

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



SIXTEENTH CONGRESS

First Regular Session

House Bill No. **4460**

INTRODUCED BY REPRESENTATIVE ARTHUR C. YAP

EXPLANATORY NOTE

In the year, 1997, the landmark Agricultural and Fisheries Modernization Law (R. A. 8435), known as the AFMA, was enacted.

In order to promote productivity of agricultural lands, especially idle lands, the AFMA then prescribed what is referred to as "idle land taxation". Under Section 11 of the AFMA, agricultural lands which lay idle and unproductive for a period exceeding one (1) year shall be slapped an idle land tax of P3,000 per hectare.

More than a decade after its implementation, however, the amount of taxes collected out of said idle lands remains insignificant, if not totally negligible. Thus, the unproductive lands remain unproductive. The lingering issue about food security and supplemental income for our suffering farmers and fisherfolks are still unaddressed.

There are several reasons attributed to the said failure.

Foremost among these is the definition of "idle agricultural lands". AFMA limits it to "Irrigated Lands" which are merely those serviced by natural irrigation or irrigation facilities. Thus, if there is no natural irrigation or irrigation facilities, such will not be covered even if there is no other use for the said land except for agricultural purposes.

The other limitation is to area. The provision only covers those which are seven (7) hectares or larger. It is of common knowledge that most agricultural lands are already divided into small parcels and under separate titles. There are only a few lands, even agricultural, which are of very large tracts.

Last, is that the land should be within the protected areas for agricultural development, as identified under Sections 6 and 9 of the AFMA or the Strategic Agriculture and Fisheries Development Zones (SAFDZ).

The second reason for the failure is the form of the tax and the taxing authority. The idle land tax is not a form of "real property tax", which the Local Government Units (LGUs) collect, a big percent of which it gets back under its Internal Revenue Allotment (IRA). Under the implementing rules of the AFMA, the LGUs were made as mere collecting agents. The payment is for the Treasurer of the Philippines. Thus, there is not much incentive for the LGU to collect the said tax.

The third reason is the amount of tax. The AFMA pegged the idle land tax at P3,000 per hectare. There is no provision for its increase through the passage of time. Today, such paltry amount can no longer be considered as a penalty by big landowners.

The last and very important reason for the failure is the implementation. The AFMA under Section 8 mandates the mapping of all agricultural lands by the Bureau of Soils and Water Management (BSWM), in coordination with the National Mapping and Resource Information Authority (NAMRIA) and the Housing and Land Use Regulatory Board (HLURB). To date however, a comprehensive and advanced mapping is still to be done by the BSWM. Due to the lack of such mapping systems, there were several grants of exemption, special reclassification, amnesty or other tax reprieves granted to landowners.

Under this proposed measure, the definition of "idle agricultural lands" would be expanded such that it shall no longer be limited only to irrigated lands. As long as there is no other use for the said land except for agricultural purposes, it shall be covered. Also, the area shall be decreased to one (1) hectare or larger. Thus, those big tracts of lands subdivided into smaller parcels and under separate titles shall also be included. Also, the limitation that the land should be within the protected areas for agricultural development shall be removed. Public lands, government-owned properties, military reservations, alienable and disposable lands shall be included. In such cases, the utilization of the land shall be covered by short term lease contracts for farmers or fisherfolks residing in the same Barangay as said lands.

Also, instead of an idle tax, the tax to be imposed shall be a real property tax penalty of five times the amount due. With such, not only is the LGU empowered to impose and collect, the amount of taxes shall be dependent on the value of the property. However, the power of the LGU to grant exemption, special reclassification, amnesty or other tax reprieves shall be removed.

Finally, under this proposed bill, the Land Registration Authority (LRA), the NAMRIA, which we know to have already undertaken computerization or is equipped with Geographic Information Systems, Global Positioning Systems, Remote Sensing or similar digital mapping technologies, shall be tasked to share (and not just coordinate) such systems or digital maps with the BSWM. This is the same with LGUs which also have the same technology. Thereafter, the said digital maps shall be provided to the LGU for purposes of taxation of the idle lands.

With these proposed amendments, there would be more idle agricultural lands which can be slapped with heavier penalties. Thus, the landowners, including the government, would be left without recourse but to use their lands and make it productive. The issues of additional income for our farmers and food sufficiency shall be attended to. And, in the process, the LGUs would also have a means of increasing their IRA or income.

In view of the foregoing, the immediate passage of the bill is earnestly sought.



ARTHUR C. YAP
Representative

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AN ACT
PROMOTING THE USE AND PRODUCTIVITY OF IDLE
AGRICULTURAL LANDS AND INCREASING THE REVENUES
OF LOCAL GOVERNMENTS THROUGH THE REVISION OF
THE RULES ON TAXATION ON IDLE LANDS, AMENDING FOR
THE PURPOSE SECTIONS 8 AND 11 OF THE AGRICULTURAL
AND FISHERIES MODERNIZATION ACT OF 1997, AND FOR
OTHER PURPOSES

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

1 **SECTION 1. *Short Title.*** – This Act shall be known as the “Revised Rules on
2 Idle Land Taxation Act of 2013”.

3 **SECTION 2. *Declaration of Policy.*** – It hereby declared the policy of the State
4 to promote the utilization and productivity of idle agricultural lands; increase incomes of
5 farmers; develop food sufficiency and security; and, provide for sources of additional
6 revenues for Local Government Units (LGU).

7 **SECTION 3. *Amendment of Section 8 of the Agricultural and Fisheries***
8 ***Modernization Act.*** – Section 8 of Republic Act No. 8435 otherwise known as the
9 Agricultural and Fisheries Modernization Act of 1997, is hereby amended, to read as
10 follows:

11 SECTION 8. Mapping. — The Department, through the Bureau
12 of Soils and Water Management (BSWM), in coordination with the
13 National Mapping and Resource Information Authority (NAMRIA) and
14 the Housing and Land Use Regulatory Board (HLURB) shall undertake
15 the mapping of the network of areas for agricultural and agro-industrial
16 development for all municipalities, cities at an appropriate scale. [The
17 BSWM may call on other agencies to provide technical and other
18 logistical support in this undertaking.] FOR THIS PURPOSE, THE
19 LAND REGISTRATION AUTHORITY (LRA), THE NAMRIA
20 AND/OR THE PERTINENT LGU, WHICH HAS UNDERTAKEN
21 DIGITIZATION OR COMPUTERIZATION, OR IS EQUIPPED
22 WITH GEOGRAPHIC INFORMATION SYSTEMS, GLOBAL
23 POSITIONING SYSTEMS, REMOTE SENSING OR SIMILAR
24 DIGITAL MAPPING TECHNOLOGIES, SHALL BE TASKED TO
25 SHARE SUCH SYSTEMS OR DIGITAL MAPS WITH THE BSWM.

26 THE BSWM SHALL PROVIDE THE LGU A COPY OF THE
27 DIGITAL MAPS FOR PURPOSES OF TAXATION OF IDLE
28 LANDS AS PROVIDED UNDER SECTION 11 OF THIS ACT.

1 **SECTION 3. *Amendment of Section 11 of the Agricultural and Fisheries***
2 ***Modernization Act.*** – Section 11 of Republic Act No. 8435 otherwise known as the
3 Agricultural and Fisheries Modernization Act of 1997, is hereby amended, to read as
4 follows:

5 "SECTION 11. Penalty for Agricultural Inactivity and Premature
6 Conversion. — Any person or juridical entity who knowingly or
7 deliberately causes any **[irrigated agricultural]** lands **ONE (1) [seven**
8 **(7)]** hectare[s] or larger, whether contiguous or not, **[within the protected**
9 **areas for agricultural development, as specified under Section 6 in**
10 **relation to Section 9 of this Act,]** to lie idle and unproductive for a period
11 exceeding one (1) year, unless due to force majeure, shall be subject to
12 **a[n] PENALTY OF FIVE (5) TIMES THE AMOUNT OF ITS REAL**
13 **PROPERTY TAX [idle land tax of Three Thousand Pesos (P3,000.00)**
14 **per hectare per year].** In addition, the violator shall be required to put
15 back such lands to productive agricultural use. Should the continued
16 agricultural inactivity, unless due to force majeure, exceed a period of two
17 (2) years, the land shall be subject to escheat proceedings **BY THE**
18 **MUNICIPAL OR CITY LOCAL GOVERNMENT UNIT WHERE IT**
19 **IS LOCATED.**

20 **FOR THIS PURPOSE, THE LGU SHALL HAVE NO RIGHT**
21 **OR POWER TO GRANT EXEMPTION, SPECIAL**
22 **RECLASSIFICATION, AMNESTY OR ANY OTHER REPRIEVE.**

23 **FOR THIS PURPOSE, IDLE OR UNPRODUCTIVE LANDS**
24 **SHALL REFER TO ALL LANDS, INCLUDING PRIVATE**
25 **INDIVIDUAL AND CORPORATE LANDS, AND LANDS**
26 **COVERED BY THE COMPREHENSIVE AGRARIAN REFORM**
27 **PROGRAM (CARP), WHICH ARE UNUTILIZED OR**
28 **UNDERUTILIZED FOR AGRICULTURAL, FISHERIES, AGRO-**
29 **INDUSTRIAL PRODUCTION OR ANY OTHER PURPOSE. IT**

1 **SHALL LIKEWISE COVER PUBLIC LANDS, GOVERNMENT-**
2 **OWNED PROPERTIES, MILITARY RESERVATIONS,**
3 **ALIENABLE AND DISPOSABLE LANDS, IN WHICH CASE, THE**
4 **UTILIZATION SHALL BE COVERED BY SHORT TERM LEASE**
5 **CONTRACTS FOR FARMERS OR FISHERFOLKS RESIDING IN**
6 **THE SAME BARANGAY AS SAID LANDS.**

7 **XXX**

8 **SECTION 4. *Implementing Rules and Regulations.*** — Within sixty (60) days
9 after the affectivity of this Act, the Secretary of Agriculture shall, upon the
10 recommendation of the Commissioner of Internal Revenue, shall promulgate the
11 necessary rules and regulations for the effective implementation of this Act. Upon
12 issuance of the said rules and regulations, all former rules and regulations pertaining to
13 the expanded value-added tax on agricultural and fisheries machineries shall be deemed
14 revoked.

15 **SECTION 5. *Separability Clause.*** - If any provision of this Act, or any parts
16 thereof, is declared unconstitutional, the same shall not affect the validity and effectivity
17 of the other portions.

18 **SECTION 6. *Repealing Clause.*** - All laws, executive orders, presidential
19 decrees, proclamations, rules, regulations, issuances and enactments of parts thereof
20 inconsistent with this Act are hereby repealed or modified accordingly.

21 **SECTION 7. *Effectivity.*** - This Act shall take effect fifteen (15) days from its
22 complete publication in the Official Gazette or in a newspaper of general circulation in
23 the Philippines, whichever comes earlier.

APPROVED.