Quezon City

Certificate of Tax Exemption No:

NSH-006-2021

CERTIFICATE OF TAX EXEMPTION

TO ALL WHOM IT MAY CONCERN:

This certifies that **Front Nine Konstruct (Builders & Realty Development) Corporation**, an entity engaged by the **Municipality of Malay, Aklan**[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 280 socialized housing units located in Brgy. Dumlog, Malay, Aklan, intended for the families affected by Typhoon Yolanda under the National Housing Authority's (NHA) Yolanda Permanent Housing Program. Moreover, the delivery of 280 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 P3,199,200.00[2] 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 P3,199,200.00.

However, the purchases of goods articles by **Front Nine Konstruct (Builders & Realty Development) Corporation** 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 **Front Nine Konstruct (Builders & Realty Development) Corporation** 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 Local Government Unit of Malay over the parcels of land described below, to wit:

Deeds	Date	Name of Landowner/s Seller/s[4]	Original Certificate of Title Nos.	Area (Sq.m.)	Area Transferred (Sq. m.)	Location
Deed of Absolute Sale	June 28, 2019	Gilda M. Tumaca		3,483	1,494	
Deed of Adjudication with Absolute Sale	June 28, 2019	Heirs of Emiliano G. Sarceno		19,773	7,466	

[1] Per Contract Agreement dated March 15, 2019.

[2] As adjusted in 2011 using the 2010 Consumer Price Index values per Revenue Regulation No. 8-2021.

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

[4] This Certificate of Tax Exemption does not include exemption from estate tax on the transfer of OCT Nos. from the registered owners to their heirs.

Deed of Adjudication with Absolute Sale	June 28, 2019	Heir of Wilfredo Gumboc		2,456	800	
Deed of Adjudication with Absolute Sale	July 14, 2020	Heirs of Gelacio de los Reyes		2,880	830	
Deed of Adjudication with Absolute Sale	December 6, 2019	Heirs of Erlina F. Cabales		3,574	1,038	
Deed of Adjudication with Absolute Sale	June 28, 2019	Corazon M. Flores Heirs of Rosa M. Oczon Heirs of Gregoria M. Cahila		3,712	3,712	

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 RA No. 7279, as amended by RA No. 10884 (Balanced Housing Development Program Amendments) dated July 17, 2016, and to VAT pursuant to Section 109 (1)(P) of the Tax Code, as amended. The transaction is, however, **subject** to documentary stamp tax under Section 196 of the Tax Code, 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 (RD) to effect transfer of the land titles in the name of the Local Government of Malay without the necessary Certificate Authorizing Registration (CAR) issued by this Bureau. In this regard, this CTE, together with the documentary requirements provided under Revenue Memorandum Order (RMO) No. 15-2003, shall be presented to the Revenue District Office (RDO) concerned in order for the latter to issue the CAR.

Upon application for exemption, a lien on the titles of the land shall be annotated by the concerned RD having jurisdiction over the properties, to the effect that the same are to be applied or are being applied to a socialized housing project pursuant to RA No. 7279.

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 ________.

CAESAR R. DULAY
Commissioner of Internal Revenue
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