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

RA No. 7279
BIR Ruling No. 294-14
#318-2016
6-28-2016

INTEGRATED SETTLERS ASSOCIATION INC. OF TORIL, INC.
Rovical Village, Daliao, Toril,
Davao City 8000

Attention : **Mr. Neptali C. Batucan, Jr.**
President

Gentlemen:

This refers to your letter dated March 24, 2014, requesting Certificate of Tax Exemption from payment of capital gains tax on the sale of a land containing a total area of Twenty Six Thousand Five Hundred Twenty Four (26,524) square meters, more or less, covered by Transfer Certificate of Title (TCT) No. pursuant to Republic Act (RA) No. 7279, otherwise known as the "Urban Development and Housing Act of 1992".

Documents submitted show that **Angela Calizo-Lam** (married to Eduardo Lam), **Emmanuel B. Calizo** (married to Purita Jalandoni), and **Roque Vicente B. Calizo** (married to Melva Mabaslay Durico), (hereinafter referred to as Landowners) are the registered owners of a parcel of land, without improvement, containing a total area of Twenty Six Thousand Five Hundred Twenty Four (26,524) square meters, more or less, covered by Transfer Certificate of Title (TCT) No. situated in Brgy. Daliao, City of Davao. The **Integrated Settlers Association Inc. of Toril, Inc. (ISATI)**[1] (TIN: , on the other hand, is a homeowners organization registered with the Securities and Exchange Commission (SEC) with Registration No. dated May 21, 1993 and enrolled with the Housing and Land Use Regulatory Board (HLURB) on October 11, 2010. On January 7, 1997, the landowners (vendors) and ISATI, represented by its then President, Edgar Gajunera and Secretary Angelyn Catulpas, executed a Deed of Conditional Sale whereby the former agreed to sell the above-described parcel of land to ISATI (vendee) at per square meter or at a total agreed price of Philippine Currency. That in acquiring the said property, ISATI was assisted by the City Government of Davao through its City Mayor, Rodrigo R. Duterte and shouldered a portion of the purchase price in an amount equivalent to per square meter for a total amount of that the remaining balance of the purchase price in the amount of shall be paid by ISATI for a period of Three (3) Years beginning from March 12, 1997; that

[1] On May 27, 2016 an Affidavit was executed by Neptali Batucan Jr. President of Integrated Settlers Association Incorporated of Toril, Inc. that the name Integrated Settlers Association Incorporated of Toril, Inc. and Integrated Settlers Association of Toril Inc. are one and the same association.

042384

the landowners/vendors have already died and their respective estate tax clearances were properly issued. On March 10, 2014, a Deed of Confirmation of Sale was executed among the heirs confirming the sale executed by their respective predecessors in the document denominated as Deed of Conditional Sale dated January 7, 1997;

Pursuant to a Certification dated November 18, 2009 issued by the Office of the City Mayor, City of Davao, *Sangguniang Panlungsod No. 9065-95* series of 1995, approved the purchase of the said property for the establishment of a socialized housing project under the Urban Land Reform Program (ULRP) of the City Government of Davao for the members of INTEGRATED SETTLERS ASSOCIATION INC. OF TORIL, INC.; and that ISATI is a project beneficiary of Urban Land Reform Program (ULRP) of the City Government of Davao and has availed a financial assistance thru a loan under the ULRP which was financed by the City Government of Davao as certified by the Officer-In-Charge, Housing and Homesite Development Division, Office of the City Planning and Development Coordinator, City of Davao dated August 4, 2014.

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) xxx xxxx xxxx*
> *(2) Capital Gains Tax on raw lands used for the project;*
>
> *xxx xxx xxx*

The landowners who sold their property for use in a socialized housing project are exempt from the payment of the capital gains tax. Such being the case, the sale by **Angela Calizo-Lam**, **Emmanuel B. Calizo**, and **Roque Vicente B. Calizo**, to **ISATI** of Twenty Six Thousand Five Hundred Twenty Four (26,524) square meters, more or less, covered by Transfer Certificate of Title (TCT) No. , is exempt from the capital gains tax. *(BIR Ruling No. 294-14 dated July 23, 2014)*

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. 294-14 dated July 23, 2014)*

However, the documentary stamp tax is not one of the taxes covered by the tax exemption clause in Sec. 20 of RA 7279. Accordingly, the landowners are liable to pay the documentary stamp tax on the documents conveying the afore-stated property imposed under Section 196 of the Tax Code of 1997, based on the consideration

#318-2016
6-28-2016

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. *(BIR Ruling No. 294-14 dated July 23, 2014)*

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 RMO 15-2003. *(BIR Ruling No. 294-14 dated July 23, 2014)*

Notwithstanding the foregoing, the Bureau of Internal Revenue shall conduct verification and post-audit that the actual occupants of the property transferred under the ULRP are qualified members-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

042384
JUN 27 2016

K-1

ANNEX A

Integrated Settlers Association Inc. of Toril, Inc.
Rovical Village, Daliao, Toril, Davao City
Master List of Members

1.	Abadia, Alelih
2.	Abellanosa, Elaisa Jade
3.	Abellanosa, Noeme
4.	Abellanosa, Roberta
5.	Abibiner, Corazon
6.	Abregana, Alan
7.	Abregana, Sofronio
8.	Adal, Arsenio, Jr.
9.	Alcaria, Marvin
10.	Alcayde, Calixto
11.	Allan, Danilo
12.	Alvarez, Elody
13.	Amancio, Nelia
14.	Amparado, Rowena
15.	Apostol, Lolita
16.	Ardepolla, Juneva
17.	Augis, Delia
18.	Bale, Jay
19.	Baquiano, Cresilda
20.	Baricaua, Teresita
21.	Batucan, Marilyn
22.	Balleza, Mario
23.	Boko, Gloria
24.	Bonghanoy, Mamerto
25.	Buligan, Juliet
26.	Cabanas, Glenda
27.	Cabo, Fe
28.	Cael, Venancia
29.	Calzada, Imelda
30.	Calzada, Remedios
31.	Campaña, Estrella
32.	Campaña, Remedios
33.	Canonoy, Wilson
34.	Capuyan, Teofilo
35.	Carcueva, Rosalim
36.	Canoy, Catalino
37.	Catam-Isan, Delia
38.	Catam-Isan, Ed Micahel
39.	Catam-Isan, Ritchel
40.	Catulpos, Angelyn
41.	Catulpos, Maria Teresa
42.	Chen, Mayrielan
43.	Chio, Joven

042384

3-28-2016
6-28-2016

44.	Coloma, Irma
45.	Corcuera, Oliver
46.	Corcuera, Rachel
47.	Cristino, Aida
48.	Cudiamat, Jean
49.	Cudiamat, Reyanaldo
50.	Cudino, Lani
51.	Culiao, Gonoforte,Sr.
52.	Domingcil, Jefrey
53.	Doños, Lilian
54.	Edilo, Baselisa
55.	Emata, Erwin
56.	Esposado, Manuel
57.	Flores, Felicidad
58.	Fortuna,Sheryl Joy
59.	Gadingan, Candido
60.	Gajunera, Concepcion
61.	Gajunera, Edgar
62.	Gajunera, Edwin
63.	Gajunera, Liezel
64.	Gajunera, Porferio
65.	Galvez, Rogelio
66.	Garsuta, Gina
67.	Gil, Cecilia
68.	Gloria, Gina
69.	Gocotano, Lauriano
70.	Gomez, Paul, Jr.
71.	Gonzaga, Maricel
72.	Hormillada, Roger
73.	Itil, Melodina
74.	Juaton, Emelie
75.	Juaton, Rufina
76.	Julian, Marilyn
77.	Kojima, Annaliza
78.	Layague, Helen
79.	Layague, Nelson
80.	Ligan, Victoria
81.	Llesis, Leonardo
82.	Lobrigas, Teresita
83.	Lumantas, Gerry
84.	Limantas, Lenny
85.	Mabanag, Ludem
86.	Malaque, Rey
87.	Mangle, Gloria
88.	Manliquez, Placido
89.	Manon-og, Beatriz
90.	Manon-og, Wilma
91.	Marganitez, Remegelio

042384

#318-2016
6-28-2016

92.	Masanegra, Ana
93.	Medina, Rogelio
94.	Mesina, Jenny
95.	Mesina, Ruel
96.	Mier, Eve Rose
97.	Mirambel, Luisa
98.	Morandante, Eulita
99.	Morata, Teresita
100.	Murillo, Constancio
101.	Naingue, Linda/Abelo, Jerrybel
102.	Navales, Juvelyn
103.	Nerie, Alfonso
104.	Niadas, Sergio
105.	Nortiga, Gloria
106.	Nuñez, Cherry
107.	Onde, Eleuterio
108.	Oranza, Fatima
109.	Oranza, Mary Joy
110.	Orocio, Elba
111.	Ortiz, Marietta
112.	Pacatang, Vilma
113.	Pagdatu, Cristita
114.	Perez, Eunice
115.	Polenio, Charles
116.	Poster, Evangeline
117.	Retiza, Edgar
118.	Rojo, Edgar
119.	Romero, Mary Ann
120.	Rosales, Emilita
121.	Rosales, Mario
122.	Roxas, Filomena
123.	Sayago, Cecilia
124.	Semil, Anariza
125.	Sicad, Margie
126.	Sicuya, Ian
127.	Sicuya, Maria Mediatrix
128.	Tabay, Rodolfo
129.	Tabay, Teresita
130.	Tilo, Marlyn
131.	Tingson, Fe Camila
132.	Tizon, Felipe
133.	Tumbaga, Aries Troy
134.	Vallente, Eduardo
135.	Vallente, Sheila
136.	Ventinella, Henry
137.	Vergara, Gemma
138.	Vilalongha, Julie Marie
139.	Villame, Elpidio

042384

140.	Villame, Jocely
141.	Villota, Ernesto
142.	Ybañez, Marcian
143.	Ybañez, Milagros
144.	Boko, Felicisima
145.	Danno, Lea

042381