HOUSE OF REPRESENTATIVES

Introduced by Representative Rufus B. Rodriguez

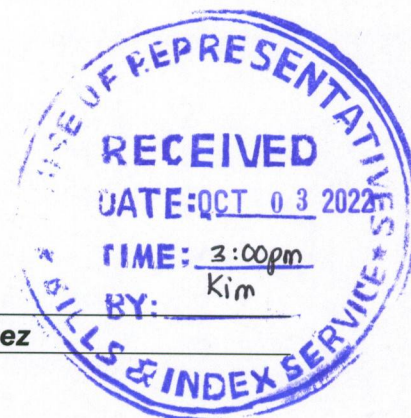### House Bill No. 5360

EXPLANATORY NOTE

This bill seeks to exempt from real property tax the trees and improvements on lands covered by Certificates of Stewardship Contracts under the Integrated Social Forestry Program of the Department of Environment and Natural Resources.

The last two decades saw the alarming degradation and loss of the country's natural resources. The escalation of *kaingin* farming and illegal logging activities has prompted the government to come up with innovative programs to arrest the deforestation problem. One such program is the Integrated Social Forestry Program (ISFP) of the Department of Environment and Natural Resources (DENR). The ISFP is a people-oriented program designed to improve the socio-economic conditions of upland farmers and communities who depend on forestlands for their livelihood, enhance ecological stability, and maximize upland productivity. Since its inception, the farmer-grantees have already developed several hectares of forestlands. Assisted by the national and local governments as well as lending institutions, the income levels of the grantees have increased, their dwellings improved, and literacy rates enhanced. It has been noted, however, that based on the provisions of the Local Government Code of 1991 and prior legislative issuances, real property owned by the Republic of the Philippines or any of its political subdivisions, the beneficial use of which has been granted, for consideration or otherwise, to a taxable person, is subject to real property tax. Hence, lands covered by Certification of Stewardship Contracts (CSC) under the ISFP, including the trees and improvements thereon, are subject to real property tax.

It is emphasized however, that the ISFP was implemented to democratize the use of public lands, promote a more equitable distribution of forest bounty under the stewardship principle, reduce poverty, promote social justice and protect the environment. In this regard, it is proposed that trees and other improvements on lands covered by the ISFP be exempted from the real property tax imposed under the Local Government Code of 1991. While the proposal could reduce the revenue of local government units from this source, it is believed that the same may not have an adverse impact on local government finance since the lands would still be subject to the basic and additional real property tax under the Code.

In view of the foregoing, approval of the bill is earnestly requested.

RUFUS B. RODRIGUEZ

HOUSE OF REPRESENTATIVES

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House Bill No. 5360

AN ACT
EXEMPTING FROM REAL PROPERTY TAX THE TREES AND OTHER IMPROVEMENTS ON LANDS COVERED BY CERTIFICATES OF STEWARDSHIP CONTRACTS UNDER THE INTERGRATED SOCIAL FORESTRY PROGRAM

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

SECTION 1. - Trees and other improvements on lands covered by Certificates of Stewardship Contracts under the Integrated Social Forestry Program of the Department of Environment and Natural Resources (DENR) shall be exempt from the real property tax under Section 232 of the Local Government Code of 1991.

SEC. 2. Rules and Regulations. - The Department of Finance, in consultation with the Department of Environment and Natural Resources, shall promulgate the rules and regulations as may be necessary to implement the provisions of this Act.

SEC. 3. Repealing Clause. - All laws, decrees, orders, rules and regulations and other issuances or parts thereof which are inconsistent with this Act are hereby repealed, modified or amended accordingly.

SEC. 4. Effectivity. - This Act shall take effect fifteen (15) days after the completion of its publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,