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

Certificate of Tax Exemption No.
492-2017

CERTIFICATE OF TAX EXEMPTION

issued to

1. **JEAN M. ANGELES**	Brgy., San Isidro, Lipa City
2. **MANUEL R. DINEROS, JR.**	Campo Verde Subd., LiMA Technology Center, Malvar, Batangas
3. **VIANNEY M. MARQUEZ**	Sto. Niño Villa de Lipa, Sabang, Lipa City
4. **MAURO M. RODRIGUEZ**	Rosewood Subd., Brgy. Bugtong, Lipa City

This certifies that the above-named taxpayers, employed with **LIMA UTILITIES CORPORATION,** with principal office address at **Bldg. B. LiMA Square Business Loop, LiMA Technology Center, Lipa-Malvar, Batangas** have proven to have been separated from the service of the employer because of **REDUNDANCY**, a cause beyond their control, hence, the amount received by the above-named taxpayers or by their heirs from the employer as a consequence of separation from the service of the employer regardless of age or length of service, shall be excluded from their gross income and shall be exempt from taxation pursuant to Section 32(B)(6)(b) of the 1997 Tax Code, as amended. Likewise, the separation benefits shall be exempted from withholding tax as prescribed by Section 79 of the 1997 Tax Code, as implemented by Revenue Regulations No. 2-98, as amended by Revenue Regulations No. 6-2001 and 12-2001.

Moreover, pursuant to Section 2.78.1(A)(7) of RR 2-98, as amended, the terminal pay, i.e., commutation and payment of monetized unused vacation leave credits not exceeding ten (10) days during the year are not subject to income tax and consequently to the withholding tax. Conversely, the cash equivalent of vacation leave exceeding ten (10) days is subject to tax. However, this same principle cannot apply to SICK leave credits since an employee must actually go on sick leave to be able to avail of said leave credits.

It is, however, understood that this exemption does not include the payment of the separated employees' salaries and the payment of the 13th month pay and other benefits in excess of the Php [1] threshold under Section 2.78.1 (A)(3)(a) and (A)(7) of RR 2-98, as amended.

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 _____ day of OCT 23 2017.

CAESAR R. DULAY
Commissioner of Internal Revenue

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[1] as amended by Revenue Regulations No. 3-2015 dated March 13, 2015