

THIRTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
Second Regular Session)

SENATE
OFFICE OF THE SECRETARY

JUN 30 P5 38

RECEIVED BY: *Adler*

S E N A T E

S. No. 449

Introduced by Senator S. R. Osmeña III

EXPLANATORY NOTE

In 1988, the enactment of Republic Act No. 6657 established the Comprehensive Agrarian Reform Program (CARP). The CARP is primarily a social reform measure and a poverty alleviation program. It seeks a redistribution of wealth, a more equitable distribution of land ownership and to place units of production (i.e. land) under the ownership and control of small farmers (tenants, leaseholders, etc.).

Under Section 63 of the same law, the Agrarian Reform Fund (ARF) was created to cover the cost of implementing the Comprehensive Agrarian Reform Program (CARP). The initial appropriation for the ARF under the said law was fifty billion pesos. Over the years, CARP's dwindling financial resources as reflected in ARF's ballooning deficit posed much uncertainty and severe constraints on the genuine implementation of the CARP.

To finance the deficit in CARP funding, there is a need to generate other sources to sustain the implementation of the program. One possible source of funding is the imposition of a Progressive Agricultural Land Tax (PALT), which is complementary to the attainment of CARP's objective.

Consistent with the constitutional mandate for a progressive system of taxation, a progressive land tax operates on the principle that the bigger the size of the landholding, the heavier the tax burden should be. Aside from generating additional revenue in the short run, the PALT would encourage dispersal of land ownership and discourage land speculation and/or land-banking by speculative investors.

In view of the foregoing, early passage of this bill is earnestly requested.

S. Osmeña III
SERGIO OSMEÑA III
Senator

1 rates of tax ranging from 1% to 3% shall be applied thereon depending on land
2 size brackets as follows:

3	Land Size (In hectares)	Tax Rate
4	7 or less	Exempt
5	Over 7 to 25	1%
6	Over 25 to 75	2%
7	Over 75	3%

8 SEC. 4. *Computation of the Tax* – The progressive land tax shall be
9 computed by using the cumulative method. The total liability of the taxpayer
10 shall be the sum of the tax computed in each of the land-size brackets within a
11 city or municipality.

12 SEC. 5. *Administration of the Tax* – The Municipal and/or City Assessor
13 shall aggregate agricultural lands owned by a person together with the
14 corresponding average market/assessed value within his jurisdiction.

15 From the aggregate data the City and/or Municipal Assessor shall
16 prepare the distribution of land hectarage by land size brackets and by tax rates
17 as provided for in Section 3 of this Act. The average assessed values
18 established by the City and/or Municipal Assessor shall be applied to the
19 distribution of land hectarage to determine the assessed value, which shall
20 serve as the basis in computing the tax.

21 SEC. 6. *Collection of the Tax* – The progressive land tax shall be
22 collected in the same manner as the basic real property tax. Its collection shall
23 be the primary responsibility of the City and/or Municipal Treasurer.

24 SEC. 7. *Distribution of Proceeds* – The proceeds of the progressive land
25 tax shall be shared between the national government and the administering
26 local units as follows:

27 80% shall accrue to the Agrarian Reform Fund; and

28 20% shall accrue to the respective city or municipality.

1 SEC. 8. *Rules and Regulations* -- The Department of Finance in
2 coordination with the Department of Agrarian Reform shall promulgate the
3 necessary rules and regulations for the effective implementation of this Act.

4 SEC. 9. *Repealing Clause* -- All laws, decrees, orders, rules and
5 regulations, or parts thereof inconsistent with the provisions of this Act are
6 hereby repealed or modified accordingly.

7 SEC. 10. *Effectivity Clause* -- This Act shall take effect fifteen (15) days
8 following its publication in at least two (2) newspapers of general circulation.

9 Approved,