REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

RA 7279; RR 11-97
BIR Ruling No. 066-2011 BIR Ruling No. 353-2013
1234-2016
6-3-2016

ALTISSIMA ENTERPRISES
Old National Higway, Macabling
Sta. Rosa, Laguna

Attention: **Roy M. Gonzales**
Proprietor

Gentlemen:

This refers to your letter dated November 18, 2014 requesting, on behalf of **ALTISSIMA ENTERPRISES**, tax exemption on the socialized housing project, **Villa Santa Rosa Phase 2**[1], consisting of 365 housing units located at Brgy. Caingin, Sta. Rosa City, Laguna, pursuant to Republic Act (RA) No. 7279, otherwise known as the "Urban Development and Housing Act of 1992".

Based on the documents submitted, it is shown that the National Housing Authority (NHA), as the sole government agency engaged in direct shelter production to provide housing needs of the low and marginalized income families including those living in waterways and danger areas, those affected by calamities, and members of the AFP/PNP, BJMP and BFP, acquired a parcel of land to be developed into a residential project under the Community Initiative Approach Program (CIAP) of the NHA. The subject property is more particularly described as follows:

Transfer Certificate of Title No.

"A parcel of Land (Lot 1645-B of the subd. plan Psd-04-209228, being a portion of Lot 1645, Sta. Rosa Estate L.R.C. Rec. No. 38375), xxx xxx xxx containing an area of ***Twenty Thousand Nine Hundred (20,900)*** *Square Meters."*

[1] Per Certification dated April 20, 2015 issued by Altissima Enterpises, the subject request is for the Phase 2 of Villa Santa Rosa Housing Project consisting of 365 units.
[2] Registered under the names of Apolonia Nevalga, Bernarda Nevalga and Aniana Nevalga. However, the 1/3 share of Apolonia Nevalga had already been donated to Nerissa Nevalga Dilla (See annotation on page 3 of TCT No.

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On various dates, Deeds of Absolute of Sale (DOAS) were executed by and between the co-owners and the NHA whereby the former sold to the latter the above described property to be utilized by the NHA for its socialized housing project.

Document of Transfer	Area Sold (sq. m.)	Contract Price
Deed of Absolute Sale dated April 7, 2015[3]	1/3 share (6,966.66) in TCT No.	P .....
Affidavit of Self Adjudication with Sale dated April 7, 2015[4]	1/3 share (6,966.66) in TCT No.	
Extra-Judicial Settlement of Estate with Sale dated April 7, 2015[5]	1/3 share (6,966.66) in TCT No.	
Total	**20,900**	

On October 25, 2013, a Contract Agreement[6] was executed by and between ALTISSIMA ENTERPRISES and Villa Santa Rosa Homeowners' Association, Inc. (VSRHOAI), a homeowner's organization registered with the Housing and Land Use Regulatory Board (HLURB) with Certificate of Registration No. whereby ALTISSIMA ENTERPRISES has agreed to sell to VSRHOAI's individual members the developed lots and completed housing units under the Community Initiative Approach Program (CIAP) of the NHA for
for every developed lot and completed housing unit per family.

Moreover, on November 4, 2013, a Memorandum of Agreement[8] (MOA) was executed by and among ALTISSIMA ENTERPRISES, as the developer, VSRHOAI, as the beneficiaries, and the NHA, as the lead agency in the implementation of the Resettlement and Relocation Programs of the government and to ensure the timely, peaceful and orderly relocation and resettlement of the families affected by the calamities and those living in danger areas.

Under the MOA, members[9] of the VSRHOAI shall be provided by the NHA with a financial grant for the acquisition of approximately 1,773 developed lots and

[3] Executed by Nerissa Nevalga Dilla
[4] Executed by Noel Nevalga Briones, the sole legal heir of Bernarda Nevalga
[5] Executed by legal heirs of Aniana Nevalga, namely, Dante N. Dilla, Dennis N. Dilla, Nerissa D. Fernandez, Noemi D. Garcia and Diomedes N. Dilla.
[6] (For the Acquisition of 1,773 Housing Units) Villa Santa Rosa, Barangay Caingin, Sta. Rosa, Laguna
per developed lot and per completed housing unit
[8] For Financing the Acquisition and Developed Lots and Financing the Acquisition of Completed Housing Units for Families Affected by Calamities and those Living in Danger Areas) Villa Santa Rosa, Brgy. Caingin, Sta. Rosa City, Laguna
[9] Composed of members/families affected by the calamities

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financing of the acquisition of completed housing units through the CIAP in the amount not to exceed per lot and per housing unit.

To give effect to the Contract Agreement and MOA, on February 5, 2014, a Deed of Absolute Sale was executed by and between ALTISSIMA ENTERPRISES and NHA, whereby the former agreed to sell to NHA, 1,773 developed lots or parcels of land covering an area of ***Seventy Thousand Nine Hundred Twenty square meters (70,920 sq.m.)*** portion of various properties, including the lot covered by TCT No. for

Per Certification dated April 20, 2015, the above property covered by TCT No. situated in Brgy. Caingin, City of Sta. Rosa, Laguna, with gross area of 20,900 square meters, is to be developed as Phase 2 of the Villa Santa Rosa Resettlement Project for the families affected by the calamities and those living in danger areas. The property will generate an approximately **365** additional housing units or a total saleable area of **14,600** square meters at 40 square meter per unit from the total 1,773-unit allocation for the said housing project.

In reply, please be informed that pursuant to Sections 19 and 20 RA No. 7279, pertinent portions of which state that:

> *"Sec. 19. Incentives for the National Housing Authority. — The National Housing Authority, being the primary government agency in charge of providing housing for the underprivileged and homeless, shall be exempted from the payment of all fees and charges of any kind, whether local or national, such as income and realty taxes. All documents or contracts executed by and in favor of the National Housing Authority shall also be exempt from the payment of documentary stamp tax and registration fees, including fees required for the issuance of transfer certificates of title.*
>
> *"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"*

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Sale by the Landowners to NHA

The owner of the raw land is exempt from the payment of capital gains tax or the withholding tax under Revenue Regulations No. 2-98, as amended, on the sale of a parcel of land which shall be utilized in a socialized housing project. (*BIR Ruling No. 066-2011* dated March 9, 2011)

Accordingly, the sale by the landowners to NHA of the ***Twenty Thousand Nine Hundred square meters (20,900 sq.m.)*** area of the lot covered by TCT No. on which the **365** socialized housing units shall be constructed, is exempt from the payment of capital gains tax imposed under Sec. 24 (D) of the Tax Code of 1997, as amended or creditable withholding tax under Revenue Regulations No. 2-98, as amended.

Moreover, it must be noted that the exemption from the documentary stamp tax of NHA, in connection with any of its socialized housing projects, extends to the other party (either seller or buyer) that deals or transacts with the NHA. Consequently, since NHA is a party to the sale, no documentary stamp tax shall be due on such sale, either on NHA or the party with which NHA is transacting. Accordingly, the sale by the landowners to NHA of the ***Twenty Thousand Nine Hundred square meters (20,900 sq.m.)*** area of the lot covered by TCT No. on which the **365** socialized housing units shall be constructed, is likewise exempt from the payment of documentary stamp tax under Section 196 of the Tax Code of 1997, as amended. (*BIR Ruling No. 353-2013* dated September 20, 2013).

The exemption granted under RA No. 7279 is without prejudice to the right of the Government to collect the proper amount of estate tax, capital gains tax and documentary stamp tax from the legal heirs/owners of the property covered by TCT No. pursuant to Sections 84, 24(D) and 196 of the 1997 Tax Code, as amended.

Transaction between ALTISSIMA ENTERPRISES and NHA

The developer of properties who sells its properties for use in a socialized housing project are exempt from the payment of project-related income taxes pursuant to Section 20 of RA No. 7279.

Such being the case, the sale of ALTISSIMA ENTERPRISES to NHA of the ***365 developed lots or parcels of land on the Fourteen Thousand Six Hundred square meters (14,600 sq.m.)*** area of the lot covered by TCT No. ', is exempt from the capital gains tax, project-related income taxes and consequently from withholding tax. (*BIR Ruling No. 353-2013* dated September 20, 2013)

Likewise, since NHA is a party to the sale, no documentary stamp tax shall be due on such sale, either on NHA or the party with which NHA is transacting. Accordingly, the transfer by ALTISSIMA ENTERPRISES to NHA of the ***365 developed lots or parcels of land on the Fourteen Thousand Six Hundred square meters (14,600 sq.m.)*** area of the lot covered by TCT No. is exempt from

the payment of documentary stamp tax under Section 196 of the Tax Code of 1997, as amended. (*BIR Ruling No. 353-2013* dated September 20, 2013)

Furthermore, under Section 20(d)(3) of RA 7279, the sale of a socialized housing as defined therein shall also be exempt from the payment of value-added tax (VAT). Thus, the sale by ALTISSIMA ENTERPRISES to NHA of the ***365 developed lots or parcels of land on the Fourteen Thousand Six Hundred square meters (14,600 sq.m.)*** area of the lot covered by TCT No. shall be exempt from VAT. However, its purchases of goods/articles 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. Moreover, it shall be understood that ALTISSIMA ENTERPRISES must issue non-VAT official receipts on its gross receipts from the said socialized housing project.

Upon application for exemption, a lien on the titles of the land shall be annotated by the Register of Deeds having jurisdiction over the properties, to the effect that the same is to be applied or is being applied to a socialized housing project pursuant to RA 7279.

Please take note 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 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) after the submission of the requirements provided under RMO 15-2003.

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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