October 2, 2018

CERTIFICATE OF TAX EXEMPTION NO. 1235-18

CERTIFICATE OF TAX EXEMPTION

TO ALL WHOM IT MAY CONCERN :

This certifies that **PACIFIC PABAHAY HOMES, INC.**, with Tax Identification Number 000-000-000-000, is exempt from income tax, creditable withholding tax (CWT) and value-added tax (VAT) pursuant to Section 20 of Republic Act (RA) No. 7279 on its income received directly in connection with its sale of socialized housing units to qualified beneficiaries in **Villas De Sto. Rosario**, consisting of **125** housing units, located at Brgy. Sto. Rosario, Magalang, Pampanga, provided that the selling price thereof does not exceed P450,000.00 per house and lot.

Nonetheless, it is observed that documentary stamp tax (DST) is not one of the taxes covered by the tax exemption clause in Section 20 of RA No. 7279. Such being the case, the owner/project developer/seller shall be liable to pay the documentary stamp tax on the documents conveying the properties 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.

Moreover, the sale of the 125 socialized housing units is exempt from VAT provided that the selling price thereof does not exceed P1,919,500.00 for residential lot, and P3,199,200.00 for house and lot, pursuant to Section 109 (1) (P) of the 1997 Tax Code, as amended. Provided, however, that beginning January 1, 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.

The sale of economic housing units, if any, is not covered by the tax exemption under RA No. 7279, hence, subject to income tax and creditable withholding tax under the 1997 Tax Code, 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.

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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 2nd day of October, 2018.

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

ATTACHMENT

TERMS AND CONDITIONS
OF THE CERTIFICATE OF TAX EXEMPTION

1. The exemption from income, creditable withholding taxes and VAT covers only income directly attributable to the revenues generated from the **125** socialized housing units in **Villas De Sto. Rosario**, consisting of **125** housing units, located at Brgy. Sto. Rosario, Magalang, Pampanga.

2. The developer shall submit the sworn statement of the buyer that he is eligible as a socialized housing beneficiary under Section 5 (A) of Revenue Regulations (RR) No. 11-97 to the BIR during the processing of the Certificate Authorizing Registration (CAR) for the transfer of the title of the socialized housing unit.

3. It is understood that the Certificate Authorizing Registration (CAR) shall only be issued after it is established upon proper verification by the Revenue District Officer (RDO) concerned that, considering the rules on valuation of real property, the actual selling price per sale transaction of the socialized house and lot packages in this case does not really exceed P450,000.00 and P180,000.00 for lot only.

Footnotes

1. Sale of lot only, regardless of the price, shall be subject to VAT starting January 01, 2021 pursuant to RA No. 10963.

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