REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

[illegible] City

[illegible]	[illegible]

[illegible] to Contact [illegible] Legislative Division
[illegible] Nos. 926-[illegible]

Date [illegible]

[illegible] D. RIVERA
[illegible], 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 [illegible] of the Tax Code of 1997, as amended.

Documents show that Adela Legaspi, Marciana Legaspi, Josefa Legaspi, Ernesto Legaspi, married to Valentina Ray [illegible], Herman Legaspi, married to Juana [illegible], and Leoncio Legaspi, married to Primitiva [illegible], collectively referred to as "the Legaspis", are the registered owners of a agricultural [illegible] land situated in Brgy. [illegible], [illegible], Bulacan with an area of 17,[illegible] 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, 2016, a "Kasunduan ng Magkakaloob ng Lupang Magsasaka" was executed by Adela Legaspi et al. (Donors) in favor of the [illegible] farmer-beneficiary, [illegible] D. Rivera (Donee), and which donation was accepted by the latter.

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

> "Section [illegible]. Exemption from Taxes and Fees of Land Transfers. — Transactions under this Act involving a transfer of ownership, whether [illegible] shall be exempted from all taxes arising therefrom and all [illegible]. These transactions shall also be exempted from the payment of registration fees, and all other taxes and fees for the conveyance of [illegible] through [illegible] and [illegible] property taxes with respect to [illegible] shall be deducted from the compensation to which the owners may be entitled."

In view of the above-quoted provisions, the conveyance by the owner of the land to the farmer-beneficiary, for 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, 2015 that the subject property is a retention area and is not covered by CARP since the property involved is less than five (5) hectares. Accordingly, the tax incentive granted under Section 56 of Republic Act No. 6557 or the Comprehensive Agrarian Reform Law finds no application to your entity.

In view of the foregoing, the transfer by the Legaspis 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 ascertained 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]

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