REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
Quezon City

Certificate of Tax Exemption No:
NSA-524-20-1

CERTIFICATE OF TAX EXEMPTION

TO ALL WHOM IT MAY CONCERN:

This certifies that **Verlin Konstrukt, Inc.**, an entity engaged by the **National Housing Authority (NHA)**[1], is exempt from project-related income taxes and creditable withholding tax pursuant to Section 20 (d)(1) of Republic Act 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 construction/development of 500 socialized housing units in San Antonio EFCO Subdivision located in Brgy. Malbog, Tolosa, Leyte, intended for the families affected by Typhoon Yolanda under the NHA's Yolanda Permanent Housing Program. Moreover, the delivery of 500 socialized housing units shall be exempt from value-added tax (VAT) pursuant to Section 109 (1)(P) of the National Internal Revenue Code of 1997 (Tax Code), 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 P2,000,000.00, as adjusted in 2011 using the 2010 Consumer Price Index values.[3]

However, the purchases of goods/articles by **Verlin Konstrukt, 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 **Verlin Konstrukt, Inc.** must issue VAT Exempt official receipts on its gross receipts from the said socialized housing project.

Moreover, the Deed of Absolute Sale of a Portion of Real Property executed by the Landowners in favor of the NHA over the parcel of land described below, to wit:

Date	Name of Landowners/Sellers[4]	Original Certificate of Title No.	Area (Sq.m.)	Area Transferred (Sq. m.)	Location
May 31, 2021	Pablo M. Pesado, Jr. Stephen S. Pesado Felito S. Pesado Victoria Pesado-Ongbico		88,323	45,527	

[1] Per Contract Agreement dated May 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] This Certificate of Tax Exemption does not include exemption from estate tax on the transfer of OCT No. from among its registered owners Pablo M. Pesado and Felito S. Pesado, to their heirs.

which shall be used for the above-mentioned socialized housing project, is not subject to capital gains tax and documentary stamp tax pursuant to Sections 19 and 20 of Republic Act (RA) No. 7279, and VAT pursuant to Section 109 (1)(P) of the Tax Code, 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 concerned Register of Deeds to effect transfer of the land titles in the name of the NHA without the necessary 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 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 JUL 0 5 2021, _____.

CAESAR R. DULAY
Commissioner of Internal Revenue

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