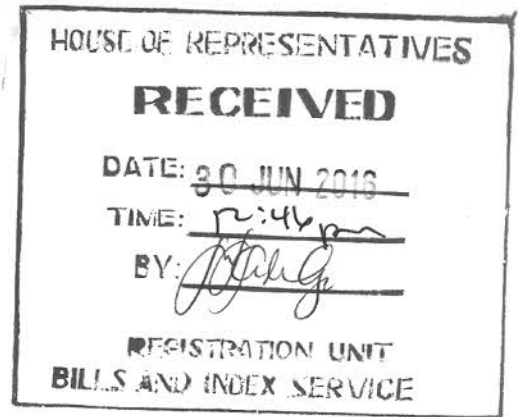


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Seventeenth Congress
First Regular Session

HOUSE BILL NO. 68



Introduced by **Representative JOEY SARTE SALCEDA**

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

EXPLANATORY NOTE

REAL PROPERTY TAX UNDER THE LOCAL GOVERNMENT CODE OF 1991

In line with the principle of fiscal autonomy The Local Government Code of 1991 (LGC) grants each local government unit (LGU) the power to create its own sources of revenue and to levy taxes, fees, and charges. This is to enable the LGUs to become self-reliant and perform their role as development partners of the national government. As explicitly stated in the Declaration of Policy of RA7160, the intent is to ensure "that the territorial and political subdivisions of the State shall enjoy genuine and meaningful local autonomy to enable them to attain their fullest development as self-reliant communities and make them more effective partners in the attainment of national goals." and to "provide for a more responsive and accountable local government structure instituted through a system of decentralization whereby local government units shall be given more powers, authority, responsibilities, and resources." (Section 2). To further empower the LGU, the LGC devolves, within specified limits, the functions and responsibilities of the national agencies and offices. Correspondingly, the LGUs were allotted an automatic share of national tax revenues, mostly derived from the Internal Revenue Allocation or IRA which represents the share of local government units from the proceeds of national taxes. Under the LGC, LGUs are also allowed to draw taxes from a variety of local sources, including business taxes, amusement taxes, and annual community tax, among others. However, with the exception of business tax and real property tax, the other local sources do not have a broad base and/or carry minimal rates, such that they contribute minimally to locally generated revenues. Majority of LGUs rely mainly on business tax and taxes on real property for local revenue generation. The current rate for real property tax for the province is set at a rate not exceeding 1% of the assessed value of the real property while the rate is at 2% for the city or municipality within Metropolitan Manila Area.

According to the Asian Development Bank (ADB),¹ in 2007, collection efficiency of real property tax was only 27% in provinces and 68% in cities. This poor collection efficiency severely hampers the LGUs' ability to raise revenue from real property taxes and correspondingly constrains their capacity to provide the necessary wherewithal for constituency welfare. This dismal figure is in fact validates the percentage revealed in an earlier study by Milwida M. Guevara, et al.,² which pegged the effective tax rate or the ratio of the actual collection to the tax base, or the assessed value at an estimated 0.75 percent compared to a statutory rate of one percent (1.0%) for provinces and two percent (2.0%) for cities. If tax collection were related to market values, the ETR dips to 0.067 percent implying that the realty tax paid by taxpayers is only P0.07 for every P100.00 of market value.

ISSUES ON THE CURRENT PROPERTY VALUATION AND ASSESSMENT SYSTEM

The low revenue collection of real property tax may be attributed to a number of factors.

First. The lack of unified national standards and methods for valuation have led to diversified and often conflicting valuation methodologies resulting in distorted real property values. As a matter of practice, the Assessor's office of each LGU prepares schedules of fair market values and assessment levels. However, the formulation by the Assessor's office is merely recommendatory as the local legislature or Sanggunian is charged with enacting all tax ordinances for fair market value, assessment levels, and rates to be applied. Given the number of LGUs all throughout the country we can say that there are as many real property valuations as there are LGUs. Added to these are the varying valuation methods also utilized by various national agencies such as the BIR, acquisition, disposition or rentals of public lands (DENR), acquisition, disposition or rentals of real property (HUDCC, NHA, HGC), expropriation of private property (DPWH, NAPOCOR), litigation and garnishment proceedings (LRA, RD) and registration and extraction of fees (LRA, RD) and a host of other national agencies. This hodgepodge of valuation arms using a plethora of varying valuation and assessment methods has resulted in, inequitable, disparate, confusing, conflicting and often graft prone valuation systems, politicized application of tax rates, which all adversely impact on revenue collections from the real property tax.

Second. The current valuation system is also susceptible to tax evasion by unscrupulous taxpayers who, through misdeclaration, misclassification and other underhanded means, either diminish or increase the value of the real property, depending on his purpose, resulting in lower tax collection, often in cahoots with the tax personnel. Thus, he can undervalue the property for taxation purposes but overvalue the same when sold to the detriment of the public.

Third. Poor compliance with the LGC mandate to conduct a general revision of property assessments and classifications for real property tax purposes. In a letter-response to the query by the Philippine Star in 2011, the Bureau of Local Government Finance-DOF revealed that as of the last general revision in 2008, only 28% of the cities in the country have revised

¹ Republic of the Philippines: Support to Local Government Revenue Generation and Land Administration Reforms
(Financed by the Japan Fund for Poverty Reduction) May 2011

² Milwida M. Guevara, Joyce P. Gracia and Ma. Victoria C. Espano, "A Study of the Performance and Cost Effectiveness of the Real Property Tax" July 15, 1994.

their SMVs.³ In fact, there are even a number of LGUs whose SMVs are based on values going back to 1993 when the law was first implemented. This, at the very least, is revealing considering that the use of outdated SMVs create inequity among taxpayers if used for tax purposes.

Finally. The absence a complete and updated roll of real properties contained in a computerized database that truly reflect an accurate and current valuation of the property listing is not conducive to transparency and ready accessibility of relevant data to all concerned parties.

SALIENT FEATURES OF PROPOSED BILL

As its declared policy objective, the proposed bill seeks development and maintenance of a just, equitable, impartial, and nationally consistent real property valuation based on internationally accepted valuation standards. In order to achieve this objective, the proposed bill shall, inter alia:

- a) Establish and maintain valuation standards to govern the valuation of real property in the country;
- b) Provide a comprehensive and up-to-date electronic database of all real property transactions;
- c) Ensure transparency in real property transactions to protect the public and develop confidence in the work of appraisers and assessors.

Under the proposed set-up, the Bureau of Local Government Finance (BLGF), through the Real Property Valuation Service (RPVS) shall lead and manage the implementation of the provisions of the proposed bill vested, among others with the development, adoption, and maintenance of valuation standards consistent with generally accepted valuation standards, regulations and specifications for real property appraisal used for tax and other purposes. It shall ensure compliance therewith by local government units and other concerned parties. One important feature of the proposed bill is the development and maintenance by the BLGF of 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. This provision is projected to make available current and relevant data on real property for taxation purposes. The BLGF is headed by an Executive Director charged, among others, with the development and implementation of the policies, plans, and programs of the Bureau.

A Central Consultative Committee shall likewise be created which, as stated herein, shall serve as the consultative forum on matters pertaining to the setting, adoption and maintenance of the valuation standards. A Regional Consultative Committee shall also be established every region performing essentially the same task on a regional level as Central Consultative Committee. The BLGF Regional Offices, through the Regional Director, shall be responsible for all matters relating to valuation or appraisal and the SMVs in the region.

Under the proposed bill, the BLGF is tasked to develop and implement uniform valuation standards which shall be used by all appraisers and assessors in the local government units

³ Retrieved from <http://jmc.blgf.gov.ph/downloads/LettertoAttySison.pdf>

and other concerned parties in appraising or valuing lands, buildings, machinery and other real properties for taxation and other purposes.

Other important features include a more specific delineation of the duties of certain tax related officers including the Register of Deeds, Official Issuing Building Permits or Certificates of Registration of Machinery, Geodetic Engineers, Assessors. It also provides for provisions on the appointment of a professional and qualified provincial, city, and municipal assessors and assistant assessors to ensure a qualified and suitable local revenue officer.

The proposed bill is designed to address the issues plaguing the current valuation and assessment system in the country, to maximize and optimize local revenue generation and ultimately, to achieve the avowed goal of the LGC to make LGUs become genuine partners towards national development and progress.



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

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

- 14 (a) **Appraiser** refers to a natural person who conducts valuation/appraisal;
15 specifically, one who possesses the necessary qualifications, license, ability, and
16 experience to execute or direct the valuation/appraisal of real property; also known
17 as valuer.
- 18 (b) **Assessor** refers to an official in the local government unit who is a licensed
19 appraiser, who performs appraisal and assessment of real properties including
20 plant, machinery and equipment, essentially for taxation and other purposes. This
21 definition also includes assistant assessors.
- 22 (c) **Building** refers to a man-made structure permanently attached to land for
23 residential, commercial, industrial, recreational or other purposes.
- 24 (d) **Improvements** refer to a valuable addition made to a property or an amelioration
25 in its condition, amounting to more than a mere repair or replacement of parts
26 involving capital expenditures and labor, which is intended to enhance its value,
27 beauty or utility or to adapt it for new or further purposes.
- 28 (e) **Land** refers to one of the major factors of production consisting sometimes of a
29 material economic good, which is supplied by nature without the aid of man. Land
30 may include not only the earth surface, both land and water, but also anything that
31 is attached to the earth’s surface. Thus, all natural resources in their original state,
32 such as mineral deposits, wildlife, timber, and fish, are land within the technical
33 meaning of the term; so also are sources of energy, outside of man himself, such
34 as water, coal deposits, and the natural fertility of the soil.

- 1 (f) **Machinery** refers to machines, equipment, mechanical contrivances, instruments,
2 appliances or apparatus which may or may not be attached, permanently or
3 temporarily, to the real property. It includes the physical facilities for production,
4 the installations and appurtenant service facilities, those which are mobile, self-
5 powered or self-propelled and those not permanently attached to the real property
6 which are actually, directly and exclusively used to meet the needs of the
7 particular industry, business or activity and which by their very nature and
8 purpose are designed for, or necessary to its manufacturing, mining, logging,
9 commercial, industrial or agricultural purposes.
- 10 (g) **Market Value** refers to the estimated amount for which a property should
11 exchange on the date of valuation between a willing buyer and a willing seller in
12 an arm's length transaction (a transaction between independent, unrelated parties
13 involving no irregularity) after proper marketing wherein the parties had each
14 acted knowledgeably, prudently, and without compulsion.
- 15 (h) **Private appraisal sector** refers to licensed non-governmental real estate service
16 practitioners who have been active in the practice of real estate appraisal for the
17 last five (5) years.
- 18 (i) **Real Estate** refers to the land and all those items that are attached to the land. It is
19 the physical, tangible entity, together with all the additions or improvements on,
20 above or below the ground.
- 21 (j) **Real Property** refers to all the rights, interests, and benefits related to the
22 ownership of real estate, plant, machinery, and equipment.
- 23 (k) **Schedule of Market Values**, hereinafter referred to as SMV, refers to a table of
24 base unit market values for all kinds of real properties, except machinery, within a
25 local government unit prepared by assessors pursuant to existing laws, rules and
26 regulations.
- 27 (l) **Special Purpose Property** refers to a property that is designed, constructed and
28 developed for a specific use or purpose. By its very nature, this type of property is
29 rarely offered for sale in the open market except as part of a going concern.
30 Because of the special design and function, conversion of special purpose
31 properties to other types of development or application is generally not
32 economically feasible.
- 33 (m) **ValuationAppraisal** refers to the systematic and analytic determination and
34 recording of property facts, circumstances, investments, and investigation of other

1 relevant data resulting in a supportable estimate and opinion of value or a
2 professional conclusion based upon supporting data, logical analysis and judgment
3 as of a specific date and for a specific purpose.

4 **ARTICLE II**

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

6 **Chapter 1**

7 **BLGF Central Operations**

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

- 12 (a) Develop, adopt, and maintain valuation standards consistent with generally
13 accepted valuation standards, regulations and specifications for real property
14 appraisal used for tax and other purposes, and ensure compliance therewith by
15 local government units and other concerned parties;
- 16 (b) Review for compliance with the real property valuation policies and standards and
17 recommend for approval of the Secretary of Finance the Schedule of Market
18 Values (SMVs) as prepared by the provincial assessors together with municipal
19 assessors, and city assessors, including the municipal assessor in Metro Manila,
20 for tax, both local and national, and for other purposes;
- 21 (c) Provide technical assistance on real property appraisal matters to government
22 agencies and instrumentalities, and coordinate or conduct the valuation appraisal of
23 special purpose properties, when requested;
- 24 (d) Provide leadership and policy directions to local government units on real
25 property valuation appraisal for taxation and other purposes, including the
26 development and maintenance of valuation standards, the regulation of
27 valuation appraisal activities and other related matters, and the promotion of
28 valuation appraisal training and seminars;
- 29 (e) Maintain a roster of licensed local government appraisers and assessors;
- 30 (f) Develop and maintain a comprehensive and up-to-date electronic database of real
31 property transactions and prices of materials for buildings, machinery, and other
32 structures;

1 (g) Conduct continuing study and research on valuation, and maintain an information
2 base on current global and country trends and developments in real property
3 valuationappraisal;

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

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

8 **SEC. 5. *Establishment of the Real Property Valuation Service.*** – To achieve the
9 policy and objectives declared in this Act, there shall be established the Real Property
10 Valuation Service, hereinafter referred to as the RPVS, within the .

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

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

17 (b) Provide policy directions and leadership in all aspects of valuationappraisal and
18 their implementation in the regional offices;

19 (c) Recommend to the Secretary of Finance the approval of the Schedule of Market
20 Values (SMVs) prepared by the provincial assessors together with municipal
21 assessors, and city assessors, including the municipal assessor in Metro Manila,
22 for tax and other purposes;

23 (d) Advise and assist other government agencies on matters pertaining to real
24 property valuationappraisal; and

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

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

30 1. Bureau of Internal Revenue (BIR);

31 2. Department of Environment and Natural Resources (DENR);

32 3. Bangko Sentral ng Pilipinas (BSP);

33 4. National organization of government assessors;

34 5. National organization of appraisers in national government agencies;

6. Private appraisal sector; and
 7. Union of Local Authorities of the Philippines (ULAP);
- (b) The member-representatives from the BIR, DENR, and BSP must be performing valuation-related functions. The national organization of government assessors, the private sector, and the ULAP shall be represented by their respective heads of organization.
- (c) The Chairperson and members of the Committee shall not receive additional salary for the performance of their functions. Members of the consultative committee who are not incumbent government officials or employees shall be entitled to *honoraria*, pursuant to existing laws and regulations.
- (d) The Committee shall meet at the initiation of the Chairperson at least once every semester, and shall have as many meetings as the Chairperson may deem necessary for the adoption of valuation standards.

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

Chapter 2

BLGF Regional Operations

SEC. 9. Role of the BLGF Regional Offices. – The BLGF Regional Offices, through the Regional Director, shall all matters relating to valuationappraisal and the SMVs in the region, such as:

- (a) the provisions of this Act and related policies, plans, programs, rules and regulations on real property valuation or appraisal of local government units in the region;
- (b) Review and to the BLGF Executive Director the proposed SMVs prepared by the provincial assessors together with the municipal assessors, and city assessors within the region;
- (c) economical, efficient, and effective service relating to the implementation of the provisions of this Act in the region;
- (d) and with regional offices of other government departments, bureaus, and agencies within the region dealing with real property valuation appraisal;
- (e) leadership and policy direction in the area of real property valuation appraisal to local government units in the region;

- 1 (f) and a comprehensive and up-to-date regional electronic database of all regional
2 real property-related transactions, and have custody of all transaction records
3 submitted by local government assessors; and
4 (g) other functions as may be assigned by the BLGF Executive Director.

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

- 8 1) Bureau of Internal Revenue - Regional Office;
9 2) Department of Environment and Natural Resources - Regional Office;
10 3) Regional organization of government assessors;
11 4) Regional organization of national government appraisers;
12 5) Private appraisal sector within the region; and
13 6) Bankers association within the region.

14 (b) The members of the Regional Consultative Committee must be performing
15 valuationappraisal related functions. Representatives from the regional
16 organization of government assessors, private appraisal sector, and banking
17 association within the region shall be represented by the head of their respective
18 regional organization.

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

22 **SEC. 11. *Functions of the Regional Consultative Committee.*** – The Regional
23 Consultative Committee shall serve as forum in the region for discussion developments in
24 the local real property market; concerns of taxpayers, civil society, and other stakeholders;
25 outcome of Compliance Reporting in the region; level of complaints and appeals; local
26 government unit training in the region; and concerns in general; and other matters as may be
27 determined by the Committee.

28 **ARTICLE III**

29 **VALUATIONAPPRAISAL OF REAL PROPERTIES**

30 **Chapter 1**

31 **Valuation Standards and Market Values**

32 **SEC. 12. *Development of Valuation Standards.*** – Notwithstanding the provisions of
33 existing laws to the contrary, the BLGF shall develop, adopt, maintain and implement
34 uniform valuation standards which shall be used by all appraisers and assessors in the local

1 government units and other concerned parties in appraising or valuing lands, buildings,
2 machinery and other real properties for taxation and other purposes. The valuation standards
3 shall conform with generally accepted international valuation standards and principles.

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

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

15 **SEC. 14. *Preparation of Schedule of Market Values.*** – Provincial assessors together
16 with municipal assessors, and city assessors, including the municipal assessor in Metro
17 Manila, shall prepare the SMVs for the different classes of real property situated within their
18 respective local government units, pursuant to the valuation standards, rules, regulations and
19 other specifications set by the DOF and the BLGF. The said SMVs shall be submitted by the
20 assessor concerned, copy furnished the provincial governor or the city mayor, as the case may
21 be, and the concerned *Sanggunian*. The said SMVs shall be reviewed by the BLGF Regional
22 Office within thirty (30) days upon receipt thereof, and shall then be submitted by the same to
23 the BLGF Central Office. Upon the recommendation of the BLGF Executive Director, the
24 Secretary of Finance shall approve the SMV within sixty (60) days from receipt of the same;
25 otherwise, said schedule shall be deemed approved.

26 The approved SMV shall be transmitted to the concerned assessor who shall confer
27 with the local chief executive regarding the said approved SMV. Likewise, the concerned
28 assessor shall submit to the local chief executive a tax impact report of the new SMV as
29 against the existing assessment levels and tax rates, and shall provide the *Sanggunian*,
30 through the of the Committee on Ways and Means, a copy of such report. The local chief
31 executive shall transmit the approved SMV together with the tax impact report within fifteen
32 (15) days from receipt of the same to the *Sanggunian* for the enactment of an Ordinance
33 setting the appropriate assessment levels and tax rates. The concerned *Sanggunian* shall enact
34 such Ordinance, upon conduct of public hearings and proper consultation, within sixty (60)

1 days from receipt thereof; otherwise, the existing Ordinance on assessment levels and tax
2 rates shall remain in force and effect.

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

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

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

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

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

31 In case of any significant change in the market where the property is located after the
32 said SMVs have been approved and prior to its next revision, or where correction of errors
33 and inequalities in any SMV is deemed necessary, the provincial assessors together with the
34 municipal assessors, and city assessors, including the municipal assessor in Metro Manila,

1 may recommend to the BLGF Executive Director revisions to their existing SMV. Such
2 revision/s shall be subject to review by the concerned BLGF Regional Office and
3 recommendation by the BLGF Executive Director for approval by the Secretary of Finance
4 within ninety days (90) from the date of receipt thereof.

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

11 **Chapter 2**

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

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

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

30 **SEC. 20. *Duty of Official Issuing Building Permits or Certificates of Registration of***
31 ***Machinery to Transmit Copy to the Assessor.*** – Any public official or employee who may
32 now or hereafter be required by law or regulation to issue to any person a permit for the
33 construction, addition, repair, or renovation of a building, or permanent improvement on
34 land, or a certificate of registration for any machinery, including machines, mechanical

1 contrivances, and apparatus attached or affixed on land or to another real property, shall
2 transmit a copy of such permit or certification within thirty (30) days of its issuance, to the
3 assessor of the province, city or municipality where the property is situated.

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

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

18 **Chapter 3**

19 **Appointment and Qualifications of Assessors**

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

- 23 (a) In the case of provincial and assistant provincial assessors and city and assistant
24 city assessors, appointee shall be chosen from the list of at least three (3) ranking
25 eligible recommendees within the region, as endorsed by the DOF Secretary as
26 suitable and qualified for appointment;
- 27 (b) In the case of municipal and assistant municipal assessors, appointee shall be
28 chosen from the list of at least three (3) ranking eligible recommendees within the
29 province, as endorsed by the DOF Secretary as suitable and qualified for
30 appointment; and
- 31 (c) In the case of city and assistant city assessors and municipal and assistant
32 municipal assessors for Metro Manila, appointee shall be chosen from the list of at
33 least three (3) ranking eligible recommendees within the Metro Manila, as
34 endorsed by the DOF Secretary as suitable and qualified for appointment.

1 The assessors shall be under the technical supervision of the BLGF, primarily through
2 a system of compliance reporting and provision for education and training

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

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

15 **ARTICLE IV**

16 **PENAL PROVISIONS**

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

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

30 **SEC. 27. *Failure to Prepare Schedule of Market Values.*** – An assessor who, for
31 unjustifiable reasons, intentionally or deliberately refuses or fails to prepare the SMVs within
32 the period set forth in this Act shall be meted a fine equivalent to the official's or employee's
33 basic salary for a period of one (1) month to six (6) months, or by suspension from

1 government service for not more than one (1) year, or both, at the discretion of the competent
2 authority.

3 **SEC. 28. *Violations of Other Provisions.*** – Any person, whether natural or juridical,
4 who violates any provision of this Act other than those punishable under Sections 25, 26, and
5 27 hereof shall, when warranted, be dealt with under applicable existing laws.

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

11 **ARTICLE V**

12 **TRANSITORY PROVISIONS**

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

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

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

29 **ARTICLE VI**

30 **FUNDING REQUIREMENTS**

31 **SEC. 32. *Budgetary Requirements for Revision of Schedule of Market Values.*** –
32 Each local *Sanggunian* shall appropriate the necessary funds from locally generated revenues,
33 the Internal Revenue Allotment (IRA), or such other sources every fiscal year. The
34 accumulated amount so appropriated shall be known as the Real Property Tax Administration

1 Fund (RPTAF) which shall be used for the proper implementation of the regular revision of
2 the SMVs and general revision of real property assessments, and the administration of real
3 property taxes in all local government units.

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

6 **ARTICLE VII**

7 **MISCELLANEOUS PROVISIONS**

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

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

14 **SEC. . *Repealing Clause.*** – (a) Section 6(e), Section 88(b) of Republic Act No. 8424,
15 otherwise known as the National Internal Revenue Code (NIRC), as amended, and Sections
16 19, 135(a), 138, 198(a), 199(g)(h)(l), 201, 202, 209(a), 212, 214, 218 par. 1 (b), 219, 220,
17 224(a), 443(d), 444(b)(l)(v), 454(d), 455(b)(1)(v), 463(d), 465(b)(l)(v), 472(a) par 1,
18 472(b)(8), and 473(a) par 1 of Republic Act No. 7160, otherwise known as the Local
19 Government Code (LGC) of the Philippines, are hereby repealed;

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

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

25 *Approved,*