

**Republic of the Philippines
House of Representatives
Quezon City**

**Eighteenth Congress
First Regular Session**

House Bill No. 2400



**Introduced by Representatives
Estrellita B. Suansing and Horacio P. Suansing, Jr.**

EXPLANATORY NOTE

Real property is the country's most important resource and biggest financial asset. A World Bank study indicated that 50% to 75% of the national wealth is contained in land alone. Real property, therefore, has the largest potential contribution to national income for funding economic and social developments.

One of the principal sources of income of local government units (LGUs) is derived from the taxes imposed on real properties. The LGU Taxation and Revenue Practices report of the Bureau of Local Government Finance (BLGF) shows that, on the average, real property taxes contribute about 31% of the LGU's local sources over the period of 2009 to 2014.

While the LGUs are given powers by the Local Government Code of 1991 to generate local income in order to be effective partners in nation building, it is a fact that there are still municipalities that remain dependent on national government revenues. BLGF data shows that, of the 286 first class municipalities in the country, 116 municipalities (40%) remain dependent on their share from the Internal Revenue Allotment (IRA). This dependence is partly because 199 municipalities (70%) have poor collections for real property taxes, making up less than 15% of their respective local incomes.

Hence, this proposal seeks to promote the development and maintenance of just, equitable, impartial, and nationally consistent real property valuation by establishing appraisal standards, methods and procedures of property valuations and assessment. The bill's enactment will assist the LGUs in maximizing revenue collections, which in turn, will promote genuine local autonomy.

The passage of the proposed Real Property Valuation and Assessment Reform Act is intended to resolve the following issues in the present valuation system, to wit:

1. Multiple land valuation systems and methodologies used by at least 23 national government agencies and 1,712 LGUs, including private individuals and institutional appraiser – each using their own systems and measures, resulting in as many conflicting values for the same piece of real property;
2. Multiple impositions of national and local taxes on land and property ownership and transactions which encourage tax evasion and rampant underreporting of sales prices in official documents;
3. Lack of valuation standards, formal education and training for valuers resulting in incompetence and outdated techniques in the appraisal practice;
4. Undervaluation and overvaluation of real properties for tax purposes causing unnecessary delays and huge financial losses in the form of foregone government revenues and cost overruns;
5. Outdated real property values which no longer capture the true economic realities in the community where the property is situated; local governments fail to revise the Schedule of Market Values, as required by Republic Act No, 7160, otherwise known as the Local Government Code of 1991, as basis for local real property taxation, due to political ambivalence and apprehensions of political backlash; and
6. Distorted real property transactions database due to cluttered real property sales transactions among various groups and individuals, e.g. the assessors, the Registry of Deeds, the Bureau of Internal Revenue, bank/s, among others.

This bill has been approved on third and final reading during the 17th Congress. In view of the foregoing, immediate approval of this bill is earnestly sought.


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ESTRELLITA B. SUANSING AND HORACIO P. SUANSING, JR.

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 “Real Property
2 Valuation and Assessment Reform Act.”

3 **ARTICLE I**

4 **DECLARATION OF STATE POLICY AND OBJECTIVES,**

5 **AND DEFINITION OF TERMS**

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

11 (a) Establish and maintain standards to govern the valuation of real
12 property in the country;

13 (b) Adopt market value as the single real property valuation base for
14 the assessment of real property related taxes in the country, and for the
15 valuation of real property for various transactions by all government agencies;

16 (c) Promote the fiscal autonomy of local government units to provide
17 basic services to their constituency by enhancing their capacity to generate
18 local revenues from real property;

19 (d) Separate the function of valuation of real properties from the
20 functions of tax policy formulation and the administration of the taxes due
21 thereon;

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

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

(g) Support the development of an information database on valuation through continuing research and monitoring of new developments in the discipline to upgrade the country's valuation system to be at par with global standards; and

(h) Ensure transparency in real property transactions to protect the public interest and develop confidence in the valuation system.

SEC. 3. Definition of Terms. – As used in this Act:

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

(b) Assessed value, also known as taxable value, refers to the market value of the property multiplied by the corresponding assessment level;

(c) Assessment refers to the act or process of determining the value of a property, or proportion thereof, subject to taxation, including the discovery, listing, classification, and appraisal of properties;

(d) Assessment Level refers to the percentage applied to the market value to determine the taxable value of the property based on property classifications as prescribed in Republic Act 7160, otherwise known as the Local Government Code of 1991, as amended;

(e) Assessor refers to an official in the local government unit (LGU) who is a licensed appraiser and performs appraisal and assessment of real properties, including plant, machinery, and equipment, essentially for taxation and other purposes;

(f) Building refers to a man-made structure permanently attached to land for residential, commercial, industrial, recreational or other purposes;

(g) Improvement refers to a valuable addition made to a property or an amelioration in its condition, amounting to more than a mere repair or replacement of parts, involving capital expenditures and labor intended to enhance its value, beauty or utility or to adapt it for new or further purposes;

(h) International Valuation Standards refer to standards that provide property valuers with a framework composed of recognized principles and concepts as well as internally accepted definitions, best practices, and reporting system;

1 (i) Land refers to one of the major factors of production which is
2 supplied by nature without the aid of man. Land may include not only the
3 earth's surface, both land and water, but also anything that is attached to the
4 earth's surface including all natural resources in their original state, such as
5 mineral deposits, wildlife, and timber;

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

16 (k) Market value refers to the estimated amount for which a property
17 shall exchange on the date of valuation between a willing buyer and a willing
18 seller in an arm's length transaction which is a transaction between
19 independent, unrelated parties involving no irregularity, after proper
20 marketing wherein the parties had each acted knowledgeably, prudently, and
21 without compulsion;

22 (l) Private appraisal sector refers to licensed non-governmental real
23 estate service practitioners who have been active in the practice of real estate
24 appraisal for at least five (5) years;

25 (m) Real estate refers to the land and all those items which are
26 attached to the land. It is the physical, tangible entity, together with all the
27 additions or improvements on, above or below the ground;

28 (n) Real property refers to all the rights, interests and benefits related
29 to the ownership of real estate. It is a legal concept distinct from real estate,
30 which is a physical asset;

31 (o) Schedule of Market Values, hereinafter referred to as SMV, refers
32 to a table of base unit market values for all kinds of real property, except
33 machinery within a local government unit prepared by assessors pursuant to
34 existing laws, rules and regulations;

35 (p) Special purpose property refers to a property that is designed,
36 constructed and developed for a specific use or purpose. By its very nature
37 this type of property is rarely offered for sale in the open market except as
38 part of a going concern. Due to the special design and the function, conversion
39 of special purpose property to other types of development or application is
40 generally not economically feasible; and

1 (q) Valuation, also known as appraisal, refers to the systematic,
2 analytic and logical analysis of the recording or property facts, circumstances,
3 investments and other relevant data resulting in a supportable estimate or
4 professional opinion of the value of the property as of a specific date and for
5 a specific purpose.

6 **ARTICLE II**

7 **THE BUREAU OF LOCAL GOVERNMENT FINANCE (BLGF)**

8 **Chapter I**

9 **BLGF Central Operations**

10 **SEC. 4. Powers and Functions of the Bureau of Local Government**
11 **Finance (BLGF).** – The BLGF of the Department of Finance (DOF) shall lead
12 and manage the implementation of the provisions of this Act. It shall have the
13 following powers and functions:

14 (a) Develop, adopt, and maintain valuation standards consistent
15 with generally accepted international valuation standards, regulations, and
16 specifications for real property appraisal used for taxation and other
17 purposes, and ensure compliance therewith by Local Government Units and
18 other concerned parties;

19 (b) In coordination with the Bureau of Internal Revenue, review and
20 ensure that the Schedule of Market Values (SMVs) as prepared by the
21 provincial assessors, together with municipal assessors, and city assessors,
22 including the municipal assessors in the Metropolitan Manila area, is
23 compliant with real property valuation policies and standards, and
24 recommend its approval to the Secretary of Finance for local and national
25 taxation, and for other purposes;

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

29 (d) Provide leadership and policy direction to LGUs on real property
30 valuation for taxation and other purposes, including the development and
31 maintenance of valuation standards, the regulation of valuation activities and
32 other related matters, and the promotion of valuation training and seminars;

33 (e) Maintain a roster of licensed local government appraisers and
34 assessors;

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

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

4 (h) Formulate and provide for uniform procedure on the different
5 transactions in the assessor's office, including the transfer, annotation, and
6 issuance of tax declarations;

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

10 (j) 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.** – To
13 achieve the policies and objectives declared in this Act, the Real Property
14 Valuation Service, hereinafter referred to as the RPVS, within the BLGF with
15 counterpart personnel in the BLGF Regional Office is hereby established.

16 **SEC. 6. The BLGF Executive Director.** – The BLGF Executive Director shall
17 be responsible for the efficient and effective day-to-day performance of the
18 responsibilities set forth in this Act and shall be responsible for the overall
19 internal management and governance of the RPVS.

20 **SEC. 7. Creation of a Central Consultative Committee.** –

21 (a) A Central Consultative Committee shall be created and shall
22 serve as the consultative forum on matters pertaining to the setting, adoption,
23 and maintenance of the valuation standards and other related concerns on
24 real property valuation.

25 (b) It shall be chaired by the BLGF Executive Director and shall be
26 composed of a representative each from the:

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

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

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

30 (4) National organization of government assessors;

31 (5) National organization of appraisers in national government
32 agencies; and

33 (6) Private appraisal sector.

34 (c) The representatives of the BIR, DENR, and BSP must be
35 performing valuation-related functions. The national organization of
36 government assessors, and the private appraisal sector shall be represented
37 by their respective heads of organization.

1 (d) 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 (e) 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. The
9 Chairperson may invite resource persons on issues concerning real property
10 valuation.

11 Chapter 2

12 BLGF Regional Operations

13 **SEC. 8. Role of the BLGF Regional Offices.** – The BLGF Regional Offices,
14 through the Regional Director, shall be responsible for all matters relating to
15 the valuation and the supervision of the SMVs in the region. They shall:

16 (a) Implement policies, plans, programs, rules and regulations on
17 real property valuation of local government units in the region;

18 (b) Review, in coordination with the BIR, and endorse to the RPVS,
19 the proposed SMVs prepared by the assessors of the local government units
20 in the region;

21 (c) Provide for economical, efficient and effective valuation services
22 in the region;

23 (d) Coordinate and consult with other government departments,
24 bureaus and agencies within the region dealing with real property valuation;

25 (e) Adopt and maintain a comprehensive and up-to-date electronic
26 database of all regional real property-related transactions, and have custody
27 of all transaction records submitted by local government assessors; and

28 (f) Perform other functions as may be assigned by the BLGF
29 Executive Director.

30 **SEC. 9. The Regional Consultative Committee.** –

31 (a) There shall be a Regional Consultative Committee that shall be
32 chaired by the BLGF Regional Director and shall be composed of a
33 representative from the:

34 (1) BIR – Regional Office;

35 (2) DENR – Regional Office;

36 (3) Head of Regional organization of government assessors;

1 (4) Head of Regional organization of national government
2 appraisers;

3 (5) Head of the private appraisal sector within the region; and

4 (6) Head of the bankers association within the region.

5 (b) The members of the Regional Consultative Committee must be
6 performing valuation-related functions in their respective agencies
7 or sector.

8 (c) The Committee shall meet at the initiation of the BLGF Regional
9 Director at least once every quarter and shall have as many meetings
10 as the BLGF Regional Director may deem necessary for the
11 performance of its function. The BLGF Regional Director may invite
12 resource persons on issues concerning real property valuation.

13 **SEC. 10. Function of the Regional Consultative Committee.** – The
14 Regional Consultative Committee shall serve as a consultative forum in the
15 region for discussion on developments in the local real property market;
16 concerns of taxpayers, civil society, and other stakeholders; outcome of
17 compliance reporting in the region; level of complaints and appeals; training
18 of local government assessors in the region; appraisal and assessment
19 concerns in general; and other matters as may be determined by the
20 Committee.

21 **ARTICLE III**

22 **VALUATION OF REAL PROPERTIES**

23 **Chapter 1**

24 **Valuation Standards and Market Values**

25 **SEC. 11. Development of Valuation Standards.** – Notwithstanding the
26 provisions of existing laws to the contrary, the BLGF shall develop, adopt,
27 maintain, and implement uniform valuation standards which shall be used
28 by all appraisers and assessors in the local government units and other
29 concerned parties in the appraisal or valuation of lands, buildings, machinery
30 and other real properties for taxation and other purposes. The valuation
31 standards shall conform with the generally accepted international valuation
32 standards and principles.

33 **SEC. 12. Valuation of Real Property.** – For valuation purposes, all real
34 properties, whether taxable or exempt, shall be valued or appraised based on
35 prevailing market values in the locality where the property is situated, in
36 conformity with the valuation standards adopted pursuant to this Act. The
37 Secretary of Finance shall promulgate the rules and regulations for the
38 valuation of real property pursuant to the provisions of this Act.

1 For real property intended for low-cost or socialized housing and other
2 programs of the government imbued with social policy objectives, the
3 provision of existing pertinent laws shall be applied after determination of the
4 prevailing market value of these properties in accordance with generally
5 accepted international valuation standards.

6 **SEC. 13. Preparation of Schedule of Market Values.** – The provincial
7 assessors together with city and municipal assessors, including the municipal
8 assessors in the Metropolitan Manila Area, shall prepare the SMV for the
9 different classes of real property situated within their respective local
10 government units, pursuant to the valuation standards, rules, regulations
11 and other specifications set by the DOF. The proposed SMV shall be
12 submitted to the BLGF Regional Office and the BIR Regional Office for their
13 joint review and to ensure that the SMV complies with other requirements
14 within ninety (90) days from the receipt of the BLGF and BIR Regional Offices.

15 **SEC. 14. Approval of Schedule of Market Values.** – The Secretary of Finance
16 shall approve the SMV within sixty (60) days from receipt of the joint
17 endorsement of the BLGF Executive Director and the Commissioner of
18 Internal Revenue; otherwise, said schedule shall be deemed approved.

19 The approved SMV shall be published by the DOF in the *Official Gazette*
20 or in at least two (2) newspapers of general circulation. The SMV shall take
21 effect fifteen (15) days after its publication.

22 The DOF shall post the approved SMV in its official website and shall
23 furnish the concerned local government unit, through the BLGF and the BIR,
24 with copies thereof.

25 **SEC. 15. Setting Assessment Levels of Tax Rates.** – The approved SMV
26 shall be transmitted to the concerned assessor who shall confer with the local
27 chief executive regarding the approved SMV. The assessor, in coordination
28 with the local treasurer, shall estimate the tax impact of the new SMV as
29 against the existing assessment levels and tax rates, calculate the expected
30 level of tax burden that the taxpayers will bear based on the new SMV and
31 recommend amendments on the assessment levels and/or tax rates. The
32 assessor shall prepare a minimum of three estimates of the tax impact based
33 on different scenarios and submit the tax impact report to the local chief
34 executive and the *Sanggunian*.

35 The local chief executive shall transmit the approved SMV, together
36 with the tax impact report, within fifteen (15) days from receipt of the same to
37 the *Sanggunian* for the enactment of an ordinance setting the appropriate
38 assessment levels and tax rates. During the *Sanggunian*'s deliberations prior
39 to the enactment of the tax ordinance, it may call upon the assessor to provide
40 technical assistance and calculate the tax impact of additional options in
41 order to arrive at a desired level of taxes that the *Sanggunian* will adopt. The
42 concerned *Sanggunian* shall enact the tax ordinance upon conduct of public

1 hearings and proper consultations within sixty (60) days from receipt thereof;
2 otherwise, the existing ordinance on assessment levels and tax rates shall
3 remain in force and effect.

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

10 **SEC. 16. Publication of Assessment Levels and Tax Rates.** – The approved
11 ordinance for the assessment levels and tax rates shall be published by the
12 concerned local government unit in a newspaper of local circulation once a
13 week for two (2) consecutive weeks: *Provided*, That in provinces, cities, and
14 municipalities where there are no newspapers of local circulation, the same
15 shall be posted in the provincial capitol, including all concerned city halls,
16 municipal halls, and in two (2) other conspicuous public places therein.

17 **SEC. 17. Use of Schedule of Market Values.** – The approved SMV shall be
18 used as basis for the determination of real property-related taxes of national
19 and local governments, as follows:

20 (a) For purposes of real property taxation, the approved SMV shall
21 in no case be adopted by the local government unit less than six (6) months
22 prior to the effectivity of the new assessment rates to ensure the proper
23 cleansing and updating of records, and notification of property owners in the
24 conduct of general revision of assessment and property classification;

25 (b) In computing any internal revenue tax, the BIR Commissioner
26 shall use the SMV, or the actual gross selling price in consideration, as stated
27 in real property transaction documents, whichever is higher;

28 (c) For other purposes, such as local transfer tax, tax on sand and
29 gravel, community tax, fees and charges, or as benchmark for real property
30 appraisal of other government agencies, the approved SMV may be used upon
31 its effectivity.

32 Notwithstanding the provisions of existing laws to the contrary, the
33 failure to conduct a general revision of assessment and property classification,
34 and use of the SMV shall render a local government unit ineligible for any
35 conditional or performance-based grants or to contract any form of credit
36 financing from the national government.

37 **SEC. 18. Updating of Schedule of Market Values.** – All provincial assessors,
38 together with the city assessors, including the municipal assessors in the
39 Metropolitan Manila Area, shall update their respective SMVs within two (2)
40 years from the effectivity of this Act. Thereafter, they shall update the SMVs
41 and conduct general revision of property assessments not earlier than three

(3) years, but not later than five (5) years, from the date of last revision. The BLGF shall prepare the schedule for the updating of the SMVs in all provinces, cities, and municipalities within the Metropolitan Manila Area.

In case of any significant change in market value where the property is located after the SMVs have been approved and prior to next revision, or where correction of errors and inequalities in any SMV is deemed necessary or upon the directive of the Secretary of Finance, the provincial assessors shall, together with the city assessors, and the municipal assessors, including the municipal assessor in the Metropolitan Manila Area, recommend revisions to their existing SMVs to the BLGF Regional Office, through the Regional Director of the BLGF having jurisdiction over the local government unit concerned.

SEC. 19. Conduct of Capacity Building Interventions. – The BLGF shall, in coordination with the Philippine Tax Academy of the DOF, develop and conduct the necessary training for all local assessors, local officials, and staff, and other concerned BIR personnel on the preparation of the SMV in accordance with generally accepted international valuation standard, concepts, principles and practices; conduct of SMV impact studies, preparation of compliance reports, and other subject areas.

Chapter 2

Development and Maintenance of Real Property Market Database

SEC. 20. Development of Real Property Information System. – The BLGF shall develop and maintain an up-to-date electronic database of the sale, exchange, lease, mortgage, donation and all other real property transactions and declarations in the country and on the cost of construction or renovation of buildings and other structure, and on prices of machinery.

For this purpose, the BLGF shall require the mandatory submission of necessary documents from the concerned officials or employees of national government offices or instrumentalities, local government units, and the private sector. The updated database shall be made available to the local government units, national government agencies and the private sector: *Provided*, That the Commissioner of Internal Revenue or a duly authorized representative shall be allowed access to the database without need of prior approval: *Provided, further*, That non-submission of the required documents to the BLGF will be subject to the provisions of Section 28 of this Act.

To further achieve these objectives and ensure efficient real property tax administration, all provinces, cities, and municipalities shall automate their operations, adopt tax mapping technology, maintain software-enabled valuation systems, undertake regular data cleansing, and computerize records management. The national government, through the Department of Information and Communications Technology, shall provide the appropriate equipment and connectivity, information and communications technology

1 platform, and the appropriate training and capability building programs to
2 third class up to sixth class municipalities and provinces to ensure
3 compliance with this Section. The BLGF shall establish mechanisms for the
4 electronic submission of the required documents in accordance with the
5 succeeding sections of Chapter 2 of this Act.

6 **SEC. 21. Duty of Register of Deeds to Supply Assessors with Real**
7 **Property Transactions Data.** – The Register of Deeds shall prepare and
8 submit to the provincial assessors, together with the city assessors, and
9 municipal assessors, including the municipal assessors in the Metropolitan
10 Manila Area, an abstract of the entire registry every three (3) months and
11 copies of all contracts selling, transferring, or otherwise converting, leasing,
12 or mortgaging real property registered every end of the month. The abstract
13 shall include brief but sufficient description of the real properties entered
14 therein, their present owners, and the dates of their most recent transfer or
15 alienation accompanied by copies of corresponding deeds of sale, donation, or
16 partition, or other forms of alienation.

17 **SEC. 22. Duty of Official Issuing Building Permits or Certificates of**
18 **Registration of Machinery to Transmit Copy of Permit to the Assessor.** –
19 Any public official or employee who may now or hereafter be required by law
20 or regulation to issue to any person a permit for the construction, addition,
21 repair or renovation of a building, or permanent improvement on land, or a
22 certificate of registration for any machinery, including machines, mechanical
23 contrivances and apparatus attached or affixed on land or to another real
24 property, shall transmit a copy of such permit or certification within thirty
25 (30) days of its issuance to the assessor of the province, city, or municipality
26 where the property is situated.

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

36 **SEC. 24. Duty of Registrar of Deeds and Notaries Public to Assist the**
37 **Provincial, City, or Municipal Assessor.** – It shall be the duty of the
38 Registrar of Deeds and notaries public to furnish, free of charge, the
39 provincial, city, or municipal assessor with copies of all contracts selling,
40 transferring, or otherwise conveying, leasing, or mortgaging real property
41 received by, or acknowledged before them within such periods as the BLGF
42 shall prescribe.

1 **SEC. 25. Duty of Assessors to Transmit Documents to the BLGF.** – It shall
2 be the duty of the assessors to transmit to the concerned BLGF Regional Office
3 all real property transactions data from the Register of Deeds, and the names
4 of the official issuing the building permit and those of the geodetic engineers
5 within one (1) month after the receipt of such data. The BLGF's Regional Office
6 shall record, process and make a summary report of the real property data
7 and submit the same to the BLGF Central Office within one (1) month from
8 receipt of such data.

9 **Chapter 3**

10 **Appointment and Qualifications of Assessors**

11 **SEC. 26. Appointment of Assessors.** – The local chief executive shall appoint
12 the provincial, city, and municipal assessors and assistant assessors, as the
13 case may be, in accordance with civil service law, rules and regulations, and
14 the following guidelines:

15 (a) In the case of provincial and assistant provincial assessors and
16 city and assistant city assessors, the appointee shall be chosen from the list
17 of at least three (3) ranking eligible candidates within the region;

18 (b) In the case of city and assistant city assessors, and the municipal
19 and assistant municipal assessors in the Metropolitan Manila Area, the
20 appointee shall be chosen from the list of at least three (3) ranking eligible
21 candidates within the region; and

22 (c) In the case of municipal and assistant municipal assessors, the
23 appointee shall be chosen from the list of at least three (3) ranking eligible
24 candidates within the province.

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

28 **SEC. 27. Qualifications of Local Government Assessors.** – No person shall
29 be appointed assessor or assistant assessor unless a citizen of the Philippines,
30 a resident of the region for a provincial or city assessor/assistant assessor,
31 and of the province for a municipal assessor/assistant assessor, a registered
32 and licensed appraiser, of good moral character, and must not have been
33 convicted of any crime involving moral turpitude. The appointee must have
34 experience in real property valuation or assessment work or in any suitable
35 field, either in private or public practice, for at least five (5) years in the case
36 of the provincial or city assessor, and three (3) years in the case of the
37 municipal assessor.

38 **ARTICLE IV**

39 **PENAL PROVISIONS**

1 **SEC. 28. Failure to Comply with the Required Submission of Documents.**

2 – Any government official or employee who fails without justifiable reason to
3 provide or furnish data or information required pursuant to Sections 20, 21,
4 22, 23, and 24 of this Act, shall be punished by a fine equivalent to the
5 official's or employee's six (6) months basic salary or suspension from the
6 service for a period not exceeding one (1) year, or both, at the discretion of the
7 competent authority.

8 **SEC. 29. Failure to Comply with the Valuation Standards.** – An assessor
9 who, for unjustifiable reasons, fails to comply with the valuation standards
10 developed and adopted pursuant to this Act, or deliberately conceals any
11 deviations or departures from such standards in the valuation of real
12 property, shall be punished by a fine equivalent to the official's or employee's
13 six (6) months basic salary or suspension from the service for a period not
14 exceeding one (1) year, or both, at the discretion of the competent authority.

15 **SEC. 30. Failure to Prepare Schedule of Market Values.** – An assessor who,
16 for unjustifiable reasons, intentionally or deliberately refuses or fails to
17 prepare the SMVs within the period set forth in this Act shall be punishable
18 by a fine equivalent to the official's or employee's basic salary for a period of
19 one (1) month to six (6) months, or by suspension from the service for not
20 more than one (1) year, or both, at the discretion of the competent authority.
21 This shall also be a ground for administrative and criminal liability in
22 accordance with the provisions of Republic Act No. 9646, otherwise known as
23 the "Real Estate Service Act of the Philippines".

24 **SEC. 31. Government Agents Delaying the Review, Approval, and**
25 **Implementation of SMV, and Conduct of General Revisions.** – Any
26 government official who delays, without justifiable cause, the review,
27 approval, and implementation of the SMV, the conduct of general revisions,
28 or cause the improper use thereof shall be punished by a fine equivalent to
29 the official's or employee's six (6) months basic salary or suspension from the
30 service for a period not exceeding one (1) year, or both, at the discretion of the
31 competent authority.

32 **SEC. 32. Violation of Other Provisions.** – Any person, whether natural or
33 juridical, who violates any provision of this Act other than those punishable
34 under Sections 28, 29, and 30 hereof shall, when warranted, be dealt with
35 under applicable existing laws.

36 **SEC. 33. Taxpayers' Remedies in Case of Erroneous Assessments of Real**
37 **Properties.** – The provisions of Sections 226 on Local Board Assessment
38 Appeals and 229 on Action by the Local Board of Assessment Appeals of
39 Republic Act No. 7160, as amended, shall apply in all cases of appeal as
40 remedies for taxpayers in the assessment of their property.

1 All concerned local governments shall cause the constitution of a fully
2 functioning Local Board of Assessment Appeals in their respective
3 jurisdictions in coordination with the Land Registration Authority.

4 **ARTICLE V**

5 **TRANSITORY PROVISIONS**

6 **SEC. 34. Transitory Guidelines.** – Local government units which are in the
7 process of updating their SMVs, upon the effectivity of this Act, shall continue
8 with such revisions in accordance with Section 16 of this Act: *Provided*, That
9 proper notification and coordination with the BLGF shall be undertaken.

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

14 **SEC. 35. Saving Clause.** – The zonal values, as determined by the BIR and
15 approved by the Secretary of Finance for internal revenue tax purposes, and
16 the SMVs prepared by the provincial assessors, together with the city
17 assessors and municipal assessors, including the municipal assessors in the
18 Metropolitan Manila Area, that have been approved by their respective
19 *sanggunians* for real property taxation purposes shall continue to be in force
20 and effect until repealed, superseded, modified, revised, set aside, or replaced
21 by the values provided under the updated SMVs as approved in accordance
22 with Section 15 of this Act, which shall be within two (2) years upon the
23 effectivity of this Act.

24 **ARTICLE VI**

25 **FUNDING REQUIREMENTS**

26 **SEC. 36. Budgetary Requirements for the Updating of Schedule of Market**
27 **Values.** – Each local *sanggunian* shall appropriate the necessary funds from
28 locally generated revenues, the internal revenue allotment or such other
29 sources every fiscal year. The accumulated amount so appropriated shall be
30 known as the Real Property Tax Administration Fund (RPTAF) which shall be
31 used for the proper implementation of the updating of SMVs and general
32 revision of real property assessments, and the administration of real property
33 taxes in all local government units.

34 The BLGF shall annually furnish the Department of Budget and
35 Management (DBM) with a list of local government units with SMVs that are
36 due for updating. The DBM, in their review of the ensuing year budget of
37 provinces, highly urbanized cities, independent component cities and
38 municipalities within the Metropolitan Manila Area, shall ensure that
39 sufficient funds have been budgeted to comply with the requirements of this
40 Act: *Provided*, That failure to provide the appropriations herein required shall
41 render their annual budgets inoperative.

1 **ARTICLE VII**

2 **MISCELLANEOUS PROVISIONS**

3 **SEC. 37. Appropriations.** – The amount necessary for the implementation of
4 this Act shall be included in the annual General Appropriations Act.

5 **SEC. 38. Implementing Rules and Regulations (IRR).** – Within six (6)
6 months after the effectivity of this Act, the DOF, in consultation with
7 concerned parties, shall issue the IRR for the effective implementation of this
8 Act.

9 **SEC. 39. Suppletory Application of Existing Laws.** – The provisions of
10 Republic Act No. 7160, otherwise known as the “Local Government Code of
11 1991”, as amended, and other laws consistent with this Act shall have
12 suppletory effect.

13 **SEC. 40. Separability Clause.** – If any section or provision of this Act shall
14 be declared unconstitutional or invalid, other sections or provisions not
15 affected thereby shall continue to be in full force and effect.

16 **SEC. 41. Repealing Clause.** –

17 (a) Sections 188, 199(o), 201, 202, 209(a), 212, 214, 219, 220, 472(a)
18 paragraph 1, 472(b)(8), and 473(a) paragraph 1 of Republic Act No. 7160,
19 otherwise known as the “Local Government Code of 1991”, are hereby
20 repealed;

21 (b) Section 3(n) of PD 464 of 1974 is hereby repealed;

22 (c) Section 6 of Republic Act No. 10752, otherwise known as “The
23 Right-of-Way Act” is hereby repealed;

24 (d) Section 4(a) and (b) of Republic Act No. 8974 are hereby repealed;

25 (e) Section 9 of PD 921 on the administration of local financial
26 services in Metropolitan Manila and creating Local Treasury and Assessment
27 Districts, is hereby repealed;

28 (f) Sections 19, 135(a), 138, 198(a), 199(o), 218, and 224(a) of
29 Republic Act No. 7160, otherwise known as the “Local Government Code of
30 1991”, are amended or modified accordingly;

31 (g) Sections 6(E), 24(D), 27(D)(5), 88(B) and 102 of Republic Act No.
32 8424, otherwise known as the “Tax Reform Act of 1997”, are amended or
33 modified accordingly;

34 (h) Section 4(h) and Section 9 of PD 538 on the power of Philippine
35 Veterans Investment Development Corporation Industrial Authority to collect
36 real property tax; and

37 (i) All laws, presidential decrees, executive orders, presidential
38 proclamations, rules and regulations or parts thereof contrary to or

1 inconsistent with this Act are hereby repealed, superseded, or modified
2 accordingly.

3 **SEC. 42. Effectivity.** – This Act shall take effect fifteen (15) days after its
4 publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,