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TAX LAW FOR BUSINESS

*BDB Law's "Tax Law for Business" appears in the opinion section of **Business Mirror** every Thursday.*

Tax incentives for socialized housing

IN 1992 Republic Act (RA) 7279, or the Urban Development and Housing Act of 1992, became a law. Among the salient features of the law are the provisions of incentives for private sector participating in socialized housing, including provisions for tax incentives. Among the tax incentives provided under the said law are the exemption from the payment of project-related corporate or individual income taxes, capital gains tax on sale of raw lands, value-added tax for the project contractor, and donor's tax for lands donated for socialized housing purposes. These incentives were provided to encourage greater private-sector participation in socialized housing and reduce the cost of housing units for the underprivileged and homeless citizens.

This is in line with the State's policy of uplifting the conditions of the underprivileged and homeless citizens in urban areas and in resettlement areas by making available to them basic services, employment opportunities and decent housing at affordable cost.

More than two decades after RA 7279 became a law, the country still faces the same housing shortage as it was in 1992, when the said law became part of the law of the land. Decent, adequate and affordable housing is far from reality. While condominium projects are sprouting everywhere in Metro Manila and other urban centers, these projects remain unaffordable to many citizens. Thousands of urban dwellers remain homeless.

Late last year the Bureau of Internal Revenue (BIR), taking its part in addressing this concern, forged an agreement with the Housing and Urban Development Coordinating Council (HUDCC) and the National Housing Authority. The BIR recently circularized this agreement in Revenue Memorandum Circular 58-2017 dated July 21, 2017.

Under the agreement, the BIR forged its commitment to prioritize and expedite the processing and issuance of certificate of tax exemption for transfers of raw land to NHA intended for the families affected by calamities, clearing of waterways, esteros, government infrastructure projects and those living in dangerous areas. Also, the BIR has committed itself to streamline the processing for the issuance of certificate of tax exemption by reducing and/or eliminating unnecessary documentary requirements. Further, request for the issuance of the certificate of tax exemption shall be processed directly with the Office of the Commissioner.

For its part, the HUDCC shall assist the BIR in identifying and monitoring socialized housing projects under RA 7279 qualified for tax incentives by submitting to the BIR a regularly updated master list of socialized housing projects of the national government. The NHA shall indorse the application of the contractor for the issuance of certificate of tax exemption and assist the BIR in the evaluation and verification of documentary requirements to be attached to the application.

Housing problem in the country is, indeed, a serious concern that cannot be taken for granted. For it is in good home where responsible citizens are minted. With all our government agencies working together in unison, I remain hopeful that one day, affordable and decent housing is within easy reach.

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