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

Certificate of Tax Exemption No.
BOI-LEH- 309 - 2022

CERTIFICATE OF TAX EXEMPTION

TO WHOM IT MAY CONCERN:

This certifies that **NAGA QUEENSTOWN REALTY AND DEVELOPMENT, INC.**, with Taxpayer Identification Number (TIN) is exempt from income tax and creditable withholding tax on its income received directly in connection with its economic and low-cost housing project, **Deca Sentrio Midrise Condominium**, consisting of **399** housing units used solely for family home or dwelling purposes located at Blumentritt and Misericordia Sts., Naga City, a project duly registered with the Board of Investments (BOI) under Certificate of Registration No dated March 10, 2022, for a period of **4** years beginning from **March 2022** or actual start of commercial operation/selling, whichever is earlier, but in no case earlier than the date of registration of the project with the BOI, pursuant to Executive Order (EO) No. 226, otherwise known as the "Omnibus Investments Code of 1987" and Section 2.57.5(B)(2) of Revenue Regulations (RR) No. 2-98, as amended, provided that the selling price of said housing units does not exceed P per housing unit.

Moreover, the sale by the Company of housing units valued at P1,919,500.00 and below, or house and lot and other residential dwellings valued at P3,199,200.00 and below, is VAT-exempt under Section 109(1)(P) of the National Internal Revenue Code (Tax Code) of 1997, as amended. Provided, however, that beginning January 1, 2021, the VAT exemption shall only apply to sale of house and lot and other residential dwellings[1] with selling price of not more than P3,199,200.00[2].

The sale, however, of housing units in excess of the **399** housing units registered with the BOI, (per HLURB Region V License to Sell No. , the excess is 21 units), including those units used for commercial purposes such as leasing, retail stores, offices, etc., shall be subject to the applicable taxes under the Tax Code of 1997, as amended.

The grant of tax exemption herein is subject to the compliance with the provisions of applicable BIR rules and regulations and the Terms and Conditions stated at the back hereof. The Company is liable, however, for all other applicable taxes not discussed above.

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 ___ day of JUN 24 2022, _____.

CAESAR R. DULAY
Commissioner of Internal Revenue

K-1/220639

P 051944

[1] Sale of lot only, regardless of the price, shall be subject to VAT starting January 1, 2021 pursuant to RA No. 10963.
[2] As adjusted using the 2010 Consumer price Index values pursuant to RR No. 8-2021 dated June 11, 2021

CTE No. BOI-LEH. 309-2022
Date issued JUN 24 2022

TERMS AND CONDITIONS OF THE CERTIFICATE OF TAX EXEMPTION

1. The exemption from income and creditable withholding taxes covers only income directly attributable to the revenues generated from the project, **Deca Sentrio Midrise Condominium**, consisting of **399** housing units used solely for family home or dwelling purposes located at Blumentritt and Misericordia Sts., Naga City. Such exemption shall not cover revenues from units with selling price exceeding P

2. The company is obligated to construct and sell **399** housing units based on the following milestones and total investment capital:

Milestone	Investment Cost (in PhP) and Schedule
Site Preparation and Development	September 2018 – December 2018
Building/House Construction	December 2018 – March 2022
Capital Equipment Acquisition	June 2021
Start of Commercial Operations	March 2022
Total Project Cost	

3. In the computation of the project's ITH, the following shall apply:

   a. Only income directly attributable to revenue generated from the sale of housing units (Deca Sentrio Midrise Condominium - Blumentritt and Misericordia Sts., Naga City) with selling price not exceeding PhP2.0M and used solely for family home or dwelling purposes and not for commercial purposes such as leasing, retail stores, offices, etc. shall be qualified.

   b. Interest income from in-house financing shall not be considered as revenues generated from the registered activity.

4. The Company's entitlement to ITH from its BOI-registered housing project is subject to the compliance with the provisions of the Specific Terms and Conditions of its BOI Registration.

5. Pursuant to Section 4 of the Republic Act (RA) No. 10708[3], the Company is required to file its tax returns and pay their tax liabilities, on or before the deadline as provided under the Tax Code of 1997, as amended, using the electronic system for filing and payment of taxes of the BIR. It shall file with BOI a complete annual tax incentives report of its income-based tax incentives, VAT and duty exemptions, deductions, credits or exclusions from the tax base, as may be provided under EO No. 226, within the periods prescribed under RA No. 10708's Implementing Rules and Regulations and Joint Memorandum Circular No. 1-2016 dated September 1, 2016

6. The Company shall be constituted as a withholding agent for the government if it acts as employer and any of its employees received compensation income subject to compensation withholding tax, or if it makes payments to individuals or corporations subject to the withholding taxes at source as required under Chapter XIII and Section 57 of the Tax Code of 1997, as amended and implemented by RR No. 2-98, as amended.

7. The Company is required to file on or before the 15th day of the fourth month following the close of its accounting period of a Profit and Loss Statement and Balance Sheet with the Annual Information Return under oath, stating its gross income and expenses incurred during the taxable year.

8. Finally, the Company's books of accounts and other pertinent records shall be subject to periodic examination by revenue enforcement officers of this Bureau for the purpose of ascertaining whether it has been complying with the conditions under which it has been granted tax exemption or tax incentives and its tax liability, if any, pursuant to Section 235 of the Tax Code of 1997, as amended.

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[3] An Act Enhancing Transparency in the Management and Accounting of Tax Incentives Administered by Investment Promotion Agencies.