

LETTER OF INSTRUCTION NO. 307, August 21, 1975

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TO:

The Secretary of Finance

The Secretary of Justice

The Secretary of Industry and Chairman,

Board of Investments

The Executive Secretary

The Solicitor General

There are many land divestment proposals of U.S. citizens and business enterprises owned or controlled by such citizens, executed and/or submitted on or before May 21, 1975, which have to be evaluated to determine if there is a bona fide divestment consistent with law, particularly the constitutional provisions bearing on the national patrimony. For this purpose, you are hereby directed as follows:

- That you shall constitute yourselves as a Committee, with the Secretary of Finance as Chairman, to evaluate and approve divestment contracts or proposals submitted by U.S. citizens and entities in accordance with the following guidelines:
- The nationality requirement in the Constitution shall be strictly observed;
- Filipino citizens shall have full and absolute ownership of 60% of the capital of any corporation or association that will acquire the lands. Pyramiding, trust arrangements and division of corporate stocks into different classes, and other devices to establish alien control of the entity holding title to the lands shall not be allowed;
- In case of transfers to a realty corporation, 60% of whose equity is owned by the trustee of a pension fund, the beneficiaries of the pension fund shall be all Filipinos; and the trustee/trustees, Filipino citizens, or if a corporation, at least 70% owned and controlled by Filipinos; divestment in favor of the trustee and beneficiaries shall be unconditional and irrevocable;
- In case of donations, the donation shall be irrevocable and shall be at not more than the fair market value as established in line with the schedule of values provided in Section 6 of Presidential Decree No. 76.
- In transfers with lease-back arrangements, the rental shall be reasonable. In case of donation, such rental shall include the real estate taxes due on the land;
- Proposed transfers to government-owned or controlled corporations shall also be evaluated and approved by the Cabinet Committee.
- The Secretary of Justice shall direct the Register of Deeds to refuse registration of any deed of conveyance of private lands acquired after 1946 by American citizens or business enterprises owned or controlled by such

citizens, unless accompanied by a written approval or clearance of the Cabinet Committee on Land Divestment.

- You are authorized to formulate such other implementing guidelines and regulations, and render rulings on matters relating to divestment of landholdings not otherwise provided for, in line with the aforestated guidelines, and to prescribe the period within which an incomplete or unsatisfactory land divestment proposal shall be finalized or revised for submission to the Committee.

Done in the City of Manila, this 21st day of August, in the year of Our Lord, nineteen hundred and seventy-five.

27 VITAL LEGAL DOCUMENTS, 97 (1972 —)

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