April 26, 2019

CERTIFICATE OF TAX EXEMPTION NO. 255-19

CERTIFICATE OF TAX EXEMPTION

TO ALL WHOM IT MAY CONCERN:

This certifies that **KALTIMEX RURAL ENERGY CORPORATION**, with Taxpayers Identification Number (TIN) 000-000-000-000, is exempt from income tax and creditable withholding tax on its income received directly in connection with its registered project, **Off Grid Diesel Power Plant 8 MW**, a project duly registered with the Regional Board of Investments (RBOI) [1] under Registration No. PE-61-16 dated October 28, 2016, for a period of **six (6) years** beginning from actual start of commercial operations 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.

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 26th day of April, 2019.

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

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 the registered project, **Off Grid Diesel Power**

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Plant 8 MW.

2. The Company's entitlement to ITH for its RBOI-registered project is subject to the compliance with the provisions of the Terms and Conditions of its RBOI Registration.

3. Pursuant to Section 4 of Republic Act (RA) No. 10708, [2] the Company is required to file its tax returns and pay its tax liabilities, on or before the deadline as provided under the National Internal Revenue Code of 1997, as amended, using the electronic system for filing and payment of taxes of the BIR. It shall file with RROI 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.

4. 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 as source as required under Chapter XIII and Section 57 of the National Internal Revenue Code of 1997, as amended, and implemented by Revenue Regulations (RR) No. 2-98, as amended.

5. 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.

6. 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 National Internal Revenue Code of 1997, as amended.

Footnotes

1. Autonomous Region of Muslim Mindanao, Autonomous Regional Government, Cotabato City.
2. An Act Enhancing Transparency in the Management and Accounting of Tax Incentives Administered by Investment Promotion Agencies.

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