



Republic of the Philippines  
**DEPARTMENT OF FINANCE**

**DOF-LOCAL FINANCE CIRCULAR NO. 2-94**  
**March 7, 1994**

**SUBJECT** : Guidelines on the Issuance of Statement of Tax Delinquencies for Lands Covered by the Comprehensive Agrarian Reform Program (CARP).

**TO** : All Regional Directors for Local Government Finance, Provincial, City and Municipal Treasurers, and Others Concerned.

The Land Bank of the Philippines brought to the attention of this Department that Offices of Local Treasurers issue statements of tax delinquencies for lands covered by R. A. 6657, otherwise known as the Comprehensive Agrarian Reform Law (CARL), which include penalties deductible from the compensation due the landowners.

Section 66 of R. A. No. 6657 is quoted hereunder:

“Section 66. Exemptions from Taxes and Fees of Land Transfers. — Transactions under this Act involving a transfer of ownership, whether from natural or juridical persons, shall be exempted from taxes arising from capital gains. These transactions shall also be exempted from the payment of registration fees, and all other taxes and fees for the conveyance or transfer thereof: Provided, That all arrearages in real property taxes, without penalty or interest, shall be deductible from the compensation to which the owner may be entitled.”

Clearly, only delinquencies in real property taxes are deductible from the compensation due the landowners; the penalties or interests excluded. All lands, therefore, which are covered by the Comprehensive Agrarian Reform Program (CARP) of the government that became delinquent upon the promulgation of the CARL on June 10, 1988, are in effect exempt from, or not subject to penalties or interests accruing thereto. However, such penalties or interests which have accrued prior to the effectivity of the CARL shall remain to be collected and/or deducted from the compensation due the landowners concerned.

In view thereof, all requests for the issuance of statements of tax delinquencies for lands covered by the CARP should henceforth, be supported by a certification from the proper authority that the subject property is covered by R. A. No. 6657.

The Regional Directors for Local Government Finance of this Department should see to it that all local treasurers within their respective regions are provided with copies of this Circular for their information and compliance.

All Provincial Treasurers hereby directed to transmit the contents hereof to all municipal treasurers under their respective jurisdictions.

Strict compliance herewith is hereby enjoined.

(SGD.) **JUANITA D. AMATONG**  
Undersecretary