REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

Certificate of Tax Exemption No:
PSH- 332-2022

CERTIFICATE OF TAX EXEMPTION

TO ALL WHOM IT MAY CONCERN:

This certifies that **Kit Properties, Inc.,** an entity engaged by the **Municipal Government of San Francisco, Camotes Island, Cebu,** 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 development/procurement of 615 fully developed lots and completed housing units in **Esperanza People's Village**, a socialized housing project intended for the victims of typhoon Yolanda and implemented under the National Housing Authority (NHA) and Municipality of San Francisco's Housing Program for Calamity Victims, located at Brgy. Esperanza, San Francisco, Cebu.

Moreover, the delivery of the said 615 fully developed lots and completed 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[1] valued at P3,199,200.00.[2]

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 Deed of Absolute Sale made and executed by and between the Landowner/s and the **Municipality of San Francisco** over the parcels of land described below, to wit:

Date	Name of Landowner/s	Tax Declaration (TD) No/s.	Transferred (sq. m.)	Location
February 17, 2022	Kit Properties, Inc.			Brgy. Esperanza, San Francisco, Cebu
	Total			

which shall 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. The transaction is, however, subject to documentary stamp tax under Section 196 of the Tax Code of 1997, as amended, based on the actual consideration of the property transferred considering that one of the parties is the Government.

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[1] Sale of lot only, regardless of the price, shall be subject to VAT starting January 01, 2021 pursuant to RA No. 10963.
[2] As adjusted using the 2010 Consumer Price Index values per Revenue Regulations (RR) No. 8-2021 dated June 11, 2021.

KIT PROPERTIES, INC.
(Esperanza People's Village)

CTE No.: PSH-E [illegible] 2022
Date issued: JUN 30 2022

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/Assessors Office to effect transfer of the land titles in the name of the NHA 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 (CAR). The CAR shall only be issued after 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 lands shall be annotated by the Register of Deeds/Assessors Office 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 _____, _____.

CAESAR R. DULAY
Commissioner of Internal Revenue

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