

CERTIFICATION

This is to certify that **PHILIPPINE PRECISION TECHNOLOGY, INC. (PPTI)** is registered with the then Export Processing Zone Authority (EPZA), now PEZA, as an Ecozone Export Enterprise under Registration Certificate No. 95-70 dated 09 June 1995, to engage in the following activities:

Registered Activity	Reference	Status
<p>Original Project: Manufacture of precision toolings and assembly of machine parts such as fax cutter assembly at Carmelray Industrial Park I – SEZ, Calamba, Laguna</p> <p>Amendment: Assembly of various kinds of transformers at Carmelray Industrial Park I – SEZ, Calamba, Laguna</p> <p>Amendment: Manufacture of plate size metal material at Carmelray Industrial Park I – SEZ, Calamba, Laguna</p>	<p>RA dated 09 June 1995</p> <p>SA dated 19 November 1997</p> <p>SA dated 21 September 1998</p>	Non-Pioneer
<p>Expansion Project: Manufacture of processed round steel material (PRSM) at Carmelray Industrial Park I – SEZ, Calamba, Laguna</p>	<p>SA dated 03 June 2005</p>	Expansion

This is to certify further that the available incentives to **PPTI** under its Registration Agreement with PEZA dated 09 June 1995 and Supplemental Agreements dated 19 November 1997, 21 September 1997 and 03 June 2005, are as follows:

1. Incentives under Book VI of EO 226 which include the following:
 - a. Corporate income tax holiday (ITH) for four (4) years for original project effective on the committed date of start of commercial operations, or the actual date of start of commercial operations, whichever is earlier; ITH entitlement for the original project can also be extended for another three (3) years provided specific criteria are met for each additional year and prior PEZA approval is obtained; duly approved and registered “Expansion” and “New” projects are entitled to a three-year, and four-year ITH, respectively;
 - b. Tax and duty free importation of merchandise which include raw materials, capital equipment, machineries and spare parts;
 - c. Exemption from wharfage dues and export tax, impost or fees;
 - d. VAT zero-rating of local purchases subject to compliance with BIR and PEZA requirements; and
 - e. Exemption from payment of any and all local government imposts, fees, licenses or taxes except real estate tax; however, machineries installed and operated in the ecozone for manufacturing, processing or for industrial purposes shall not be subject to payment of real estate taxes for the first three (3) years of operation of such machineries; production equipment not attached to real estate shall be exempt from real property taxes.



2. Pursuant to Rule XIII, Section 4 of the Rules and Regulations to Implement R.A. 7916, the Special Economic Zone Act of 1995, export enterprises registered with the Export Processing Zone Authority (EPZA) under P.D. 66 or E.O. 226, shall continue to be entitled to incentives under the terms and conditions provided therein. EPZA enterprises whose Income Tax Holiday has expired shall be subject to the 5% special tax rate under R.A. 7916, and Rule XX of the PEZA Rules, pursuant to which the enterprise shall, in lieu of payment of national and local taxes, be liable to payment of a 5% final tax on its gross income.
3. After the lapse of ITH, the following incentives shall apply:
 - a. Exemption from national and local taxes, in lieu thereof payment of 5% final tax on gross income as provided in Section 24 of R.A. 7916 and Rule XX of the Rules and Regulations to Implement R.A. 7916; and
 - b. Additional deduction for training expenses (1/2 of value) against the 5% tax on gross income earned, but not to exceed 3%, subject to guidelines to be formulated by PEZA in coordination with the Department of Labor and Employment and the Department of Finance (Section 42 of R.A. 7916).
4. Non-fiscal incentives shall include the following:
 - a. Permanent resident status within the ecozone for foreign investors with initial investment of at least US\$150,000.00;
 - b. Employment of foreign nationals; and
 - c. Simplified import and export procedures.

Pursuant to BIR's Revenue Regulations No. 14-2002 [Amending Further Pertinent Provisions of Revenue Regulations No. 2-98, as amended], income payments to PEZA registered enterprises under the ITH and 5% GIT incentives are exempt from expanded withholding tax.

Availment of the foregoing incentives in favor of **PPTI** is subject to all evaluation and/or processing requirements and procedures prescribed under PEZA Rules and Regulations, pertinent circulars and directives. **PPTI** entitlement to incentives shall continue as long as it remains in good standing, commit no violation of PEZA Rules and Regulations, pertinent circulars and directives, or the terms and conditions of its Registration Agreement with PEZA.

This certification is issued upon the request of **PPTI** for whatever legal purpose it may serve, and is valid for the year 2018, unless otherwise revoked or suspended by PEZA prior to expiration of said period. Further, this certification is automatically revoked in the event of cancellation of **PPTI**'s PEZA registration, effective on the date of said cancellation.

MARY HARRIET O. ABORDO
Deputy Director General for Operations

28 March 2018

cvc/ssa/mct