REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

RA 6657
BIR Ruling No. 134-13
#010-2016 1-8-2016

ROGELIO I. GUTIERREZ
329 Guzman Street, Concepcion
Baliuag, Bulacan

Sir:

This refers to the 2nd Indorsement of Revenue Region No. 5- Caloocan, requesting for a ruling as to whether or not the sale of agricultural land by the Land Bank of the Philippines (LBP) under Republic Act (R.A.) No. 6657, otherwise known as the "Comprehensive Agrarian Reform Law" is exempt from the payment of the capital gains tax and the documentary stamp tax.

It appears that LBP is the registered owner of a parcel of land, identified as Lot 210, of the cons. Subd. plan LRC Pcs- Sht. 3, being a portion of the consolidated lots 2662, 2677, 4061 and 2672, Bal., Cad. LRC Cad Rec. No. 787 covered by Transfer Certificate of Title (TCT) No. ( ) issued by the Registry of Deeds for the Province of Bulacan. The aforesaid property is situated at Brgy. Tilipayong, Baliwag, Bulacan with an area of One Thousand Fourteen square meters (1,014 sq.m.), more or less. On December 19, 2011, a Deed of Absolute Sale was executed by LBP conveying Lot No. 210-A with an area of Five Hundred Seventy One square meters (571 sq.m.) portion of the above-mentioned property in favor of Mr. Rogelio I. Gutierrez, the beneficiary of the said agrarian reform program by virtue of Certificate of Land Transfer (CLT) No. dated April 5, 1978.

In reply, please be informed that the transfer is exempt from capital gains tax and documentary stamp tax pursuant to Section 66 of Republic Act 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."

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Attached to the records is Certification dated February 22, 2012 from the Municipal Agrarian Reform Office (MARO) of Tangos, Baliwag, Bulacan, certifying that the Deed of Absolute Sale executed by and between LBP and Mr. Rogelio I. Gutierrez dated December 19, 2011 is covered by Presidential Decree (P.D.) No. 27[1] in relation to R.A. No. 3844[2] and R.A. No. 6657. Only Section 35 of R.A. No. 3844 was expressly repealed by R.A. No. 6657. Thus, transfer of land as provided under P.D. No. 27, as in this instance, is still considered one of the transactions contemplated under Section 66 of R.A. No 6657.

Accordingly, the transfer by LBP to Rogelio I. Gutierrez of Lot 210-A with an area of Five Hundred Seventy One square meters (571 sq.m.) portion of the above-mentioned property covered by TCT No. ( ) is exempt from capital gains tax and documentary stamp tax pursuant to the aforecited provision. (BIR Ruling No. 134-13 dated April 5, 2013)

Very truly yours,

KIM S. JACINTO-HENARES
Commissioner of Internal Revenue

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[1] DECREEING THE EMANCIPATION OF TENANTS FROM THE BONDAGE OF THE SOIL, TRANSFERRING TO THEM THE OWNERSHIP OF THE LAND THEY TILL AND PROVIDING THE INSTRUMENTS AND MECHANISM THEREFOR, dated 21 October 1972

[2] THE AGRICULTURAL LAND REFORM CODE