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

April 17, 2015

REVENUE MEMORANDUM CIRCULAR NO. 29-2015

SUBJECT : Publishing the Full Text of the Memorandum of Agreement (MOA) between the Department of Finance (DOF), the Department of Justice (DOJ), the Bureau of Internal Revenue (BIR) and the Land Registration Authority (LRA)

TO : All Internal Revenue Officers, Employees and Others Concerned

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For the information and guidance of all concerned, quoted hereunder is the full text of the Memorandum of Agreement (MOA) between the Department of Finance (DOF), the Department of Justice (DOJ), the Bureau of Internal Revenue (BIR) and the Land Registration Authority (LRA) dated September 25, 2013:

" MEMORANDUM OF AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

This **MEMORANDUM OF AGREEMENT** is entered into by and between:

The **DEPARTMENT OF FINANCE (DOF)**, a government agency whose mandate is the formulation, institutionalization and administration of fiscal policies in coordination with other concerned subdivisions, agencies and instrumentalities of the government, with office address at the DOF Building, BSP Complex, Roxas Boulevard, Manila, herein represented by **Secretary CESAR V. PURISIMA**, hereinafter referred to as **"DOF";**

-and-

The **DEPARTMENT OF JUSTICE (DOJ)**, a government principal law agency whose mandate is to serve as the government's prosecution arm and to administer the government's criminal justice system, with office address at DOJ Building, Padre Faura Street, Manila, herein represented by **Secretary LEILA M. DE LIMA**, hereinafter referred to as **"DOJ";**

-and-

The **BUREAU OF INTERNAL REVENUE (BIR),** a government agency under the Department of Finance, with office address at BIR Road, Diliman, Quezon City, herein represented by **Commissioner KIM S. JACINTO-HENARES,** hereinafter referred to as **"BIR";**

-and-

The **LAND REGISTRATION AUTHORITY (LRA),** a government agency under the Department of Justice, a central repository of all lands records through its Registry of Deeds (RD/s) offices nationwide, with office address at LRA Building, East Avenue corner NIA Road, Diliman, Quezon City, herein represented by **Administrator EULALIO C. DIAZ III,** herein referred to as **"LRA".**

WITNESSETH:

WHEREAS, all Parties are willing to coordinate and cooperate to improve their services to taxpayers and to enhance tax collection and administration.

WHEREAS, the DOF and BIR are responsible for the generation of financial resources of the government through the enforcement of internal revenue laws and regulations.

WHEREAS, the DOJ has administrative supervision over LRA, while the latter exercises supervision and control over all Registries of Deeds nationwide.

WHEREAS, records, documents, data and information are needed by all Parties to augment their respective revenue base.

WHEREAS, the LRA is the agency mandated by Law with the task of preserving the integrity of the land registration process and protecting the sanctity of the Torrens Title and the central repository of all land records through its Registry of Deeds offices nationwide where all records are kept of its instruments affecting registered and unregistered lands as well as chattel mortgages affecting movable properties.

WHEREAS, it is imperative to plug all loopholes to prevent tax leakage and to ensure that all taxes due to the Government are collected before registration or transfer of real property is effected by the Register of Deeds.

WHEREAS, this undertaking requires concerted and cooperative efforts by and between the Parties herein such that in the performance of their respective functions in respect to real property transfers, the applicable internal revenue laws shall be properly enforced;

WHEREAS, there is a need to update the existing Memorandum of Agreement (MOA) executed in December 11, 1998 by and between the DOF and DOJ and MOA executed in February 08, 2011 by and between BIR and LRA on the same subject matter due to changes in procedures and the implementation of computerization projects.

WHEREAS, it is to the mutual interest of the Parties to revise, update and expand the said MOAs in order to expedite the delivery of services to the public and simultaneously, promptly collect the correct taxes due to the government.

NOW, THEREFORE, in order to attain the foregoing goals, the Parties hereto have mutually agreed on working relationships, to wit:

1. **Enforcement of Laws and Regulations.** In general. – The Parties hereto shall coordinate and work closely on the effective implementation of Executive Orders, revenue laws and regulations, in the RDs, more specifically on the following:

   a. Section 5 (B) of the National Internal Revenue Code (Tax Code), which empowers the BIR to obtain on a regular basis from all government agencies any information on persons; natural or juridical, whose revenue tax liability is subject to audit or investigation

b. Executive Order No. 53, series of 1993, which directs all government agencies to provide BIR with necessary information to help increase tax collection.

c. Section 236 (I) of the Tax Code, in relation to Executive Order no. 52, series of 1993, which requires that the Taxpayer Identification Number (TIN) of persons who are Parties to taxable real property transactions be indicated in the documents to be registered with the Register of Deeds.

d. Section 58 (E) of the Tax Code, which prohibits the registration of any documents transferring real property unless the Commissioner or duly authorized representatives has certified that such transfer has been reported, and the capital gains or creditable withholding taxes, if any, have been paid; and requires the annotation of certain information at the back of the Condominium Certificate of Title (CCT) and Transfer Certificate of Title (TCT) of the real property involved in tax deferred transactions under Section 40 of the Tax Code.

e. Section 95 of the Tax Code, prohibiting the registration of any document transferring real property or real rights therein or any chattel mortgage, by way of gifts inter vivos or mortis causa, legacy or inheritance, unless a certification from the BIR Commissioner that the tax fixed in the Title III of the Tax Code and actually due thereon had been shown; and requiring the Register of Deeds to immediately notify the Regional Director or Revenue District Officer in the place where his office is located, of the non-payment of the tax discovered by them.

f. Section 24 (D) and Section 27 (D)(5) of the Tax Code, as implemented by Sections 2.57.1 and 2/57/2 of the Revenue Regulations No. 2-98, as amended, subjecting to capital gains tax or creditable withholding tax, as the case may be, the sale, exchange or other disposition or real property classified as capital or ordinary asset by individuals and corporations.

g. Revenue Regulation No. 3-93, implementing Section 20 of R.A. No. 7279, otherwise known as the Urban Development and Housing Act of 1992, requiring the Register of Deeds to annotate a lien on the Certificate of Title to be issued covering raw land sold and/or lands donated qualified to be exempt from capital gains tax or donors tax.

h. Section 207 (B), in relation in Section 219, both of the Tax Code on the requirement of written notice to the Register of Deeds of the City or Province where the real property levied or subjected to tax lien is located.

2. Linkages – To achieve better monitoring and control over real property transactions subject of the foregoing revenue laws and issuance, the Parties hereto agree to set up the infrastructure necessary to link BIR on one hand and LRA and its RDs nationwide on the other, designed to enable the LRA and the RDs to verify all real property transfers against BIR clearances and simultaneously, to enable BIR to check that all of such transfers have corresponding BIR clearances.

3. Role of the Parties

A. **The Department of Justice and the Department of Finance**

DOJ and DOF shall oversee the faithful compliance by their respective attached agencies concerned of the provisions of this AGREEMENT.

B. **Bureau of Internal Revenue**

1. In general, the BIR shall continue to perform its assigned functions pursuant to its mandate by:

    a. Issuing Certificates Authorizing Registration (CAR), whether taxable or tax-exempt transactions, to be presented as basis for the Register of Deeds to effect transfers;

    b. Furnishing reports on CAR issued and generated on-line to the RDs for on-line automated verification as to authenticity by LRA; and

    c. Receiving and matching the electronic report from LRA on the New Number generated for the newly-issued TCT/CCT/OCT.

2. BIR shall provide the necessary training to concerned personnel involved;

3. BIR shall ensure the implementation of a comprehensive information campaign to inform the public of the changes that shall be brought about by the automated verification process to be adopted by LRA and BIR; and

4. BIR shall take disciplinary action against BIR personnel violating the provisions of this AGREEMENT.

C. **LRA and RDs**

1. In general, LRA and all the RDs nationwide shall perform their assigned functions under its mandate;

2. LRA shall provide through the linkage, information relating to all Real Property Transfers against BIR Certificate Authorizing Registration (CAR) to enable BIR/LRA to check if all such transfers have BIR CARs;

3. LRA shall ensure the development, implementation, and operation of the on-line automated verification of the CARs presented to the Registries of Deeds through its Land Titling Computerization Project (LTCP), which is undertaken in partnership with a private proponent, Land Registration Systems Incorporated (LARES), under a Built –Own-Operate (BOO) scheme pursuant to R.A. No. 7718 (Philippine BOT Law, as amended);

4. LRA shall ensure, through its aforementioned private proponent, the development, implementation, and operation of an automated system that shall provide BIR with monthly electronic reports on new TCT/CCT/OCT, immediately upon their issuance and inclusion in the database;

5. In line with the obligations of the Parties pursuant to Section 2 (Linkages), and to ensure the development, sustainable implementation, operations and maintenance of LRA's part of the Linkage, the Parties hereto agree that the LRA shall collect from the transacting public an IT Service Fee (RD Certification – BIR CAR Authentication Fee) in the amount of ONE HUNDRED FIFTY PESOS (Php150.00), exclusive of VAT, per CAR submitted; and

6. LRA shall take disciplinary action against LRA-RD personnel violating the provisions of this AGREEMENT.

4. **Agency Committee** – The inter-agency committee contemplated in the BIR-LRA MOA, dated February 08, 2011, is hereby expanded to include representatives from the DOJ and DOF and shall convene within fifteen (15) days from the signing of this AGREEMENT to prepare the necessary implementing rules and regulations.

5. **Acceptable Use** - The Parties shall use all standards, designs, specifications, systems, databases, and all other work products developed in relation to this AGREEMENT only in connection with lawful purposes and intentions contemplated herein, and not for any other purpose not in accordance with this AGREEMENT.

6. **Ownership of Databases, Systems, and Other Work Products** - The LTCP Databases and Systems shall continue to belong to and remain the property of LRA. All standards, designs and specifications and all other work products developed and or used by LRA in relation to this AGREEMENT shall continue to belong to LRA.

7. **Confidentiality and Non-disclosure**

a. **Definitions**

1. "Disclosing Party" means the party disclosing the Proprietary Information to the Receiving Party.

2. "Permitted Recepients" means any and all directors, officers, employees, agents or contractors of the Receiving Party/ies who reasonably needs to know the Proprietary Information in connection with the Project.

3. "Proprietary Information" means any information that is transmitted either verbally, visually or in writing between the Parties in connection with the Project and/or relates to each Party's business identified or marked as "Privileged", "Confidential" or "Proprietary Information" including information transmitted prior to the execution of this AGREEMENT, but not limited to such information as:

a. Technical data, including information systems, drawings, specifications, software, equipment, layouts, trade secrets, know-how, and processes;

b. Commercial and business data, including any financial, cost, pricing or marketing information; and,

c. Personnel, operational, documentary and information security data.

4. "Receiving Party" means the party receiving the Proprietary Information from the Disclosing Party.

b. **Purpose of the Exchange of Proprietary Information** - the exchange of Proprietary Information is solely for the purpose of enabling the Parties to implement this AGREEMENT.

c. **Ownership of Proprietary Information** - all Proprietary Information exchanged between the Parties pursuant to this AGREEMENT shall remain the property of the Disclosing Party. This AGREEMENT shall not be construed as to confer or imply the grant, or agreement to grant, by the Disclosing Party to the Receiving Party any ownership, right, license, title or interest of any nature or kind whatsoever, including but not limited to any ownership, right, license, title or interest in the Proprietary Information or in any copyright, patent, trademark, or other intellectual property rights.

d. **Use of Proprietary Information** - each Party agrees never to use or copy the other Party's Proprietary Information for any purpose other than for purposes associated with this AGREEMENT. Permitted Recipients of the Proprietary Information shall not disclose or authorize any person to disclose the Proprietary Information to any person not a party to this AGREEMENT without the written consent of the Disclosing Party.

e. **Confidentiality of the Proprietary Information** – each Party shall keep confidential the Proprietary Information and shall only disclose Proprietary Information it received from the Disclosing Party to the Permitted Recipients. Permitted Recipients shall: (a) not disclose the Proprietary Information to any other party; (b) use the Proprietary Information solely for the purpose of accomplishing the Project and not for any other purpose; and, (c) be bound by the same level of confidentiality obligations set forth in this AGREEMENT.

Neither Party hereto shall in any way or in any form disclose, publicize, or advertise in any manner the discussion that give rise to this AGREEMENT nor the discussions or negotiations covered by this AGREEMENT without the prior written consent of the other Party.

f. **Protection of Proprietary Information** – each Party shall protect the other Party's Proprietary Information by exercising the same care that it exercises in protecting its own Proprietary Information, and in any event, shall exercise the due diligence of a good father of a family in handling the Proprietary Information.

It is further agreed that the Receiving Party shall ensure that all of its employees and consultants (including employees and consultants of its parent, subsidiaries and affiliates) having access to Proprietary Information adhere to the terms and conditions of this AGREEMENT as if they were parties hereto.

g. **Return of Proprietary Information** – the Receiving Party shall, forthwith upon receipt of a written request from the Disclosing Party, return and deliver, or destroy, all documents, records, computer media, physical objects containing the Proprietary Information it received from the Disclosing Party, including all prototypes and samples relating to or derived from such Proprietary Information.

The Receiving Party shall not keep any copy(ies) or duplicate(s) of any and all such documents, records, computer media, physical objects, prototypes and samples returned and delivered to the Disclosing Party, or destroyed by the Receiving Party pursuant to the written request of the Disclosing Party.

The Disclosing Party shall, upon receiving the documents, records, computer media, physical objects, prototypes and samples containing the Proprietary Information, acknowledge receipt thereof.

Upon return or destruction of the documents, records, computer media, physical objects, prototypes and samples containing the Proprietary Information, the Receiving Party shall issue a certification confirming its compliance with the provisions of this section of the AGREEMENT.

8. **Amendment** - This AGREEMENT may, upon mutual consent of the parties, be amended or modified through an addendum duly signed by them.

9. **Effectivity** – This AGREEMENT shall take effect upon signing and shall continue in full force and effect unless otherwise revoked by the parties hereto upon prior notice of sixty (60) days.

IN WITNESS WHEREOF, the parties have caused their signatures to be affixed to this AGREEMENT on this 25th of September 2013, in Quezon City.

DEPARTMENT OF FINANCE
By:

(Original Signed)
CESAR V. PURISIMA
Secretary

DEPARTMENT OF JUSTICE
By:

(Original Signed)
LEILA M. DE LIMA
Secretary

BUREAU OF INTERNAL REVENUE
By:

(Original Signed)
KIM S. JACINTO-HENARES
Commissioner

LAND REGISTRATION AUTHORITY
By:

(Original Signed)
EULALIO C. DIAZ III
Administrator

SIGNED IN THE PRESENCE OF:

(Original Signed)
LILIA C. GUILLERMO
Deputy Commissioner

(Original Signed)
ROBERT NOMAR V. LEYRETANA
Deputy Administrator "

All concerned are hereby enjoined to be guided accordingly and give this Circular a wide publicity as possible.

(Original Signed)
KIM S. JACINTO-HENARES
Commissioner of Internal Revenue