REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

[illegible]	[illegible]	Reply to Contact Chief, Law and Legislative Division Tel Nos. 926-35-35/927-[illegible]

Date: [illegible]

MR. RODOLFO D. RIVERA
Pandi, Bulacan

Dear Mr. Rivera:

This refers to your letter dated February 2, 2017 requesting for exemption from the payment of donor's tax under Section 99 of the Tax Code of 1997, as amended.

Documents show that Alexia Legaspi, Marciana Legaspi, [illegible] Legaspi, Ernesto Legaspi, married to Valentina Raymundo, Roman Legaspi, married to Juana Ann[illegible], and Leoncio Legaspi, married to Primitiva Sta. [illegible], collectively referred to as "the Legaspis" are the registered owners of an agricultural land situated in Brgy. Masagana, Pandi, Bulacan with an area of 17,000 sq.m., more or less, and covered by Transfer Certificate of Title No. [illegible] of the Registry of Deeds for [illegible] Bulacan and Tax Declaration No. [illegible]

On January 7, 2017, a "Kasulatan ng Pagkakaloob ng Lupa sa Magsasaka" was executed by Alexia Legaspi et al. (Donors) in favor of the lone farmer-beneficiary, Rodolfo D. Rivera (Donee), and which donation was accepted by the latter.

In reply, please be informed that Section 66 of Republic Act No. 6657, otherwise known as the "Comprehensive Agrarian Reform Law of 1988," which you invoked to support your request for tax exemption, provides:

> "*Sec. 66. Exemptions 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.*"

Under the above-quoted provision, the conveyance by the owner of the land in the form of [illegible] compensation, is exempt from capital gains tax and documentary stamp tax

However, the Department of Agrarian Reform (DAR), the implementing agency of the Comprehensive Agrarian Reform Program (CARP), certified on February 12, 20[illegible]5 that the subject property is a retention area and is not covered by CARP since the property [illegible] less than five (5) hectares. Accordingly, the tax incentive granted under Section 66 of Republic Act No. 6657 or the Comprehensive Agrarian Reform Law finds no application to your case.

In view of the foregoing, the transfer by the Legaspi of their property in your favor is subject to donor's tax pursuant to Section 99 (B) of the Tax Code of 1997, as amended.

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
[illegible]

K-[illegible]