



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

Certificate of Tax Exemption No:

BOI - LEH - 0521 - 2020

CERTIFICATE OF TAX EXEMPTION

TO ALL WHOM IT MAY CONCERN:

This certifies that **SM DEVELOPMENT CORPORATION**, with Taxpayers Identification Number (TIN) _____, is exempt from income tax and creditable withholding tax on its income received directly in connection with its economic and low-cost housing project (vertical), **Fern @ Grass Residences Tower 5 - Misamis and Nueva Ecija Streets, Brgy. Sto. Cristo, Quezon City**, consisting of _____ housing units used solely for family home or dwelling purposes, located at Misamis and Nueva Ecija Streets, Brgy. Sto. Cristo, Quezon City, a project duly registered with the Board of Investments (BOI) under Registration No. _____ dated July 22, 2015, for a period of **three (3) years** beginning from **March 2016** 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 shall only apply to sale of house and lot and other residential dwellings¹ with selling price of not more than P2,000,000.00.

However, the sale of housing units in excess of the **1,887** housing units registered with the BOI (per License to Sell No. _____ dated May 15, 2015, the excess is 70 housing units), including those units used for commercial purposes such as leasing, retail stores, offices, etc., shall be subject to the payment of appropriate taxes under the National Internal Revenue Code of 1997, 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 _____ day of SEP 15 2020, _____.

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.