

**SEVENTEENTH CONGRESS OF THE REPUBLIC
OF THE PHILIPPINES**
Third Regular Session



Office of the Secretary

SENATE
S.B. NO. 2020

'18 SEP 19 P3:58

Introduced by Senator Maria Lourdes Nancy S. Binay

RECEIVED

AN ACT

**AMENDING ARTICLE 1773 OF REPUBLIC ACT NO. 386, OTHERWISE
KNOWN AS THE NEW CIVIL CODE OF THE PHILIPPINES BY
CLARIFYING THE LEGAL EFFECT OF FAILURE TO COMPLY WITH THE
FORMAL REQUIREMENTS IN A CONTRACT OF PARTNERSHIP WHERE
AN IMMOVABLE PROPERTY IS CONTRIBUTED**

EXPLANATORY NOTE

Article 1773 of the New Civil Code of the Philippines provides that a contract of partnership shall be void if an inventory of the immovable properties is not attached to the public instrument presented to the Securities and Exchange Commission.

There are instances, however, when the inventory of the immovable contributed to the partnership is not provided or is executed with defects (due to incomplete information) through excusable neglect or inadvertence, which should not adversely affect the status of the contract of the partnership.

The proposed bill thus seeks to amend Article 1773 of the New Civil Code to state the failure to attach an inventory of immovable or attaching an inventory which does not accurately reflect the contribution of the partners will not affect the validity of the partnership and separate juridical personality of said partnership. However, such failure to attach or an inaccurate inventory will give rise to penal liabilities of the person(s) responsible for such failure or inaccuracy as provided under applicable penal laws.

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


MARIA LOURDES NANCY S. BINAY
Senator

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

Section 1. *Amendment.* – Article 1773 of Republic Act No. 386, otherwise known as the New Civil Code of the Philippines is hereby amended to read as follows:

Art. 1773 [A contract of partnership is void,] [w] Whenever immovable property is contributed IN A CONTRACT OF PARTNERSHIP [thereto, if] an inventory of said property [is not] SHOULD BE made, signed by the parties, and attached to the public instrument.

FAILURE TO COMPLY WITH THE REQUIREMENTS OF THE PRECEDING PARAGRAPH SHALL NOT AFFECT THE LIABILITY OF THE PARTNERSHIP AND THE MEMBERS THEREOF TO THIRD PERSONS, WITHOUT PREJUDICE TO THE IMPOSITION OF PENAL SANCTIONS TO PERSONS LIABLE AS PROVIDED UNDER APPLICABLE LAWS

1
2 Sec. 2. *Separability Clause.* – If any provision or part of this Act, or the
3 application thereof to any person or circumstance be held unconstitutional or be
4 invalid, such parts not affected thereby shall remain in full force and effect.

5
6 Sec. 3. *Repealing Clause.* – All laws, decrees, executive orders,
7 proclamations, rules and regulations and other issuance of parts thereof,
8 inconsistent with the provisions of this Act are hereby repealed or modified
9 accordingly.

10
11 Sec. 4. *Effectivity Clause.* – This Act shall take effect fifteen (15) days
12 after its complete publication in at least two (2) newspapers of general
13 circulation.

Approved,