REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

Certificate of Tax Exemption No:

NSH - 021-

CERTIFICATE OF TAX EXEMPTION

TO ALL WHOM IT MAY CONCERN:

This certifies that **KIT PROPERTIES, INC.** is exempt from project-related income taxes/creditable withholding tax (CWT) pursuant to Section 20 (d) (1) of Republic Act (RA) No. 7279, as amended by RA No. 10884 (Balanced Housing Development Program Amendments) dated July 17, 2016, on its income received directly in connection with the land development and building construction of **Southpark Residences**, a socialized housing project of the National Housing Authority (NHA) under the new AFP/PNP Housing Program[1] consisting of 850 housing units, located at Brgy. Pulangbato, Cebu City.

Moreover, the sale of the said 850 housing units shall be exempt from value-added tax (VAT) pursuant to Section 109 (1) (P) of the National Internal Revenue Code (Tax Code) of 1997, as amended, provided that the selling price thereof does not exceed P3,199,200.00 per house and lot package; provided further, that beginning January 01, 2021, the exemption from VAT shall only apply to sale of house and lot and other residential dwellings[2] with selling price of not more than P3,199,200.00.[3]

However, the purchases of goods/articles by **KIT PROPERTIES, INC.** shall be subject to VAT, even if the said purchases are to be used for the above-mentioned socialized housing project, since VAT is an indirect tax which can be passed on by the seller of the goods/services. It shall be understood that **KIT PROPERTIES, INC.** must issue VAT-exempt official receipts on its gross receipts from the said socialized housing project.

Furthermore, the Deeds of Absolute Sale executed by the Landowners in favor of the NHA over the parcels of land described below, to wit:

Date	Name of Landowner/s[4]	Transfer Certificate of Title (TCT) No./Tax Declaration (TD) No.	Aggregate Area (sq. m.)	Area Transferred (sq. m.)	Location
July 27, 2020[5] August 3, 2020[6]	Spouses Thelma D. Dacay and Ramon Dacay	TCT No.	83	83	Brgy. Pulangbato, Cebu City
July 27, 2020[7] August 3, 2020[8]	Prudy Realty Corporation	TCT No.)	11,759	11,759	

[1] Per NHA letter dated September 21, 2020.
[2] Sale of lot only, regardless of the price, shall be subject to VAT starting January 01, 2021 pursuant to RA No. 10963.
[3] As adjusted using the 2010 Consumer Price Index values per Revenue Regulations (RR) No. 8-2021 dated June 11, 2021.
[4] Represented by Mr. Kim Dennis M. Go of Kit Properties, Inc.
[5] Date of acknowledgment for Mr. Kim Dennis M. Go, representative of the landowners.
[6] Date of acknowledgment for Mr. Marcelino P. Escalada, representative of the NHA.
[7] Date of acknowledgment for Mr. Kim Dennis M. Go, representative of the landowners.
[8] Date of acknowledgment for Mr. Marcelino P. Escalada, representative of the NHA.

Date	Name of Landowner/s[9]	Transfer Certificate of Title (TCT) No./Tax Declaration (TD) No.	Aggregate Area (sq. m.)	Area Transferred (sq. m.)	Location
July 27, 2020[10] August 3, 2020[11][12]	Heirs of Rosalio and Nemesia Velasquez	TD No. TD No.	4,472 4,134	8,342	Brgy. Pulangbato, Cebu City

which will be used for the above mentioned socialized housing project, is not subject to income tax/capital gains tax/expanded withholding tax and documentary stamp tax pursuant to Sections 19 and 20 of RA No. 7279 and to VAT pursuant to Section 109 (1) (P) of the Tax Code of 1997, as amended.

It is, however, understood that this Certificate of Tax Exemption (CTE) is never intended and shall not be construed as giving authority to the concerned Register of Deeds (RD) to effect transfer of the land titles in the name of the buyer without the necessary Certificate Authorizing Registration (CAR) issued by this Bureau. In this regard, this CTE, together with the documentary requirements provided under Revenue Memorandum Order (RMO) No. 15-2003, shall be presented to the Revenue District Office (RDO) concerned in order for the latter to issue the CAR.

Upon application for exemption, a lien on the titles of the land shall be annotated by the concerned RD having jurisdiction over the properties, to the effect that the same are to be applied or are being applied to a socialized housing project pursuant to RA No. 7279.

This CTE is being issued on the basis of the facts and documents as represented and submitted. However, if upon investigation, the BIR ascertains that the facts are different, then this Certificate shall be considered null and void.

Issued this _____ day of JAN 21 2022, _____.

CAESAR R. DULAY
Commissioner of Internal Revenue

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[9] Represented by Mr. Kim Dennis M. Go of Kit Properties, Inc.
[10] Date of acknowledgment for Mr. Kim Dennis M. Go, representative of the landowners.
[11] Date of acknowledgment for Mr. Marcelino P. Escalada, representative of the NHA.
[12] Date of acknowledgment for Mr. Marcelino P. Escalada, representative of the NHA.