

THIRD DIVISION

[G.R. No. 232863, July 24, 2019]

**GOVERNMENT SERVICE INSURANCE SYSTEM, PETITIONER, V.
MUNICIPAL AGRARIAN REFORM OFFICER ROMERICO DATOY,
RESPONDENT.**

D E C I S I O N

LEONEN, J.:

Lands foreclosed by the Government Service Insurance System, a government financial institution, are subject to agrarian reform and are not among the Comprehensive Agrarian Reform Law's exclusive list of exemptions and exclusions.

This Court resolves a Petition for Review on *Certiorari*^[1] under Rule 45 of the 1997 Rules of Civil Procedure, praying that the assailed October 13, 2016 Decision^[2] and July 19, 2017 Resolution^[3] of the Court of Appeals in CA-G.R. SP No. 134933 be reversed and set aside.

The Court of Appeals affirmed the September 27, 2013 Decision^[4] and March 18, 2014 Resolution^[5] of the Office of the President, which had sustained the November 17, 2008 Order^[6] and June 16, 2009 Resolution^[7] of Agrarian Reform Secretary Nasser C. Pangandaman (Agrarian Reform Secretary Pangandaman). Agrarian Reform Secretary Pangandaman denied the Government Service Insurance System's appeal and sustained the October 16, 2006^[8] and December 21, 2006 Orders^[9] of Regional Director Rodolfo T. Inson (Regional Director Inson) of Department of Agrarian Reform Regional Office XI. Regional Director Inson denied the Government Service Insurance System's Petition asking that a piece of agricultural land be excluded from compulsory agrarian reform coverage.

In February 1996, the Metro Davao Agri-Hotel Corporation obtained a P20 million commercial loan from the Government Service Insurance System. This loan was secured by a mortgage over two (2) parcels of land. The first parcel was covered by Transfer Certificate of Title No. T- 234689, while the second, an agricultural land, was covered by Transfer Certificate of Title No. T-54074.^[10]

As the Metro Davao Agri-Hotel Corporation was unable to pay its loan obligations, the Government Service Insurance System foreclosed both properties. After the lapse of the redemption period, ownership of the two (2) properties was consolidated in the Government Service Insurance System.^[11]

On August 10, 2004, Municipal Agrarian Reform Officer Romerico Datoy issued a Notice of Coverage concerning the agricultural land covered by Transfer Certificate of Title No. T-54074. Subsequently, the Department of Agrarian Reform offered to pay the Government Service Insurance System P2,343,370.24 for the property. The

latter, in turn, sent a letter to the Provincial Agrarian Reform Office protesting the coverage.^[12]

On May 12, 2006, the Government Service Insurance System filed before the Department of Agrarian Reform Regional Director a Petition asking that the property be excluded from compulsory agrarian reform coverage.^[13]

In his October 16, 2006 Order,^[14] Regional Director Inson denied the Government Service Insurance System's Petition. He further denied its Motion for Reconsideration in his December 21, 2006 Order.^[15]

The Government Service Insurance System appealed the Order, but its appeal was denied by Agrarian Reform Secretary Pangandaman in his November 17, 2008 Order.^[16] It filed a Motion for Reconsideration, which was similarly denied in a June 16, 2009 Resolution.^[17]

The Government Service Insurance System elevated the case to the Office of the President, but its appeal was denied in a September 27, 2013 Decision.^[18] Its subsequent Motion for Reconsideration was denied in a March 18, 2014 Resolution.^[19]

The Government Service Insurance System then filed before the Court of Appeals a Petition for Review. In its October 13, 2016 Decision,^[20] however, the Court of Appeals sustained the rulings of the Office of the President, the Agrarian Reform Secretary, and Regional Director Inson. In its July 19, 2017 Resolution,^[21] the Court of Appeals denied the subsequent Motion for Reconsideration.

Thus, the Government Service Insurance System filed this Petition,^[22] assailing the Court of Appeals Decision.

For this Court's resolution is the issue of whether or not the property covered by Transfer Certificate of Title No. T-54074 may be excluded from compulsory agrarian reform coverage.

Petitioner insists that under Section 39 of Republic Act No. 8291, or The Government Service Insurance System Act of 1997, its properties cannot be utilized for agrarian reform purposes.^[23] It adds that the same provision exempts its properties from agrarian reform coverage.^[24]

Section 39 of Republic Act No. 8291 states:

SECTION 39. Exemption from Tax, Legal Process and Lien. — It is hereby declared to be the policy of the State that the actuarial solvency of the funds of the GSIS shall be preserved and maintained at all times and that contribution rates necessary to sustain the benefits under this Act shall be kept as low as possible in order not to burden the members of the GSIS and their employers. Taxes imposed on the GSIS tend to impair the actuarial solvency of its funds and increase the contribution rate necessary to sustain the benefits of this Act. Accordingly, notwithstanding any laws to the contrary, the GSIS, its assets, revenues including all accruals thereto, and benefits paid, shall be exempt from all taxes, assessments, fees, charges or duties of all kinds. These

exemptions shall continue unless expressly and specifically revoked and any assessment against the GSIS as of the approval of this Act are hereby considered paid. Consequently, all laws, ordinances, regulations, issuances, opinions or jurisprudence contrary to or in derogation of this provision are hereby deemed repealed, superseded and rendered ineffective and without legal force and effect.

Moreover, these exemptions shall not be affected by subsequent laws to the contrary unless this section is expressly, specifically and categorically revoked or repealed by law and a provision is enacted to substitute or replace the exemption referred to herein as an essential factor to maintain or protect the solvency of the fund, notwithstanding and independently of the guaranty of the national government to secure such solvency or liability.

The funds and/or the properties referred to herein as well as the benefits, sums or monies corresponding to the benefits under this Act shall be *exempt from attachment, garnishment, execution, levy or other processes issued by the courts, quasi-judicial agencies or administrative bodies including Commission on Audit (COA) disallowances* and from all financial obligations of the members, including his pecuniary accountability arising from or caused or occasioned by his exercise or performance of his official functions or duties, or incurred relative to or in connection with his position or work except when his monetary liability, contractual or otherwise, is in favor of the GSIS. (Emphasis supplied)

Petitioner's insistence on Republic Act No. 8291's supposed exemption is plain error.

Roman Catholic Archbishop of Caceres v. Secretary of Agrarian Reform^[25] has settled that the exemptions from agrarian reform coverage are contained in "*an **exclusive** list*"^[26] which are enumerated under Section 10 of Republic Act No. 6657, otherwise known as the Comprehensive Agrarian Reform Law:

Section 4 of RA 6657 states, "The Comprehensive Agrarian Reform Law of 1988 shall cover, regardless of tenurial arrangement and commodity produced, all public and private agricultural lands as provided in Proclamation No. 131 and Executive Order No. 229, including other lands of the public domain suitable for agriculture," The lands in Archbishop's name are agricultural lands that fall within the scope of the law, and do not fall under the exemptions.

The exemptions under RA 6657 form an *exclusive list*, as follows:

SEC. 10. Exemptions and Exclusions. —

- (a) Lands actually, directly and exclusively used for parks, wildlife, forest reserves, reforestation, fish sanctuaries and breeding grounds, watersheds and mangroves shall be exempt from the coverage of this Act.
- (b) Private lands actually, directly and exclusively used for prawn farms and fishponds shall be exempt from the coverage of this Act: Provided, That said

prawn farms and fishponds have not been distributed and Certificate of Land Ownership Award (CLOA) issued under the Agrarian Reform Program.

In cases where the fishponds or prawn farms have been subjected to the Comprehensive Agrarian Reform Law, by voluntary offer to sell, or commercial farms deferment or notices of compulsory acquisition, a simple and absolute majority of the actual regular workers or tenants must consent to the exemption within one (1) year from the effectivity of this Act. When the workers or tenants do not agree to this exemption, the fishponds or prawn farms shall be distributed collectively to the worker-beneficiaries or tenants who shall form cooperative or association to manage the same.

In cases where the fishponds or prawn farms have not been subjected to the Comprehensive Agrarian Reform Law, the consent of the farmworkers shall no longer be necessary; however, the provision of Section 32-A hereof on incentives shall apply.

- (c) Lands actually, directly and exclusively used and found to be necessary for national defense, school sites and campuses, including experimental farm stations operated by public or private schools for educational purposes, seeds and seedlings research and pilot production center, church sites and convents appurtenant thereto, mosque sites and Islamic centers appurtenant thereto, communal burial grounds and cemeteries, penal colonies and penal farms actually worked by the inmates, government and private research and quarantine centers and all lands with eighteen percent (18%) slope and over, except those already developed, shall be exempt from the coverage of this Act. (As amended by R.A. 7881)^[27]

In *Hospicio de San Jose de Barili, Cebu City v. Department of Agrarian Reform*,^[28] this Court emphasized the need for a strict application of the Comprehensive Agrarian Reform Law's exceptions:

To begin with, the terms "charitable purposes" and "charitable organizations" do not appear in Section 10 of the [Comprehensive Agrarian Reform Law]. For its part, Hospicio unduly assumes that charity is integrally wedded to religiosity, despite the fact that there are charitable institutions that are avowedly secular in orientation. We disagree that there is a clear intent or spirit to include properties held by charitable institutions, even those directly utilized for charitable purposes, in the list of exempted properties under the [Comprehensive Agrarian Reform Law]. Section 10 does not include properties which are