May 4, 2021

CERTIFICATE OF TAX EXEMPTION NO. NSH-153-21

CERTIFICATE OF TAX EXEMPTION

This certifies that the Contract Agreement executed between **Kit Properties, Inc.** and **AFP Housing Board** for the sale of socialized housing units in Southpark Residences located at Brgy. Pulangbato, Cebu City, to wit:

Name of Housing Project	Date of Contract Agreement	Number of Socialized Housing Units Covered by Tax Exemption	Location of the Project
Southpark Residences	May 2, 2020	850	Brgy. Pulangbato, Cebu City

which project has been classified as socialized housing project of the National Housing Authority (NHA) under the new AFP/PNP Housing Program, [1] is **not subject** to income tax/creditable withholding tax and value-added tax pursuant to Section 20 of Republic Act (RA) No. 7279, as amended by RA No. 10884 (Balanced Housing Development Program Amendments) dated July 17, 2016. 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 exemption from VAT shall only apply to sale of house and lot and other residential dwellings [2] with selling price of not more than P2,000,000.00, as adjusted in 2011 using the 2010 Consumer Price Index values. [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 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.

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

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Date of Deeds of Absolute Sale	Name of Landowners [4]	Transfer Certificate of Title No./Tax Declaration No.	Aggregate Area (sq. m.)	Area Transferred for NHA Utilization (sq. m.)	Location of Property/ies
July 27, 2020 [5]	AAA and BBB		83 sq.m.	83 sq.m.	Brgy. Pulangbato, Cebu City
	Prudy Realty Corporation		11,759 sq.m.	11,759 sq.m.	
August 3, 2020 [6]	Heirs of CCC and DDD		4,472 sq.m. 4,134 sq.m.	8,342 sq.m.	

which shall be used for the above socialized housing project, is not subject to **capital gains tax/creditable withholding tax, documentary stamp tax** and **value-added tax** pursuant to Sections 19 and 20 of RA No. 7279 and 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 to effect transfer of the land title in the name of the NHA without the Certificate Authorizing Registration (CAR) issued by this Bureau. In this regard, this CTE, together with the documentary requirements provided under RMO No. 15-2003, shall be presented to the Revenue District Office (RDO) concerned in order for the latter to issue the CAR.

This Certificate of Tax Exemption 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 4th day of May, 2021.

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

Footnotes

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. Per Revenue Regulations No. 4-2021 dated April 8, 2021.
4. Represented by EEE of Kit Properties, Inc.
5. Date of acknowledgment for EEE, representative of the landowners.
6. Date of acknowledgment for Mr. Marcelino P. Escalada, representative of the NHA.

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