

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila



Thirteenth Congress

First Regular Session

HOUSE BILL NO. 2811

Introduced by Honorable **MONICO O. PUENTEVELLA**

EXPLANATORY NOTE

One of the backbones for acquisition of real estate properties for low cost housing projects is the Community Mortgage Program [CMP] of the Government Housing Sector. In fact the importance of this program can be seen from the fact that the sale, transfer or conveyance of real estate properties is exempt from the payment of Capital Gains Tax as expressed in Section 33 of RA 7279 entitled "AN ACT TO PROVIDE FOR A COMPREHENSIVE AND CONTINUING URBAN DEVELOPMENT AND HOUSING PROGRAM, ESTABLISH THE MECHANISM FOR ITS IMPLEMENTATION, AND FOR OTHER PURPOSES". It reads

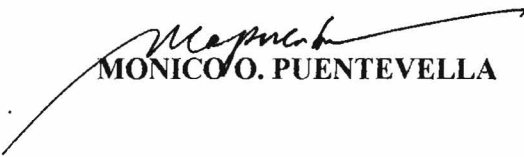
Sec. 32. *Incentives. – To encourage its wider implementation, participants in the CMP shall be granted with the following privileges or incentives:*

- (a) *Government-owned or -controlled corporations and local government units, may dispose of their idle lands suitable for socialized housing under the CMP through negotiable sale at prices based on acquisition cost plus financial carrying costs;*
- (b) ***Properties sold under the CMP shall be exempted from the capital gains tax; and***
- (c) *Beneficiaries under the CMP shall not be evicted nor dispossessed of their lands or improvements unless they have incurred arrangements in payments of amortizations for three (3) months.*

In any case, such sale, transfer or conveyance of real estate properties under the CMP is usually undertaken because the real estate property subject of the CMP is already squatted by the would be beneficiaries of the CMP. Thus, in all likelihood, the consideration or price of the transfer is usually less than the market value of the real estate property. Therefore, as an incentive, the capital gains tax was waived by the National Government.

The strange aspect under the CMP is that the waiver on the payment of documentary stamp tax collected by the National Government and transfer taxes collected by the local government unit was not part of the incentives. It ought to be.

It is therefore my fervent desire to seek your support for the passage of this proposal.



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AN ACT
PROVIDING ADDITIONAL INCENTIVES TO SELLERS OF REAL
ESTATE PROPERTIES, THE SUBJECT MATTER OF THE COMMUNITY
MORTGAGE PROGRAM OF THE NATIONAL GOVERNMENT AND
FOR OTHER PURPOSES”.

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

SECTION 1. All real estate properties acquired under the Community Mortgage Program by any of the Government Housing Agencies or the Local Government Units shall be exempt from the payment of Documentary Stamp Tax and Transfer Tax.

SECTION 2. This Act shall take effect FIFTEEN days after publication in two national newspapers or general circulation.

Approved.