

Republic of the Philippines
HOUSE OF REPRESENTATIVES
CONGRESS OF THE PHILIPPINES
Quezon City, Metro Manila

FIFTEENTH CONGRESS
First Regular Session

House Bill No. 3421

Introduced by Honorable REYNALDO V. UMALI

EXPLANATORY NOTE

This bill seeks to impose a mandatory ad valorem tax on idle lands amending for the purpose Sections 236, 237 and 273 of Republic Act no. 7160, otherwise known as "the Local Government Code of 1991".

The imposition of the idle land tax under the present provisions of Republic Act No. 7160 is *optional* on the part of the local government units concerned. This bill will make it *mandatory*. The rate was increased from 5% to 20% of the assessed value of the real property, in addition to the basic real property taxes due.

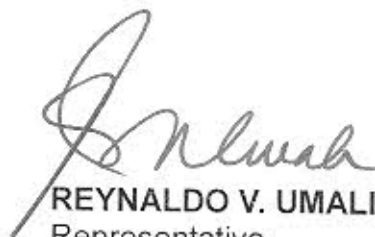
The proliferation of idle and unproductive private lands, many of which are held simply for speculative purposes, should bear an economic, environmental and/or social function.

One of the basic purposes of this legislative proposal is to encourage real property owners to put idle lands into productive use, land being a scarce resource. Doing so will help promote the economic well-being of the community. Lands planted to crops and/or trees, instead of having them remain idle and unproductive, might as well serve also our environment.

This will also help government, particularly local government units, to raise additional funds to address the delivery of basic public services especially to the less-privileged members of our society. And one of the vital public service that needs urgent government attention is public health, particularly in the form of medicines, supplies, facilities, equipments, hospitals, and clinics.

Land owners and developers that opt to keep private lands idle and unproductive should, in exchange, share in the burden of public health care delivery through an enforced tax contribution.

In view thereof, early consideration and approval of this bill is earnestly sought.



REYNALDO V. UMALI
Representative
2nd District, Province of Oriental Mindoro

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AN ACT
IMPOSING A MANDATORY *AD VALOREM* TAX ON IDLE LANDS
AMENDING FOR THE PURPOSE SECTIONS TWO HUNDRED THIRTY
SIX, TWO HUNDRED THIRTY SEVEN, AND TWO HUNDRED SEVENTY
THREE OF REPUBLIC ACT NO. 7160, OTHERWISE KNOWN AS "THE
LOCAL GOVERNMENT CODE OF 1991", AND APPROPRIATING THE
FUNDS COLLECTED THEREFROM EXCLUSIVELY FOR THE PURPOSE
OF PROVIDING FREE ACCESS TO PUBLIC HEALTH

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

1 **SECTION 1.** - Section Two Hundred Thirty Six of Republic Act No.
2 7160 is hereby amended to read as follows:

3
4 "Sec. 236. *Additional Ad Valorem Tax on Idle Lands.* A city or a
5 municipality shall levy an annual *ad valorem* tax on idle lands
6 at the rate of twenty percent (20%) of the assessed value of
7 the property which shall be in addition to the basic real
8 property tax."

9
10 **SEC. 2.** Section Two Hundred Thirty Seven of Republic Act No. 7160
11 is hereby amended to read as follows:

12
13 "Sec. 237. *Idle Lands, Coverage.* For purposes of real
14 property taxation, idle lands shall include the following: (a)
15 Agricultural lands, more than one (1) hectare in area,
16 suitable for cultivation, farming, dairying, inland fishery,
17 poultry and other agricultural uses, one-half (1/2) of which
18 remain uncultivated or unimproved by the owner of the

1 property or person having legal interest therein. Agricultural
2 lands planted with permanent trees of at least fifty (50) trees
3 to a hectare, or a proportion thereof if less than one hectare,
4 shall not be considered idle lands. Lands actually used for
5 grazing purposes shall likewise not be considered idle lands.

6 (b) Lands, other than agricultural, located in a city or
7 municipality, more than one thousand (1,000) square meters
8 in area one-half (1/2) of which remain unutilized or
9 unimproved by the owner of the property or person having
10 legal interest therein. The planting of permanent crops or
11 trees of at least fifty (50) trees to a hectare, or a proportion
12 thereof if less than one hectare, shall not be considered idle
13 lands.

14
15 (c) Regardless of land area, this Section shall likewise
16 apply to: (1) Residential lots in subdivisions duly approved by
17 proper authorities, the ownership of which has been
18 transferred to the buyer-owners, who shall be liable for the
19 additional tax: Provided, however, That individual lots of such
20 subdivisions, the ownership of which has not been
21 transferred to the buyer shall be considered as part of the
22 subdivision, and shall be subject to the additional tax payable
23 by subdivision owner or developer; and, (2) Vacant lots
24 intended for commercial, industrial or residential or
25 condominium projects duly approved by proper authorities
26 shall be the subject to the additional tax until the full
27 completion of the construction or project as certified by the
28 engineer/building officials of the local government
29 concerned."

30
31 **SEC. 3.** Section Two Hundred Seventy Three of Republic Act No.
32 7160 is hereby amended to read as follows:

33
34 "Sec. 273. *Proceeds of the Tax on Idle Lands.* The proceeds of
35 the additional *ad valorem* real property tax on idle lands shall
36 accrue to a Special Public Health Fund (SPHF) of the city or
37 municipality where the land is located: *Provided*, that in case
38 of component cities and municipalities, twenty (20%) percent of

1 the proceeds shall pertain to the SPHF of the province in which
2 the land is located. Such SPHF may be appropriated by the
3 Sanggunian concerned solely and exclusively for the purpose
4 of providing free access to public health facilities, supplies or
5 services to the less-privileged members of their local
6 constituency."

7 **Sec. 4.** The imposition of the additional *ad valorem* tax on idle lands
8 as provided in this Act shall take effect at the beginning of the calendar year
9 next following its publication in two (2) newspapers of general circulation.
10 The Sanggunian concerned may however postpone by ordinance the
11 imposition of the tax for another year to give real property owners or
12 developers the opportunity to be exempt from the coverage of idle lands as
13 defined in Section Two Hundred Thirty Seven of the Republic Act No. 7160.

14
15 Approved,