

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Constitution Hills, Quezon City

FIFTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 4400

Introduced by: REP. MEL SENEN S. SARMIENTO

EXPLANATORY NOTE

Real property is considered the most important natural resource and the biggest financial asset. The World Bank noted that 50% to 75% of the country's wealth is contained in land resources. In the Philippines, however, the land market is contributing only 6.6% to the Gross National Product. This is due to the many problems in land management and administration, including real property valuation, which is chaotic, ineffective, and inequitable. This resulted to inefficiencies in the land market, lack of confidence of the public and investors on the real property sector, and, above all, unrealized revenues from real property and loss of income for the Philippine Government.

At least 23 national government agencies (NGAs) and more than 1,700 local government units (LGUs) use different systems and methodologies for different purposes, thus, resulting to the same property having multiple, confusing, unrealistic, or outdated values.

For almost two decades of the effectivity of the Local Government Code (LGC), real property valuations in the LGUs have remained stagnant, outdated and persisted to be susceptible to political dictation and maneuvering. The requirement of the LGC to regularly conduct the general revision of the Schedule of Market Values (SMV) and property assessments every three years has been hardly realized and fully implemented by the LGUs. The SMVs are, thus, generally undervalued, and contributed to huge foregone revenues of the LGUs. On the other hand, the Bureau of Internal Revenue (BIR), in determining values for zonal valuation as basis for national land-related taxes, does not have the statutory mandate to regularly revise the zonal values, as well as the technical expertise in doing real property valuations—often relying inputs from the private appraisal sector and local government assessors. Thus, valuations by the government do not truly capture and reflect the current, market-based property developments and economic conditions—overvaluation occurs when the government is acquiring real property, while undervaluation proliferates if the government is collecting taxes.

With the effectivity of the Real Estate Service Act or Republic Act No. 9646, which professionalizes the real estate service in the country, including local government assessors and national government appraisers, this bill adopts a bottom-up approach in institutionalizing reforms in the valuation sector of the country to adopt a market-based SMV,

by maximizing the technical expertise of LGU assessors in using and adopting uniform and internationally-accepted valuation standards. This bill seeks to improve the valuations of LGUs to become the basis for real property taxation of the national and local governments, and as benchmark for other purposes, as required by other government agencies and instrumentalities.

Concurrently, reorganizing and strengthening the Bureau of Local Government Finance (BLGF) is being proposed as a fundamental element to achieve the envisioned reforms. By starting at the local governments, the BLGF shall be the lead agency to review and approve the SMVs of all LGUs, thus, separating the technical function of valuation from the political function of taxation exercised by local elective officials. The BLGF shall oversee all real property valuation matters in the country, being in the best position to assume the responsibility within the existing bureaucracy.

Building an equitable, transparent, and impartial valuation system will stimulate a vibrant real estate sector, and foster private investors' confidence and the general public. The potential of real property to strengthen the fiscal affairs of the LGUs should be fully tapped to achieve more meaningful local fiscal autonomy and to improve the government's capacity to generate revenues and provide adequate public service delivery.

In view of the foregoing, the immediate approval of this bill is earnestly sought.


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**AN ACT INSTITUTING REFORMS IN REAL PROPERTY VALUATION IN THE
PHILIPPINES, REORGANIZING THE BUREAU OF LOCAL GOVERNMENT
FINANCE, AND APPROPRIATING FUNDS THEREFOR**

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

1 **SEC. 1. Short Title.** – This Act shall be known as the "THE REAL PROPERTY
2 **VALUATION REFORM ACT OF 2011."**

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5 **ARTICLE I**
6 **DECLARATION OF POLICY AND OBJECTIVES,**
7 **AND DEFINITION OF TERMS**

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9 **SEC. 2. Declaration of Policy and Objectives.** – It is the policy of the State to
10 promote the development and maintenance of a just, equitable, impartial, and nationally
11 consistent real property valuation based on internationally accepted valuation standards,
12 concepts, principles, and practices. Towards this end, the State shall:

- 13 (a) Promote the fiscal autonomy of local governments to provide basic services to
14 their constituency by enhancing their capacity to generate local revenues from real
15 property;
16 (b) Establish and maintain valuation standards to govern the valuation of real property
17 in the country;
18 (c) Adopt market value as the single real property valuation base for the assessment
19 of all real property related taxes in the country, and for valuing or appraising real
20 property for various transactions by all government agencies;

- (g) Market Value – refers to the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction (a transaction between independent, unrelated parties involving no irregularity) after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion;
- (h) Private appraisal sector – refers to licensed non-governmental real estate service practitioners who have been active in the practice of real estate appraisal for the last five (5) years.
- (i) Real Estate – refers to the land and all those items which are attached to the land. It is the physical, tangible entity, together with all the additions or improvements on, above or below the ground.
- (j) Real Property – refers to all the rights, interests, and benefits related to the ownership of real estate, plant, machinery, and equipment;
- (k) Schedule of Market Values or SMV – refers to a table of market values of real properties within a local government unit prepared by assessors pursuant to existing laws, rules and regulations.
- (l) Special Purpose Property – refers to a property which is designed, constructed and developed for a specific use or purpose. By its very nature, this type of property is rarely offered for sale in the open market except as part of a going concern. Because of the special design and function, conversion of special purpose properties to other types of development or application is generally not economically feasible.
- (m) Valuation/Appraisal – refers to the systematic and analytic determination and recording of property facts, circumstances, investments, and investigation of other relevant data resulting in a supportable estimate and opinion of value or a professional conclusion based upon supporting data, logical analysis and judgment as of a specific date and for a specific purpose.

ARTICLE II

STRENGTHENING THE BUREAU OF LOCAL GOVERNMENT FINANCE

Chapter 1

BLGF Central Operations

SEC. 4. *Role of the Bureau of Local Government Finance.* – The Bureau of Local Government Finance shall lead and manage the implementation of the provisions of this Act. The BLGF shall have the following powers and functions:

- (a) Develop, adopt, and maintain valuation standards consistent with generally accepted valuation standards, regulations and specifications for real property appraisal used for tax and other purposes, and ensure compliance therewith by local government units and other concerned parties;
- (b) Review for compliance with the real property valuation policies and standards and approve the Schedule of Market Values (SMVs) prepared by the provincial

- (d) Separate the function of valuing or appraising of real properties from the functions of tax policy and administering the taxes due thereon;
- (e) Support the development and professionalization of the valuation/appraisal practice in the country pursuant to Republic Act No. 9646;
- (f) Provide a comprehensive and up-to-date electronic database of all real property transactions;
- (g) Support the development of a "body of knowledge" on valuation by continuing research and monitoring of new developments in the valuation discipline for upgrading the country's valuation and keeping it abreast with global developments; and
- (h) Ensure transparency in real property transactions to protect the public and develop confidence in the work of appraisers and assessors.

SEC. 3. Definition of Terms. – As used in this Act, the following terms mean:

- (a) Appraiser – also known as valuer; refers to a person who conducts valuation/appraisal; specifically, one who possesses the necessary qualifications, ability, and experience to execute or direct the valuation/appraisal of real property.
- (b) Assessor – refers to an official in the local government unit, who is a licensed appraiser, who performs appraisal and assessment of real properties, including plant, machinery and equipment, essentially for taxation and other purposes. This definition also includes assistant assessors.
- (c) Building – refers to a man-made structure permanently attached to land for residential, commercial, industrial, recreational or other purposes.
- (d) Improvements – is a valuable addition made to a property or an amelioration in its condition, amounting to more than a mere repair or replacement of parts involving capital expenditures and labor, which is intended to enhance its value, beauty or utility or to adapt it for new or further purposes.
- (e) Land – refers to one of the major factors of production consisting sometimes of a material economic good, which is supplied by nature without the aid of man. Land may include not only the earth surface, both land and water, but also anything that is attached to the earth's surface. Thus, all natural resources in their original state, such as mineral deposits, wildlife, timber, and fish, are land within the technical meaning of the term; so also are sources of energy, outside of man himself, such as water, coal deposits, and the natural fertility of the soil.
- (f) Machinery – embraces machines, equipment, mechanical contrivances, instruments, appliances or apparatus which may or may not be attached, permanently or temporarily, to the real property. It includes the physical facilities for production, the installations and appurtenant service facilities, those which are mobile, self-powered or self-propelled and those not permanently attached to the real property which are actually, directly and exclusively used to meet the needs of the particular industry, business or activity and which by their very nature and purpose are designed for, or necessary to its manufacturing, mining, logging, commercial, industrial or agricultural purposes.

assessors together with municipal assessors, and city assessors, including the municipal assessor of Metro Manila, for tax and other purposes;

- (c) Provide technical assistance on real property appraisal matters to government agencies and instrumentalities, and coordinate or conduct the valuation/appraisal of special purpose properties, when requested;
- (d) Provide leadership and policy directions to local government units on real property valuation/appraisal for taxation and other purposes, including the development and maintenance of valuation standards, the regulation of valuation/appraisal activities and other related matters, and the promotion of valuation/appraisal training and seminars;
- (e) Maintain a roster of licensed local government appraisers and assessors;
- (f) Develop and maintain a comprehensive and up-to-date electronic database of real property transactions and prices of materials for buildings, machinery, and other structures;
- (g) Conduct continuing study and research on valuation, and maintain an information base on current global and country trends and developments in real property valuation/appraisal;
- (h) Determine, fix, and collect reasonable amounts to be charged as administration fees, fines, and penalties relative to the implementation of this Act; and
- (i) Perform such other functions as are necessary, proper, and incidental to implement the provisions of this Act.

SEC. 5. *Establishment of the Real Property Valuation Service.* – To achieve the policy and objectives declared in this Act, there shall be established the Real Property Valuation Service, hereinafter referred to as the RPVS, within the Bureau of Local Government Finance, which shall perform the functions pertaining to Sec. 4 hereof.

SEC. 6. *Responsibilities of the BLGF Executive Director.* – The BLGF Executive Director shall be responsible for the efficient and effective performance of the responsibilities set forth in this Act and for the overall internal management and governance of the RPVS. For this purpose, the BLGF Executive Director shall:

- (a) Develop and implement policies, plans, programs, and operating standards for the attainment of the objectives of this Act;
- (b) Provide policy directions and leadership in all aspects of valuation/appraisal and their implementation in the regional offices;
- (c) Approve, upon review by the RPVS, the Schedule of Market Values (SMVs) prepared by the provincial assessors together with municipal assessors, and city assessors, including the municipal assessor of Metro Manila, for tax and other purposes
- (d) Advise and assist other government agencies on matters pertaining to real property valuation/appraisal; and
- (e) Perform such other functions as may be provided by law, or required in pursuance of this Act.

- 195 (f) Adopt and maintain a comprehensive and up-to-date regional electronic database
196 of all regional real property-related transactions, and have custody of all
197 transaction records submitted by local government assessors; and
198 (g) Perform other functions as may be assigned by the BLGF Executive Director.
199

200 **SEC. 10. *The Regional Consultative Committee.*** – (a) There shall be a Regional
201 Consultative Committee chaired by the BLGF Regional Director, and composed of a
202 representative each from:

- 203 1) Bureau of Internal Revenue - Regional Office;
204 2) Department of Environment and Natural Resources - Regional Office;
205 3) Regional organization of government assessors;
206 4) Private appraisal sector within the region; and
207 5) Bankers association within the region.

208 (b) The members of the Regional Consultative Committee must be performing
209 valuation/appraisal related functions. Representatives from the regional
210 organization of government assessors, private appraisal sector, and banking
211 association within the region shall be represented by the head of their respective
212 organization.

213 (c) The Committee shall meet at the initiation of the BLGF Regional Director at least
214 once every quarter, and shall have as many meetings as the BLGF Regional
215 Director may deem necessary for the performance of its functions.
216

217 **SEC. 11. *Functions of the Regional Consultative Committee.*** – The Regional
218 Consultative Committee shall serve as a consultation forum in the region for discussion on
219 developments in the local real property market; concerns of taxpayers, civil society, and other
220 stakeholders; outcome of Compliance Reporting in the region; level of complaints and
221 appeals; local government unit training in the region; appraiser and assessor concerns in
222 general; and other matters as may be determined by the Committee.
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225 **ARTICLE III**

226 **VALUATION/APPRaisal OF REAL PROPERTIES**

227 **Chapter 1**

228 **Valuation Standards and Market Values**

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231 **SEC. 12. *Development of Valuation Standards.*** – Notwithstanding the provisions of
232 existing laws to the contrary, the BLGF, shall develop, adopt, maintain and implement
233 uniform valuation standards which shall be used by all appraisers and assessors in the local
234 government units and other concerned parties in appraising or valuing lands, buildings,
235 machinery and other real properties for taxation and other purposes. The valuation standards
236 shall conform with the generally accepted valuation principles and internationally accepted
237 standards.
238

239 **SEC. 13. Valuation/Appraisal of Real Property.** – For valuation purposes, all real
240 properties, whether taxable or exempt, shall be valued or appraised at the market value
241 prevailing in the locality where the property is situated, in conformity with the valuation
242 standards adopted under this Act. The BLGF shall promulgate the rules and regulations for
243 the valuation/appraisal of real property pursuant to the provisions of this Act. It shall provide
244 leadership in ensuring rationalized valuation of real properties transcending political
245 boundaries.

246 For real properties intended for low-cost or socialized housing and other programs of
247 the government imbued with social policy objectives, the provisions of existing pertinent
248 laws shall be applied after determination of the prevailing market value of these properties in
249 accordance with internationally accepted valuation standards adopted under this Act.

250
251 **SEC. 14. Preparation of Schedule of Market Values.** – Provincial assessors together
252 with municipal assessors, and city assessors, including the municipal assessor in Metro
253 Manila, shall prepare the SMVs for the different classes of real property situated within their
254 respective local government units, pursuant to the valuation standards, rules, regulations and
255 other specifications set by the DOF and the BLGF. The said SMVs shall be submitted by the
256 assessor concerned, copy furnished the provincial governor or the city mayor, as the case may
257 be, and the concerned *Sanggunian*, to the BLGF Regional Office for review and compliance
258 with other requirements not later than the thirty-first (31st) day of October of the immediately
259 preceding calendar year the general revision of real property assessments shall be undertaken.
260 The said SMVs shall be reviewed by the BLGF Regional Office within thirty (30) days upon
261 receipt thereof, and shall then be submitted by the same to the BLGF Central Office. The
262 BLGF Executive Director, after review by the RPVS, shall approve the SMV within sixty
263 (60) days upon receipt of the same; otherwise, said schedule shall be deemed approved.

264 The approved SMV shall be transmitted to the concerned assessor who shall confer
265 with the local chief executive regarding the said approved SMV. Likewise, the concerned
266 assessor shall submit to the local chief executive a tax impact report of the new SMV as
267 against the existing assessment levels and tax rates, and shall provide the *Sanggunian*,
268 through the Chairman of the Committee on Ways and Means, a copy of such report. The local
269 chief executive shall transmit the approved SMV together with the tax impact report within
270 fifteen (15) days from receipt of the same to the *Sanggunian* for the enactment of an
271 Ordinance setting the appropriate assessment levels and tax rates. The concerned *Sanggunian*
272 shall enact such Ordinance, upon conduct of public hearings and proper consultation, within
273 sixty (60) days from receipt thereof; otherwise, the existing Ordinance on assessment levels
274 and tax rates shall remain in force and effect.

275 Upon the enactment by the *Sanggunian* of an Ordinance for the assessment levels and
276 tax rates, the local chief executive shall act within ten (10) days, in the case of cities, and the
277 municipality in Metro Manila, or within fifteen (15) days, in the case of provinces, to approve
278 the same. Failure of the concerned local chief executive to act on the Ordinance within the
279 prescribed period shall render the same approved.

280 The approved Ordinance together with the SMV shall be published by the concerned
281 local government unit in a newspaper of local circulation once a week for two consecutive
282 weeks: *Provided, however,* That in provinces, cities and municipalities where there are no

newspapers of local circulation, the same shall be posted in the provincial capitol, city or municipal hall and in two (2) other conspicuous public places therein. A list of LGUs whose SMVs have been approved shall be posted in the BLGF official website.

SEC. 15. Use of Schedule of Market Values. – The SMV as approved by the BLGF shall be used for the general revision of real property assessments in local government units, as basis for the determination of real property related taxes imposed by national government agencies, and as benchmark for real property appraisal for other purposes. For purposes of computing any internal revenue tax, the BIR Commissioner shall adopt the SMV or the actual price in consideration as stated in real property transaction documents, whichever is higher.

Notwithstanding the provisions of existing laws to the contrary, the SMV shall cease as basis for the determination of national and local real property related taxes after five (5) years from the effectivity of its enacting Ordinance.

SEC. 16. Revision of Schedule of Market Values. – The BLGF shall formulate the program for the regular revision of SMVs. All provincial assessors together with the municipal assessors, and city assessors, including the municipal assessor in Metro Manila, shall undertake a revision of their respective SMVs within two (2) years from the effectivity of this Act. Thereafter, they shall undertake a general revision of SMVs and property assessments not earlier than three (3) years from the date of last revision, but not later than five (5) years.

In case of any significant change in the market where the property is located after the said SMVs have been approved and prior to its next revision, or where correction of errors and inequalities in any SMV is deemed necessary, the provincial assessors together with the municipal assessors, and city assessors, including the municipal assessor in Metro Manila, may recommend to the BLGF Executive Director revisions to their existing SMV. Such revision/s shall be subject to review and approval by the BLGF Executive Director within ninety days (90) from the date of receipt thereof.

SEC. 17. Conduct of Capacity Building Interventions. – For the effective implementation of this Act, the BLGF shall develop and conduct the necessary trainings for all local assessors and other local officials/staff on the preparation of SMV in accordance with internationally accepted valuation standards, concepts, principles and practices; conduct of SMV impact studies; preparation of compliance reports, and other subject areas to ensure the effective implementation of this Act.

Chapter 2

Development and Maintenance of Real Property Database

SEC. 18. Development of Real Property Database. – The BLGF shall develop and maintain an up-to-date electronic database of the sale, exchange, lease, mortgage, donation and all other real property transactions in the country and on the cost of construction or renovation of buildings and other structures, and on prices of machinery. For this purpose, the BLGF is hereby authorized to require the mandatory submission of necessary documents

from the concerned officials or employees of national government offices or instrumentalities, local government units, and the private sector. The updated database shall be made available to the local government units, national government agencies, and the private sector as well.

SEC. 19. Duty of Register of Deeds to Supply Assessors of Real Property Transactions Data. – The Register of Deeds shall prepare and submit to the provincial and city assessors, including the municipal assessor in Metro Manila, an abstract of his/her registry every three (3) months and copies of all contracts selling, transferring or otherwise converting, leasing, or mortgaging real property registered by him/her every end of the month. The abstract shall include brief but sufficient description of the real properties entered therein, their present owners, and the dates of their most recent transfer or alienation accompanied by copies of corresponding deeds of sale, donation, or partition or other forms of alienation.

SEC. 20. Duty of Official Issuing Building Permits or Certificates of Registration of Machinery to Transmit Copy to the Assessor. – Any public official or employee who may now or hereafter be required by law or regulation to issue to any person a permit for the construction, addition, repair, or renovation of a building, or permanent improvement on land, or a certificate of registration for any machinery, including machines, mechanical contrivances, and apparatus attached or affixed on land or to another real property, shall transmit a copy of such permit or certification within thirty (30) days of its issuance, to the assessor of the province, city or municipality where the property is situated.

SEC. 21. Duty of Geodetic Engineers to Furnish Copy of Plans to Assessor. – It shall be the duty of all geodetic engineers, public or private, to furnish free of charge, the assessor of the province, city or municipality where the land is located, a copy of the blue or white print of each of all approved original subdivision plans or maps of surveys, duly signed by a Senior Geodetic Engineer, executed by them every end of the month from receipt of such approved plans from the Land Management Bureau (LMB), the Land Registration Authority (LRA), or the Housing and Land Use Regulatory Board (HLURB), as the case may be.

SEC. 22. Duty of Assessors to Transmit Documents to the BLGF. – It shall be the duty of the assessors to transmit to the concerned BLGF Regional Office all real property transactions data from the Register of Deeds, official issuing building permit and geodetic engineers within one (1) month after the receipt of such data. The BLGF's Regional Office shall record, process and make a summary report of the real property data, and submit the same to the BLGF Central office within one (1) month from receipt of such data.

Chapter 3

Appointment and Qualifications of Assessors

370 **SEC. 23. *Appointment of Assessors.*** – Notwithstanding the provisions of existing
371 laws to the contrary, appointments of provincial, city, and municipal assessors and assistant
372 assessors shall be in accordance with the following guidelines:

373 (a) In the case of provincial and assistant provincial assessors and city and assistant
374 city assessors, appointee shall be chosen from the list of at least three (3) ranking
375 eligible recommendees suitable and qualified for appointment within the region;

376 (b) In the case of municipal and assistant municipal assessors, appointee shall be
377 chosen from the list of at least three (3) ranking eligible recommendees suitable
378 and qualified for appointment within the province; and

379 (c) In the case of city and assistant city assessors and municipal and assistant
380 municipal assessors for Metro Manila, appointee shall be chosen from the list of at
381 least three (3) ranking eligible recommendees suitable and qualified for
382 appointment within the Metro Manila.

383 The assessors shall be under the technical supervision of the BLGF, primarily through
384 a system of compliance reporting and provision for education and training for capacity
385 building.

386 **SEC. 24. *Qualifications of Local Government Assessors.*** – No person shall be
387 appointed assessor or assistant assessor unless such person is a citizen of the Philippines, a
388 resident of the region for a provincial or city assessor/assistant assessor and of the province
389 for a municipal assessor/assistant assessor, a registered and licensed appraiser, of good moral
390 character, and must have an experience in real property valuation or assessment work or in
391 any suitable field for at least five (5) years in the case of the provincial or city assessor and
392 three (3) years in the case of the municipal assessor.

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395 **ARTICLE IV**
396 **PENAL PROVISIONS**

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398 **SEC. 25. *Failure to Comply with the Required Submission of Documents.*** – Any
399 government official or employee who fails without justifiable reason to provide or furnish
400 data or information required pursuant to Sections 18, 19, 20, 21, and 22 of this Act shall be
401 punished by a maximum fine equivalent to the official's or employee's six (6) months basic
402 salary or suspension from service for a period not exceeding one (1) year, or both, at the
403 discretion of the competent authority.

404
405 **SEC. 26. *Failure to Comply with the Valuation Standards.*** – An assessor who, for
406 unjustifiable reasons, fails to comply with the valuation standards developed and adopted
407 pursuant to this Act, or deliberately concealed any deviations or departures from such
408 standards in the valuation/appraisal of real property, shall be punished by a maximum fine
409 equivalent to the official's or employee's six (6) months basic salary, and suspension from
410 the government service.

412 **SEC. 27. *Failure to Prepare Schedule of Market Values.*** – An assessor who, for
413 unjustifiable reasons, intentionally or deliberately refuses or fails to prepare the SMVs within
414 the period set forth in this Act shall be meted the maximum fine equivalent to the official's or
415 employee's six (6) months basic salary, or by suspension from government service for not
416 more than one (1) year, or both, at the discretion of the competent authority.

417
418 **SEC. 28. *Violations of Other Provisions.*** – Any person, whether natural or juridical,
419 who violates any provision of this Act other than those punishable under Sections 25, 26, and
420 27 hereof shall, when warranted, be dealt with under applicable existing laws.

421
422 **SEC. 29. *Taxpayers' Remedies in Case of Erroneous Assessments of Real***
423 ***Properties.*** – The provisions of Sections 226 (Local Board of Assessment Appeals) and 229
424 (Action by the Local Board of Assessment Appeals) of Republic Act No. 7160, otherwise
425 known as The Local Government Code of 1991 shall apply in all cases of appeals as remedies
426 for the taxpayers in the assessment of their properties.

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429 **ARTICLE V**
430 **TRANSITORY PROVISIONS**

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432 **SEC. 30. *Transitory Guidelines.*** – (a) Local government units which are in the process of
433 revising their SMVs, upon the effectivity of this Act, shall continue with such revisions in
434 accordance with Section 16 of this Act: *Provided, That* proper notification and coordination
435 with the BLGF shall be undertaken.

436 (b) In case the SMV is not yet available or revised, the BIR Commissioner shall adopt
437 the existing SMV, zonal values or the actual price in consideration as stated in real property
438 transaction documents, whichever is higher, for purposes of computing any internal revenue
439 tax.

440
441 **SEC. 31. *Saving Clause.*** – The zonal values as determined by the BIR and approved
442 by the Secretary of Finance for internal revenue tax purposes and the SMVs prepared by the
443 provincial assessors together with the municipal assessors, and city assessors, including the
444 municipal assessors of Metro Manila, that have been approved by their respective
445 *Sanggunians* for real property taxation purposes shall continue to be in force and effect until
446 repealed, superseded, modified, revised, set aside, or replaced by the values provided under
447 the new SMVs as approved in accordance with Section 16 of this Act, which shall be within
448 two (2) years upon the effectivity of this Act.

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451 **ARTICLE VI**
452 **FUNDING REQUIREMENTS**

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454 **SEC. 32. *Budgetary Requirements for Revision of Schedule of Market Values.*** –
455 Each local *Sanggunian* shall appropriate the necessary funds either from locally generated

revenues, the Internal Revenue Allotment (IRA), or other possible sources every fiscal year. The accumulated amount so appropriated shall be known as the Real Property Tax Administration Fund (RPTAF) which shall be used to ensure the proper implementation of the regular revisions of the SMVs and general revision of property assessments, and the administration of real property taxes in all local government units.

SEC. 33. Appropriations. – The amount necessary for the initial implementation of this Act shall be charged against the current appropriations of the BLGF. Thereafter, such sum for the continuing operations and the proper implementation of this Act shall be included in the annual General Appropriations Act.

ARTICLE VII MISCELLANEOUS PROVISIONS

SEC. 34. Implementing Rules and Regulations (IRR). – Within six (6) months after the effectivity of this Act, the DOF, upon conducting consultations with concerned parties, shall issue the IRR for the effective implementation of this Act.

SEC. 35. Suppletory Application of Existing Laws. – The provisions of Republic Act No. 7160, otherwise known as the Local Government Code of 1991, and other laws consistent with this Act shall have suppletory effect.

SEC. 36. Repealing Clause. – (a) Section 6(E) of Republic Act No. 8424, otherwise known as the National Internal Revenue Code (NIRC), as amended, and Sections 199(I), 201, 209(a), 212, 214, 219, 224(a), 472(a) par 1, and 473(a) par 1 of Republic Act No. 7160, otherwise known as the Local Government Code (LGC) of the Philippines, are hereby repealed;

(b) Sections 19, 135(a), 138, 198(a)(g)(h)(I), 202, 218 par 1(b), 220, 443(d), 444(b)(1)(v), 454(d), 455(b)(1)(v), 463(d), and 465(b)(1)(v), 472(b)(8) of the LGC, and Section 88(B) of the NIRC are hereby modified accordingly;

(c) All laws, presidential decrees, executive orders, presidential proclamations, rules and regulations or parts thereof contrary to or inconsistent with this Act are hereby repealed, superseded or modified accordingly.

SEC. 37. Separability Clause. – Any portion or provision of this Act that may be declared unconstitutional or invalid shall not have the effect of nullifying other portions or provisions hereof, as long as such remaining portions or provisions can still subsist and be given effect in their entirety.

SEC. 38. Effectivity. – This Act shall take effect fifteen (15) days after its complete publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,