Developed & Completed Housing Units" under NHA's Yolanda Permanent Housing Program located at Brgy. Antipolo, Medellin, Cebu pursuant to Republic Act (R.A.) No. 7279, otherwise known as the "Urban Development and Housing Act of 1992".

Documents submitted show that the National Housing Authority (NHA) (TIN: is the registered owner of a parcel of land with an area of Forty Seven Thousand Ninety Two square meters (47,092 sq.m.), identified as Lot No. 4148-A, Plan No. (LRA) Psd-E2015004561, Portion of: Lot 4148, Cad-374-D, Medellin Cadastre (Lot 313-B, CCN situated at Brgy. Antipolo, Medellin, Cebu, and covered by Transfer Certificate of Title (TCT) No. issued by the Registry of Deeds for Cebu, Cebu.

The above described property has been identified and certified for development into a residential project under the Yolanda Permanent Housing Program intended for the families affected by Typhoon Yolanda and qualified for housing assistance under R. A. No. 7279.

The NHA has issued Notice of Award dated September 11, 2015 to RFN Construction and Development Corporation/Rosand Builders-Joint Venture for the "Procurement of Fully Developed Lots and Completed Housing Units under the NHA's Yolanda Permanent Housing Program located at Brgy. Antipolo, Medellin, Cebu-631 Housing Units" with a contract price of

To give effect to the Notice of Award, Contract for the Procurement of House and Lot Packages at North View Park Homes, Brgy. Antipolo, Medellin, Cebu was executed on October 2, 2015 between NHA and RFN Construction and Development Corporation/Rosand Builders-Joint Venture, whereby the latter is committed to deliver Six Hundred Thirty One (631) units (House and Lot Package) for a price of and that according to the contract, the scope of work under this project are survey works, earthworks, road works, drainage works, water system, electrical power lines, miscellaneous works and housing construction.

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In reply, please be informed that pursuant to Section 20 of Republic Act (RA) No. 7279, pertinent portions of which state that:

> *"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 RFN Construction and Development Corporation/Rosand Builders-Joint Venture is a project contractor whose services are engaged by NHA to undertake construction of 631 Housing Units with its necessary construction components in North View Park Homes, Brgy. Antipolo, Medellin, Cebu and which was certified by the NHA as a socialized housing project as resettlement site pursuant to R.A. 7279, the income directly realized by RFN Construction and Development Corporation/Rosand Builders-Joint Venture from the land development and housing construction with its necessary construction components for 631 Housing Units in North View Park Homes, Brgy. Antipolo, Medellin, Cebu shall be exempt from project-related income taxes. (BIR Ruling No. 003-2016 dated January 6, 2016)

Moreover, pursuant to Section 20 (d)(3) of R.A. No. 7279, the housing construction with its necessary construction components for 631 Housing Units in North View Park Homes, Brgy. Antipolo, Medellin, Cebu by RFN Construction and Development Corporation/Rosand Builders-Joint Venture shall be exempt from VAT. However, the purchases of goods/articles by RFN Construction and Development Corporation/Rosand Builders-Joint Venture 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. It shall be understood that RFN Construction and Development Corporation/Rosand Builders-Joint Venture must issue non-VAT official receipts on its gross receipts from the said socialized housing project.

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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