


SIXTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



Senate
Office of the Secretary

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SENATE

RECEIVED BY: 

S.B. NO. 111

Introduced by SENATOR FERDINAND R. MARCOS, JR.

Explanatory Note

The Urban Development and Housing Act of 1992 or the UDHA was passed for the primary purpose of, "(uplifting) the conditions of the underprivileged and homeless citizens in urban areas and in resettlement areas by making available to them decent housing at affordable cost, basic services, and employment opportunities." To accomplish this purpose, Congress had envisioned that the comprehensive and continuing Urban Housing and Development Program that would be set up by the law should be, "in cooperation with the private sector". True enough, the UDHA declared as one of its policies, to "(e)ncourage more effective people's participation in the urban development process."

One of the tools instituted by this landmark legislation to attain the stated objectives was the granting of incentives, both fiscal and non-fiscal, to the private sector. These incentives may be found in Sections 19, 20, and 32 of the law.

This bill seeks to clarify the process of the grant of the tax incentives to the private sector and their entitlement thereto, as provided for under Section 20 of the UDHA. This bill hopes to clarify the roles and functions of the Bureau of Internal Revenue, the local government units, and the appropriate housing agencies, and strengthen their coordination, on the matter of certifying projects and transactions that may be covered by and entitled to the said incentives. Concomitantly, because of the clarified functions of and strengthened coordination between and among the agencies and offices concerned, this bill will ultimately achieve the purpose of expediting and rationalizing the registration and titling process of the socialized housing units with the Registers of Deeds.

In view of thereof, the passage of this bill is earnestly requested.



FERDINAND R. MARCOS, JR.

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SENATE
SENATE BILL NO. 111

RECEIVED BY: 

Introduced by Senator FERDINAND R. MARCOS, JR.

**AN ACT AMENDING SECTION 20 OF REPUBLIC ACT NO. 7279,
OTHERWISE KNOWN AS THE URBAN DEVELOPMENT
AND HOUSING ACT (UDHA) OF 1992**

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

SECTION 1. Section 20 of Republic Act No. 7279, otherwise known as
the Urban Development and Housing Act of 1992, is hereby amended, and shall
read as follows:

**Section 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:

- a) Reduction and simplification of qualification and accreditation
requirements for participating private developers;
- b) Creation of one-stop offices in the different regions of the country for
the processing, approval and issuance of clearances, permits and
licenses: Provided, That clearances, permits and licenses shall be issued
within ninety (90) days from the date of submission of all requirements by
the participating private developers;
- c) Simplification of financing procedures; and
- d) Exemption from the payment of the following:
 - 1) Project-related income taxes;
 - 2) Capital gains tax on **THE SALE, EXCHANGE OR DISPOSITION
OF raw lands use for the project;**
 - 3) Value-added tax for the project **DEVELOPER OR
CONTRACTOR CONCERNED, AS PROVIDED FOR UNDER SECTION
109 OF REPUBLIC ACT NO. 8424, OTHERWISE KNOWN AS THE
NATIONAL INTERNAL REVENUE CODE, AS AMENDED [concerned];**
 - 4) **LOCAL t[T]ransfer tax ON THE SALE, DONATION, BARTER
OR TRANSFER OF [for] both raw and completed projects; and**

5) Donor's tax for [both] lands certified by the **NATIONAL HOUSING AUTHORITY (NHA) OR** local government units to have been donated **TO THEM FOR RESETTLEMENT AND/OR** [for] socialized housing purposes.

(E) TAX CREDITS FOR PROPERTY OWNERS WHO VOLUNTARILY PROVIDE RESETTLEMENT TO THE ILLEGAL OCCUPANTS OF THEIR PROPERTY, WHICH SHALL BE EQUIVALENT TO THE ACTUAL NON-RECOVERABLE EXPENSES INCURRED IN THE RESETTLEMENT, AS CERTIFIED BY THE HOUSING AND URBAN DEVELOPMENT COORDINATING COUNCIL (HUDCC) AND/OR THE LOCAL GOVERNMENT UNIT CONCERNED.

[Provided, that upon application for exemption, a lien on that title of the land shall be annotated by the Register of Deeds: Provided, further, That the socialized housing development plan has already been approved by the appropriate government agencies concerned: Provided, finally, That all the savings acquired by virtue of this provision shall accrue in favor of the beneficiaries subject to the implementing guidelines to be issued by the Housing and Urban Development Coordinating Council.

Appropriate implementing guidelines shall be prepared by the Department of Finance, in consultation with the Housing and Urban Development Coordinating Council, for the proper implementation of the tax exemption mentioned in this section within one (1) year after the approval of this Act.

Property owners who voluntarily provide resettlement sites to illegal occupants of their lands shall be entitled to a tax credit equivalent to the actual non-recoverable expenses incurred in the resettlement, subject to the implementing guidelines jointly issued by the Housing and Urban Development Coordinating Council and the Department of Finance.]

FOR PURPOSES OF AVAILING THE TAX INCENTIVES UNDER THIS SECTION, IT SHALL BE MANDATORY THAT THE SOCIALIZED HOUSING DEVELOPMENT OR THE RESETTLEMENT PLAN, AS THE CASE MAY BE, SHALL HAVE FIRST BEEN APPROVED BY THE HOUSING AND LAND USE REGULATORY BOARD (HLURB) AND/OR THE CONCERNED LOCAL GOVERNMENT UNIT.

FOR PURPOSES OF ISSUANCE BY THE BUREAU OF INTERNAL REVENUE (BIR) AND/OR THE LOCAL GOVERNMENT UNITS OF THE TAX CLEARANCE AND/OR THE CERTIFICATE AUTHORIZING REGISTRATION, THE CERTIFICATION BY THE HLURB, THE NHA, AND/OR THE CONCERNED LOCAL GOVERNMENT UNIT THAT THE PROJECT IS A DULY APPROVED SOCIALIZED HOUSING PROJECT OR RESETTLEMENT SITE OR DONATED FOR SOCIALIZED PURPOSES, AS THE CASE MAY BE, SHALL BE SUFFICIENT GUARANTEE OF THE DUE DILIGENCE OF THE SAID AGENCIES AND THE LGU WITH REGARD TO THE STATUS OF A PARTICULAR PROJECT, LAND OR BUILDING. SUCH CERTIFICATION SHALL BE SUFFICIENT BASIS FOR THE BIR AND/OR THE LGU TO GRANT AND ALLOW THE TAX INCENTIVES HEREUNDER AND THEREAFTER ISSUE THE TAX CLEARANCE AND/OR CERTIFICATE AUTHORIZING REGISTRATION.

HOWEVER, IN CASES OF TAX-EXEMPT SALE OR DONATION OF PROPERTY UNDER THIS SECTION, THE APPROPRIATE REGISTER OF DEEDS SHALL CAUSE THE ANNOTATION ON THE MEMORANDUM OF ENCUMBRANCES OF THE OCT/TCT/CCT AS FOLLOWS:

'THE ACQUISITION OF THE PROPERTY DESCRIBED IN THIS TITLE IS BY VIRTUE OF A TAX-EXEMPT TRANSACTION PURSUANT TO SECTION 20 OF REPUBLIC ACT NO. 7279, AND IS SUBJECT TO A LIEN THAT THE LAND/S SOLD/DONATED IS/ARE TO BE USED EXCLUSIVELY FOR SOCIALIZED HOUSING PURPOSES.'

FINALLY, ALL THE SAVINGS ACQUIRED BY VIRTUE OF THIS PROVISION SHALL ACCRUE IN FAVOR OF THE BENEFICIARIES, SUBJECT TO THE IMPLEMENTING GUIDELINES TO BE JOINTLY ISSUED BY THE HUDCC AND THE HLURB."

SECTION 2. Implementing Rules and Revenue Regulations. - The appropriate guidelines or revenue regulations shall be jointly prepared by the Bureau of Internal Revenue, the Housing and Land Use Regulatory Board and the Department of Interior and Local Government, for the proper implementation of the tax incentives under this Act, within six (6) months from the approval of this amendatory Act.

SECTION 3. Separability Clause. - The provisions of this Act are hereby declared to be separable and if any clause, sentence, provision or section of this Act or its application thereof to any person or circumstance should, for any reason, be held invalid or unconstitutional, such invalidity or unconstitutionality shall not affect the other provisions or application of this Act which can be given force and effect.

SECTION 4. Repealing Clause. - All laws, decrees, charters, executive orders, administrative orders, proclamations, rules and regulations, or parts thereof insofar as they are inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SECTION 5. Effectivity. - This Act shall take effect fifteen (15) days after completion of publication in the Official Gazette or in a newspaper of general circulation.

Approved,