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

November 2, 2015

REVENUE MEMORANDUM CIRCULAR NO. 77-2015

SUBJECT	:	Clarifying the Procedures in the Processing of Estate Tax Returns for Agricultural Properties Covered by the Comprehensive Agrarian Reform Program (CARP)
TO	:	All Revenue Officials, Employees and Others Concerned

I. BACKGROUND

Joint Department of Agrarian Reform (DAR)-Department of Finance (DOF)-Department of Justice (DOJ)-Land Bank of the Philippines (LBP) Administrative Order (JAO) No. 1, Series of 2013, was issued to streamline the procedures in the release of unclaimed land compensation due to unpaid and outstanding estate and other related taxes. This Administrative Order provides, among others, that the BIR shall assess the corresponding estate tax (with penalties and surcharges waived) on the CARP–covered landholdings belonging to the deceased landowners' estate, and that upon receipt of the heirs' undertaking to pay the computed estate tax, the LBP shall deduct the same from the landowners' compensation and remit said taxes immediately to the BIR.

Subsequently, Joint DAR-DOF-DOJ-LBP Memorandum Circular (JMC) No. 18, Series of 2013, was issued to establish the guidelines for the implementation of the aforesaid Administrative Order. Despite this Joint Circular, the DAR informed the Bureau of issues and problems encountered in the processing of estate tax returns for these properties.

II. CLARIFICATIONS

1. The Revenue District Office (RDO) having jurisdiction on the residence of the deceased landowner, as well as the Assessment Service (AS), shall receive from the DAR Provincial Office (DARPO) a list of CARP-covered landholdings as stipulated in the above JMC. The list (Annex "A") shall contain the following information:

    - Name of deceased landowner/s per title
    - Complete address of the deceased landowner, indicating the street number, Barangay, City/Municipality and Province
    - Date of death
    - Tax Declaration Number
    - Lot No. and Approved Survey No.
    - Area per Title
    - Area acquired per CARP
    - Location of Property
    - Status of the landholding

2. The RDO shall require from the heir/successor-in-interest the documents required for the processing of estate tax return in accordance with the attached Annexes "A-6" and "A-6.1" of RMO No. 15-2003.

3. Within five (5) working days from receipt of the list, referred to in Item No. II.1 hereof, from the DARPO and the documents submitted by the heir/successor-in-interest, the concerned RDO shall determine the value of the gross estate based on existing provisions of the National Internal Revenue Code at the time of death of the decedent and compute the corresponding estate tax liability, without imposing interest, surcharge and compromise penalties on the taxable estate pertaining to the CARP-covered landholdings. The RDO shall submit to the LBP the corresponding computation sheet (Annex "B") through the heir/successor-in-interest or his duly authorized representative.

4. If upon verification, there are other documents required to be submitted in addition to the documents in support of the list of CARP-covered landholdings that are necessary in order to determine the correct estate tax liability of the decedent, the RDO shall immediately inform the heirs/successors-in-interest, authorized representative in writing, copy furnished the BIR-AS. In such cases, the five (5) working day period shall not apply. This situation shall be communicated to the LBP.

   From receipt of other required documents, the RDO shall compute and ascertain the estate tax liability within three (3) working days. In case the decedent's estate includes other properties which are not covered by the CARP, the portion of the estate tax applicable to the non-CARP properties shall be increased by the penalties imposed under the Tax Code of 1997, as amended, applicable at the time of filing of the return. An example of the computation under this scenario is shown in Annex "C" hereof.

   Consequently, the RDO shall inform the LBP in writing the total computed estate tax liability on the net taxable estate arising from CARP-covered and non-CARP properties.

5. The RDO shall require the heirs/successors-in-interest to file the estate tax return (BIR Form No. 1801), whether manually or electronically, within three (3) days from receipt of above computation sheet, and pay the estate tax through the LBP, who shall deduct the amount of the tax from the compensation payable to the heir/successor-in interest.

   If the amount of landowner's compensation is sufficient to cover the total estate tax, including penalties on the non-CARP portion of the estate, the LBP shall remit the total amount due to the concerned RDO.

   If not, the heir/successor-in-interest shall pay the balance of the amount payable to the LBP who shall remit the same to the BIR.

6. After evaluation and processing of the estate tax return and the related documents and within two (2) working days upon receipt of the proof of tax remittance of estate tax liability from the LBP, the RDO shall issue the corresponding CAR to the heir, executor/administrator or authorized representative.

   In case the heir/successor-in-interest cannot pay the above, the RDO shall issue the CAR only on the properties with corresponding payment.

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

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

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