

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS

First Regular Session

House Bill No. 1060



Introduced by Representative Neptali M. Gonzales II

EXPLANATORY NOTE

This bill seeks to institute reforms in the real estate property valuation and assessment practices in the Philippines.

Real property is considered the country's most important and biggest financial asset, however, the ineffective and inequitable land valuation and taxation system in the country caused huge losses in revenues, triggered informal property transactions, and affected the quality of governance, socio-economic development, and vibrancy of the real estate market in the country.

Philippine real property market is currently characterized by multiple systems of valuation appraised by the different National Government Agencies (NGAs), each using its own system and methodology. The situation is the same in the appraisal of Local Government Units (LGUs). LGUs prepare, legislate and implement their Schedules Market Values (SMVs) which is the basis of the assessment real estate tax. Hence, the same property is given different values depending on the nature and purpose of valuation. The process is not insulated from political influence as manifested, among others, in local officials allowing minimal, selective and subjective increases on valuations and the frequent deferment of the general revision of property assessments contrary to the provision of the Local Government Code requiring revisions every three (3) years. Valuations used by the LGUs are therefore outdated. The same can be said of valuations used by the Bureau of Internal Revenue (BIR) since there is no statutory requirement for it to revise zonal values.

The lack of a single agency responsible for property valuations and the use of multiple appraisal systems have resulted in the lack of uniformity and equity in real property appraisal in the country. This bill proposes the establishment of an appraisal authority, the National Valuation Authority (NVA), that will be responsible in regulating and overseeing the valuation and appraisal activities of real property in the country. The NVA is envisioned to maintain the integrity of real property appraisal in the country. Establishing uniform and internationally-accepted standards for the valuation of real property in the country and adopting the market value as a single real property valuation base for the assessment of real property taxes will address one of the flaws of our current valuation system. Ensuring equity in real property taxation by separating the valuation and assessment function from tax setting and political influence is also imperative.

An equitable, creditable transparent and impartial valuation of real property will result in broadening the taxation base of real property which will in turn result not only in improved revenue collection but also in foreign investors' confidence in the country's real property market.

In view of the foregoing considerations, approval of this proposed measure is earnestly requested.



NEPTALI M. GONZALES II

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

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

1 (a) Promote the fiscal autonomy of local governments to provide basic
2 services to their constituency by enhancing their capacity to generate local
3 revenues from real property;

4 (b) Establish and maintain valuation standards to govern the valuation
5 of real property in the country;

6 (c) Adopt market value as the single real property valuation base for the
7 assessment of real property-related taxes in the country, and for valuing or
8 appraising real property for various transactions by all government agencies;

9 (d) Separate the function of valuing or appraising of real properties from
10 the functions of tax policy and administering the taxes due thereon;

11 (e) Support the development and professionalization of the valuation
12 and appraisal practice in the country pursuant to Republic Act No. 9646,
13 otherwise known as the "Real Estate Service Act of the Philippines";

14 (f) Provide a comprehensive and up-to-date electronic database of all
15 real property transactions;

16 (g) Support the development of a "body of knowledge" on valuation by
17 continuing research and monitoring of new developments in the valuation
18 discipline for upgrading the country's valuation and keeping it abreast with
19 global developments; and

20 (h) Ensure transparency in real property transactions to protect the
21 public and develop confidence in the work of appraisers and assessors.

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

1 (a) *Appraiser* refers to a natural person who conducts valuation and
2 appraisal; specifically, one who possesses the necessary qualifications,
3 license, ability and experience to execute or direct the valuation and
4 appraisal of real property; also known as valuer.

5 (b) *Assessor* refers to an official in the local government unit (LGU) who
6 is a licensed appraiser, who performs appraisal and assessment of real
7 properties including plant, machinery and equipment, essentially for
8 taxation and other purposes. This definition also includes assistant
9 assessors.

10 (c) *Building* refers to a man-made structure permanently attached to
11 land for residential, commercial, industrial, recreational or other purposes.

12 (d) *Improvements* refer to a valuable addition made to a property or an
13 amelioration in its condition, amounting to more than a mere repair or
14 replacement of parts involving capital expenditures and labor, which is
15 intended to enhance its value, beauty or utility or to adapt it for new or
16 further purposes.

17 (e) *Land* refers to one of the major factors of production consisting
18 sometimes of a material economic good, which is supplied by nature without
19 the aid of man. Land may include not only the earth surface, both land and
20 water, but also anything that is attached to the earth's surface. Thus, all
21 natural resources in their original state, such as mineral deposits, wildlife,
22 timber and fish, are land within the technical meaning of the term; so also
23 are sources of energy, outside of man himself, such as water, coal deposits
24 and the natural fertility of the soil.

1 (f) *Machinery* refers to machines, equipment, mechanical contrivances,
2 instruments, appliances or apparatus which may or may not be attached,
3 permanently or temporarily, to the real property. It includes the physical
4 facilities for production, the installations and appurtenant service facilities,
5 those which are mobile, self-powered or self-propelled and those not
6 permanently attached to the real property which are actually, directly and
7 exclusively used to meet the needs of the particular industry, business or
8 activity and which by their very nature and purpose are designed for, or
9 necessary to its manufacturing, mining, logging, commercial, industrial or
10 agricultural purposes.

11 (g) *Market value* refers to the estimated amount for which a property
12 should exchange on the date of valuation between a willing buyer and a
13 willing seller in an arm's length transaction (a transaction between
14 independent, unrelated parties involving no irregularity) after proper
15 marketing wherein the parties had each acted knowledgeably, prudently and
16 without compulsion.

17 (h) *Private appraisal sector* refers to licensed nongovernmental real
18 estate service practitioners who have been active in the practice of real
19 estate appraisal for the last five (5) years.

20 (i) *Real estate* refers to the land and all those items that are attached to
21 the land. It is the physical, tangible entity, together with all the additions or
22 improvements on, above or below the ground.

23 (j) *Real property* refers to all the rights, interests and benefits related to
24 the ownership of real estate, plant, machinery and equipment.

1 (k) *Schedule of Market Values*, hereinafter referred to as SMV, refers to a
2 table of base unit market values for all kinds of real properties, except
3 machinery, within a local government unit prepared by assessors pursuant
4 to existing laws, rules and regulations.

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

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

17 **ARTICLE II**

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

19 **(BLGF)**

20 **Chapter 1**

21 **BLGF Central Operations**

22 **SEC. 4. Role of the BLGF.** – The Bureau of Local Government
23 Finance (BLGF), through the Real Property Valuation Service (RPVS) as
24 hereinafter established, shall lead and manage the implementation of the

1 provisions of this Act. The BLGF shall have the following powers and
2 functions:

3 (a) Develop, adopt and maintain valuation standards consistent with
4 generally accepted valuation standards, regulations and specifications for
5 real property appraisal used for tax and other purposes, and ensure
6 compliance therewith by the LGUs and other concerned parties;

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

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

16 (d) Provide leadership and policy directions to LGUs on real property
17 valuation and appraisal for taxation and other purposes, including the
18 development and maintenance of valuation standards, the regulation of
19 valuation and appraisal activities and other related matters, and the
20 promotion of valuation and appraisal training and seminars;

21 (e) Maintain a roster of licensed local government appraisers and
22 assessors;

1 (f) Develop and maintain a comprehensive and up-to-date electronic
2 database of real property transactions and prices of materials for buildings,
3 machinery and other structures;

4 (g) Conduct continuing study and research on valuation, and maintain
5 an information base on current global and country trends and developments
6 in real property valuation and appraisal;

7 (h) Determine, fix and collect reasonable amounts to be charged as
8 administration fees, fines and penalties relative to the implementation of
9 this Act; and

10 (i) Perform such other functions as are necessary, proper and
11 incidental to implement the provisions of this Act.

12 **SEC. 5. *Establishment of the Real Property Valuation Service.***

13 - To achieve the policy and objectives declared in this Act, there shall be
14 established the Real Property Valuation Service, hereinafter referred to as
15 the RPVS, within the BLGF.

16 **SEC. 6. *Responsibilities of the BLGF Executive Director.*** -

17 The BLGF Executive Director shall be responsible for the efficient and
18 effective performance of the responsibilities set forth in this Act and for the
19 overall internal management and governance of the RPVS.

20 For this purpose, the BLGF Executive Director shall:

21 (a) Develop and implement policies, plans, programs and operating
22 standards for the attainment of the objectives of this Act;

23 (b) Provide policy directions and leadership in all aspects of valuation
24 and appraisal and their implementation in the regional offices;

1 (c) Recommend to the Secretary of Finance the approval of the SMVs
2 prepared by the provincial assessors, together with municipal assessors,
3 and city assessors, including the municipal assessors in Metro Manila, for
4 tax and other purposes;

5 (d) Advise and assist other government agencies on matters pertaining
6 to real property valuation and appraisal; and

7 (e) Perform such other functions as may be provided by law or required
8 in pursuance of this Act.

9 **SEC. 7. Consultations with Concerned Agencies and Sectors.**

10 - (a) A Central Consultative Committee shall be created, chaired by the
11 BLGF Executive Director and composed of a representative each from the:

12 (1) Bureau of Internal Revenue (BIR);

13 (2) Department of Environment and Natural Resources (DENR);

14 (3) Bangko Sentral ng Pilipinas (BSP);

15 (4) National organization of government assessors;

16 (5) National organization of appraisers in national government
17 agencies;

18 (6) Private appraisal sector; and

19 (7) Union of Local Authorities of the Philippines (ULAP).

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

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

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

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

13 Chapter 2

14 BLGF Regional Operations

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

19 (a) The implementation of the provisions of this Act and related policies,
20 plans, programs, rules and regulations on real property valuation or
21 appraisal of LGUs in the region;

22 (b) Review and endorsement to the BLGF Executive Director of the
23 proposed SMVs prepared by the provincial assessors, together with the
24 municipal assessors and the city assessors within the region;

1 (c) Provision for economical, efficient and effective service relating to the
2 implementation of the provisions of this Act in the region;

3 (d) Coordination and consultation with regional offices of other
4 government departments, bureaus and agencies within the region dealing
5 with real property valuation and appraisal;

6 (e) Provision for leadership and policy direction in the area of real
7 property valuation and appraisal to LGUs in the region;

8 (f) Adoption and maintenance of a comprehensive and up-to-date
9 regional electronic database of all regional real property-related
10 transactions, and have custody of all transaction records submitted by the
11 local government assessors; and

12 (g) Performance of other functions as may be assigned by the BLGF
13 Executive Director.

14 **SEC. 10. The Regional Consultative Committee. -**

15 (a) There shall be a Regional Consultative Committee chaired by the
16 BLGF Regional Director and composed of a representative each from the:

17 (1) BIR - Regional Office;

18 (2) DENR - Regional Office;

19 (3) Regional organization of government assessors;

20 (4) Regional organization of national government appraisers;

21 (5) Private appraisal sector within the region; and

22 (6) Bankers association within the region.

23 (b) The members of the Regional Consultative Committee must be
24 performing valuation and appraisal-related functions. Representatives from

1 the regional organization of government assessors, private appraisal sector
2 and banking associations within the region shall be represented by the head
3 of their respective regional organization.

4 (c) The Committee shall meet at the initiation of the BLGF Regional
5 Director at least once every quarter and shall have as many meetings as the
6 BLGF Regional Director may deem necessary for the performance of its
7 functions.

8 **SEC. 11. *Functions of the Regional Consultative Committee.*** – The
9 Regional Consultative Committee shall serve as the consultative forum in
10 the region for discussion on developments in the local real property market;
11 concerns of taxpayers, civil society and other stakeholders; outcome of
12 compliance reporting in the region; level of complaints and appeals; LGU
13 training in the region; appraisal and assessment concerns in general; and
14 other matters as may be determined by the Committee.

15 **ARTICLE III**

16 **VALUATION AND APPRAISAL OF REAL PROPERTIES**

17 **Chapter 1**

18 **Valuation Standards and Market Values**

19 **SEC. 12. *Development of Valuation Standards.*** –
20 Notwithstanding the provisions of existing laws to the contrary, the BLGF
21 shall develop, adopt, maintain and implement uniform valuation standards
22 which shall be used by all appraisers and assessors in the LGUs and other
23 concerned parties in appraising or valuing lands, buildings, machinery and
24 other real properties for taxation and other purposes. The valuation

1 standards shall conform with generally accepted international valuation
2 standards and principles.

3 **SEC. 13. *Valuation and Appraisal of Real Property.*** - For
4 valuation purposes, all real properties, whether taxable or exempt, shall be
5 valued or appraised at the market value prevailing in the locality where the
6 property is situated, in conformity with the valuation standards adopted
7 under this Act. The BLGF shall promulgate the rules and regulations for the
8 valuation and appraisal of real property pursuant to the provisions of this
9 Act. It shall provide leadership in ensuring rationalized valuation of real
10 properties transcending political boundaries.

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

16 **SEC. 14. *Preparation of Schedule of Market Values.*** -
17 Provincial assessors, together with the municipal assessors and the city
18 assessors, including the municipal assessors in Metro Manila, shall prepare
19 the SMVs for the different classes of real property situated within their
20 respective LGUs, pursuant to the valuation standards, rules, regulations
21 and other specifications set by the Department of Finance (DOF) and the
22 BLGF. The said SMVs shall be submitted by the assessor concerned to the
23 BLGF Regional Office for review and compliance with other requirements not
24 later than the thirty-first (31st) day of October of the immediately preceding

1 calendar year that the general revision of real property assessments was
2 undertaken. A copy thereof shall be furnished the concerned sanggunian
3 and the provincial governor or the city mayor, as the case may be.

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

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

23 Upon the enactment by the sanggunian of an ordinance for the
24 assessment levels and tax rates, the local chief executive shall act within ten

1 (10) days, in the case of cities and the municipality in Metro Manila, or
2 within fifteen (15) days, in the case of provinces, to approve the same.
3 Failure of the concerned local chief executive to act on the ordinance within
4 the prescribed period shall render the same approved.

5 The approved ordinance, together with the SMV, shall be published by
6 the concerned LGU in a newspaper of local circulation once a week for two
7 (2) consecutive weeks: *Provided, however,* That in provinces, cities and
8 municipalities where there are no newspapers of local circulation, the same
9 shall be posted in the provincial capitol, city or municipal hall and in two (2)
10 other conspicuous public places therein. A list of LGUs whose SMVs have
11 been approved shall be posted in the BLGF official website.

12 **SEC. 15. Use of Schedule of Market Values.** – The SMV, as
13 approved by the Secretary of Finance, shall be used for the general revision
14 of real property assessments in LGUs as basis for the determination of real
15 property- related taxes imposed by national government agencies, and as
16 benchmark for real property appraisal for other purposes. For purposes of
17 computing any internal revenue tax, the BIR Commissioner shall adopt the
18 SMV or the actual gross selling price in consideration, as stated in real
19 property transaction documents, whichever is higher.

20 Notwithstanding the provisions of existing laws to the contrary, the
21 SMV shall cease as basis for the determination of national and local real

1 property related taxes after five (5) years from the effectivity of its enacting
2 ordinance.

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

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

21 **SEC. 17. *Conduct of Capacity Building Interventions.*** – For the
22 effective implementation of this Act, the BLGF shall develop and conduct the
23 necessary trainings for all local assessors and other local officials/staff on
24 the preparation of the SMV in accordance with internationally accepted

1 valuation standards, concepts, principles and practices; conduct of SMV
2 impact studies; preparation of compliance reports, and other subject areas
3 to ensure the effective implementation of this Act.

4 **Chapter 2**

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

6 **SEC. 18. *Development of Real Property Database.*** – The BLGF
7 shall develop and maintain an up-to-date electronic database of the sale,
8 exchange, lease, mortgage, donation and all other real property transactions
9 in the country and on the cost of construction or renovation of buildings and
10 other structures, and on prices of machinery. For this purpose, the BLGF is
11 hereby authorized to require the mandatory submission of necessary
12 documents from the concerned officials or employees of national government
13 offices or instrumentalities, LGUs and the private sector. The updated
14 database shall be made available to the LGUs, national government agencies
15 and the private sector.

16 **SEC. 19. *Duty of Register of Deeds to Supply Assessors of Real***
17 ***Property Transactions Data.*** – The Register of Deeds shall prepare and
18 submit to the provincial and city assessors, including the municipal
19 assessor in Metro Manila, an abstract of the entire registry every three (3)
20 months and copies of all contracts selling, transferring or otherwise
21 converting, leasing or mortgaging real property registered every end of the
22 month. The abstract shall include brief but sufficient description of the real
23 properties entered therein, their present owners and the dates of their most

1 recent transfer or alienation accompanied by copies of corresponding deeds
2 of sale, donation or partition or other forms of alienation.

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

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

22 **SEC. 22. *Duty of Assessors to Transmit Documents to the***
23 ***BLGF.*** – It shall be the duty of the assessors to transmit to the concerned
24 BLGF Regional Office all real property transactions data from the Register of

1 Deeds and the names of the official issuing the building permit and those of
2 the geodetic engineers within one (1) month after the receipt of such data.
3 The BLGF Regional Office shall record, process and make a summary report
4 of the real property data and submit the same to the BLGF Central office
5 within one (1) month from receipt of such data.

6 **Chapter 3**

7 **Appointment and Qualifications of Assessors**

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

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

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

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

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

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

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

19 **ARTICLE IV**

20 **PENAL PROVISIONS**

21 **SEC. 25. Failure to Comply with the Required Submission of**
22 **Documents.** – Any government official or employee who fails without
23 justifiable reason to provide or furnish data or information required
24 pursuant to Sections 19, 20, 21 and 22 of this Act shall be punished by a

1 fine equivalent to the official's or employee's six (6) months basic salary or
2 suspension from the service for a period not exceeding one (1) year, or both,
3 at the discretion of the competent authority.

4 **SEC. 26. Failure to Comply with the Valuation Standards. -**

5 An assessor who, for unjustifiable reasons, fails to comply with the
6 valuation standards developed and adopted pursuant to this Act, or
7 deliberately conceals any deviation or departure from such standards in the
8 valuation and appraisal of real property, shall be punished by a fine
9 equivalent to the official's or employee's basic salary for a period of one (1)
10 month to six (6) months, or by suspension from government service for not
11 more than one (1) year, or both, at the discretion of the competent authority.

12 **SEC. 27. Failure to Prepare the Schedule of Market Values. -**

13 An assessor who, for unjustifiable reasons, intentionally or deliberately
14 refuses or fails to prepare the SMVs within the period set forth in this Act
15 shall be meted a fine equivalent to the official's or employee's basic salary for
16 a period of one (1) month to six (6) months, or by suspension from
17 government service for not more than one (1) year, or both, at the discretion
18 of the competent authority.

19 **SEC. 28. Violations of Other Provisions. -** Any person, whether

20 natural or juridical, who violates any provision of this Act other than those
21 punishable under Sections 25, 26 and 27 hereof shall, when warranted, be
22 dealt with under applicable existing laws.

23 **SEC. 29. Taxpayers' Remedies in Case of Erroneous**

24 **Assessments of Real Properties. -** The provisions of Sections 226 (Local

1 Board of Assessment Appeals) and 229 (Action by the Local Board of
2 Assessment Appeals) of Republic Act No. 7160, otherwise known as The
3 "local Government Code of 199", shall apply in all cases of appeals as
4 remedies for the taxpayers in the assessment of their properties.

5 **ARTICLE V**

6 **TRANSITORY PROVISIONS**

7 **SEC. 30. *Transitory Guidelines.*** - (a) LGUs which are in the
8 process of revising their SMVs, upon the effectivity of this Act, shall continue
9 with such revisions in accordance with Section 16 of this Act: *Provided, That*
10 proper notification and coordination with the BLGF shall be undertaken.

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

15 **SEC. 31. *Saving Clause.*** - The zonal values, as determined by
16 the BIR and approved by the Secretary of Finance for internal revenue tax
17 purposes and the SMVs prepared by the provincial assessors, together with
18 the municipal assessors and the city assessors, including the municipal
19 assessor in Metro Manila, that have been approved by their respective
20 sanggunians for real property taxation purposes shall continue to be in force
21 and effect until repealed, superseded, modified, revised, set aside or
22 replaced by the values provided under the new SMVs as approved in
23 accordance with Section 16 of this Act, which shall be within two (2) years
24 upon the effectivity of this Act.

1 **ARTICLE VI**

2 **FUNDING REQUIREMENTS**

3 **SEC. 32. *Budgetary Requirements for the Revision of the SMVs.***

4 – Each local Sanggunian shall appropriate the necessary funds from locally
5 generated revenues, the Internal Revenue Allotment (IRA) or such other
6 sources every fiscal year. The accumulated amount so appropriated shall be
7 known as the Real Property Tax Administration Fund (RPTAF) which shall
8 be used for the proper implementation of the regular revision of the SMVs
9 and the general revision of real property assessments, and the
10 administration of real property taxes in all LGUs.

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

14 **ARTICLE VII**

15 **MISCELLANEOUS PROVISIONS**

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

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

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

5 **SEC. 37. *Repealing Clause.*** – (a) Sections 19, 135(a), 138, 198(a),
6 199(g)(h)(l), 201, 202, 209(a), 212, 214, 218 par. 1(b), 219, 220, 224(a),
7 443(d), 444(b)(l)(v), 454(d), 455(b)(1)(v), 463(d), 465(b)(l)(v), 472(a) paragraph
8 1, 472(b)(8) and 473(a) paragraph 1 of Republic Act No. 7160, otherwise
9 known as the “Local Government Code of 1991” of the Philippines, are
10 hereby repealed.

11 (b) Sections 6(E), 24(D), 27(e)(5), Sections 88(B) and 102 of Republic Act
12 No. 8424, otherwise known as the “Tax Reform Act of 1997”, are hereby
13 amended or modified accordingly.

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

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

Approved,