REVENUE MEMORANDUM CIRCULAR NO. 44-2006 issued on July 21, 2006 publishes the full text of Republic Act (RA) No. 9343, an Act amending RA No. 9182, otherwise known as the Special Purpose Vehicle (SPV) Act of 2002 for the purpose of allowing the establishment and registration of new SPVs and for other purposes.

Applications for the establishment and registration of an SPV shall be filed with the Commission within 18 months from the date of effectivity of RA No. 9343.

Any existing law to the contrary notwithstanding, the transfer of Non-Performing Assets (NPAs) from the Financial Institutions (FI) to an SPV, and from an SPV to a third party or dation in payment (dacion en pago) by the borrower or by a third party in favor of an FI or in favor of an SPV shall be exempt from the following taxes:

(a) Documentary Stamp Tax on the abovementioned transfer of NPAs and dation in payment (dacion en pago) as may be imposed under Title VII of the National Internal Revenue Code (NIRC) of 1997;

(b) Capital Gains Tax imposed on the transfer of lands and/or other assets treated as capital assets as defined under Section 39(A)(1) of the NIRC of 1997;

(c) Creditable withholding income taxes imposed on the transfer of land and/or buildings treated as ordinary assets pursuant to Revenue Regulations No. 2-98, as amended;

(d) Value-Added Tax on the transfer of NPAs as may be imposed under Title IV of the NIRC of 1997 or gross receipts tax under Title V of the same Code, whichever is applicable.

The abovementioned transfers shall also be subject to the following, in lieu of the applicable fees:

(a) Fifty percent (50%) of the applicable mortgage registration and transfer fees on the transfer of real estate mortgage and chattel mortgage registrations to and from the SPV, as imposed in accordance with the existing circulars of the Land Registration Authority (LRA);

(b) Fifty percent (50%) of the filing fees for any foreclosure initiated by the SPV in relation to any NPA acquired from an FI, as prescribed by the Rules of Court; and

(c) Fifty percent (50%) of the land registration fees prescribed under the existing circulars of the LRA.

All sales or transfers of NPAs from the FIs to an SPV or transfers by way of dation in payment (dacion en pago) by the borrower or by a third party to the FI shall be entitled to the privileges enumerated herein for a period of not more than two (2) years from the date of effectivity of this amendatory Act: Provided, that transfers from an SPV to a third party of NPAs acquired by the SPV within such two-year period or transfers by way of dation in payment (dacion en pago) by a borrower to the SPV shall enjoy the privileges enumerated herein for a period of not more than five (5) years from the date of acquisition by the SPV: Provided, further, that properties acquired by an SPV from GFIIs or GOCCs which are devoted to socialized or low-cost housing shall not be converted to other uses.

The abovementioned tax exemptions, incentives and fee privileges given to FIs and SPV at the various stages of the transactions under this section shall likewise be
extended to any individual in accordance with the Internal Revenue Regulations (IRR): Provided, that:

(i) the transaction is limited to a single family residential unit Real and Other Properties Owned and Acquired (ROPOA) or Non-Performing Loans (NPL) secured by real estate mortgage on a residential unit;

(ii) there shall only be one transaction consisting of one residential unit per individual; and

(iii) the two-year transfer and the five-year entitlement period granted to NPA shall also apply to said single family residential unit.

RA No. 9343 was published on April 29, 2006 in a newspaper of general circulation and therefore shall have taken effect on May 14, 2006, which is 15 days following the date of publication as provided in the said law.