

GUIDELINES AND PROCEDURES FOR THE IMPLEMENTATION OF A CREDIT MEMO ADVICE (CMA) SYSTEM ON THE TRANSFER, VALUATION AND DISTRIBUTION OF APT LANDS PURSUANT TO EXECUTIVE ORDER (E.O.)...

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/7ba09dc0236d/>

I. Prefatory Statement

Executive Order No. 407 mandates that: “All government instrumentalities, including but not limited to government agencies, government-owned and controlled corporations or financial institutions, such as the Development Bank of the Philippines, Philippine National Bank, Republic Planters Bank, Asset Privatization Trust, Presidential Commission on Good Government, Department of Agriculture, State Colleges and Universities, Department of National Defense, shall immediately execute Deeds of Transfer in favor of the Republic of the Philippines, as represented by the Department of Agrarian Reform, and surrender to the latter department all landholdings suitable for agriculture including all pertinent ownership documents in their custody, such as the owner’s duplicate copy of the certificates of title, tax declarations and other documents necessary to effect the transfer of ownership.” ...

Section 1 further provides that: “In the case of the lands under the Asset Privatization Trust, Presidential Commission on Good Government and other government instrumentalities which may opt for an alternative payment scheme, the Department of Agrarian Reform shall cause the issuance of the Credit Memo Advice from the Bureau of Treasury for such sale.”

Moreover, it was specifically provided that: “Thirty (30) days after effectivity of this Executive Order, the Department of Finance and the Department of Budget and Management, in consultation with the Department of Agrarian Reform, shall establish the guidelines for the issuance of the Credit Memo Advice System. This system shall be applicable as a payment scheme to government instrumentalities which are mandated to turn over the proceeds from sale of their agricultural lands to the Agrarian Reform Fund pursuant to Section 63 of Republic Act No. 6657.”

In order to implement the provisions of E.O. No. 407, this Circular is hereby promulgated for the guidance of all concerned.

II. Objectives

1. To specify the roles of all concerned agencies on how the transfer of lands from APT to DAR will be recorded and reported in the Books of the National Government; and
2. To install the use of the journal voucher to implement the CMA System as payment scheme in the recording of agricultural lands disposed of by the APT under the Comprehensive Agrarian Reform Program (CARP), pursuant to E.O. No. 407, and based on the existing land transfer, valuation, and distribution procedures under the CARP.

III. Coverage

This Circular shall apply to all lands, suitable for agriculture, turned over or transferred by APT to the DAR,

pursuant to E.O. No. 407.

IV. Definition of Terms

Credit Memo Advice (CMA) — The payment scheme prescribed under E.O. 407 which is applicable to agricultural lands transferred/to be transferred by APT to the DAR for its subsequent transfer to the qualified beneficiaries.

Journal Voucher (JV) — A source document used to record, in the books of accounts, the transfer of APT agricultural lands to DAR, and recognizing APT's performance under CARP and/or contribution to the ARF.

Transfer Price (TP) — The amount at which the Acquired Asset is recorded in the Books of the Bureau of the Treasury (BTr).

Acquired Assets (AA) — The Non-Performing Assets acquired by the National Government (NG) from the Philippine National Bank (PNB) and/or the Development Bank of the Philippines (DBP), and other financial institutions, pursuant to Proclamation No. 50, and transferred to the APT for privatization.

V. Land Transfer Procedure

- Based on the Joint DAR-APT inventory, the DAR and LBP conduct a preliminary ocular inspection to initially determine, whether or not the property may be covered under the CARP. If the property is coverable under CARP, the DAR requests the APT to execute a Deed of Transfer (DOT) for areas found to be suitable for agricultural purposes and for distribution under the CARP.

- The APT submits to the DAR the said DOT, including all pertinent ownership documents, such as: the transfer price of the subject properties, the ownership duplicate copies of titles or tax declaration and/or other pertinent documents necessary to effect transfer of ownership. The APT also furnishes the BTr a copy of the DOT.

- The DAR completes the DOT, causes the registration of the same with the Register of Deeds (ROD) concerned, and furnishes the APT and BTr a copy each of the same. The DAR also causes the issuance of a title in the name of the Republic of the Philippines (RP).

- Pending valuation of the property, the DAR shall immediately commence the necessary activities leading to the distribution of the agricultural areas to qualified farmer beneficiaries.

- The DAR, through its provincial offices, completes the documentation and preparation of the claim folder (CF) and forwards the same to the LBP-Land Valuation Office (LVO) for review and evaluation. The CF should contain the Field Investigation Report, copies of RP title, DOT, Application to Purchase and Farmer's Undertaking (AFPU), tax declaration, approved segregation/subdivision plan, etc.

VI. Land Valuation Procedure

- The LBP determines the value of the land, using the valuation formula under DAR Administrative Order (A.O.) No. 5, Series of 1998

- The LBP issues a Memorandum of Valuation (MOV), Claim Folder Profile and Valuation Summary (CFPVS) to the DAR-Bureau of Land Acquisition and Distribution (BLAD), copy furnished the DAR Regional/Provincial Offices concerned. Said valuation is considered final and will become the basis for the amount/value of the assets transferred to the DAR by APT.

- The LBP submits to the DAR-BLAD a List of all APT lands valued in the past eight (8) years, and for which compensation has been deposited by the LBP in behalf of the APT. Immediately after the effectivity of E.O. 407 on 14 June 1990, these APT lands were transferred to, and distributed by, the DAR, but for which, proper

recording and reporting of APT's performance have not been effected in the Books of the National Government.

- All transactions pertaining to APT lands recorded in LBP's Books of Accounts shall be cancelled/reversed and all deposits (including interest thereon) representing payment for APT lands shall be remitted to the BTr for credit to the ARF.

- Upon receipt of the abovementioned List of already valued lands and the MOV for the newly valued lands, the DAR-BLAD, through the PARC Secretariat, requests the BTr to prepare the Journal Voucher (JV) to record the transfer of APT lands to the DAR. The request should include the DOT, the MOV, and the List of already valued lands.

VII. Credit Memo Advice (CMA) System

1. The BTr, upon receipt of the request and all pertinent documents, prepares the JV to record the transfer of the land from its Books of Account to the DAR Books of Accounts, using the value of the land as determined by the LBP. Then, the BTr furnishes copies of the JV to the DAR and the APT. The DAR records transfer of the lands in its Books of Account. Consequently, however, both the DAR Books and the BTr Books may be accordingly adjusted, once the transfer price of the agricultural lands alone had been determined.

The issuance of the JV will serve as the alternative memo advice system or accounting instrument to record/recognize the performance of the APT in the implementation of the CARP, pursuant to Section 63 of RA 6657.

2. Upon receipt of the JV, the APT prepares its Physical Accomplishment Report indicating therein the properties and corresponding valuation covered by the JVs, as its contribution to the implementation of the CARP. The issuance of the JV to the APT will be considered as a conclusion of the transfer of land to the DAR.

VIII. Land Distribution and Amortization Collection Procedures

1. The DAR distributes the lands received from APT to the qualified agrarian reform beneficiaries (ARBs), in accordance with the rules and procedures in the distribution of agricultural lands.

2. The LBP prepares the farmers' amortization schedule, pursuant to Section 26 of R.A. 6657 and DAR A.O. No. 2, Series of 1998. Subsequently, the LBP submits its computation of the farmers' amortization to the DAR, so that the latter can book the corresponding receivable account.

3. The LBP then collects/receives the land amortization payments from the ARBs and remits the payments monthly to the BTr, with the appropriate disclosure that these remittances represent proceeds from the disposition, through CARP, of the APT lands covered by E.O. 407. The LBP submits to the DAR and the PARC Secretariat, a monthly report of the amortization collections and remittances made to the BTr, for recording and monitoring purposes, respectively.

4. The BTr records the LBP's remittance of amortization and credits the same to the ARF.

IX. Accounting Policies and Procedure

Fifteen (15) days after the effectivity of this Circular, the Commission on Audit (COA) will issue the prescribed accounting procedure and entries for the purpose of implementing these Guidelines.

X. Repealing Clause

All orders, circulars and issuances inconsistent herewith are deemed repealed, amended and/or modified accordingly.

XI. Effectivity

This Memorandum Circular will take effect ten (10) days after publication in two (2) national newspapers of general publication pursuant to Section 49 of RA 6657.

(SGD.) EDGARDO B. ESPIRITU

(SGD.) BENJAMIN E. DIOKNO

Secretary

Secretary

Department of Finance

Department of Budget & Management

CONFORME:

(SGD.) HORACIO MORALES, JR.
Secretary, Department of Agrarian Reform
Director-General, Presidential Agrarian
Reform Council (PARC) Secretariat

(SGD.) GONZALO T. SANTOS, JR.
Chief Executive Trustee
Asset Privatization Trust

(SGD.) FLORIDO P. CASUELA
President and Chief Executive Officer
Land Bank of the Philippines

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.