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

Certificate of Tax Exemption No:
0806-2019

CERTIFICATE OF TAX EXEMPTION

TO ALL WHOM IT MAY CONCERN:

This certifies that **SM DEVELOPMENT CORPORATION**, with Taxpayers Identification Number (TIN) 000-[illegible]00, is exempt from income tax and creditable withholding tax on its income received directly in connection with its low-cost mass housing project (horizontal), **Breeze Residences, Roxas Boulevard, Barangay San Rafael, Pasay City,** consisting of **1,983** housing units used solely for family home or dwelling purposes, located at Roxas Boulevard, Barangay San Rafael, Pasay City, a project duly registered with the Board of Investments (BOI) under Registration No. [illegible] dated May 10, 2013, for a period of **three (3) years** beginning from **June 2014** or actual start of commercial operations/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.

Moreover, the sale by the Company of residential lot 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 exempt from value-added tax (VAT) pursuant to Section 109 (1) (P) of the National Internal Revenue Code of 1997, as amended. Provided, however, that beginning January 01, 2021, the exemption from VAT [illegible] only apply to sale of house and lot and other residential dwellings[1] with selling price [illegible] than P2,000,000.00.

However, the [illegible] of housing units in excess of the **1,983** housing units registered with the BOI (p[illegible] LURB License [illegible] No. ([illegible] the excess is 150 residential housing units), as well as t[illegible] commercial u[illegible] 683 parking slots, including those other units used for commercia[illegible] es such as leasing, retail stores, offices, etc., shall be subject to the payment of appropri[illegible] s under [illegible] National Internal Revenue Code of 1997, as amended.

The gr[illegible] of tax exemption herein is subject to the compliance with the provisions of applicable BIR [illegible] les and regulations and the Terms and Conditions stated at the back hereof. The Company [illegible] able, however, for all other applicable taxes not discussed above.

This C[illegible] 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 thi[illegible] day of DEC 2[illegible] 2019, _____.

CAESAR R. DULAY
Commissioner of Internal Revenue

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[1] Sale of lot only, regardless of the price, shall be subject to VAT starting January 01, 2021 pursuant to Republic Act (RA) No. 10963.