

EIGHTEENTH CONGRESS )  
REPUBLIC OF THE PHILIPPINES )  
FIRST REGULAR SESSION )



HOUSE OF REPRESENTATIVES

Introduced by Representative Rufus B. Rodriguez

House Bill No. 2808

EXPLANATORY NOTE

This bill was originally introduced as House Bill No. 3854 during the 15<sup>th</sup> Congress where it was approved by the Committee on Agrarian Reform and substituted with House Bill No. 6093. It was subsequently approved on 2<sup>nd</sup> reading, approved on 3<sup>rd</sup> reading and was transmitted to the Senate where it was not acted upon. It was re-filed during the 16<sup>th</sup> and 17<sup>th</sup> Congresses where it remained pending in the Committee.

Agrarian Reform has affected the rights of countless landowners whose lands were taken some thirty-eight (38) years ago with the advent of Presidential Decree 27

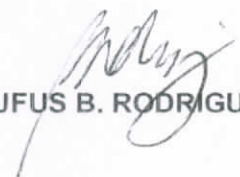
After the lapse of the 15 year payment period provided by PD 27, countless original landowners and their descendants still await full payment of just compensation. The years passed brought about many changes and amendments in the laws and orders relative to land valuation and payment procedures which have affected and made it more difficult to collect the just compensation due the landowners.

The payment of just compensation has also been delayed because of administrative matters, documentation requirements as well as valuation issues that plague the government agencies involved.

To make matters worse for these landowners, the payments as just compensation that they are to receive are still charged estate taxes, which at times exceed the amount of compensation offered for their properties. Many of these landowners already pass away without receiving just compensation leaving their descendants the tasks of awaiting payment only to discover that they still have to pay estate taxes.

While the transfer of agricultural property taken by the government for land reform purposes is already exempted from the payment of capital gains taxes, there is likewise a compelling necessity to exempt the same form estate taxes should the original landowner die without being paid just compensation.

In view of the foregoing, approval of this bill is earnestly sought.

  
RUFUS B. RODRIGUEZ

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House Bill No. 2808

AN ACT

EXEMPTING FROM ESTATE TAX THE UNPAID BALANCE OF JUST COMPENSATION DUE THE DECEDENT OWNER OR HIS/HER LEGAL HEIRS OR SUCCESSORS IN INTEREST OF AGRICULTURAL LAND ACQUIRED BY THE GOVERNMENT UNDER PRESIDENTIAL DECREE NO. 27, EXECUTIVE ORDER NO. 228, EXECUTIVE ORDER NO. 229, REPUBLIC ACT NO. 6657 AND REPUBLIC ACT NO. 9700 (COMPREHENSIVE AGRARIAN REFORM PROGRAM), AMENDING FOR THE PURPOSE SECTION 87 OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED

*Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:*

**SECTION 1.** Section 87 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 87. *Exemption of Certain Acquisitions and Transmissions.* - The following shall not be taxed:

"(A) x x x;

"(B) x x x;

"(C) x x x; [and]

"(D) x x x[.]; AND

"(E) THE UNPAID BALANCE OF JUST COMPENSATION DUE THE DECEDENT OWNER OR HIS/HER LEGAL HEIRS OR SUCCESSORS IN INTEREST OF AGRICULTURAL LAND ACQUIRED BY THE GOVERNMENT BY VIRTUE OF PRESIDENTIAL DECREE NO. 27, EXECUTIVE ORDER NO. 228, EXECUTIVE ORDER NO. 229, REPUBLIC ACT NO. 6657 AND REPUBLIC ACT NO. 9700 (COMPREHENSIVE AGRARIAN REFORM PROGRAM)."

**SEC. 2.** This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation

Approved,