Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

NINETEENTH CONGRESS
1st Regular Session

House Bill No. **3955**

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Introduced by Representatives PAOLO Z. DUTERTE and ERIC G. YAP

EXPLANATORY NOTE

According to the Department of Finance - Bureau of Local Government Finance (BLGF), the existing real property valuation system is caught with problems such as overlapping valuations, outdated rates, lack of single oversight agency, and absence of a real property electronic database. In fact, only 45% of Local Government Units (LGUs) have updated their Schedule of Market Values (SMVs) as of March 2019, leaving the rest of 98 cities and 46 provinces with outdated SMVs.

This bill seeks to improve the real property valuation for the government by adopting a market based SMV to be used as basis of local and national real property taxation. It shall require the valuation or appraisal of all real property whether taxable or tax-exempt to be based on prevailing market values in the locality where the property is situated in conformity with the valuation standards adopted under this measure.

Further, it shall reorganize and strengthen the BLGF to provide institutional support and accountability to operationalize the reform agenda. Reforming the real property valuation system could translate to the generation of more revenues for the LGUs and acceleration of the rollout of infrastructure projects.

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

PAOLO Z. DUTERTE **ERIC G. YAP**

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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:

SECTION 1. ***Short Title.*** This Act shall be known as the "Real Property Valuation and Assessment Reform Act."

ARTICLE I
DECLARATION OF POLICY AND OBJECTIVES, AND DEFINITION OF TERMS

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

a. Establish and maintain standards to govern the valuation of real property in the country;

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

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

d. Separate the function of valuation of real properties from the functions of tax policy formulation and the administration of the taxes due 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 and be at par with global standards; and

h. Ensure transparency in real property transactions to protect 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 No. 7160, otherwise known as the "Local Government Code of 1991", as amended;

e. *Assessor* refers to the official or employee in the local government unit (LGU) who is a duly licensed appraiser. and performs appraisal and assessment of real properties, including plant, machinery, and equipment, for taxation and other purposes. This definition also includes assistant assessor;

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

i. *Internationally accepted valuation standards* shall refer to generally accepted standards for the valuation for all types of assets including real estate plant and equipment, intangible assets and businesses which shall include, but not limited to. the international valuation standards;

j. *International valuation standards* shall refer to standards for undertaking valuation assessments using generally recognized concepts and principles that promote transparency and consistency evaluation practice as determined by the International Valuation Standards Council.

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

l. *Market Value* refers to the estimated amount for which a property shall exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction which is a transaction between independent, unrelated parties involving no irregularity, after proper marketing, wherein the parties had each acted knowledgeably, prudently, and without compulsion;

m. *Private appraisal sector* refers to licensed nongovernmental real estate service practitioners;

n. *Real estate* refers to the land and all those items which are attached to the land. It is the physical tangible entity, together with all the additions or improvements on, above, or below the ground;

o. *Real property* refers to all the rights, interests and benefits related to the ownership of real estate. It is a legal concept distinct from real estate, which is a physical asset;

p. *Schedule of Marker Values,* hereinafter referred to as SMV, refers to a table of base unit market values for all kinds of real property, except machinery within an LGU prepared by assessors pursuant to existing laws, rules and regulations;

q. *Special purpose property* refers to a property that is designed, constructed and developed for a specific use or purpose. By its very nature, this type of property is rarely offered for sale in the open market except as part of a going concern since its special design and function renders conversion to other types of development or application not economically feasible; and

r. *Valuation,* also known as appraisal, refers to the systematic, analytic and logical analysis of the recording of property facts, circumstances, investments and other relevant data resulting in a supportable estimate or professional opinion of the value of the property as of a specific date and for a specific purpose.

ARTICLE II
THE BUREAU OF LOCAL GOVERNMENT FINANCE (BLGF)

CHAPTER 1
BLGF CENTRAL OPERATIONS

SEC. 4. ***Powers and Functions of the Bureau of Local Government Finance (BLGF).*** **-** The BLGF of the Department of Finance (DOF) shall lead and manage the implementation of the provisions of this Act. In addition to the powers vested upon it by Executive Order No. 292, otherwise known as the "Administrative Code of 1987", it shall exercise the following additional powers and functions:

a. Develop, adopt, and maintain valuation standards consistent with internationally accepted valuation standards, regulations, and specifications for real property appraisal used for taxation and other purposes. and ensure compliance therewith by LGUs and other concerned parties;

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

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

d. Provide leadership and policy direction to LGUs on real property valuation for taxation and other purposes, including the development and maintenance of internationally accepted valuation standards, the regulation of valuation activities and other related matters, and the promotion of valuation training and seminars;

e. Maintain a roster of licensed local government appraisers and assessors' consultation and coordination with the Professional Regulation Commission;

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

g. Conduct continuing study and research in valuation, and maintain information on current global and country trends and developments in real property valuation;

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

i. Determine, fix, and collect a reasonable amount to be charged as administration fees, fines, and penalties relative to the implementation of this Act: and

j. Perform such other functions as are necessary, proper, and incidental to implement the provisions of this Act.

SEC. 5. ***Establishment of the Real Property Valuation Service.*** **-** To achieve the policies and objectives declared in this Act, the Real Property Valuation Service, hereinafter referred to as the RPVS is hereby established within the BLGF and shall have counterpart personnel in the BLGF Regional Offices.

SEC. 6. ***Supervisory Role of the BLGF Executive Director over the RPVS.*** **-** The BLGF Executive Director shall be responsible for the efficient and effective day-to-day performance of the responsibilities set forth in this Act, and for the overall internal management and governance of the RPVS.

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

a. A Central Consultative Committee shall be created and shall serve as the consultative forum on matters pertaining to the setting and adoption of internationally accepted valuation standards and other related concerns on real property valuation;

b. It shall be chaired by the BLGF Executive Director and shall be composed of a representative each from the:

1. Bureau of Internal Revenue (BIR);
2. Department of Environment and Natural Resources (DENR);
3. Bangko Sentral ng Pilipinas (BSP):
4. National organization of government assessors;
5. National organization of appraisers in national government agencies; and
6. Private appraisal sector:

Provided, That the representative from the private appraisal sector shall be active in the practice of real estate appraisal for at least five (5) years as certified by the Professional Regulatory Board of Real Estate Service (PRBRES).

c. The representatives of the BIR, DENR, and BSP must be performing valuation- related functions. The national organization of government assessors, and the private appraisal sector shall be represented by their respective heads of organizations or their duly qualified representatives;

d. 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; and

e. 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. The Chairperson may invite resource persons on issues concerning real property valuation.

CHAPTER 2
BLGF REGIONAL OPERATIONS

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

a. Implement policies, plans, programs, rules and regulations on real property valuation of LGUs in the region;

b. Review, in coordination with the BIR, and endorse to the RPVS, the proposed SMVs prepared by the assessors of the LGUs in the region;

c. Provide for economical, efficient and effective valuation services in the region;

d. Coordinate and consult with other government departments, bureaus and agencies within the region dealing with real property valuation;

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

f. Perform other functions as may be assigned by the BI.GF Executive Director.

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

a. There shall be a Regional Consultative Committee that shall be chaired by the BLGF Regional Director and shall be composed of a representative from the:
   1. BIR - Regional Office;
   2. DENR - Regional Office:
   3. Head of Regional organization of government assessors or its duly authorized representative;
   4. Head of Regional organization of national government appraisers or its duly authorized representative;
   5. Head of the private appraisal sector within the region or its duly authorized Representative; and
   6. Head of the bankers association within the region or its duly authorized representative.

b. The members of the Regional Consultative Committee must be performing valuation-related functions in their respective agencies or sectors; and

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

SEC. 10. ***Function of the Regional Consultative Committee. -*** The Regional Consultative Committee shall serve as a consultative forum in the region for discussion on developments in the local real property market; concerns of taxpayers. civil society, and other stakeholders; outcome of compliance reporting in the region; level of complaints and appeals; training of local government assessors in the region; appraisal and assessment concerns in general; and other matters as may be determined by the Committee*: Provided,* That any report thereof, as a result of the forum, shall be submitted to the Central Consultative Committee.

ARTICLE III
VALUATION OF REAL PROPERTIES

CHAPTER 1
VALUATION STANDARDS AND MARKET VALUES

SEC. 11. ***Development of Valuation Standards.*** **-** Notwithstanding the provisions of existing laws to the contrary, the BLGF shall develop, adopt, maintain, and implement uniform valuation standards which shall be used by all appraisers and assessors in the LGUs and other concerned parties in the appraisal or valuation of lands, buildings, machinery and other real properties for taxation and other purposes. The valuation standards shall conform with internationally accepted valuation standards and principles.

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

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

SEC. 13. Preparation of Schedule of Market Values. - The provincial assessors, together with the municipal assessors, and the city assessors, including the lone municipal assessor in the Metropolitan Manila Area, shall prepare the SMVs for the different classes of real property situated within their respective LGUs, pursuant to the valuation standards, rules, regulations, and other specifications set by the DOF. The preparation of the SMVs shall be completed within six (6) months following the notice from the L.GF to all local assessors to submit their revised SMVs.

Upon its completion, the local assessor shall submit the proposed SMV to the BLGF Regional Office. Within seventy-five (75) days from receipt thereof, the BLGF Regional Office, in coordination with the BIR Regional Office, shall review and endorse the proposed SMV to the BLGF Executive Director and the Commissioner of Internal Revenue: *Provided,* That, in the case of cities and municipality within the Metropolitan Manila Area, the proposed SMV shall be submitted to, and reviewed by the BLGF Central Office, in coordination with the concerned BIR Regional Office: *Provided, further*, That the SMV complies with all the requirements set by the Secretary of Finance, including the conduct of at least one (1) public consultation on the proposed SMVs.

SEC. 14. ***Approval of Schedule of Market Values.*** **-** The Secretary of Finance shall approve the SMV in accordance with internationally accepted valuation standards. within thirty (30) days from receipt of the joint endorsement of the BLGF Executive Director and the Commissioner of Internal Revenue; otherwise, said schedule shall be deemed approved. In case of sudden changes in the market values, including but not limited to, ancestral domain, public land, agrarian reform beneficiaries, and other vulnerable sectors, the assessor is mandated to recommend to

the *sanggunian* tax rates and assessment levels that will maintain or minimally affect the real property tax due for the aforementioned property.

The approved SMVs shall take effect fifteen (15) days after its publication by the DOF in the *Official Gazette* or in at least two (2) newspapers of general circulation, and posting in the respective provincial capitol, city hall and municipal hall, and in two (2) other conspicuous public places within the LGU covered by the approved SMVs.

The DOF and the concerned LGUs shall post the approved SM Vs in their official website.

SEC. 15. ***Setting Assessment Levels and Tax Rates. -*** The approved SMV shall be transmitted to the concerned local chief executive, through the respective provincial. city, and municipal assessor. The concerned assessor. in coordination with the local treasurer, shall estimate the revenue and tax impact of the new SMV based on existing assessment levels and tax rates, and recommend amendments thereon based on three (3) different scenarios. The assessor shall thereafter prepare and submit the revenue and tax impact report to the local chief executive for consideration.

The local chief executive shall transmit the approved SMV, together with the revenue and tax impact report, within fifteen (15) days from receipt of the same to the *sanggunian* for the enactment of an ordinance setting the appropriate assessment levels and tax rates. During the *sanggunian's* deliberations prior to the enactment of the tax ordinance, it may call upon the assessor to provide technical assistance and calculate the revenue and tax impact of additional options in order to arrive at a desired level of revenue and tax burden that the *sanggunian* will adopt. The concerned *sanggunian* shall enact the tax ordinance within sixty (60) days from receipt thereof, upon conduct of public hearings and proper consultations; otherwise, the existing ordinance on assessment levels and tax rates shall remain in force and effect.

Upon the enactment by the *sanggunian* of an ordinance for the assessment levels and tax rates, the local chief executive shall act within ten (10) days, in the case of cities, including the municipality in the Metropolitan Manila Area, or within fifteen (15) days, in the case of provinces, to approve the same. Failure of the concerned local chief executive to act on the ordinance within the prescribed period shall render the same approved: *Provided, however,* That this law shall not be construed to abridge the power of LGUs to lower and adjust assessment levels and tax rates in accordance with the provisions of Republic Act No. 7160, otherwise known as the "Local Government Code of 1991", as amended. to provide with it to residential property owners as deemed necessary.

SEC. 16. ***Publication of Assessment Levels and Tax Rates. -*** The approved ordinance for the assessment levels and tax rates shall be published by the concerned LGU in a newspaper of local circulation once a week for two (2) consecutive weeks: *Provided,* That in provinces and cities. including the municipality within the Metropolitan Manila Area, where there are no newspapers of local circulation, the

same shall be posted in the provincial capitol, including all concerned city halls, municipal halls, and in two (2) other conspicuous public places therein.

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

a. For purposes of real property taxation. the approved SMV shall, in no case. Be adopted by the LGU less than six (6) months prior to the effectivity of the new assessment rates to ensure the proper cleansing and updating of records, and notification of property owners in the conduct of general revision of assessment and property classification.

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

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

Notwithstanding the provision of existing laws to the contrary, the failure to conduct a general revision of assessment and property classification, and use of the approved SMV shall render an LGU ineligible for any conditional or performance-based grant or to contract any form of credit financing.

SEC. 18. ***Updating the Schedule of Market Values.*** **-** All provincial assessors, together with the municipal assessors and the city assessors, including the lone municipal assessor within the Metropolitan Manila Area, shall update their respective SMVs within two (2) years from the effectivity of this Act. Thereafter, they shall update the SMVs and conduct general revision of property assessments and classifications once every three (3) years from the date of last revision. The BLGF shall prepare the schedule for the updating of the SMVs in all provinces and cities, including the municipality within the Metropolitan Manila Area.

In case of any significant change in market value where the property is located after the SMV has been approved and prior to the next revision, such as in times of calamities, disasters, man-made or natural and other adverse circumstances, or where corrections of errors and inequalities in the SMV is deemed necessary, or upon the order of the Secretary of Finance, the provincial and city assessors shall recommend revisions to the existing SMVs to the BLGF Regional Office, through the BLGF Regional Director exercising jurisdiction over the LGU concerned: *Provided,* That. the city assessors and municipal assessor within the Metropolitan Manila Area, shall recommend revisions to the existing SMVs to the BLGF Central Office.

Such revision or revisions shall be subject to review by the concerned BLGF Regional Office and the BIR Regional Office which shall complete their review and

submit their recommendations to the BLGF Executive Director, in accordance with Sections 13 and 14 of this Act.

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 trainings for all local assessors, local officials and staff, and other concerned BIR personnel in the preparation of the SMVs in accordance with internationally accepted valuation standards, concepts, principles and practices, conduct of 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, transfer and all other real property transactions and declarations in the country and on the cost of construction or renovation of buildings and other structures, and on the 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. LGUs, and the private sector: *Provided,* That in the case of government agencies and instrumentalities, the mandatory submission of documents and information shall be subject to the prohibition of disclosure of certain information under the Data Privacy Act and other existing laws. The updated database shall be made available to the LGUs, national government agencies and the private sector: *Provided, further,* That the Commissioner of Internal Revenue or a duly authorized representative shall be allowed access to the database without need of prior approval: *Provided, finally,* That non-submission of the required documents to the BLGF will subject the concerned official or employee to administrative penalties pursuant to the provisions of Section 28 of this Act.

To further ensure the efficiency of 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 platform, and the appropriate training and capability building programs to third class up to sixth class municipalities and provinces to ensure compliance with this section. The BLGF shall establish mechanisms for the electronic submission of the required documents in accordance with the provisions of Chapter 2. Article II of this Act.

SEC. 21. ***Duty of Register of Deeds to Supply Assessors with Real Property Transactions Data. -*** The Register of Deeds shall prepare and submit to the provincial assessors, together with the municipal assessors, and city assessors, including the lone

municipal assessor in the Metropolitan Manila Area. an abstract of the entire registry every three (3) months and copies of all contracts selling, transferring or otherwise converting, leasing, or mortgaging real property registered every end of the month. The abstract shall include brief but sufficient descriptions of the real properties entered therein, their present owners, and the dates of their most recent transfer or alienation accompanied by copies of corresponding deeds of sale, donation, or partition, or other forms of alienation.

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

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

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

SEC. 25. ***Transmission of Real Property Transactions Data to the BLGF. –*** Upon operationalization of the real property transactions database as provided in Section 20 of this Act, it shall be the duty of the registers of deeds, notaries public, officials issuing building permits, and the geodetic engineers conducting surveys within a locality to electronically transmit to the concerned BLGF Regional Office relevant real property transactions data, in accordance with the rules and regulations to be promulgated by the Secretary of Finance.

CHAPTER 3
APPOINTMENT AND QUALIFICATIONS OF ASSESSORS

SEC. 26. ***Appointment of Assessors. -*** The local chief executive shall appoint the provincial, city and municipal assessors and assistant assessors, as the case may

be, in accordance with Civil Service Law, Real Estate Service Act, rules and regulations and the following guidelines:

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

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

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

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

SEC. 27. ***Qualification of Local Government Assessors.*** **-** No person shall be appointed assessor or assistant assessor unless a citizen of the Philippines, a resident of the region for a provincial or city assessor/assistant assessor, and of the province for a municipal assessor/assistant assessor, a registered and licensed appraiser, of good moral character, and must not have been convicted of any crime involving moral turpitude. The appointee must have experience in real property valuation or assessment work in any suitable field, either in private or public practice, for at least five (5) years in the case of the provincial or city assessor, and three (3) years in the case of the municipal assessor. Once appointed, all assessors and local government appraisers must comply with the requirements of the Professional Regulatory Board of Real Estate Service for the regular updating of their licenses.

ARTICLE IV
PENAL PROVISIONS

SEC. 28. ***Failure to Comply with the Required Submission of Documents.*** **–** Any government official or employee who fails without justifiable reason to provide or furnish data or information required pursuant to Sections 20, 21, 22. 23 and 24 of this Act, shall be punished by a fine equivalent to one (1) month to six (6) months basic salary of the official or employee, or suspension from the service for a period not exceeding one (1) year, or both, at the discretion of the competent authority.

SEC. 29. ***Failure to Comply with the Valuation Standards.*** **-** An assessor who, for unjustifiable reasons, fails to comply with the valuation standards developed and adopted pursuant to this Act, or deliberately conceals any deviation or departure from such standards in the valuation of real property, shall be punished by a fine equivalent to one (1) month to six (6) months basic salary of the official or employee, or

suspension from the service for a period not exceeding one (1) year, or both, at the discretion of the competent authority.

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

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

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

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

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

ARTICLE V
TRANSITORY PROVISIONS

SEC. 34. ***Transitory Guidelines. -*** LGUs which are in the process of updating their SMVs shall, upon the effectivity of this Act, continue with such revisions in accordance with Sections 15, 16, 17, and 18 of this Act: *Provided,* That proper notification and coordination with the BLGF shall be undertaken.

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

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

ARTICLE VI
FUNDING REQUIREMENTS

SEC. 36. ***Budgetary Requirements for the Updating of Schedule of Market Values.*** **-** Each local *sanggunian* shall appropriate the necessary funds from locally generated revenues, the internal revenue allotment or such other sources every fiscal year to constitute the Real Property Tax Administration Fund (RPTAF), which shall be established and used for the proper implementation of the updating of the SMVs and general revision of real property assessments, and the administration of real property taxes in all LGUs.

The BLGF shall annually furnish the Department of Budget and Management (DBM) with a list of LGUs with SMVs that are due for updating. The DBM, in its review of the ensuing year's budget of provinces, highly urbanized cities, independent component cities and municipality within the Metropolitan Manila Area, shall ensure that sufficient funds are so appropriated for the RPTAF: *Provided,* That failure to provide the appropriations required shall render their annual budgets inoperative.

ARTICLE VII
MISCELLANEOUS PROVISIONS

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

SEC. 38. ***Suppletory Application of Existing Laws.*** **-** The provisions of Republic Act No. 7160, otherwise known as the "Local Government Code of 1991", as amended, and other laws consistent with this Act shall have suppletory effect.

SEC. 39. ***Implementing Rules and Regulations (IRR).*** **-** Within six (6) months after the effectivity of this Act, the DOF shall, in consultation with concerned parties., issue the IRR for the effective implementation of this Act.

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

SEC. 41. ***Repealing Clause.*** **-** The following provisions are hereby repealed:

a. Sections 212, 214, and 221 of Republic Act No. 7160, otherwise known as the "Local Government Code of 1991", as amended; and

b. Section 4(h) of Presidential Decree No. 538.

The following provisions are hereby amended accordingly:

1. Section 33, Chapter IV, Title II, Book IV, of Executive Order No. 292, otherwise known as the "Administrative Code of 1987";
2. Sections 19, 135(a), 138, 201, 218, 220, 472(a), 472 (b)(8), and 473(a) of Republic Act No. 7160;
3. Sections 5, 6, and 7 of Republic Act No.10752, otherwise known as "The Right-of- Way Act";
4. Section 9 of Presidential Decree No. 921; and
5. Sections 6(e), 27(d)(5), and 88(b) of Republic Act No. 8424, otherwise known as the
6. National Internal Revenue Code of 1997, as amended.

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

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

Approved,