December 13, 2018

CERTIFICATE OF TAX EXEMPTION NO. 1426-18

CERTIFICATE OF TAX EXEMPTION

TO ALL WHOM IT MAY CONCERN :

This certifies that **NOVABALA JV CORP.**, with Tax Identification Number 000-000-000-000, is exempt from income tax and creditable withholding tax on its income received directly in connection with its registered project, **New Services Provider for Design and Construction-State-of-the-Art Engineering, Procurement and Construction (Tunnel Boring Services)**, located at Balara, Commonwealth Avenue and La Mesa Watershed Reservation, a project duly registered with the Board of Investments (BOI) under Registration No. 2018-134 dated June 28, 2018, for a period of **6** years beginning from **June 28, 2018** but in no case earlier than the date of registration of the project with the BOI, pursuant to Executive Order No. 226, otherwise known as the "Omnibus Investments Code of 1987" and Section 2.57.5 (B) (2) of Revenue Regulations No. 2-98, as amended.

The income qualified for Income Tax Holiday (ITH) shall be limited to the income directly attributable to the eligible revenue generated from the registered project, **New Services Provider for Design and Construction-State-of-the-Art Engineering, Procurement and Construction (Tunnel Boring Services)**.

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, to all other applicable taxes not enumerated 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 13th day of December, 2018.

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

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ATTACHMENT

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 its registered project, **New Services Provider for Design and Construction-State-of-the-Art Engineering, Procurement and Construction (Tunnel Boring Services)**.

2. The Company shall observe the following timetable:

Activity	Schedule
Obtaining licenses, permits, registration	August 2017-March 2018
Project site preparation and development • Temporary Facilities • Administrative Costs • Other costs	August 2017-December 2018 August 2017-August 2021
Acquisition and installation of machinery & equipment	November 2017-August 2021
Start of Commercial Operation	June 28, 2018

3. The Company's entitlement to ITH for its BOI-registered **State-of-the-Art Engineering, Procurement and Construction (Tunnel Boring Services)** project is subject to the compliance with the provisions of the Specific Terms and Conditions of its BOI Registration.

4. Pursuant to Section 4 of Republic Act (RA) No. 10708, [1] the Company is required to file its tax returns and pay its tax liabilities, on or before the deadline as provided under the 1997 Tax Code, 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 E.O. 226, within thirty (30) days from the deadline for filing of tax returns and payment of taxes.

5. 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 *Revenue Regulations (RR) No. 2-98*, as amended.

6. The Company is required to file on or before the 15th day of the fourth month

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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.

7. 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 is 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.

Footnotes

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

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