April 20, 2021

CERTIFICATE OF TAX EXEMPTION NO. NSH-119-21

CERTIFICATE OF TAX EXEMPTION

TO ALL WHOM IT MAY CONCERN :

This certifies that **Aina Construction**, an entity engaged by the **National Housing Authority (NHA)**, 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 acquisition of 550 developed lots and completed socialized housing units in **Xavier Heights**, a socialized housing project of the NHA intended for AFP/PNP/BFP/BJMP/BUCOR qualified for housing assistance, located at Brgy. Catalunan Grande, Talomo District, Davao City, Davao Del Sur. Likewise, the acquisition of the said 550 developed lots and completed socialized housing 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 [1] with selling price of not more than P2,000,000.00.

However, the purchases of goods/articles by **Aina Construction** 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 **Aina Construction** must issue VAT-exempt official receipts on its gross receipts from the said socialized housing project.

Moreover, the sale by the Landowner/s to **Aina Construction** of the parcels of land described below, to wit:

Name of Landowner/s	Transfer Certificate of Title No/s.	Area (sq. m.)	Transferred (sq. m.)	Area Subject of Exemption [2]	Location
AAA	T-146-2017024183	8,072	8,072	6,134	
BBB	T-146-2017024184	20,362	20,362	16,285	
CCC	T-146-2017024185	26,144	26,144	18,695	

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Heirs of Spouses DDD and EEE [3]	T-42368	31,092	31,092	7,927	Davao City, Davao Del Sur
	T-133770	53,672	53,672	19,573	
	T-133772	12,109	12,109	3,059	
	T-133773	12,109	12,109	3,593	
	T-133774	12,109	12,109	3,385	
	T-133775	12,109	12,109	6,820	
	T-133776	12,109	12,109	11,304	
	T-133777	12,110	12,110	9,786	

which will be used for the above mentioned socialized housing project, is not subject to income tax/capital gains tax/expanded withholding tax pursuant to Section 20 of RA No. 7279 and to VAT pursuant to Section 109 (1) (P) of the Tax Code of 1997, as amended. However, such sale is subject to documentary stamp tax imposed under Section 196 of the Tax Code of 1997, as amended, based on the consideration contracted to be paid for such realties or on their fair market value determined in accordance with Section 6 (E) of the same Code, whichever is higher.

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 to effect transfer of the land title in the name of the buyer without the necessary certificate of authority to register issued by this Bureau. In this regard, this CTE shall be presented to the Revenue District Office (RDO) concerned in order for the latter to issue the Certificate Authorizing Registration (CARs). The CARs shall only be issued after the submission of the complete requirements provided under Revenue Memorandum Order (RMO) No. 15-2003.

Upon application for exemption, a lien on the titles of the land shall be annotated by the Register of Deeds 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 20th day of April, 2021.

(SGD.) CAESAR R. DULAY
Commissioner of Internal Revenue

Footnotes

1. Sale of lot only, regardless of the price, shall be subject to VAT starting January 01, 2021

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pursuant to RA No. 10963.

2. Per Certification of the NHA dated March 15, 2021.
3. This Certificate does not include exemption from estate tax which may be due, if any, on the estate of the deceased landowners.

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