

**[ JOINT DAR-DOF-DOJ-LBP MEMORANDUM  
CIRCULAR NO. 18, S. 2013, October 29, 2013 ]**

**GUIDELINES COVERING THE IMPLEMENTATION OF JOINT DAR-  
DOF-DOJ-LBP ADMINISTRATIVE ORDER NO. 01, SERIES OF  
2013, RE: "STREAMLINING THE PROCEDURES IN THE RELEASE  
OF UNCLAIMED LAND COMPENSATION DUE TO UNPAID AND  
OUTSTANDING ESTATE AND OTHER RELATED TAXES"**

**Article I  
Prefatory Statement**

**Section 1.** Pursuant to Joint DAR-DOF-DOJ-LBP Administrative Order (AO) No. 1, Series of 2013, the Department of Agrarian Reform (DAR), the Department of Finance (DOF) through the Bureau of Internal Revenue (BIR) and the Bureau of Local Government Finance (BLGF), the Department of Justice (DOJ) through the Land Registration Authority (LRA), and the Land Bank of the Philippines (LBP), shall formulate policies and procedures to facilitate the release of land compensation claims on agricultural lands covered by agrarian reform without sacrificing revenue collection efforts.

In view of the foregoing, these guidelines and procedures on the payment of estate and real property taxes on agrarian reform covered agricultural lands of deceased landowners and the release of unclaimed land compensation proceeds are hereby prescribed.

**Article II  
Coverage**

**Section 2.** Private agricultural lands covered under the Comprehensive Agrarian Reform Program (CARP) pursuant to Presidential Decree (PD) 27, Executive Order (EO) 228, Executive Order (EO) 229, and Republic Act (RA) 6657, as amended by Republic Act (RA) 9700, where the heirs of landowners or their successors-in-interest have pending compensation claims with the LBP due to non-payment of estate tax, real property tax and related taxes, including applicable interest, penalties, and surcharges.

**Article III  
Policy Statements**

**Section 3.** In general, the DAR, the DOF through the BIR and BLGF, the DOJ through the LRA, and the LBP shall strictly observe the policies prescribed hereunder.

**Section 3.1.** It is the responsibility of the BIR to assess and collect the estate tax, including applicable interest, penalties, and surcharges. It is likewise the responsibility of the concerned local government units (LGUs) to assess and collect

real property tax and related taxes including applicable interests, penalties and surcharges. However, effective June 10, 1988, the promulgation of R.A. No. 6657, otherwise known as the Comprehensive Agrarian Reform Law (CARL), all CARP covered agricultural lands with accrued and delinquent real property taxes shall cease to be subject to penalties and interests. With respect to penalties and interests that have accrued prior to June 10, 1988, the same shall remain to be collected and/or deducted from the compensation to be released to the landowners or successors-in-interest in accordance with DOF-Local Finance Circular No. 2-94, dated March 7, 1994.

For PD 27/EO 228 land transfer claims, the cut-off date for the payment of real property taxes is October 21, 1972, or the date the property was covered by an Order of Placement (OP) for landholdings tenanted after October 21, 1972 until August 17, 1987. For RA 6657 and RA 9700 land transfer claims, the cut-off date for payment of real property taxes is up to the year when the title was transferred in the name of the Republic of the Philippines.

**Section 3.2.** It is the duty of the DAR to provide the BIR and the LGU with a complete listing of all landholdings covered by this Circular to serve as reference for the computation of estate and real property tax liabilities.

**Section 3.3.** On the basis of a duly signed undertaking of the heirs or their successors-in-interest, it is the responsibility of the LBP to deduct the estate taxes and real property taxes including applicable interests, penalties, and surcharges from the landowners' compensation claims.

**Section 3.4.** It is incumbent upon the BIR and the LGU through the concerned Revenue District Office (RDO) and Local Treasurer, to issue to the heirs or successors-in-interest, the corresponding Certificate Authorizing Registration (CAR) and Real Property Tax Clearance Certificate (RPTCC), respectively, within five (5) days upon receipt of payment and complete set of supporting documents.

**Section 3.5.** The above policies shall not apply if there is a pending just compensation case filed by the heirs of the deceased landowner before the DARAB, Special Agrarian Court or a Higher Court having jurisdiction unless the heirs submit a notarized written undertaking expressing acceptance to the BIR/LGU assessment on the computed Estate and Property tax liabilities and/or deficiency tax which shall be deducted from the land compensation claim held by the LBP.

#### ***DEFINITION OF TERMS:***

**Administrator** – The person appointed by the court to handle the estate of someone who died without a will, with a will but no nominated executor, or the executor named in the will has died, has been removed from the case or does not desire to serve.

**Assessed Value** – is the fair market value of the real property multiplied by the assessment level. It is synonymous to taxable value

**Documentary Stamp Tax** – is a tax on documents, instruments, loan agreements and papers evidencing the acceptance, assignment, sale or transfer of an obligation, rights, or property incident thereto.

**Estate** – 1.) All that one owns in real estate and other assets; 2.) commonly, all the possessions of one who has died and are subject to probate (administration

supervised by the court) or the subject to extrajudicial settlement and distribution to heirs and beneficiaries

**Estate Tax** – Generally, a tax on the transfer of a dead person's assets to his heirs and beneficiaries. Although a transfer tax, it is based on the amount in the decedent's estate (including distribution from a trust at the death) and can include insurance proceeds.

**Executor** – The person appointed to administer the estate of a person who has died leaving a will which nominates that person. Unless there is a valid objection, the judge will appoint the person named in the will to be executor.

**Heir** – One who acquires property upon the death of another, based on the rules of descent and distribution, namely, being the child, descendant or other closest relative of the dear departed. It also has come to mean anyone who "takes" (receives something) by the terms of the will.

**Market Value** – the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm'slength transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion." (Philippine Valuation Standards as promulgated by DOF Order No. 37-09)

**Real Property** – all the rights, interests, and benefits, related to the ownership of real estate. Real property is a legal concept distinct from real estate, which is a physical asset. (Philippine Valuation Standards)

**Real Property Tax** – is an ad valorem tax which is a levy on real property determined on the basis of a fixed proportion of the value of the property (R.A. 7160)

**Successor-in-interest** – A successor to another's interest in property

**Transfer Tax** – A tax imposed on the transfer of property.

## **Article IV**

### **Operating Procedures**

#### **Section 4. DAR Provincial Office (DARPO) shall:**

**a.** Coordinate with the LBP-Agrarian Operations Center (AOC) or Landowners Compensation Department (LCD) for the preparation of the list of CARPcovered landholdings whose deceased landowners or the latter's successors-in-interest have pending claim on land compensation with the LBP due to non-payment of estate taxes and/or real property taxes. The said list and the complete details marked as Annex "A"<sup>[\*]</sup> shall contain the following information:

- Name of deceased landowner/s per title;
- Mailing Address/Email Address/Contact Number of heir/administrator/ executor;
- Title Number;
- Tax Declaration Number
- Lot No. and Approved Survey No.;
- Area per Title;
- Area acquired;