

Republic of the Philippines
House of Representatives
Quezon City

FIFTEENTH CONGRESS
Second Regular Session



COMMITTEE REPORT NO. 2059

Submitted by the Committees on Government Reorganization and Appropriations on
21 MAR 2012;

Re: House Bill No. 6044

Recommending its approval in substitution of House Bill Nos. 212, 1164, 4400, 4610, and 4687;

Sponsors: Reps. Jalosjos and Abaya

Mr. Speaker:

The Committees on Government Reorganization and Appropriations, to which were referred House Bill No. 212, introduced by Representative Neptali M. Gonzales II, entitled:

"AN ACT
INSTITUTING REFORMS IN THE REAL PROPERTY VALUATION AND
ASSESSMENT PRACTICES IN THE PHILIPPINES AND FOR OTHER PURPOSES"

House Bill No. 1164, introduced by Representative Rodolfo G. Biazon, entitled:

"AN ACT
INSTITUTING REFORMS IN REAL PROPERTY VALUATION IN THE PHILIPPINES,
ESTABLISHING THE NATIONAL VALUATION AUTHORITY AND APPROPRIATING
FUNDS THEREFOR"

House Bill No. 4400, introduced by Representative Mel Senen S. Sarmiento, entitled:

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

House Bill No. 4610, introduced by Representatives Diosdado Macapagal Arroyo and Gloria Macapagal-Arroyo, entitled:

"AN ACT
INSTITUTIONALIZING REFORMS IN REAL PROPERTY APPRAISAL AND
ASSESSMENT PRACTICES IN THE PHILIPPINES, CREATING FOR THE PURPOSE
THE NATIONAL APPRAISAL AUTHORITY AND FOR OTHER PURPOSES"

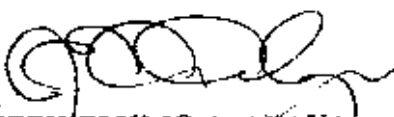
and House Bill No. 4687, introduced by Representatives Rufus B. Rodriguez and Maximo B. Rodriguez, Jr., entitled:

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

6044

have considered the same and recommend that the attached House Bill No. _____ entitled "AN ACT INSTITUTING REFORMS IN REAL PROPERTY VALUATION AND ASSESSMENT IN THE PHILIPPINES, REORGANIZING THE BUREAU OF LOCAL GOVERNMENT FINANCE, AND APPROPRIATING FUNDS THEREFOR" be approved in substitution of House Bill Nos. 212, 1164, 4400, 4610, and 4687 with Representatives Neptali M. Gonzales II, Rodolfo G. Biazon, Mel Senen S. Sarmiento, Diosdado Macapagal Arroyo, Gloria Macapagal-Arroyo, Rufus B. Rodriguez, Maximo B. Rodriguez Jr., Jorge T. Almonte, Julieta R. Cortuna, and David L. Kho as authors thereof.

Respectfully submitted:


JOSEPH EMILIO A. ARAYA
Chairman
Committee on Appropriations


CESAR G. BALOSJOS
Chairman
Committee on Government Reorganization

THE HONORABLE SPEAKER
HOUSE OF REPRESENTATIVES
Quezon City

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

FIFTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. **6044**
(In Substitution of H.B. Nos. 212, 1164, 4400, 4610, and 4687)

INTRODUCED BY THE HONORABLES NEPTALI M. GONZALES II, RODOLFO G. BIAZON, MEL SENEN S. SARMIENTO, DIOSDADO MACAPAGAL ARROYO, GLORIA MACAPAGAL-ARROYO, RUFUS B. RODRIGUEZ, MAXIMO B. RODRIGUEZ JR., CESAR G. JALOSJOS, JOSEPH EMILIO A. ABAYA, JORGE T. ALMONTE, JULIETA R. CORTUNA, AND DAVID L. KHO

AN ACT INSTITUTING REFORMS IN REAL PROPERTY VALUATION AND ASSESSMENT 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 **SECTION 1. *Short Title.*** – This Act shall be known as the "THE REAL PROPERTY
2 **VALUATION AND ASSESSMENT REFORM ACT OF 2012 ."**

3
4 **ARTICLE I**

5 **DECLARATION OF STATE POLICY AND OBJECTIVES,**
6 **AND DEFINITION OF TERMS**

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

- 11 (a) Promote the fiscal autonomy of local governments to provide basic services to their
12 constituency by enhancing their capacity to generate local revenues from real
13 property;

- 1 (b) Establish and maintain valuation standards to govern the valuation of real property in
2 the country;
- 3 (c) Adopt market value as the single real property valuation base for the assessment of
4 real property related taxes in the country, and for valuing or appraising real property
5 for various transactions by all government agencies;
- 6 (d) Separate the function of valuing or appraising of real properties from the functions of
7 tax policy and administering the taxes due thereon;
- 8 (e) Support the development and professionalization of the valuation and appraisal
9 practice in the country pursuant to Republic Act No. 9646, otherwise known as "The
10 Real Estate Service Act of the Philippines;"
- 11 (f) Provide a comprehensive and up-to-date electronic database of all real property
12 transactions;
- 13 (g) Support the development of a "body of knowledge" on valuation by continuing
14 research and monitoring of new developments in the valuation discipline for
15 upgrading the country's valuation and keeping it abreast with global developments;
16 and
- 17 (h) Ensure transparency in real property transactions to protect the public and develop
18 confidence in the work of appraisers and assessors.

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

- 20 (a) **Appraiser** refers to a natural person who conducts valuation and appraisal;
21 specifically, one who possesses the necessary qualifications, license, ability, and
22 experience to execute or direct the valuation and appraisal of real property; also
23 known as valuer.
- 24 (b) **Assessor** refers to an official in the local government unit who is a licensed appraiser,
25 who performs appraisal and assessment of real properties including plant, machinery
26 and equipment, essentially for taxation and other purposes. This definition also
27 includes assistant assessors.
- 28 (c) **Building** refers to a man-made structure permanently attached to land for residential,
29 commercial, industrial, recreational or other purposes.
- 30 (d) **Improvements** refer to a valuable addition made to a property or an amelioration in
31 its condition, amounting to more than a mere repair or replacement of parts involving
32 capital expenditures and labor, which is intended to enhance its value, beauty or
33 utility or to adapt it for new or further purposes.

- 1 (e) **Land** refers to one of the major factors of production consisting sometimes of a
2 material economic good, which is supplied by nature without the aid of man. Land
3 may include not only the earth surface, both land and water, but also anything that is
4 attached to the earth's surface. Thus, all natural resources in their original state, such
5 as mineral deposits, wildlife, timber, and fish, are land within the technical meaning
6 of the term; so also are sources of energy, outside of man himself, such as water, coal
7 deposits, and the natural fertility of the soil.
- 8 (f) **Machinery** refers to machines, equipment, mechanical contrivances, instruments,
9 appliances or apparatus which may or may not be attached, permanently or
10 temporarily, to the real property. It includes the physical facilities for production, the
11 installations and appurtenant service facilities, those which are mobile, self-powered
12 or self-propelled and those not permanently attached to the real property which are
13 actually, directly and exclusively used to meet the needs of the particular industry,
14 business or activity and which by their very nature and purpose are designed for, or
15 necessary to its manufacturing, mining, logging, commercial, industrial or agricultural
16 purposes.
- 17 (g) **Market Value** refers to the estimated amount for which a property should exchange
18 on the date of valuation between a willing buyer and a willing seller in an arm's
19 length transaction (a transaction between independent, unrelated parties involving no
20 irregularity) after proper marketing wherein the parties had each acted
21 knowledgeably, prudently, and without compulsion.
- 22 (h) **Private appraisal sector** refers to licensed non-governmental real estate service
23 practitioners who have been active in the practice of real estate appraisal for the last
24 five (5) years.
- 25 (i) **Real Estate** refers to the land and all those items that are attached to the land. It is the
26 physical, tangible entity, together with all the additions or improvements on, above or
27 below the ground.
- 28 (j) **Real Property** refers to all the rights, interests, and benefits related to the ownership
29 of real estate, plant, machinery, and equipment.
- 30 (k) **Schedule of Market Values**, hereinafter referred to as SMV, refers to a table of base
31 unit market values for all kinds of real properties, except machinery, within a local
32 government unit prepared by assessors pursuant to existing laws, rules and
33 regulations.

1 (i) **Special Purpose Property** refers to a property that is designed, constructed and
2 developed for a specific use or purpose. By its very nature, this type of property is
3 rarely offered for sale in the open market except as part of a going concern. Because
4 of the special design and function, conversion of special purpose properties to other
5 types of development or application is generally not economically feasible.

6 (m) **Valuation and appraisal** refers to the systematic and analytic determination and
7 recording of property facts, circumstances, investments, and investigation of other
8 relevant data resulting in a supportable estimate and opinion of value or a professional
9 conclusion based upon supporting data, logical analysis and judgment as of a specific
10 date and for a specific purpose.

11 12 **ARTICLE II**

13 **STRENGTHENING THE BUREAU OF LOCAL GOVERNMENT FINANCE**

14 **Chapter 1**

15 **BLGF Central Operations**

16 **SEC. 4. *Role of the Bureau of Local Government Finance.*** – The Bureau of Local
17 Government Finance (BLGF), through the Real Property Valuation Service (RPVS) as
18 hereinafter established, shall lead and manage the implementation of the provisions of this
19 Act. The BLGF shall have the following powers and functions:

20 (a) Develop, adopt, and maintain valuation standards consistent with generally accepted
21 valuation standards, regulations and specifications for real property appraisal used for
22 tax and other purposes, and ensure compliance therewith by local government units
23 and other concerned parties;

24 (b) Review for compliance with the real property valuation policies and standards and
25 recommend for approval of the Secretary of Finance the Schedule of Market Values
26 (SMVs) as prepared by the provincial assessors together with municipal assessors,
27 and city assessors, including the municipal assessor in Metro Manila, for tax, both
28 local and national, and for other purposes;

29 (c) Provide technical assistance on real property appraisal matters to government
30 agencies and instrumentalities, and coordinate or conduct the valuation and appraisal
31 of special purpose properties, when requested;

32 (d) Provide leadership and policy directions to local government units on real property
33 valuation and appraisal for taxation and other purposes, including the development
34 and maintenance of valuation standards, the regulation of valuation and appraisal

- 1 activities and other related matters, and the promotion of valuation and appraisal
2 training and seminars;
- 3 (e) Maintain a roster of licensed local government appraisers and assessors;
- 4 (f) Develop and maintain a comprehensive and up-to-date electronic database of real
5 property transactions and prices of materials for buildings, machinery, and other
6 structures;
- 7 (g) Conduct continuing study and research on valuation, and maintain an information
8 base on current global and country trends and developments in real property valuation
9 and appraisal;
- 10 (h) Determine, fix, and collect reasonable amounts to be charged as administration fees,
11 fines, and penalties relative to the implementation of this Act; and
- 12 (i) Perform such other functions as are necessary, proper, and incidental to implement the
13 provisions of this Act.

14 **SEC. 5. *Establishment of the Real Property Valuation Service.*** – To achieve the policy
15 and objectives declared in this Act, there shall be established the Real Property Valuation
16 Service, hereinafter referred to as the RPVS, within the Bureau of Local Government
17 Finance.

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

- 22 (a) Develop and implement policies, plans, programs, and operating standards for the
23 attainment of the objectives of this Act;
- 24 (b) Provide policy directions and leadership in all aspects of valuation and appraisal and
25 their implementation in the regional offices;
- 26 (c) Recommend to the Secretary of Finance the approval of the Schedule of Market
27 Values (SMVs) prepared by the provincial assessors together with municipal
28 assessors, and city assessors, including the municipal assessor in Metro Manila, for
29 tax and other purposes;
- 30 (d) Advise and assist other government agencies on matters pertaining to real property
31 valuation and appraisal; and
- 32 (e) Perform such other functions as may be provided by law, or required in pursuance of
33 this Act.

1 **SEC. 7. Consultations with Concerned Agencies and Sectors.** – (a) A Central
2 Consultative Committee shall be created, chaired by the BLGF Executive Director and
3 composed of a representative each from the:

- 4 1. Bureau of Internal Revenue (BIR);
- 5 2. Department of Environment and Natural Resources (DENR);
- 6 3. Bangko Sentral ng Pilipinas (BSP);
- 7 4. National organization of government assessors;
- 8 5. National organization of appraisers in national government agencies;
- 9 6. Private appraisal sector; and
- 10 7. Union of Local Authorities of the Philippines (ULAP).

11 (b) The member-representatives from the BIR, DENR, and BSP must be performing
12 valuation-related functions. The national organization of government assessors, the
13 private sector, and the ULAP shall be represented by their respective heads of
14 organizations.

15 (c) The Chairperson and members of the Committee shall not receive additional salary
16 for the performance of their functions. Members of the consultative committee who
17 are not incumbent government officials or employees shall be entitled to *honoraria*,
18 pursuant to existing laws and regulations.

19 (d) The Committee shall meet at the initiation of the Chairperson at least once every
20 semester, and shall have as many meetings as the Chairperson may deem necessary
21 for the adoption of valuation standards.

22 **SEC. 8. Functions of the Central Consultative Committee.** – The Central Consultative
23 Committee shall serve as the consultative forum on matters pertaining to the setting, adoption
24 and maintenance of the valuation standards.

25 Chapter 2

26 BLGF Regional Operations

27 **SEC. 9. Role of the BLGF Regional Offices.** – The BLGF Regional Offices, through the
28 Regional Director, shall be responsible for all matters relating to valuation and appraisal and
29 the SMVs in the region, such as:

- 30 (a) Implementation of the provisions of this Act and related policies, plans, programs,
31 rules and regulations on real property valuation or appraisal of local government units
32 in the region;

- 1 (b) Review and endorsement to the BLGF Executive Director of the proposed SMVs
2 prepared by the provincial assessors together with the municipal assessors, and city
3 assessors within the region;
- 4 (c) Provision for economical, efficient, and effective service relating to the
5 implementation of the provisions of this Act in the region;
- 6 (d) Coordination and consultation with regional offices of other government departments,
7 bureaus, and agencies within the region dealing with real property valuation and
8 appraisal;
- 9 (e) Provision for leadership and policy direction in the area of real property valuation and
10 appraisal to local government units in the region;
- 11 (f) Adoption and maintenance of a comprehensive and up-to-date regional electronic
12 database of all regional real property-related transactions, and have custody of all
13 transaction records submitted by local government assessors; and
- 14 (g) Performance of other functions as may be assigned by the BLGF Executive Director.

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

- 18 1) Bureau of Internal Revenue - Regional Office;
19 2) Department of Environment and Natural Resources - Regional Office;
20 3) Regional organization of government assessors;
21 4) Regional organization of national government appraisers;
22 5) Private appraisal sector within the region; and
23 6) Bankers association within the region.

24 (b) The members of the Regional Consultative Committee must be performing valuation
25 and appraisal related functions. Representatives from the regional organization of
26 government assessors, private appraisal sector, and banking association within the
27 region shall be represented by the head of their respective regional organization.

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

31 **SEC. 11. *Functions of the Regional Consultative Committee.*** – The Regional
32 Consultative Committee shall serve as the consultative forum in the region for discussion on
33 developments in the local real property market; concerns of taxpayers, civil society, and other
34 stakeholders; outcome of Compliance Reporting in the region; level of complaints and

1 appeals; local government unit training in the region; appraisal and assessment concerns in
2 general; and other matters as may be determined by the Committee.

4 ARTICLE III

5 VALUATION AND APPRAISAL OF REAL PROPERTIES

6 Chapter 1

7 Valuation Standards and Market Values

8 **SEC. 12. *Development of Valuation Standards.*** – Notwithstanding the provisions of
9 existing laws to the contrary, the BLGF shall develop, adopt, maintain and implement
10 uniform valuation standards which shall be used by all appraisers and assessors in the local
11 government units and other concerned parties in appraising or valuing lands, buildings,
12 machinery and other real properties for taxation and other purposes. The valuation standards
13 shall conform with generally accepted international valuation standards and principles.

14 **SEC. 13. *Valuation and appraisal of Real Property.*** – For valuation purposes, all real
15 properties, whether taxable or exempt, shall be valued or appraised at the market value
16 prevailing in the locality where the property is situated, in conformity with the valuation
17 standards adopted under this Act. The BLGF shall promulgate the rules and regulations for
18 the valuation and appraisal of real property pursuant to the provisions of this Act. It shall
19 provide leadership in ensuring rationalized valuation of real properties transcending political
20 boundaries.

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

25 **SEC. 14. *Preparation of Schedule of Market Values.*** . . Provincial assessors together
26 with municipal assessors, and city assessors, including the municipal assessor in Metro
27 Manila, shall prepare the SMVs for the different classes of real property situated within their
28 respective local government units, pursuant to the valuation standards, rules, regulations and
29 other specifications set by the DOF and the BLGF. The said SMVs shall be submitted by the
30 assessor concerned to the BLGF Regional Office for review and compliance with other
31 requirements not later than the thirty-first (31st) day of October of the immediately preceding
32 calendar year that the general revision of real property assessments was undertaken. A copy
33 thereof shall be furnished the concerned *Sanggunian* and the provincial governor or the city
34 mayor, as the case may be.

1 The said SMVs shall be reviewed by the BLGF Regional Office within thirty (30) days
2 upon receipt thereof, and shall then be submitted by the same to the BLGF Central Office.
3 Upon the recommendation of the BLGF Executive Director, the Secretary of Finance shall
4 approve the SMV within sixty (60) days from receipt of the same; otherwise, said schedule
5 shall be deemed approved.

6 The approved SMV shall be transmitted to the concerned assessor who shall confer with
7 the local chief executive regarding the said approved SMV. Likewise, the concerned assessor
8 shall submit to the local chief executive a tax impact report of the new SMV as against the
9 existing assessment levels and tax rates, and shall provide the *Sanggunian*, through the
10 Chairperson of the Committee on Ways and Means, a copy of such report. The local chief
11 executive shall transmit the approved SMV together with the tax impact report within fifteen
12 (15) days from receipt of the same to the *Sanggunian* for the enactment of an Ordinance
13 setting the appropriate assessment levels and tax rates. The concerned *Sanggunian* shall enact
14 such Ordinance, upon conduct of public hearings and proper consultation, within sixty (60)
15 days from receipt thereof; otherwise, the existing Ordinance on assessment levels and tax
16 rates shall remain in force and effect.

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

22 The approved Ordinance together with the SMV shall be published by the concerned
23 local government unit in a newspaper of local circulation once a week for two (2) consecutive
24 weeks: *Provided, however,* That in provinces, cities and municipalities where there are no
25 newspapers of local circulation, the same shall be posted in the provincial capitol, city or
26 municipal hall and in two (2) other conspicuous public places therein. A list of LGUs whose
27 SMVs have been approved shall be posted in the BLGF official website.

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

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

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

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

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

25 **Chapter 2**

26 **Development and Maintenance of Real Property Database**

27 **SEC. 18. *Development of Real Property Database.*** – The BLGF shall develop and
28 maintain an up-to-date electronic database of the sale, exchange, lease, mortgage, donation
29 and all other real property transactions in the country and on the cost of construction or
30 renovation of buildings and other structures, and on prices of machinery. For this purpose, the
31 BLGF is hereby authorized to require the mandatory submission of necessary documents
32 from the concerned officials or employees of national government offices or
33 instrumentalities, local government units, and the private sector. The updated database shall

1 be made available to the local government units, national government agencies, and the
2 private sector.

3 **SEC. 19. *Duty of Register of Deeds to Supply Assessors of Real Property Transactions***

4 **Data.** – The Register of Deeds shall prepare and submit to the provincial and city assessors,
5 including the municipal assessor in Metro Manila, an abstract of the entire registry every
6 three (3) months and copies of all contracts selling, transferring or otherwise converting,
7 leasing, or mortgaging real property registered every end of the month. The abstract shall
8 include brief but sufficient description of the real properties entered therein, their present
9 owners, and the dates of their most recent transfer or alienation accompanied by copies of
10 corresponding deeds of sale, donation, or partition or other forms of alienation.

11 **SEC. 20. *Duty of Official Issuing Building Permits or Certificates of Registration of***

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

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

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

Chapter 3

Appointment and Qualifications of Assessors

SEC. 23. Appointment of Assessors. – The local chief executive shall appoint the provincial, city, and municipal assessors and assistant assessors, as the case may be, in accordance with civil service law, rules and regulations and the following guidelines:

(a) ~~In the case of provincial and assistant provincial assessors and city and assistant city assessors,~~ appointee shall be chosen from the list of at least three (3) ranking eligible recommendees within the region, as endorsed by the DOF Secretary as suitable and qualified for appointment;

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

(c) In the case of city and assistant city assessors and municipal and assistant municipal assessors for Metro Manila, appointee shall be chosen from the list of at least three (3) ranking eligible recommendees within the Metro Manila, as endorsed by the DOF Secretary as suitable and qualified for appointment.

The assessors shall be under the technical supervision of the BLGF, primarily through a system of compliance reporting and of capacity building programs through education and training.

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

All incumbent assessors holding permanent appointments shall enjoy security of tenure and shall continue to perform their functions without the need for reappointment and without diminution of status, rank and salary grade. Those with temporary appointments are given the opportunity to qualify for permanent appointments as assessors for a period to be determined by the DOF upon the effectivity of this Act.

ARTICLE IV
PENAL PROVISIONS

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

SEC. 26. *Failure to Comply with the Valuation Standards.* – An assessor who, for unjustifiable reasons, fails to comply with the valuation standards developed and adopted pursuant to this Act, or deliberately conceals any deviations or departures from such standards in the valuation and appraisal of real property, shall be punished by a fine equivalent to the official's or employee's basic salary for a period of one (1) month to six (6) months, or by suspension from the government service for not more than one (1) year, or both, at the discretion of the competent authority.

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

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

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

ARTICLE V
TRANSITORY PROVISIONS

SEC. 30. *Transitory Guidelines.* – (a) Local government units which are in the process of revising their SMVs, upon the effectivity of this Act, shall continue with such revisions in

1 accordance with Section 16 of this Act: *Provided*, That proper notification and coordination
2 with the BLGF shall be undertaken.

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

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

15 16 **ARTICLE VI**

17 **FUNDING REQUIREMENTS**

18 **SEC. 32. *Budgetary Requirements for Revision of Schedule of Market Values.*** – Each
19 local *Sanggunian* shall appropriate the necessary funds from locally generated revenues, the
20 Internal Revenue Allotment (IRA), or such other sources every fiscal year. The accumulated
21 amount so appropriated shall be known as the Real Property Tax Administration Fund
22 (RPTAF) which shall be used for the proper implementation of the regular revision of the
23 SMVs and general revision of real property assessments, and the administration of real
24 property taxes in all local government units.

25 **SEC. 33. *Appropriations.*** – The amount necessary for the implementation of this Act
26 shall be included in the annual General Appropriations Act.

27 28 **ARTICLE VII**

29 **MISCELLANEOUS PROVISIONS**

30 **SEC. 34. *Implementing Rules and Regulations (IRR).*** – Within six (6) months after the
31 effectivity of this Act, the DOF, in consultation with concerned parties, shall issue the IRR
32 for the effective implementation of this Act.

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

4 **SEC. 36. *Separability Clause.*** – Any portion or provision of this Act that may be
5 declared unconstitutional or invalid shall not have the effect of nullifying other portions or
6 provisions hereof, as long as such remaining portions or provisions can still subsist and be
7 given effect in their entirety.

8 **SEC. 37. *Repealing Clause.*** – (a) Sections 19, 135(a), 138, 198(a), 199(g)(h)(1), 201,
9 202, 209(a), 212, 214, 218 par. 1 (b), 219, 220, 224(a), 443(d), 444(b)(1)(v), 454(d),
10 455(b)(1)(v), 463(d), 465(b)(1)(v), 472(a) par 1, 472(b)(8), and 473(a) par 1 of Republic Act
11 No. 7160, otherwise known as the Local Government Code (LGC) of the Philippines, are
12 hereby repealed;

13 (b) Sections 6(e), 24(D), 27(D)(5), Sections 88(b) and 102 of Republic Act No. 8424,
14 otherwise known as the Tax Reform Act of 1997, are hereby amended or modified
15 accordingly;

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

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

21 *Approved.*

House of Representatives Committee Affairs Department

FACT SHEET

House Bill Nos. 212, 1164, 4440, 4610 and 4687

REAL PROPERTY VALUATION AND ASSESSMENT REFORM ACT OF 2011

Introduced by: **HON. NEPTALI M. GONZALES II, RODOLFO G. BIAZON, MEL SENEN S. SARMIENTO, DISODADO MACAPAGAL ARROYO, GLORIA MACAPAGAL-ARROYO, RUFUS B. RODRIGUEZ and MAXIMO B. RODRIGUEZ, JR.**

Committee Referral: Committee on Government Reorganization (Primary)
Committee Chairperson: Rep. Cesar G. Jalosjos

Committee Referral: Committee on Appropriations (Secondary)
Committee Chairperson: Rep. Joseph Emilio A. Abaya

OBJECTIVES:

- To promote fiscal autonomy of local governments by enhancing their capacity to generate local revenues from real property.
- To ensure a uniform set of standards for valuation of land in the country.
- To remove the existence of multiple, unrealistic and corruption-prone system of land valuation
- To correct inefficiencies in the allocation and utilization of the land market

KEY PROVISIONS:

- Establishes the Real Property Valuation Service within the Bureau of Local Government Finance (BLGF) that shall develop and implement policies, plans, programs, and operating standards in all aspects of valuation and appraisal of real properties.
- Provides that the Service shall be headed by an Executive Director who shall recommend to the Secretary of Finance the approval of the Schedule of Market Values (SMVs) prepared by the provincial assessors together with municipal and city assessors, including the municipal assessor in Metro Manila, for tax and other purposes.
- Creates a Central Consultative Committee that shall serve as the consultation forum on matters pertaining to the setting, adoption, and maintenance of valuation standards.
- Provides that the BLGF shall develop and maintain an up-to-date electronic database of the sale, exchange, lease, and all other real property transactions in the country.

- Provides that the basis of taxation shall be the current market value prevailing in the locality where the property is located.

RELATED LAWS:

- R.A. No. 8424, National Internal Revenue Code (NIRC)
- R.A. No. 7160, Local Government Code
- R.A. No. 9646, Real Estate Service Act