

**Republic of the Philippines**  
**HOUSE OF REPRESENTATIVES**  
*Quezon City*

**SEVENTEENTH CONGRESS**  
**First Regular Session**

**House Bill No. 2710**

HOUSE OF REPRESENTATIVES	
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**INTRODUCED BY REPRESENTATIVE ARTHUR C. YAP**

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**EXPLANATORY NOTE**

The past few years saw a construction boom in the housing sector, not just in Metro Manila, but the entire country. In Metro Manila, condominium buildings and housing projects are rising, from the posh skyscrapers in emerging business districts to the mid and low rise edifices in the old and low end residential enclaves. Outside of Metro Manila, residential subdivisions and communities, catering to varying family income brackets, are being developed.

This construction boom has been one of the elements fueling the slow but steady rise in economic activity. This is generating a lot of business for construction and real estate companies, and of course the banking and financial institutions. More important, it has been providing trickle down effects to the poorest of the poor by providing employment for construction and other related workers.

Amidst this construction boom, however, it still cannot be gainsaid that the ordinary, low to mid income earning family groups, are benefiting. This is in terms of finally acquiring their "dream" first home. The home they would want to truly call their own.

First, the actual cost of a house and lot or even a just a small condominium or unit in a housing project, is still very expensive. The price of even the cheapest real estate remains to be too steep for the common *tao*.

Moreover, the financing cost of such acquisition is staggering. And, this is without even factoring the loan charges, service fees and penalties imposed on the loan contracts.

Finally, every acquisition of real estate entails the burden of tax payments. These include, among others, payment of the value added tax,

documentary stamp tax, local taxes and registration fees. And of course, the payment of realty tax with the local government.

This measure is being introduced to make the first time acquisition of the family home easier and affordable.

This bill makes the actual cost of first time home purchase cheaper by enticing construction, development and real estate companies to sell their housing units at a discount. If these companies grant a discount of a minimum of Five Percent (5%) of the prevailing sale value of their real estate units to first time home buyers, they may claim the financial loss on the discount granted as a tax deduction.

Moreover, the loan financing shall also include only minimum collateral, equity or downpayment of five percent (5%) or less, of the acquisition cost. It shall also include accessibility, reasonable repayment terms, expeditious loan documentation and processing procedures.

As an additional benefit, a solo parent, shall be entitled to an additional Five Percent (5%) discount from the reduced financing cost. The solo parent shall likewise be granted a more flexible payment terms of the amortizations on the loan.

Finally, this bill grants first time home buyers exemption from payment of any and all taxes due for the purchase. The buyer shall likewise enjoy a tax holiday from realty and other local taxes due for three (3) years.

It has been always been the sworn goal of the government to alleviate the condition and welfare of a majority of the Filipino families, especially those who are in need of the basic need of shelter.

With this measure, such goal can be partly achieved. It would make it easier and affordable, especially to low and middle income groups, to finally acquire the dream home they may call their own. As an incidental effect, this bill would further fuel the construction boom which would become the catalyst of economic growth and development. It would strengthen, promote and support the component activities of housing production and finance. Finally, it would increase private sectors' participation in the investment of their funds into housing finance, construction and development.

It is in this view that the immediate passage of this bill, filed as House Bill No. 414 in the Sixteenth Congress by the undersigned, is earnestly sought.



**ARTHUR C. YAP**  
Representative

Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
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1 AN ACT

2 MAKING FIRST-TIME HOME OWNERSHIP EASIER AND MORE  
3 AFFORDABLE BY MAKING THE COST OF THE PURCHASE  
4 CHEAPER, REDUCING THE FINANCING COST, EXEMPTING THE  
5 PURCHASE FROM TAXATION, ENHANCING PRIVATE SECTOR  
6 PARTICIPATION IN HOUSING CONSTRUCTION AND FINANCING,  
7 AND FOR OTHER PURPOSES

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

10 SECTION 1. **Short Title.** – This Act shall be known as the “First-Time  
11 Homebuyers Act”.

12 SECTION 2. **Declaration of Policy.** – It is the State’s policy to:

- 13 a) Alleviate the condition and welfare of Filipino families especially  
14 in their basic need of shelter;
- 15 b) Make available affordable and decent housing, especially to low and  
16 middle income families;
- 17 c) Recognize the role of housing development as a catalyst of  
18 economic growth and development;
- 19 d) Strengthen, promote, and support the component activities of  
20 housing development and finance;

1 e) Encourage greater private sector participation and investment in  
2 housing development and finance.

3 SECTION 3. *First-Time Homebuyer Defined; Incentives, How*  
4 *Availed.* – For purposes of this Act, a “first-time homebuyer” refers to any  
5 natural person who, for the first time, purchases a house and lot or  
6 condominium unit or constructs a house on a land he/she owns and who  
7 intends to occupy the same as his/her principal place of residence.

8 The incentives for a first-time homebuyer may be availed of for the  
9 purchase of a housing package or the construction of a house falling under the  
10 category of low-cost housing and medium cost housing as determined by the  
11 Housing and Urban Development Coordinating Council (HUDCC) and the  
12 National Economic and Development Authority (NEDA).

13 SECTION 4. *Exemption of First-Time Home Purchase from*  
14 *Transfer Tax.* – Any provision of law to the contrary notwithstanding, upon  
15 the effectivity of this Act, a first-time homebuyer shall be exempted from  
16 payment of the transfer tax due from the first-time home purchase.

17 SECTION 5. *Tax Credit for First-Time Homebuyers.* – Upon the  
18 effectivity of this Act, a first-time homebuyer shall be entitled to a non-  
19 transferable tax credit equivalent to ten percent (10%) of the total amortization  
20 actually paid for the year preceding the availment of the tax credit, for the  
21 whole term of the loan from the date of acquisition of the house and lot or  
22 condominium unit or from the date of the construction of the house intended  
23 as the principal place of residence until full payment of the housing loan  
24 applied for the purchase or the construction.

25 In claiming the tax credit, the first-time homebuyer shall file his return  
26 along with the following documents, to wit:

27 a) a copy of:

- 28 i. the deed of absolute sale or contract to sell or  
29 ii. the contract of work for the design or construction of the house  
30 and the purchase order of the housing construction materials, as

1 well as the official receipts for labor or materials expenses  
2 incurred in the construction of the house,  
3 whichever is applicable;

- 4 b) housing loan and mortgage agreement;
- 5 c) tax declaration;
- 6 d) other similar documents employed in closing the purchase;
- 7 e) official receipts representing full payment or amortization for the  
8 preceding year; and
- 9 f) a certification for a first-time homebuyer issued by the HUDCC in  
10 accordance with Section 8 of this Act.

11 A natural person who has bought a house and lot or condominium unit  
12 or who has constructed a house prior to the effectivity of this Act and who  
13 actually lives in the property as his/her principal place of residence but who  
14 has not yet fully paid all the amortization due on the housing loan shall be  
15 considered as a first-time homebuyer within the contemplation of this Act and  
16 shall be entitled to the tax credit provided herein to the extent of the unpaid  
17 amortization. In claiming the tax credit, utility billing statements shall be  
18 submitted as additional requirements.

19 **SECTION 6. *Discount for First-Time Home Purchase; Incentive for***  
20 ***Granting a Discount.*** - Any natural or juridical person registered as owner  
21 of a land subject of a subdivision or a condominium project, or who is a dealer  
22 directly engaged as a principal in the business of buying and selling real estate,  
23 or who is real estate developer engaged in the business of developing and  
24 selling real estate projects for his/her or its own account and any natural or  
25 juridical person engaged as a contractor doing housing design and  
26 construction or engaged in the business of selling housing construction  
27 materials that grants a minimum discount of five percent (5%) to first-time  
28 homebuyers may claim the financial loss on the discount granted as a tax  
29 deduction: *Provided*, That the cost of the discount shall be allowed as  
30 deduction from the gross income for the same taxable year that the discount  
31 is granted: *Provided, further*, That the total amount of the claimed tax  
32 deduction net of value added tax, if applicable, shall be included in their gross



1 sales receipts for tax purposes and shall be subject to proper documentation  
2 and to the provisions of the National Internal Revenue Code, as amended.

3                   **SECTION 7. *Disclosure of First-Time Homebuyers Benefits.* -**

4 To ensure buyer awareness on the benefits of this Act, any owner, dealer, or  
5 real estate developer, and any contractor doing housing design and  
6 construction or anyone engaged in the business of selling housing  
7 construction materials shall provide a first-time homebuyer a disclosure  
8 statement of the discount that may be granted, as well as the transfer tax  
9 exemption and tax credit such buyer is entitled to under this Act in the  
10 reservation contract, application to purchase, deed of absolute sale or contract  
11 to sell and other similar documents employed in the negotiation of the  
12 purchase or in the contract of work for the design or construction of the house  
13 or in the purchase order of the housing construction materials. The first-time  
14 homebuyer shall also be provided the schedule of payment of installments or  
15 amortization until full payment of the purchase price.

16                   **SECTION 8. *Additional Benefit for Solo Parents.* –** Solo parents as

17 defined under Republic Act No. 8972, who are likewise First Time Home  
18 Buyer shall be entitled to an additional Five Percent (5%) discount from the  
19 reduced financing cost under Section 4 of this Act. The solo parent shall  
20 likewise be granted a more flexible payment terms of the amortizations on the  
21 loan.

22  
23                   **SECTION 9. *First-Time Homebuyers Information System;***  
24 ***Information Drive.*** The HUDCC, with the assistance of the Land Registration  
25 Authority (LRA), Home Development and Mutual Fund (HDMF), and the

1 *Bangko Sentral ng Pilipinas* (BSP), shall establish within ninety (90) days  
2 from the issuance of the Implementing Rules and Regulations of this Act a  
3 database of the names of all individuals who have availed of a housing loan  
4 and of registered owners of residential properties. This database shall be  
5 managed by the HUDCC which shall serve as the clearinghouse in the  
6 issuance of a certification for a first-time homebuyer. The Bureau of Internal  
7 Revenue (BIR), in extending tax credit to a first-time homebuyer upon the  
8 effectivity of this Act, shall share all relevant information and data on a  
9 periodic basis and make such data available to the HUDCC

10 The HUDCC is hereby mandated to conduct a continuing information  
11 drive about the provisions of this Act which shall be translated and be made  
12 available in major regional dialects and shall be posted on the website and in  
13 conspicuous public places, including barangay halls.

14 **SECTION 10. *Penalties for Violations.*** – Any person who makes a  
15 material misdeclaration of statement, misrepresentation in any certification,  
16 or fraudulent act in connection with the application for a tax credit under  
17 Section 5 of this Act or falsifies any document submitted to obtain a tax credit  
18 shall be punished with a fine of not less than Five Thousand Pesos  
19 (Php5,000.00) but not more than Fifty Thousand Pesos (Php50,000.00), or  
20 imprisonment of not less than six (6) months or both, without prejudice to the  
21 prosecution of said offender under the Revised Penal Code.

22 Any tax credit issued based on materially false information shall be null  
23 and void without need for any further action and shall be automatically  
24 revoked.

25 Any person who makes a material misdeclaration of statement,  
26 misrepresentation in any certification, or fraudulent act in connection with the  
27 claim for a tax deduction under Section 6 of this Act or falsifies any document  
28 submitted to obtain a tax deduction shall be punished with a fine of not less  
29 than Five Thousand Pesos (Php5,000.00) but not more than Fifty Thousand  
30 Pesos (Php50,000.00), or imprisonment of not less than six (6) months or

1 both, without prejudice to the prosecution of said offender under the Revised  
2 Penal Code.

3 Any public official or employee who tolerates or abets the commission  
4 of the abovementioned acts in connection with the application for a tax credit  
5 shall likewise be punished with a fine of not less than Five Thousand Pesos  
6 (Php5,000.00) but not more than Fifty Thousand Pesos (Php50,000.00), or  
7 imprisonment of not less than six (6) months or both, without prejudice to the  
8 prosecution of said public official or employee under the Revised Penal Code.

9 Any person who violates Section 7 of this Act shall suffer the following  
10 penalties:

- 11 a) For the first violation, a fine of not less than Fifty thousand pesos  
12 (Php50,000.00) but not exceeding One hundred thousand pesos  
13 (Php100,000.00) or imprisonment of not less than six (6) months but not  
14 more than two (2) years or both; and  
15 b) For any subsequent violation, a fine of not less than One hundred  
16 thousand pesos (Php100,000.00) but not exceeding Two Hundred  
17 Thousand Pesos (Php200,000.00) or imprisonment for not less than two  
18 (2) years but not more than six (6) years or both.

19 If the offender is an alien or a foreigner, he shall be deported  
20 immediately after service of sentence without further deportation proceedings.

21 Upon filing of an appropriate complaint, and after due notice and  
22 hearing, the proper authorities may also cause the cancellation or revocation  
23 of the business permit, permit to operate, franchise and other similar privileges  
24 granted to any business entity that fails to abide by the provisions of this Act.

25 SECTION 11. **Appropriations.** – The amount necessary for the initial  
26 implementation of the First-Time Homeowners Information System under  
27 this Act shall be charged against the current year's appropriation of the  
28 HUDCC. Thereafter, the funding needed for the continued development,  
29 maintenance and full implementation of the system shall be included in the  
30 General Appropriations Act.



1       SECTION 12. *Formulation of Implementing Rules.* – Within sixty  
2       (60) days after the effectivity of this Act, the HUDCC, DOF, BIR, NEDA,  
3       DOJ, LRA, SSS, GSIS, HDMF, BSP shall be constituted into an Inter-Agency  
4       Committee mandated to issue the Implementing Rules and Regulations of this  
5       Act.

6       SECTION 13. *Separability Clause.* – If any provision of this Act, or  
7       any parts thereof, is declared unconstitutional, the same shall not affect the  
8       validity and effectivity of the other portions.

9       SECTION 14. *Repealing Clause.* – All laws, executive orders,  
10      presidential decrees, proclamations, rules, regulations, issuances and  
11      enactments of parts thereof inconsistent with this Act are hereby repealed or  
12      modified accordingly.

13      SECTION 15. *Effectivity.* – This Act shall take effect fifteen (15) days  
14      from its complete publication in the Official Gazette or in a newspaper of  
15      general circulation in the Philippines, whichever comes earlier.

16      **APPROVED.**