



HOUSE OF REPRESENTATIVES

H. No. 6073

BY REPRESENTATIVES NOGRALES, MITRA, CODILLA, TEVES, MARAÑON,
BRIONES, AMATONG, ANTONINO, HOFER, LAPUS, SY-ALVARADO,
PADILLA, CAJES, GONZALES (N.), DE GUZMAN, AGBAYANI, VELARDE
AND ROMULO, PER COMMITTEE REPORT NO. 1843

AN ACT PROMOTING CORPORATE FARMING AND PROVIDING INCENTIVES THEREOF

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

1 SECTION 1. *Domestic Corporations and Partnerships.* – For the
2 purpose of this Act, domestic corporations and partnerships shall refer to all
3 corporations and partnerships organized and existing under Philippine laws,
4 operating for profit: *Provided*, That said corporations and partnerships report
5 earnings over the last four (4) years that will allow them to engage in the
6 production of rice/corn for their employees' requirements without adversely
7 affecting their financial viability. Appropriate guidelines shall be issued to
8 determine the corporations and partnerships that are to be covered by this Act.

9 SEC. 2. *Corporate Farming Arrangements.* – Participation to the
10 Corporate Farming Program shall be on a voluntary basis. For the purpose of

1 this Act, the following are the corporate farming schemes that the
2 corporations/partnerships may engage in:

3 (a) Corporations/partnerships with existing landholdings suitable for
4 rice/corn production may manage the land and produce the rice/corn or may
5 enter into a management/contractual arrangement with farmers' groups such as
6 farmers' associations, cooperatives and agrarian reform communities (ARCs);

7 (b) Corporations/partnerships may purchase or lease on a long-term
8 basis, public or private agricultural land suitable for rice/corn production,
9 whereby the corporations/partnerships are given full management and
10 production control over the purchased or leased lands or may enter into
11 contractual arrangements, or joint ventures with landowners, farmers'
12 organizations and ARCs.

13 Agricultural lands purchased or leased for the purpose cannot be
14 converted to other uses within a period of seven (7) years. Fifty percent (50%)
15 of the land should have been developed within a period of three (3) years, and
16 ninety percent (90%) within a period of five (5) years.

17 For purchased lands, the government has the right to offer the said lands
18 to other interested parties based on the original acquisition cost and initial
19 development cost, if any, to be refunded to the corporation/partnership, in case
20 the land has not been developed as intended;

21 (c) Corporations/partnerships may enter into contractual arrangements
22 with farmers' organizations/ARCs, whereby the corporations and partnerships
23 will provide the production inputs and technical and related services, then buy
24 back the produce; and

25 (d) Corporations/partnerships may enter into joint ventures/contractual
26 arrangements with timber licensees and pasture lessees for the cultivation of
27 lands found suitable for rice/corn production in the timber concessions or

1 leased pastures, through the Department of Environment and Natural
2 Resources.

3 The local government units (LGUs) shall be required to identify
4 appropriate land areas for corporate farming in consonance with
5 their comprehensive land-use plan and ordinances. The LGUs shall require
6 the participating corporations/partnerships to provide livelihood
7 projects/opportunities to families who will not be hired by the said entities.
8 Further, the LGUs may also identify local taxes that may be offered as
9 incentives for corporate farming.

10 SEC. 3. *Disposition of Excess Production.* – The
11 corporations/partnerships shall be required to provide a minimum of six
12 hundred (600) kilograms of rice/corn per employee per year or fifty (50)
13 kilograms per employee per month. Production in excess of the employees'
14 consumption requirements may be sold in the local markets: *Provided*, That
15 such will be reported to the National Food Authority (NFA).

16 SEC. 4. *Implementing Agencies and Implementing Rules and*
17 *Regulations (IRR).* – The Department of Agriculture (DA) and the Department
18 of Agrarian Reform (DAR) shall be the lead agencies to institute measures to
19 ensure higher rice/corn productivity through corporate farming schemes.
20 Moreover, the DA and the DAR shall facilitate with the appropriate
21 government agencies the processing of management contracts between the
22 corporations/partnerships and the farmers' groups. Further, the DA and the
23 DAR shall oversee and monitor the IRR and guidelines of this Act. The DA
24 and the DAR shall exercise the following functions:

25 (a) Develop eligibility criteria for both corporations/partnerships and
26 farmers' groups, cooperatives and/or ARCs for consideration under this Act
27 and to institute their accreditation: *Provided*, That the farmers' group criteria

1 should include management capabilities, technical and production skills critical
2 to the effective operation of the corporate farm;

3 (b) Identify suitable private and public-owned rice/corn production
4 areas for corporate farming and determine the maximum ceiling of
5 landholdings for corporate farming arrangements: *Provided*, That the DA and
6 the DAR shall periodically determine the need to expand/reduce rice/corn
7 production areas for corporate farming schemes on the basis of rice/corn
8 demand-supply gaps;

9 (c) Facilitate and promote grassroots cooperation to access agricultural
10 services such as information, inputs and technical assistance;

11 (d) Initiate and develop periodic rural/farm assembly markets to
12 provide avenues to showcase their produce;

13 (e) Exercise regulatory functions with respect to the adherence to the
14 provisions of contracts and arrangements entered into by both
15 corporations/partnerships and farmers' groups, cooperatives and/or ARCs and
16 to develop mechanisms to facilitate negotiations and mediate in disputes
17 between stakeholders on matters of contract enforcement;

18 (f) Coordinate with the appropriate government agencies to ensure the
19 timely establishment of support services such as credit, infrastructure,
20 extension services and others;

21 (g) In consultation with other concerned government agencies,
22 nongovernment organizations, private sector and farmers' groups involved in
23 rice/corn production, formulate the IRR necessary to operationalize the
24 provisions of this Act within ninety (90) days from its approval; and

25 (h) Facilitate the registration of the participating
26 corporations/partnerships with the NFA.

27 SEC. 5. *Incentive Package.* – Corporations/partnerships which shall
28 participate in the Corporate Farming Act shall be entitled to tax incentives

1 covering all aspects of the operation germane to corporate farming activities.
2 These include the following:

3 (a) Exemption from the payment of customs duties on the importation
4 of all types of agricultural inputs, particularly seeds, fertilizers, agricultural
5 machinery and other agricultural implements as provided under Republic Act
6 No. 9281, which amends Republic Act No. 8435 or the Agriculture and
7 Fisheries Modernization Act;

8 (b) Exemption from the value-added tax (VAT) on the importation of
9 agricultural inputs in accordance with Section 109(d) of the National Internal
10 Revenue Code, as amended;

11 (c) Exemption from the payment of capital gains tax for a person,
12 either natural or juridical, who sells and/or transfers idle agricultural land to
13 corporations and partnerships engaged in corporate farming; and

14 (d) Tax incentives, including income tax holiday, in accordance with
15 the provisions of Executive Order No. 226 or the Omnibus Investment
16 Incentives Code, as amended.

17 *SEC. 6. Other Incentives.* – Loans extended by banks, both government
18 and private, to participating corporations/partnerships shall be treated as
19 compliance to Presidential Decree No. 717 or the Agri-Agra Law.

20 *SEC. 7. Duration.* – Participating corporations/partnerships with
21 existing landholdings may engage in rice/corn production within a period of
22 time to be determined by this Act. However, those corporations/partnerships
23 which purchased agricultural lands for the purpose cannot convert the land to
24 other uses within a period of seven (7) years. Arrangements/negotiations for
25 leased public or idle private agricultural lands shall be for a period not less
26 than seven (7) years.

27 *SEC. 8. Automatic Review.* – The DA and the DAR, being the lead
28 government agencies in the Corporate Farming Program, shall submit periodic

1 reports to both Houses of Congress on the accomplishment of the Program.
2 A review on the viability of the Program shall be made by the concerned
3 agencies after five (5) years of its implementation.

4 SEC. 9. *Effectivity.* – This Act shall take effect after fifteen (15) days
5 following its publication in the *Official Gazette* or in a national newspaper of
6 general circulation.

Approved,

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