

Republic Act No. 1199

REPUBLIC ACT NO. 1199 – AN ACT TO GOVERN THE RELATIONS BETWEEN LANDHOLDERS AND TENANTS OF AGRICULTURAL LANDS (LEASEHOLDS AND SHARE TENANCY)

PART I GENERAL PROVISIONS

Section 1. Title. — This Act shall be known as the “*Agricultural Tenancy Act of the Philippines.*”

Section 2. Purposes. — It is the purpose of this Act to establish agricultural tenancy relations between landholders and tenants upon the principle of school justice; to afford adequate protection to the rights of both tenants and landholders; to insure an equitable division of the produce and income derived from the land; to provide tenant- farmers with incentives to greater and more efficient agricultural production; to bolster their economic position and to encourage their participation in the development of peaceful, vigorous and democratic rural communities.

Section 3. Agricultural Tenancy Defined. — Agricultural tenancy is the physical possession by a person of land devoted to agriculture belonging to, or legally possessed by, another for the purpose of production through the labor of the former and of the members of his immediate farm household, in consideration of which the former agrees to share the harvest with the latter, or to pay a price certain or ascertainable, either in produce or in money, or in both.

Section 4. Systems of Agricultural Tenancy; Their Definitions. — Agricultural tenancy is classified into leasehold tenancy and share tenancy.

Share tenancy exists whenever two persons agree on a joint undertaking for agricultural production wherein one party furnishes the land and the other his labor, with either or both contributing any one or several of the items of production, the tenant cultivating the land personally with the labor available from members of his immediate farm household, and the produce thereof to be divided between the landholder and the tenant in proportion to their respective contributions.

Leasehold tenancy exists when a person who, either personally or with the labor available from members of his immediate farm household, undertakes to cultivate a piece of agricultural land susceptible of cultivation by a single person together with members of his immediate farm household, belonging to or legally possessed by, another in consideration of a price certain or ascertainable to be paid by the person cultivating the land either in percentage of the production or in a fixed amount in money, or in both.

Section 5. Definitions of Terms. — As used in this Act:

(a) A tenant shall mean a person who, himself and with the labor available from within his immediate farm household, cultivates the land belonging to, or possessed by, another, with the latter’s consent for purposes of production, sharing the produce with the landholder under the share tenancy system,

or paying to the landholder a price certain or ascertainable in produce or in money or both, under the leasehold tenancy system.

(b) A landholder shall mean a person, natural or juridical, who, either as owner, lessee, usufructuary, or legal possessor, lets or grants to another the use or cultivation of his land for a consideration either in shares under the share tenancy system, or a price certain or ascertainable under the leasehold tenancy system.

(c) Agricultural year is the period of time necessary for the raising of seasonal agricultural products, including the preparation of the land, and the sowing, planting and harvesting of the crop: Provided, however, That in the case of coconuts, citrus, coffee, ramie, and other crops where more than one harvest is obtained from one planting, the words "agricultural year" shall mean the period of time from the preparation of land to the first harvest and thereafter from harvest to harvest. In both cases, the period of time may be shorter or longer than a calendar year.

(d) Farm implements include hand tools or machines ordinarily employed in a farm enterprise.

(e) Work animals include animals ordinarily employed in a farm enterprise. The words include carabaos, horses, bullocks, etc.

(f) Pulling of the seedlings is a phase of farm work in which seedlings are uprooted from the seed beds immediately before transplanting.

(g) Final harrowing is the last stage in pulverizing the soil into fine particles in readying the field for the transplanting of the seedlings.

(h) Reaping is the cutting of rice stalks.

(i) Harvesting shall mean the gathering of the fruits or produce of a crop other than rice.

(j) Piling into small stacks used as a term in rice share tenancy shall mean the piling into several small stacks within the tenant's holdings of reaped and bundled stalks containing the grain, preparatory to their transportation to the place designated for their threshing.

(k) Piling into big stacks used as a term in rice share tenancy shall mean the piling into one huge stack of the several small stacks of reaped and bundled stalks containing grain, which constitute the entire harvest of the tenant from his holdings, preparatory to threshing.

(l) Proven farm practices include those sound farming practices which have attained general acceptance through usage or are officially recommended by the Department of Agriculture and Natural Resources.

(m) Fair rental value is an amount of money not in excess of allowable depreciation plus six per cent interest per annum on the investment computed at its market value: Provided, however, That the fair rental value for the work animal or animals and farm implements required to produce the crop shall not exceed five per cent of the gross harvest for the animal or animals and five per cent for implements: And, provided, further, That whenever a tractor or power and the necessary

implements are utilized interchangeably with work animals in the same holding during the same agricultural year the rental shall not exceed ten per cent for the combined services.

(n) Immediately after as used in this Act shall be inclusive of the last day of harvesting, threshing or processing and the next five days thereafter.

(o) Immediate farm household includes the members of the family of the tenant, and such other person or persons, whether related to the tenant or not, who are independent upon him for support and who usually help him operate the farm enterprise.

(p) Incapacity means any cause or circumstances which prevents the tenant from fulfilling his contractual obligations and those imposed by this Act.

(q) Inspect means to examine and observe. However, such examinations and observations shall not include any acts of intimidation or coercion.

(r) Auxiliary crop is any product raised other than the crop to which the cultivation of the land is principally devoted; and excluding the produce of the lot referred to in Section twenty-six.

Section 6. Tenancy Relationship; Its Definition. — Tenancy relationship is a juridical tie which arises between a landholder and a tenant once they agree, expressly or impliedly, to undertake jointly the cultivation of land belonging to the former, either under the share tenancy or leasehold tenancy system, as a result of which relationship the tenant acquires the right to continue working on and cultivating the land, until and unless he is dispossessed of his holdings for any of the just causes enumerated in Section fifty or the relationship is terminated in accordance with Section nine.

Section 7. Tenancy Relationship; How established; Security of Tenure. — Tenancy relationship may be established either verbally or in writing, expressly or impliedly. Once such relationship is established, the tenant shall be entitled to security of tenure as hereinafter provided.

Section 8. Limitations of Relation. — The relation of landholder and tenant shall be limited to the person who furnishes land, either as owner, lessee, usufructuary, or legal possessor, and to the person who actually works the land himself with the aid of labor available from within his immediate farm household.

Section 9. Severance of Relationship. — The tenancy relationship is extinguished by the voluntary surrender of the land by, or the death or incapacity of, the tenant, but his heirs or the members of his immediate farm household may continue to work the land until the close of the agricultural year. The expiration of the period of the contract as fixed by the parties, and the sale or alienation of the land do not of themselves extinguish the relationship. In the latter case, the purchaser or transferee shall assume the rights and obligations of the former landholder in relation to the tenant. In case of death of the landholder, his heir or heirs shall likewise assume his rights and obligations.

Section 10. Contracts; Nature and Continuity of Conditions. — The terms and conditions of tenancy contracts, as stipulated by the parties or as provided by law, shall be understood to continue until modified by the parties. Modifications of the terms and conditions of contracts shall not prejudice the right of the tenant to the security of his tenure on the land as determined in Section six, seven, and forty-nine.

Section 11. Freedom to Contract in General. — The landholder and the tenant shall be free to enter into any or all kinds of tenancy contract, as long as they are not contrary to law, morals or public policy. Except in case of fraud, error, force, intimidation or undue influence, when such contract is reduced to writing and registered as hereinafter provided, the latter shall be conclusive evidence of what has been agreed upon between the contracting parties, if not denounced or impugned within thirty days after its registration.

Said contract shall be contrary to law, morals and public policy;

A. In Share Tenancy

(a) If the tenant is to receive less than the corresponding share for the different contributions be made to the production of the farm as hereinafter provided.

(b) If it is stipulated that the tenant or any member or his immediate farm household shall without compensation perform any work or render any service not connected with the tenant's duties and obligations provided under this Act.

B. In Leasehold Tenancy

(a) If the tenant-lessee is to pay to the landholder, lessor, as a consideration for the use of the land, an amount in excess of that hereinafter provided for the kind and class of land involved.

(b) If the tenant-lessee is to pay the landholder-lessor a consideration in excess of the amount prescribed as fair rental value, as determined pursuant to the provisions of this Act, for the use of work animals, services and/or farm implements belonging to the landholder-lessor, in case it is agreed between the parties that the latter shall furnish any or all of these items of production.

(c) If it is stipulated that, as a condition precedent to the commencement or continuance of the lease, the tenant-lessee shall rent work animals, services or farm implements, or shall make use of any store or services operated by the landholder-lessor or any other person, or that the landholder-lessor may impose fines, deductions and/or assessments, or that the tenant-lessee shall, without compensation, perform any work or render any service not connected with the tenant's duties and obligations provided under this Act.

Section 12. Form and Registration of Contract. — A contract of tenancy in writing, in order to be conclusive as evidence, shall be drawn in quadruplicate in the language or dialect known to all the parties thereto and signed or thumb-marked both by the landholder or his authorized representative, and the tenant himself, before two witnesses, one to be chosen by each party. If any of the parties does not know to read, one of the witnesses, to be chosen by him, shall read the contents of the document to him. Each of the contracting parties shall retain a copy of the contract and the third and fourth copies shall be delivered to the municipal treasurer of the municipality where the land which is the subject-matter of the contract is located, who shall file and register the third copy in his office and forward the fourth copy to the court: Provided, That in order that a tenancy contract may be registered, it shall be the duty of the municipal treasurer and tenant, respectively, and to place an annotation on each copy of the fact of registration in his office, stating the date, time and place of registration as well as the entry or registration number.

The form of contract shall be uniform and shall be prepared and furnished by the court. The contracting parties shall acknowledge the execution of the contracting before the municipal treasurer or justice of the peace or the mayor of the municipality where the land is situated. No fees or stamps of any kind shall be paid or required.

When one of the parties is unable to read, in case of doubt the burden of proof to show that he understood the terms of the contract shall rest upon the other party who is able to read.

Section 13. Registry of Tenancy Contracts. — For the purposes of this Act, the municipal treasurer of the municipality wherein the land which is the subject-matter of a tenancy contract is situated shall keep a record of all such contracts entered into within his jurisdiction, to be known as “Registry of Tenancy Contracts.” He shall keep this registry together with a copy of each contract entered therein, and make annotations on said registry of all subsequent acts relative to each contract, such as its renewal, novation, cancellation, etc.: Provided, That the municipal treasurer shall not charge any fee for the registration of said contracts or of any subsequent acts relative thereto, none of which shall be subject to the documentary stamp tax.

Section 14. Change of System. — The tenant shall have the right to change the tenancy contract from one of share tenancy to the leasehold tenancy and vice versa and from one crop-sharing arrangement to another of the share tenancy. If the share tenancy contract is in writing and is duly registered, the right may be exercised at the expiration of the period of the contract. In the absence of any written contract, the right may be exercised at the end of the agricultural year. In both cases the changed to the leasehold system shall be effective one agricultural year after the tenant has served notice of his intention to change upon the landholder.

Section 15. Interest on Loans or Advances. — On all loans or advances obtained by the tenant from the landholder in connection with the cultivation, planting, harvesting and other incidental expenses for the improvement of the crop planted, as well as loans or advances for the subsistence of the tenant and his family, the interest which may be stipulated shall not exceed eight per centum per calendar year: Provided, That on all loans or advances other than money, such as grain or other agricultural products, made computed on the basis of the current price of the produce at the time it was loaned. Violation of the provisions of this section shall be punished in accordance with the Usury Law.

Section 16. Memorandum of Loans or Advances. — Any obligation referring to any amount either in money or in kind, including the payment of interest, which the tenant may have received from time to time as loan or advance from the landholder, shall be void unless the same, or some note or memorandum thereof, be in writing in a language or dialect known to the party charged, and subscribed by said party, or by his authorized agent.

Section 17. Form of Final Accounting. — The final accounting between landholder and tenant at the end of each agricultural year shall be effected within ten days after the threshing in case of rice and within the same period of time after the harvest or gathering of the fruits in the case of crops. In case of crops which have to be said in processed form, the final accounting shall be within five days after the sale is consummated and the sales receipt shall be exhibited to the tenant.

The accounting shall be made to appear in a not or memorandum written in a language or dialect known to the tenant and signed by both parties in the presence of two witnesses who shall be

selected by each party. Each of the contracting parties shall be furnished with a copy of said note or memorandum and such final accounting, once duly signed by both parties and two witnesses, shall be deemed conclusive evidence of its contents, except in case of fraud, error, force, intimidation or undue influence. When one of the parties is unable to read, the burden of proof, in case of doubt, to show that he understood the accounting, shall rest upon the other party who is able to read.

In the absence of a written accounting in accordance with the preceding paragraph, the tenant may, within three years from the date of the threshing of the crop in question, petition the Court to compel the landholder to render an accounting of the same in accordance with this section.

Section 18. Settlement of Debts. — Once the accounting is made, any amount of money which the landholder may have advanced to the tenant for expenses of cultivation, harvesting or gathering of the crop or for his own private use, as well as any amount of grain or agricultural products advanced for his subsistence and that of his family, shall be paid by the tenant out of his share either in grain or in money, at the option of the latter; Provided, That such grain or agricultural products shall be appraised in money according to their current market value at the place where the land is located at the time of their delivery to the tenant: Provided, further, That in case his share is not sufficient, his outstanding debt shall be reduced to money and shall bear an interest of not more than ten per cent per annum: And provided, finally, That the remaining debts of the tenant once converted into money shall not again be converted into kind. Said outstanding debt money may, however, be paid in money or in agricultural products appraised at the local current market price at the time of payment.

Section 19. Exemption from Lien and/or Attachment. — Twenty-five per centum of the tenant's share of the produce of the land in share tenancy, or of the entire produce in leasehold tenancy, one work animal and one of each kind of farm implement belonging to the tenant, provided that the value of such work animal and implements do not exceed five hundred pesos, shall be exempt from lien and attachment.

Section 20. Use of Official Weights and Measures. — In all transactions entered into between the landholder and the tenant concerning agricultural products the official weights and measures of the Government shall be used.

Section 21. Ejectment: Violation; Jurisdiction. — All cases involving the dispossession of a tenant by the landholder or by a third party and/or the settlement and disposition of disputes arising from the relationship of landholder and tenant, as well as the violation of any of the provisions of this Act, shall be under the original and exclusive jurisdiction of such court as may now or hereafter be authorized by law to take cognizance of tenancy relations and disputes.

PART II

THE SHARE SYSTEM

CHAPTER I

Common Provisions

Section 22. Rights of the Tenant. —

(1) The tenant shall be free to work elsewhere whenever the nature of his farm obligation warrants his temporary absence from his holdings.

(2) The tenant shall, aside from his labor, have the right to provide any of the contributions for production whenever he can do so adequately and on time.

(3) The tenant's dwelling shall not, without his consent, be removed from the lot assigned to him by the landholder, unless there is a severance of the tenancy relationship between them as provided under Section nine, or unless the tenant is ejected for cause, and only after the expiration of forty-five days following such severance of relationship or dismissal for cause.

If the tenant is dismissed without just cause and he is constrained to work elsewhere, he may choose either to remove his dwelling at the landholder's cost or demand the value of the same from the landholder at the time of the unjust dismissal.

(4) The tenant shall have the right to be indemnified for his labor and expenses in the cultivation, planting, or harvesting and other incidental expenses for the improvement of the crop raised in case he is dispossessed of his holdings, whether such dismissal is for a just cause and not, provided the crop still exists at the time of the dispossession.

Section 23. Obligations for the tenant. — It shall be the obligation of the tenant:

(1) To cultivate and take care of the farm, the growing crop and other improvements entrusted to him as a good father of a family, by doing all the work necessary in accordance with proven farming practices.

(2) To inform the landholder at once of any trespass committed by a third person upon the farm.

(3) To take reasonable care of the work animals and farm implements used in the point undertaking. He shall not use the work animals and farm implements entrusted to him by the landholder for purposes other than those intended, or allowed their use by other persons without the knowledge and consent of the landholder.

The tenant shall not abandon or surrender his holdings and leave the farm and growing crop and other improvements unattended during the watch season, except for just and reasonable cause. In case of such unjustified abandonment or surrender, any or all of his expected share in the crop may, in the discretion of the court, be forfeited in favor of the landholder to the extent of the damage caused thereby.

Any of the following shall be considered just and reasonable cause for the tenant to terminate the tenancy relationship;

(a) Cruel, inhuman or offensive treatment on the part of the landholder or his representative toward the tenant or any member of his immediate farm household.

(b) Non-compliance on the part of the landholder with any of the obligations imposed upon him by the provisions of this Act or by the contract.

(c) If the landholder or his representative compels the tenant or any member of his immediate farm household to do any work or render any service not in any way connected with his farm work, or even without compulsion if no compensation is paid.

(d) Commission of a crime by the landholder or his representative against the tenant or any member of his immediate farm household.

Section 24. Prohibitions to Tenant: —

(1) It shall be unlawful for the tenant, whenever the area of his holdings is five hectares or more, or is sufficient size to make him and the members of his immediate farm household fully occupied in its cultivation, to contract to work at the same time on two or more separate holdings belonging to different landholders under any system of tenancy, without the knowledge and consent of the landholder with whom he first entered into tenancy relationship.

(2) It shall be unlawful for a share-tenant to employ a sub-tenant to furnish labor or any phase of the work required of him under this Act, except in cases of illness or any temporary incapacity on his part, in which eventuality the tenant or any member of his immediate farm household is under obligation to report such illness or incapacity to the landholder. Payment to the sub-tenant, in whatever form, for services rendered on the land under this circumstance, shall be for the account of the tenant.

(3) Subject to provisions of the next preceding paragraph, land entrusted for cultivation to a leasehold tenant shall not be sub-let nor shall the lease be assigned by the tenant to another person, except with the written consent of the lessor.

Section 25. Rights of the Landholder: —

(1) The landholder shall have the right to choose the kind of crop and the seeds with the tenant shall plant in his holdings: Provided, however, That if the tenant should object, the court shall settle the conflict, according to the best interest of both parties.

(2) The landholder shall have the right to require the use of fertilizer of the kind or kinds shown by proven farm practices to be adapted to the requirements of the land.

(3) The landholder shall have the right to inspect and observe the extent of compliance on the part of the tenant with the terms and conditions of their contract and the provisions of this Act.

(4) In cases where the crop has to be sold in processed form before division and the tenant has no representative, the landholder, shall have the right to deal with millers or processors in representation of the tenant.

Section 26. Obligations of the Landholder:

(a) The landholder shall furnish the tenant an area of not less than one thousand square meters where the latter may construct his dwelling, raise vegetables, poultry, pigs, and other animals and engage in minor industries, the products of which shall accrue to the tenant exclusively.

(b) The landholder shall keep the tenant in the peaceful possession and cultivation of his landholdings which are the subject matter of the contract.

Section 27. Prohibitions to the Landholder:

(1) The landholder shall not dispossess the tenant of his holdings except for any of the causes enumerated in Section fifty, and without the cause having been proved before, and the dispossession authorized by, the court; otherwise, he shall, aside from the penalty of fine and/or imprisonment provided for any violation of this Act, be liable to the tenant for damages to the extent of the landholder's right under Section twenty-two of this Act.

(2) The landholder shall be responsible for the payment of taxes levied by the Government upon the land which is the subject-matter of the contract and it shall be unlawful to make the tenant bear in part of all of the same, either directly or indirectly.

(3) The landholder shall not require the tenant to bear, directly or indirectly, any part of the rent, "canon" or other consideration which he, the former, may be under obligation to pay to a third person for the use of the land.

Section 28. Expenses for Seeds; Fertilizer; Pest and Weed Control Expenses.

(1) The same amount of seeds or seedlings used in the production of any crop shall be deducted from the gross harvest and returned to the party who furnished the same.

(2) The cost of fertilizer and expenses for pest and weed control as evidenced by sales invoices shall be paid out of the gross harvest and returned to the party who advanced the cost and expenses.

Section 29. Irrigation System. — The cost of the construction of an irrigation system, including the distributory canals, shall be borne exclusively by the landholder. The cost of maintenance and operation of the system shall, however, be borne by the landholder and the tenant in proportion to their respective shares in the harvest.

Section 30. Auxiliary Crop. — In case the land is planted to an auxiliary crop, the tenant shall receive eighty per centum and the landholder twenty per centum of the net produce, provided all expenses of production are borne by the tenant.

Auxiliary crops shall, not, however, be construed to include the crops or products raised from the garden, poultry and other industries carried on the lot specifically provided for the tenant under Section 26(a) hereof.

Section 31. Cost of Fertilizer, etc.; when to be Advanced by the landholder. — Whenever the use of fertilizer or the application of insect, disease and rodent control measures is directed by the landholder, he shall advance their cost, which shall be deducted from the gross produce.

CHAPTER II

Rice Share Tenancy

Section 32. Share Basis. — The parties shall, on ricelands which produces a normal average of more than forty cavanese per hectare for the three agricultural years next preceding the current harvest, receive as shares in the gross produce, after setting aside the same amount of palay used as seed, and after deducting the cost of fertilizer, pest and weed control, reaping and threshing, the amount corresponding to the total equivalent of their individual contributions, computed as follows;

Contribution Participation

1. Land 30%
2. Labor 30%
3. Farm implements 5%
4. Work Animals 5%
5. Final harrowing of the field immediately before transplanting 5%
6. Transplanting 25%

Section 33. Share basis on Second Class Land. — On ricelands, which produce a normal average of forty cavanese or less per hectare for the three agricultural years next preceding the current harvest, the participation for the contribution of the land shall be twenty-five per centum and that of labor, thirty-five per centum.

Section 34. Reimbursement Not Allowed. — Contributions or shares in the contribution to the production of the crop in the form of cash, grain or services, once shouldered or rendered alone by one party may not be reimbursed by the other party after the phase or phases of work required in the joint undertaking shall have been completed.

Section 35. Sharing of Expenses. — In case the landholder and the tenant agree to share equally in the expenses of final harrowing of field and transplanting, the latter may engage the services of persons or helpers to perform these phases of farm work, provided the rates for each shall have been previously determined and agreed upon between the landholder and the tenant. In case of disagreement upon said rates, the party who undertakes to the corresponding share in the harvest, after deducting the expenses of reaping.

Section 36. Further Rights of the Tenant. — In addition to the provision of Section twenty-two, the tenant shall have the right to:

1. Determine when to scatter the seeds, to transplant the seedlings, and to reap the harvest, provided they shall be in accordance with proven farm practices and after due notice to the landholder.
2. Choose the thresher which shall thresh the harvest whenever it is the best available in the locality and the best suited to the landholder's and tenant's needs and provided the rate charged is equal to or lower than the rate charged by the owner of other threshers under similar circumstances: Provided, further, That in cases where there are more than tenant the selection of the majority of the

tenants shall prevail: Provided, finally, That if the landholder is the owner of a thresher and is ready and willing to grant equal or lower rates under the same conditions, the use of the landholder's thresher shall be given preference.

3. Apply appropriate pest, insect, disease and rodent control measures whenever in his judgment such action is necessary: Provided, however, That if a tenant fails to apply any of the above control measures after the landholder has made a request in writing for such action, he shall be liable for any loss resulting from such failure.

4. Apply fertilizer of the kind or kinds shown by proven farm practices to be adapted to the requirements of the land, provided the landholder has not exercised his right under Section twenty-five to require the use of such fertilizer.

Section 37. Further Rights of the Landholder. — In addition to the provisions of Section twenty-five, the landholder, by himself or through his representative, may determine:

1. The proper height of pilapils or dikes according to the local practices.
2. The location and size of irrigation canals.
3. The site for the stacking of the harvest, provided it shall not be farther than one kilometer from the center of the area cultivated by a majority of the tenants.
4. The date of threshing.

Provided, however, That in case of disagreement by the tenant in any of the foregoing instances, the court shall determine whatever may be in the interest of both parties.

Section 38. Labor; What It Constitutes. — The tenant shall perform the following as the labor contributed by him under Section thirty-two;

1. The preparation of the seedbed which shall include plowing, harrowing, and watering of the seedbed, the scattering of the seeds, and the care of the seedlings.
2. The plowing, harrowing, and watering of the area he is cultivating, except final harrowing of the field as an item of contribution specified in Section thirty-two of this Act.
3. The maintenance, repair and weeding of dikes, paddies, and irrigation canals in his holdings.
4. The pulling and bundling of the seedlings preparatory to their transplanting.
5. Care of the growing plants.
6. Gathering and bundling of the reaped harvest.
7. The piling of the bundles into small stacks.
8. The preparation of the place where the harvest is to be stacked.

9. Gathering of the small stacks and their transportation to the place where they are to be stacked.
10. Piling into a big stack preparatory to threshing.

Section 39. Prohibition on Pre-Threshing. — It shall be unlawful for either the tenant or the landholder, without mutual consent, to reap or thresh a portion of the crop at any time previous to the date set for its threshing. Any violation by either party shall be treated and penalized in accordance with this Act and/or under the general provisions of law applicable to the act committed.

Section 40. Place of Crop Division. — The division of the crop shall be made in the same place where the harvest has been threshed and each party shall transport his share to his warehouse or barn, unless the contrary is stipulated by the parties.

CHAPTER III

Share Tenancy on Crops other than Rice

Section 41. Basis of Shares in Crops other than Rice. — The landholder and the tenant on lands which produce crops either than rice shall be free to enter into any contract stipulating the ratio of crop division. In the absence of a stipulation, the customs of the place shall govern: Provided, That whether the basis of division of the crop is the contract between the parties or the customs of the place, the share of the tenant for his labor in the production shall not less than thirty per cent of the harvest or produce, after deducting the expenses for harvesting and/or initial processing: Provided, further, That in cases where the share of the tenant is, according to local practices or customs prevailing at the time of the approval of this Act, more than the minimum herein set, the tenant's share thus established by local practices or customs shall prevail and be considered the minimum.

PART III

THE LEASEHOLD TENANCY

Section 42. Landholder-Lessor and Tenant-Lessee, Defined. Any person, natural or juridical, either as owner, lessee, usufructuary or legal possessor or agricultural land, who lets, leases or rents to another said property for purposes of agricultural production and for a price certain or ascertainable either in an amount of money or produce, shall be known as the landholder-lessor; and any person who, with the consent of the former, tills, cultivates or operates said land, susceptible of cultivation by one individual, personally or with the aid of labor available from among his own immediate farm household, is a tenant-lessee.

Section 43. Rights and Obligations of Tenant-Lessee. — With the creation of the tenancy relationship arising out of the contract between the landholder-lessor and tenant-lessee, the latter shall have the right to enter the premises of the land, and to the adequate and peaceful enjoyment thereof. He shall have the right to work the land according to his best judgment, provided this manner and method of cultivation and harvest are in accordance with proven farm practices. Upon termination of the relationship, he shall be entitled to one half of the value of the improvements made by him, provided they are reasonable and adequate to the purposes of the lease.

The tenant-lessee shall pay the consideration stipulated in the lease contract provided it shall not exceed the limit fixed in Section forty-six. In the absence of stipulation, the consideration shall be that established in said Section forty-six. He shall make proper use of the land and the

improvements thereon and shall be under obligation to cultivate it as a good father of a family, by doing all the work considered reasonable and necessary in accordance with proven farm practices. He is likewise obliged to take reasonable care of the work animals and farm implements that may be delivered to him by the land-holder, in case it is agreed between the parties that the landholder-lessor shall furnish any or all of them.

Section 44. Rights of Landholder-lessor. — The landholder-lessor or his duly authorized representatives shall have the right to inspect the premises of the land which is the subject of the lease for the purpose of ascertaining the tenant's compliance with the provisions of the contract and of this Act, but in no case shall he exercise any coercion, intimidation or violence in word or deed.

Section 45. Manner of Rental Payment. — Payment of the consideration for the use of land may be made either in an amount certain or ascertainable in money or in produce, or both.

Section 46. Consideration for the Use of Land. —

(a) The consideration for the use of ricelands, shall not be more than thirty per centum of the gross produce for first class lands and not more than twenty-five per centum for second class lands. Classification of ricelands shall be determined by productivity: first class lands being those which yield more than forty cavanes per hectare and second class lands being those which yield forty cavanes or less, the same to be computed upon the normal average harvest of the three preceding years.

(b) The consideration for agricultural land where exist fruit trees and other useful trees and plants, from which the whole or any portion of the produce of the said land is taken, shall not be more than what have been specified in the preceding section: Provided, however, That additional considerations for the employment of said trees and useful plants, if the principal product is rice or other crops, shall be decided and specified by negotiation between the landholder-lessor and the tenant-lessee; Provided, further, That where the tenant-lessee, during the period of the lease and/or in consideration thereof, plants and/or takes care of said trees and plants, with the consent of the landholder-lessor, the tenant-lessee shall be compensated by the latter in the manner agreed between them.

(c) The consideration for the use of sugar lands, fishponds, saltbeds and of lands devoted to the raising of livestock shall be governed by stipulation between the parties.

Section 47. Rental of Work Animals, etc., and Applicability of Schedules. — Upon agreement of the parties, the tenant-lessee may make use of such work animals, farm implements or services belonging to the landholder-lessor as are available for hire, the consideration of which shall be based on their fair rental value.

The rates on the fair rental value for the use of work animals, farm implements and services, belonging to the landholder-lessor shall be those provided in Schedules "A", "B", and "C", which shall apply upon approval of this Act and shall remain in force, unless the Secretary of Agricultural and Natural Resources revises the same in accordance with Section fifty-two.

Section 48. Loans and Interests. — Loans, either in money or in kind, obtained by a tenant-lessee from the landholder lessor shall be payable at the time stipulated: Provided, however, That this shall

not be construed as prejudicing the right of the borrower to repay his obligation before the date of maturity. The loan, unless it is otherwise stipulated, shall be payable in money at not more than eight per cent interest per annum, computed from the date of the indebtedness was contracted up to and including the date of payment. A note or memorandum to evidence such indebtedness shall be executed in accordance with the provisions of Section sixteen.

PART IV SECURITY OF TENURE

Section 49. Ejectment of Tenant. — Notwithstanding any agreement or provision of law as to the period, in all cases where land devoted to any agricultural purpose is held under any system of tenancy, the tenant shall not be dispossessed of his holdings except for any of the causes hereinafter enumerated and only after the same has been proved before, and the dispossession is authorized by, the court.

Section 50. Causes for the Dispossession of a Tenant. — Any of the following shall be a sufficient cause for the dispossession of a tenant from his holdings:

- (a) The bona fide intention of the landholder to cultivate the land himself personally or through the employment of farm machinery and implements: Provided, however, That should the landholder not cultivate the land himself or should fail to employ mechanical farm implements for a period of one year after the dispossession of the tenant, it shall be presumed that he acted in bad faith and the land and damages for any loss incurred by him because of said dispossession: Provided, further, That the land-holder shall, at least one year but not more than two years prior to the date of his petition to dispossess the tenant under this subsection, file notice with the court and shall inform the tenant in writing in a language or dialect known to the latter of his intention to cultivate the land himself, either personally or through the employment of mechanical implements, together with a certification of the Secretary of Agriculture and Natural Resources that the land is suited for mechanization: Provided, further, That the dispossessed tenant and the members of his immediate household shall be preferred in the employment of necessary laborers under the new set-up.
- (b) When the current tenant violates or fails to comply with any of the terms and conditions of the contract or any of the provisions of this Act: Provided, however, That this subsection shall not apply when the tenant has substantially complied with the contract or with the provisions of this Act.
- (c) The tenant's failure to pay the agreed rental or to deliver the landholder's share: Provided, however, That this shall not apply when the tenant's failure is caused by a fortuitous event or force majeure.
- (d) When the tenant uses the land for a purpose other than that specified by agreement of the parties.
- (e) When a share-tenant fails to follow those proven farm practices which will contribute towards the proper care of the land and increased agricultural production.
- (f) When the tenant through negligence permits serious injury to the land which will impair its productive capacity.

(g) Conviction by a competent court of a tenant or any member of his immediate family or farm household of a crime against the landholder or a member of his immediate family.

Section 51. Burden of Proof . — The burden of proof to show the existence of a lawful cause for the ejection of a tenant shall rest upon the landholder.

PART V SPECIAL PROVISIONS

Section 52. Duties of the Secretary of Agriculture and Natural Resources. — It shall be the duty of the Secretary of Agriculture and Natural Resources to:

1. Conduct such educational programs as circumstances may require adequately to acquaint tenants and landholders with their rights and responsibilities under this Act.
2. Revise the rental rates provided for in Schedules “A”, and “B”, whenever such revision is made necessary by changes in values and prices, so that the rental rates shall conform to the standard of fair rental value as defined in Section 5(m).
3. Facilitate the preparation and registration of land- holder-tenant contracts through the distribution of appropriate printed forms and instructions to guide the interested parties in drafting and executing rental agreements. The forms of contracts must bear the approval of the court.
4. Conduct surveys and researches to determine the extent of compliance, adaptability to different crops and areas and the fairness of this Act to all parties affected by its implementation.
5. Submit an annual report to the President containing an analysis showing the progress made toward attaining the objectives enumerated in Section two of this Act and recommendations concerning methods of improving the implementation and general effectiveness of this Act. Copies of this report shall be provided to members of the Congress.

Section 53. Duties of Secretary of Justice. — The Secretary of Justice, through the Executive Judge of the Court, shall be responsible for formulating a national enforcement program, among other things, through the assignment of judges and personnel, which will insure the full enforcement of the provisions of this Act.

Section 54. Representation by Counsel. — In all cases wherein a tenant cannot afford to be represented by counsel, it shall be the duty of the Public Defender of the Department of Labor to represent him, upon proper notification by the party concerned, or the court of competent jurisdiction shall assign or appoint counsel de officio for the indigent tenant.

Section 55. Applicability of General Laws. — The provisions of existing laws which are not inconsistent herewith shall apply to the contracts governed by this Act as well as to acts or omissions by either party against each other during, and in connection with, their relationship.

Section 56. Doubts to Be Solved in Favor of the Tenant. — In the interpretation and enforcement of this Act and other laws as well as of the stipulations between the landholder and the tenant, the courts and administrative officials shall solve all grave doubts in favor of the tenant.

Section 57. Penal Provision. — Violation of any of the provisions of this Act shall be punished with a fine not exceeding two thousand pesos or imprisonment not exceeding one year, or both in the discretion of the Court.

Section 58. Separability of Provisions. — If for any reason, any section or provision of this Act shall be questioned in any court, and shall be held to be unconstitutional or invalid, no other section or provision of this Act shall be effected thereby.

Section 59. Repealing Provisions. — Public Act Numbered Four thousand fifty-four, as amended by Republic Act Numbered Thirty-four, Commonwealth Act Numbered Fifty-three, Commonwealth Act Numbered Four hundred sixty-one as amended by Republic Act Numbered Forty-four, and all laws, rules and regulations inconsistent herewith are hereby repealed.

Section 60. Effective Date. — This Act shall take effect upon its approval.

Approved: August 30, 1954

SCHEDULE "A"

The rental value of work animals and farm implements other than machinery, shall not exceed the allowable depreciation charges plus six per cent (6%) interest per annum computed on the market value of the said work animals and farm implements not fixed in this Schedule shall be those prevailing in the locality where the said animals and implements are rented.

Item Market Period of Allowable Allowable Fair Rental
Value depreciation depreciation interest at value per
in years charge 6 per cent annum

Carabao	P300.00	10	P30.00	P18.00	P48.00
Bullock	600.00	7	85.91	36.00	121.00
Horse, native	150.00	8	18.75	9.00	27.75
Cattle	200.00	7	28.57	12.00	40.57
Plow, iron	40.00	5	8.00	2.40	10.40
Plow wooden	25.00	2	12.50	1.50	14.00
Harrow iron	18.00	5	3.60	1.00	4.68
Carreton (native cart)	400.00	10	40.00	24.00	64.00

SCHEDULE "B"

The rental value for farm machineries inclusive of tractors, tractor equipment, engines, motors, and pumps shall not exceed the allowable depreciation equal to one-tenth (1/10) of the current market value plus interest at six per cent (6% per annum).

SCHEDULE "C"

The amounts to be charged by the landholder when he performs services in the operation of the farm enterprise shall not current the rates in the locality where such services are rendered.