

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City, Metro Manila

Thirteenth Congress  
First Regular Session

House Bill No. 4267



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**Introduced by Honorable Roger G. Mercado**

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**EXPLANATORY NOTE**

This bill seeks to increase the tax on idle and unproductive lands, amending for the purpose Section 236 of the Local Government Code.

Under Section 42 of Presidential Decree No. 464 entitled "Enacting A Real Property Tax Code (June 1, 1974), the President of the Philippines, at his discretion or upon recommendation by the Secretary of Finance, may authorize provinces, cities and municipalities to levy, assess and collect an additional real property tax on idle private lands at a rate of not exceeding two percent (2%) per annum based on the prevailing assessed value of the property. The purpose of this is to provide the local governments with adequate funds with which to underwrite basic and essential public services. This was subsequently amended by P.D. No. 1446 (June 11, 1978) by imposing an additional real property tax on idle lands at the rate of five percent (5%) per annum based on the assessed value of the property as determined by the provincial, city or municipal assessor. At present, the Local Government Code provides in Sec. 236 that local government units may levy an annual tax on idle lands at the rate of five percent (5%) of the assessed value of the real property which shall be in addition to the basic real property tax.

Despite these laws, it is lamentable to note that large tracts of privately-owned lands have remained idle and undeveloped over the years. The above-mentioned laws failed to effectively control the unjust and unproductive practice of rich individuals, partnerships and corporations of

acquiring vast tracts of lands for the purpose of speculating for profit on the future increase in the market value of such lands. Landowners would rather let their lands remain idle than invest money for the cultivation, utilization and development of these lands, since, in time, the market value of lands, whether utilized or not, would still increase. Unfortunately, such practice hinders the use of our limited natural resources to the fullest and prevents their equitable distribution to those who need them most.

Hence, this bill seeks to increase the ceiling tax on idle lands from five percent (5%) to ten percent (10%). Its levy and collection shall be mandatory to be an effective deterrent against the non-utilization of idle lands for productive purposes and to further encourage local government units to maximize their revenue potentials.

In view of the foregoing considerations, approval of this bill is highly recommended.



**ROGER G. MERCADO**

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**AN ACT**  
**INCREASING THE ADDITIONAL AD VALOREM TAX ON IDLE**  
**LANDS, AMENDING FOR THE PURPOSE SECTION 236 OF THE**  
**LOCAL GOVERNMENT CODE.**

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

SECTION 1. Section 236 of Republic Act No. 7160, otherwise known as the Local Government Code of 1991, is hereby amended to read as follows:

“SEC. 236. *Additional Ad Valorem Tax on Idle Lands.* - A province or city, or a municipality within the Metropolitan Manila Area, [may] SHALL levy and COLLECT an annual tax on idle lands at the rate [not exceeding] OF [five percent (5%)] TEN PERCENT (10%) of the assessed value of the property which shall be in addition to the basic real property tax.”

SEC. 2. All laws, decrees, orders, rules and regulations, issuances, or parts thereof which are inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

SEC. 3. This Act shall take effect after fifteen (15) days following its complete publication in at least two (2) national newspapers of general circulation.

Approved,