REPUBLIKA NG PILIPINAS
KAGAWARAN NG PANANALAPI
KAWANIHAN NG RENTAS INTERNAS
Quezon City

July 14, 2006

REVENUE MEMORANDUM CIRCULAR NO. 44-2006

SUBJECT: ***Publishing the full text of Republic Act No.9343, An Act amending R.A. 9182, otherwise known as the Special Purpose Vehicle Act of 2002 for the purpose of allowing the establishment and registration of new SPVs and for other purposes.***

TO : ***All Internal Revenue Officials, Employees and others Concerned.***

For the information and guidance of all internal revenue officers, employees and others concerned, quoted hereunder are the provisions of R.A. 9343, An Act amending R.A. 9182, otherwise known as the Special Purpose Vehicle Act of 2002 for the purpose of allowing the establishment and registration of new SPVs and for other purposes, reproduced as follows:

" **REPUBLIC ACT NO. 9343**

AN ACT AMENDING REPUBLIC ACT NO. 9182, OTHERWISE KNOWN AS THE SPECIAL PURPOSE VEHICLE ACT OF 2002 FOR THE PURPOSE OF ALLOWING THE ESTABLISHMENT AND REGISTRATION OF NEW SPVs AND FOR OTHER PURPOSES

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled :

SECTION 1. Section 6 of Republic Act No. 9182 is hereby amended to read as follows:

"SEC. 6. ***Period for Filing of Applications***. - Applications for the establishment and registration of an SPV shall be filed with

the Commission within eighteen (18) months from the date of effectivity of this amendatory Act."

SEC. 2. Section 15 of the same Act is hereby amended to read as follows:

"SEC. 15. ***Tax Exemptions and Fee Privileges.*** - Any existing law to the contrary notwithstanding, the transfer of NPAs from the FI to an SPV, and from an SPV to a third party or dation in payment *(dacion en pago)* by the borrower or by a third party in favor of an FI or in favor of an SPV shall be exempt from the following taxes:

"(a) Documentary stamp tax on the abovementioned transfer of NPAs and dation in payment *(dacion en pago)* as may be imposed under Title VII of the National Internal Revenue Code of 1997;

"(b) Capital gains tax imposed on the transfer of lands and/or other assets treated as capital assets as defined under Section 39(A)(1) of the National Internal Revenue Code of 1997;

"(c) Creditable withholding income taxes imposed on the transfer of land and/or buildings treated as ordinary assets pursuant to Revenue Regulations No. 2-98, as amended;

"(d) Value-added tax on the transfer of NPAs as may be imposed under Title IV of the National Internal Revenue Code of 1997 or gross receipts tax under Title V of the same Code, whichever is applicable.

"The abovementioned transfers shall also be subject to the following, in lieu of the applicable fees:

"(a) Fifty percent (50%) of the applicable mortgage registration and transfer fees on the transfer of real estate mortgage and chattel mortgage registrations to and from the SPV, as imposed in accordance with the existing circulars of the Land Registration Authority (LRA):

"(b) Fifty percent (50%) of the filing fees for any foreclosure initiated by the SPV in relation to any NPA acquired from an FI, as prescribed by the Rules of Court; and

"(c) Fifty percent (50%) of the land registration fees prescribed under the existing circulars of the LRA.

"All sales or transfers of NPAs from the FIs to an SPV or transfers by way of dation in payment *(dacion en pago)* by the borrower or by a third party to the FI shall be entitled to the

privileges enumerated herein for a period of not more than two (2) years from the date of effectivity of this amendatory Act: *Provided*, That transfers from an SPV to a third party of NPAs acquired by the SPV within such two-year period or transfers by way of dation in payment (*dacion en pago*) by a borrower to the SPV shall enjoy the privileges enumerated herein for a period of not more than five (5) years from the date of acquisition by the SPV: *Provided, further*, That properties acquired by an SPV from GFIs or GOCCs which are devoted to socialized or low-cost housing shall not be converted to other uses.

"The abovementioned tax exemptions, incentives, and fee privileges given to FIs and SPV at the various stages of the transactions under this section shall likewise be extended to any individual in accordance with the IRR: *Provided,* That:

"(i) the transaction is limited to a single family residential unit ROPOA or NPL secured by real estate mortgage on a residential unit;

"(ii) there shall only be one transaction consisting of one residential unit per individual; and

"(iii) the two-year transfer and the five-year entitlement period granted to NPA shall also apply to said single family residential unit."

SEC. 3. ***Separability Clause***. - If any provision of this Act is subsequently declared unconstitutional, the validity of the remaining provisions hereof shall remain in full force and effect.

SEC. 4. ***Repealing Clause***. - Any law, presidential decree or issuance, executive order, rule or regulation contrary to, or inconsistent with the provisions of this Act is hereby repealed, modified or amended accordingly.

SEC. 5. ***Effectivity***. - This Act shall take effect fifteen (15) days following its complete publication in the *Official Gazette* or in at least two newspapers of general circulation.

Approved,

(Signed)
FRANKLIN M. DRILON
President of the Senate

(Signed)
JOSE DE VENECIA, JR.
Speaker of the House of Representatives

This Act which is a consolidation of House Bill No. 4066 and Senate Bill No. 2204 was passed by the House of Representatives and the Senate on March 14, 2006.

(Signed)
OSCAR G. YABES
Secretary of the Senate

(Signed)
ROBERTO P. NAZARENO
Secretary General
House of Representatives

Approved: APR 24, 2006

(Signed)
GLORIA MACAPAGAL-ARROYO ”
President of the Philippines

The aforecited law was published on April 29, 2006 in a newspaper of general circulation and therefore shall have taken effect on May 14, 2006 which is 15 days following the date of publication as provided in the said law.

All concerned are hereby enjoined to be guided accordingly and give this circular as wide publicity as possible.

(Original Signed)
JOSE MARIO C. BUÑAG
Commissioner of Internal Revenue

A-1