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

Certificate of Tax Exemption No: PSH 002 - 2022

CERTIFICATE OF TAX EXEMPTION

TO ALL WHOM IT MAY CONCERN:

This certifies that **Verlin Konstrukt, Inc.**, an entity engaged by the **Municipal Government of San Miguel, Leyte**[1], is exempt from project-related income taxes and creditable withholding tax pursuant to Section 20 (d)(1) of Republic Act (RA) No. 7279, as amended by RA No. 10884 (Balanced Housing Development Program Amendments) dated July 17, 2016, on its income received directly in connection with the construction/development of 480 socialized housing units in Design and Build Scheme Project located at Brgys. Malaguinabot and Malpag, San Miguel, Leyte, intended for the families affected by Typhoon Yolanda under the NHA's Yolanda Permanent Housing Program. Moreover, the delivery of 480 socialized housing units shall be exempt from value-added tax (VAT) pursuant to Section 109 (1)(P) of the National Internal Revenue Code of 1997 (Tax Code), as amended, provided that the selling price thereof does not exceed per house and lot package; provided further, that beginning January 01, 2021, the exemption from VAT shall only apply to sale of house and lot and other residential dwellings[3] with selling price of not more than

However, the purchases of goods/articles by **Verlin Konstrukt, Inc.** shall be subject to VAT, even if the said purchases are to be used for the socialized housing project, since VAT is an indirect tax which can be passed on by the seller of the goods/services. It shall be understood that **Verlin Konstrukt, Inc.** must issue VAT Exempt official receipts on its gross receipts from the said socialized housing project.

Moreover, the Deeds executed by the Landowners in favor of the Municipality of San Miguel, Leyte over the parcels of land described below, to wit:

Deeds	Date	Name of Landowner/s Seller/s	Original Certificate of Title No.	Area (Sq.m.)	Area Transferred (Sq. m.)	Location
Extra-Judicial Settlement of Estate with Deed of Absolute Sale	November 3, 2021	Letecia G. Abala Shirley G. Antoni Ramil G. Agner Ruben G. Agner Remedios G. Lesigues Leo G. Gesma				Brgy. Malaguinabot, San Miguel, Leyte

[1] Per Contract Agreement dated February 22, 2019.
[2] As adjusted using the 2010 Consumer Price Index values per Revenue Regulation No. 8-2021 dated June 11, 2021.
[3] 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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Extra-Judicial Settlement of Estate with Deed of Absolute Sale of Unsegregated Portion	February 22, 2019	Anunciasion Balais Romulo D. Balais Gil D. Balais Edgardo D. Balais Maria Grace D. Balais[4]	[illegible]	[illegible]	[illegible]	Brgy. Malpag, San Miguel, Leyte

which shall be used for the above-mentioned socialized housing project is **not subject** to capital gains tax pursuant to Section 20 (d)(2) of Republic Act (RA) No. 7279, as amended by RA No. 10884 (Balanced Housing Development Program Amendments) dated July 17, 2016. The transaction is, however, **subject** to **documentary stamp tax** under Section 196 of the National Internal Revenue Code of 1997, as amended, based on the actual consideration of the property transferred considering that one of the parties is the Government.

It is, however, understood that this Certificate of Tax Exemption (CTE) is never intended, and shall not be construed, as giving authority to concerned Register of Deeds to effect transfer of the land titles in the name of the Municipality of San Miguel, Leyte without the necessary Certificate Authorizing Registration (CAR) issued by this Bureau. In this regard, this CTE, together with the documentary requirements provided under RMO No. 15-2003, shall be presented to the Revenue District Office (RDO) concerned in order for the latter to issue the CAR.

This CTE 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 JAN 10 2022 ______.

CAESAR R. DULAY
Commissioner of Internal Revenue
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[4] This Certificate of Tax Exemption does not include exemption from estate tax on the transfer of OCT No. TC-43635 from its registered owner, Jesus Balais, to his heirs.