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

RA 3844, as amended by RA 6657
BIR Ruling No. 288-14
552-2017 11-24-2017

MARIANO D. SALAZAR
Brgy. Sulivan, Baliuag
Bulacan

Dear Mr. Salazar,

This refers to your request for exemption from capital gains tax ("CGT") on the sale of a parcel of land executed on 14 May 2012 by the Land Bank of the Philippines ("LBP") in your favor pursuant to Republic Act (R.A.) 3844, otherwise known as the "Agricultural Land Reform Code."

Based on the documents submitted, it is shown that Mr. Salazar was awarded a parcel of land as farmer-beneficiary under R.A. 3844 through the Department of Agrarian Reform (DAR) Order dated 5 July 2010 confirming the designation and assignment in favor of Mr. Salazar of Lot No. 330, Plan No. and covered by Transfer Certificate of Title No. (T-) of the Register of Deeds of Bulacan, more particularly described as follows:

> *"A parcel of land (Lot 330, of the consolidation-subdivision plan (LRC) Pcs-11324, Sheet 2, being a portion of the consolidation of Lots 2662, 2766, 4061 and 2672, Baliuag Cadastre. LRC Cad. Rec. No. 787) situated in the Barrios of Tilapayong and Sullivan, Municipality of Baliuag, Province of Bulacan containing an area of Five Hundred Twenty (520) sq. m."*

To effect the transfer of the subject parcel of land, the Land Bank of the Philippines and Mr. Salazar executed a Deed of Sale dated 14 May 2012 whereby the former conveyed to the latter the above-described property for and in consideration of the total amount of Five Hundred Twenty Pesos (Php520.00).

In reply, please be informed that the transfer is exempt from CGT pursuant to Section 66 of Republic Act (RA) No. 6657, otherwise known as, the "Comprehensive Agrarian Reform Law of 1988" which provides, viz:

"Sec. 66. Exemption from Taxes and Fees of Land Transfers. — Transactions under this Act involving a transfer of ownership, whether from natural or juridical persons, shall be exempted from taxes arising from capital gains. These transactions shall also be exempted from the payment of registration fees, and all other taxes and fees for the conveyance or transfer thereof. Provided, that all arrearages in real property taxes, without penalty or interest, shall be deductible from the compensation to which the owner may be entitled."

The records include a Certification dated August 27, 2013 certifying that Mr. Mariano D. Salazar is the actual occupant of Lot 330, Pcs-11324, with an aggregate area of 520 sq. m., covered by TCT No. (T-), located at Tilapayong and Sulivan, Baliuag, Bulacan. The Certification further states that said property is covered under RA 3844 and acquired by the government through Land Bank of the Philippines.

Only Section 35 of RA 3844 was expressly repealed by RA 6657. Thus, the transfer of land to a qualified farmer beneficiary is still considered one of the transactions contemplated under Section 66 of RA 6657. Accordingly, the transfer by Land Bank of the Philippines to Mr. Mariano D. Salazar of the ***five hundred twenty square meters (520 sq.m.)*** property covered by TCT No. (is exempt from capital gains tax and documentary stamp tax pursuant to the aforecited provision. (*BIR Ruling No. 288-14* dated July 9, 2014)

This ruling is being issued on the basis of the foregoing facts as represented. However, if upon investigation, it will be disclosed that the facts are different, then this ruling shall be considered null and void.

Very truly yours,

CAESAR R. DULAY
Commissioner of Internal Revenue
011364

Cc: Regional Director
Revenue Region No. 5, Caloocan City

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