

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

SIXTEENTH CONGRESS
SECOND REGULAR SESSION

House Bill No. **6122**



Introduced by Honorable WINSTON "WINNIE" CASTELO

EXPLANATORY NOTE

Socialized housing programs is the most appropriate solution that resolves underprivileged and homeless families' need for security of tenure and shelter.

It is noteworthy that the Supreme Court, in the case of *Heirs of Juancho Ardon v. Reyes*, has considered urban renewal or development and the construction of low-cost housing as a public use and the specific revisions in the Constitution, to wit:

The State shall promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty through policies that provide adequate social services, promote full employment, a rising standard of living and an improved quality of life for all. (Article II, Section 9)

The State shall, by law and for the common good, undertake, in cooperation with the private sector, a continuing program for urban land reform and housing which will make available at affordable cost decent housing and basic services to underprivileged and homeless citizens in centers and resettlement areas. x xx In the implementation of such program the State shall respect the rights of small property owners. (Article XIII, Section 9)

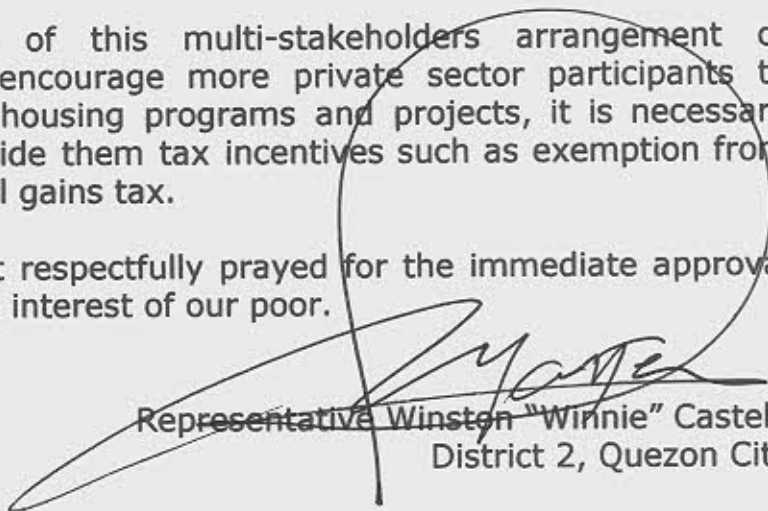
Housing is a basic human need—a matter of concern since it directly and significantly affects public health, safety, the environment and in sum, the general welfare.

It should be noted that aside from the regular fund for social housing granted to the national government's Key Shelter Agencies, the President has provided P10B for high density housing program of the informal settler families living in waterways and danger zones in Metro Manila.

The private sector and cause-oriented institutions, in addition to national and local government initiatives, people's organizations or cooperative associations, non-government organizations or civil society organizations are now engaged in multi-stakeholders' arrangement for socialized housing programs and projects intended for underprivileged and homeless Filipino citizens.

In recognition of this multi-stakeholders arrangement of cooperation and to encourage more private sector participants to undertake socialized housing programs and projects, it is necessary and desirable to provide them tax incentives such as exemption from the payment of capital gains tax.

Thus, it is most respectfully prayed for the immediate approval of this measure in the interest of our poor.



Representative Winston "Winnie" Castelo
District 2, Quezon City

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**AN ACT EXEMPTING ALL FORMS OF SOCIALIZED HOUSING
PROGRAMS AND PROJECTS FROM THE PAYMENT OF
CAPITAL GAINS TAX**

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

SECTION 1. Short Title. This Act shall be known as "Exempting All Forms of Socialized Housing Programs and Projects From the Payment of Capital Gains Tax".

SECTION 2. Declaration of Policy. It is the policy of the State to encourage more participation in undertaking comprehensive and continuing urban development and housing program as well as access to land and housing for the underprivileged and homeless citizens; uplift their conditions by making available decent housing at affordable cost; optimize the use and productivity of land and urban resources; reduce urban dysfunctions which affect public health, safety and ecology; and improve the capability of local governments in undertaking urban development and housing programs and projects, among others. And in so doing, the State shall provide tax incentives to institutions engaged in any form of socialized housing programs and projects.

SECTION 3. Incentives for Government and Private Sector or Non-Government Organizations Participating in Socialized Housing Programs and Projects. Institutions, whether national government's Key Shelter Agencies or Local Government Units, private sector, non-government organizations or civil society organizations, people's or cooperative organizations engaged or who shall engage in any form of socialized housing

programs and projects for the benefit of the low-income families or underprivileged and homeless citizens shall be exempt from the payment of capital gains tax.

Any disposition by way of sale or donation of lands for socialized housing programs and projects shall be exempt from the payment of capital gains tax or donor's tax, as the case may be.

SECTION 4. All Forms of Socialized Housing Programs and Projects are Exempt Transactions From the Payment of Capital Gains Tax. The Bureau of Internal Revenue shall, within fifteen days (15) days from notice of the proponent's request for exemption from the payment of capital gains tax, issue a certification exempting such transaction from the payment of the same.

SECTION 5. Promulgation of Rules and Regulations. The PCUP together with Housing and Urban Development Coordinating Council, Social Housing Finance Corporation, Quezon City Government, and the Bureau of Internal Revenue shall promulgate the necessary rules and regulations for the orderly enforcement of this Act within sixty (60) days from its approval.

SECTION 6. Penalties. Any person who shall be found liable for violating any provision of this Act shall be administratively sanctioned and may be held liable in accordance with the existing laws.

SECTION 7. Separability Clause. In the event that any provision of this Act is declared unconstitutional, the provision not so affected shall continue to be valid and enforceable.

SECTION 8. Effectivity. This Act shall take effect after its complete publication in the Official Gazette or at least two (2) newspapers of general circulation.

Approved.