

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

EIGHTEENTH CONGRESS

First Regular Session

HOUSE BILL NO. 0343



INTRODUCED BY REPRESENTATIVE XAVIER JESUS D. ROMUALDO

EXPLANATORY NOTE

Efforts to pass a law instituting reforms in real property valuation and assessment date back to the 15th Congress, with the House of Representatives approving a valuation and assessment reform bill on third reading in the 15th and 16th Congresses. In the 17th Congress, the House of Representative again approved this bill on third reading. However, the Senate was again unable to take action on it.

There is an urgent need to improve the country's real property valuation and assessment system and reorganize and strengthen the Bureau of Local Government Finance in order to effect such improvement. If enacted into law, this measure will support the long-term revenue efforts of the government through an institutionalize uniform valuation standards that is consistent with generally accepted international valuation standards, regulations, and specifications for real property appraisal used for taxation.

Hence, the strong support of the Members for the passage of this measure is earnestly sought.

A handwritten signature in black ink, consisting of a stylized "X" followed by a series of loops and a long horizontal stroke, representing the name Xavier Jesus D. Romualdo.

XAVIER JESUS D. ROMUALDO

- (a) Establish and maintain valuation 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 valuing or appraising real property for various transactions by all government agencies;
- (c) Promote the fiscal autonomy of local governments to provide basic services to their constituency by enhancing their capacity to generate local revenues from real property;
- (d) Separate the function of valuing or appraising of real properties from the functions of tax policy and administering the taxes due thereon;
- (e) Support the development and professionalization of the valuation and appraisal 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;

- 1 (g) Support the development of an information database on valuation by continuing
2 research and monitoring of new developments in the valuation discipline for
3 upgrading the country's valuation and keeping it abreast with global developments;
4 and
5 (h) Ensure transparency in real property transactions to protect the public and develop
6 confidence in the work of appraisers and assessors.

7
8 **SEC. 3. Definition of Terms** – As used in this Act:

- 9 (a) **Appraiser** also known as valuer, refers to a person who conducts
10 valuation/appraisal; specifically, one who possesses the necessary qualifications,
11 license, ability and experience to execute or direct the valuation/appraisal of real
12 property;
13 (b) **Assessed Value**, also referred to as taxable value, refers to the market value of the
14 property multiplied by the corresponding assessment level;
15 (c) **Assessment** refers to the act or process of determining the value of a property, or
16 proportion thereof subject to tax, including the discovery, listing, classification, and
17 appraisal of properties;
18 (d) **Assessment Level** refers to the percentage applied to the market value to
19 determine the taxable value of the property based on property classifications as
20 prescribed in the Local Government Code;
21 (e) **Assessor** refers to an official in the local government unit (LGU) who is a licensed
22 appraiser, who performs appraisal and assessment of real properties, including
23 plant, machinery and equipment, essentially for taxation and other purposes. This
24 definition also includes *Assistant Assessors*.
25 (f) **Building** refers to a man-made structure permanently attached to land for
26 residential, commercial, industrial, recreational or other purposes;
27 (g) **Improvement** refers to a valuable addition made to a property or an amelioration in
28 its condition, amounting to more than a mere repair or replacement of parts involving
29 capital expenditures and labor, which is intended to enhance its value, beauty or
30 utility or to adapt it for new or further purposes;
31 (h) **International Valuation Standards (IVS)** refers to valuation standards that provide
32 property valuers with a framework composed of recognized principles and concepts
33 as well as internationally accepted definitions and best practices and reporting
34 valuations;
35 (i) **Land** refers to one of the major factors of production consisting sometimes of a
36 material economic good, which is supplied by nature without the aid of man. Land
37 may include not only the earth surface, both land and water, but also anything that is
38 attached to the earth's surface. Thus, all natural resources in their original state, such
39 as minerals deposits, wildlife, timber, and fish, are land within the technical meaning
40 of the term; so also are sources of energy, outside of man himself, such as water,
41 coal deposits, and the natural fertility of the soil;
42 (j) **Machinery** refers to and embraces machines, equipment, mechanical contrivances,
43 instruments, appliances or apparatus which may or may not be attached,

1 permanently or temporarily, to the real property. It includes the physical facilities for
2 production, the installations and appurtenant service facilities, those which are
3 mobile, self-powered or self-propelled, and those not permanently attached to the
4 real property which are actually, directly, and exclusively used to meet the needs of
5 the particular industry, business or activity and which by their very nature and
6 purpose are designed for, or necessary to its manufacturing, mining, logging,
7 commercial, industrial or agricultural purposes;

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

13 (l) **Private appraisal sector** refers to licensed non-governmental real estate service
14 practitioners who have been active in the practice of real estate appraisal for the last
15 five (5) years;

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

19 (n) **Real property** refers to all the rights, interests and benefits related to the ownership
20 of real estate. It is a legal concept distinct from real estate, which is a physical asset.
21 There may also be potential limitations upon ownership rights to real property.

22 (o) **Schedule of Market Values**, hereinafter referred to as SMV, refers to a table of
23 base unit market values for all kinds of real properties, except machinery, within a
24 local government unit prepared by assessors pursuant to existing laws, rules and
25 regulations;

26 (p) **Special purpose property** refers to a property that is designed, constructed and
27 developed for a specific use or purpose. By its very nature, this type of property is
28 rarely offered for sale in the open market except as part of a going concern. Because
29 of the special design and function, conversion of special purpose properties to other
30 types of development or application is generally not economically feasible; and

31 (q) **Valuation**, also known as appraisal, refers to the systematic, analytic and logical
32 analysis of the recording of property facts, circumstances, investments and other
33 relevant data resulting in a supportable estimate or professional opinion of the value
34 of a property as of a specific date and for a specific purpose;

35 36 ARTICLE II

37 THE BUREAU OF LOCAL GOVERNMENT OF FINANCE (BLGF)

38 39 Chapter I

40 BLGF Central Operations

41
42 **SEC. 4. Roles of the Bureau of Local Government Finance (BLGF).** – The BLGF of
43 the Department of Finance (DOF), through the Real Property Valuation Service (RPVS) as

hereinafter established, shall lead and manage the implementation of the provisions of this Act, and shall provide leadership in ensuring rationalized valuation of real properties transcending political boundaries. The BLGF shall have the following powers and functions:

- (a) Develop, adopt, and maintain valuation standards consistent with generally accepted international valuation standards, regulations and specifications for real property appraisal used for tax and other purposes, and ensure compliance therewith by the Local Government Units (LGUs) and other concerned parties;
- (b) In coordination with the BIR, review and ensure that the SMVs as prepared by the provincial assessors together with municipal assessors, and city assessors, including the municipal assessors in 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 and appraisal of special purpose properties, when requested;
- (d) Provide leadership and policy direction to LGUs on real property valuation and appraisal for taxation and other purposes, including the development and maintenance of valuation standards, the regulation of valuation and appraisal activities and other related matters, and the promotion of valuation and appraisal training and seminars;
- (e) Maintain a roster of licensed local government appraisers and assessors;
- (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 on valuation, and maintain an information based on current global and country trends and developments in real property valuation and appraisal;
- (h) Formulate and provide for uniform procedures on the various transactions in the assessor's office, including but not limited to the transfer, annotation and issuance of tax declarations;
- (i) Determine, fix, and collect 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 policy and objectives declared in this Act, there shall be established the Real Property Valuation Service, hereinafter referred to as the RPVS, within the BLGF with counterpart personnel in the BLGF Regional Offices is hereby established.

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

1 **SEC. 7. Creation of the Central Consultative Committee. –**

- 2 (a) A Central Consultative Committee shall be created and shall serve as the
3 consultative forum on matters pertaining to the setting, adoption, and maintenance of
4 the valuation standards and other related concerns on real property valuation.
- 5 (b) It shall be chaired by the BLGF Executive Director and shall be composed of a
6 representative each from the:
- 7 1. Bureau of Internal Revenue (BIR);
 - 8 2. Department of Environment and Natural Resources (DENR);
 - 9 3. Bangko Sentral ng Pilipinas (BSP);
 - 10 4. National organization of government assessors;
 - 11 5. National organization of appraisers in national government agencies; and
 - 12 6. Private appraisal sector.
- 13 (c) The representatives of the BIR, DENR, and the BSP must be performing valuation-
14 related functions. The national organization of government assessors, and the
15 private appraisal sector shall be represented by their respective heads of
16 organizations.
- 17 (d) The Chairperson and members of the Committee shall not receive additional salary
18 for the performance of their functions. Members of the consultative committee who
19 are not incumbent government officials or employees shall be entitled to *honoraria*,
20 pursuant to existing laws and regulations.
- 21 (e) The Committee shall meet at the initiation of the Chairperson at least once every
22 semester and shall have as many meetings as the Chairperson may deem
23 necessary for the adoption of valuation standards. The Chairperson may invite
24 resource persons on issues concerning real property valuation.

25
26 **Chapter 2**

27 **BLGF Regional Operations**

28
29 **SEC. 8. Role of the BLGF Regional Offices. –** The BLGF Regional Offices, through
30 the Regional Director, shall be responsible for all matters relating to valuation and appraisal and
31 the SMVs in the region, such as the:

- 32 (a) Implement policies, plans, programs, rules and regulations on real property valuation
33 or appraisal of LGUs in the region;
- 34 (b) Review, in coordination with the BIR, and endorse to the RPVS the proposed SMV's
35 prepared by the provincial assessors together with the municipal assessors, and the
36 city assessors in the region;
- 37 (c) Provide for economical, efficient and effective services in the region;
- 38 (d) Coordinate and consult with other government departments, bureaus and agencies
39 within the region dealing with real property valuation;
- 40 (e) Adopt and maintain a comprehensive and up-to-date regional electronic database of
41 all regional real property-related transactions, and have custody of all transaction
42 records submitted by local government assessors; and
- 43 (f) Perform other functions as may be assigned by the BLGF Executive Director.

1
2 **SEC. 9. The Regional Consultative Committee. –**

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

- 5 1. BIR – Regional Office;
6 2. DENR – Regional Office;
7 3. Head of regional organization of government assessors;
8 4. Head of regional organization of national government appraisers;
9 5. Head of private appraisal sector within the region; and
10 6. Head of bankers association within the region.

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

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

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

24
25 **ARTICLE III**

26 **VALUATION AND APPRAISAL OF REAL PROPERTIES**

27 **Chapter 1**

28 **Valuation Standards and Market Values**

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

36
37 **SEC. 12. Valuation of Real Property. –** For valuation purposes, all real properties,
38 whether taxable or exempt, shall be valued or appraised based on prevailing market values in
39 the locality where the property is situated, in conformity with the valuation standards adopted
40 under this Act. The Secretary of Finance shall promulgate the rules and regulations for the
41 valuation and appraisal of real property pursuant to the provisions of this Act.
42

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

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

15 **SEC. 14. Approval of Schedule of Market Values.** – The Secretary of Finance shall
16 approve the SMV within sixty (60) days from receipt of the joint endorsement of the BLGF
17 Executive Director and the Commissioner of Internal Revenue; otherwise, said schedule shall
18 be deemed approved.
19

20 The approved SMV shall be published by the DOF in the Official Gazette or in at least
21 two (2) newspapers of general circulation, which shall take effect after fifteen (15) days upon
22 compliance with its publication requirements.
23

24 The DOF shall post in its official website the approved SMV and furnish the same to the
25 concerned LGU, through the BLGF, and the BIR.
26

27 **SEC. 15. Setting Assessment Levels and Tax Rates.** – The approved SMV shall be
28 transmitted to the concerned assessor who shall confer with the local chief executive regarding
29 the approved SMV. The assessor, in coordination with the local treasurer, shall estimate the tax
30 impact of the new SMV as against the existing assessment levels and tax rates, calculate the
31 expected level of tax burden that the taxpayers will bear based on the new SMV and
32 recommend amendments on the assessment levels and/or tax rates. The assessor shall
33 prepare a minimum of at least three estimates of the tax impact based on different scenarios
34 and submit the tax impact report to the local chief executive and the *Sanggunian*.
35

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

1 (60) 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 shall act within ten (10) days, in the case of cities and the municipality
5 in the Metropolitan Manila Area, or within fifteen (15) days, in case of provinces, to approve the
6 same. Failure of the concerned local chief executive to act on the ordinance within the
7 prescribed period shall render the same approved.

8
9 **SEC. 16. Publication of Assessment Levels and Tax Rates.**— The approved
10 ordinance for the assessment levels and tax rates shall be published by the concerned LGU in a
11 newspaper of local circulation once a week for two (2) consecutive weeks: *Provided, however,*
12 that in provinces, cities and municipalities where there are no newspapers of local
13 circulation, the same shall be posted in the provincial capitol, including all concerned municipal
14 halls, and city halls and in two (2) other conspicuous public places therein.

15
16 **SEC. 17. Use of Schedule of Market Values.** — The approved SMV shall be used as
17 basis for the determination of real property-related taxes of the national and local governments,
18 as follows:

- 19 (a) For purposes of real property taxation, the approved SMV shall in no case be
20 adopted by the LGU less than six (6) months prior to the effectivity of the new
21 assessments to ensure the proper cleansing and updating of records, and
22 notification of property owners in the conduct of general revision of assessment and
23 property classification.
- 24 (b) In computing any internal revenue tax, the BIR Commissioner shall use the SMV, or
25 the actual gross selling price in consideration, as stated in real property transaction
26 documents, whichever is higher.
- 27 (c) For other purposes, such as local transfer tax, tax on sand and gravel, community
28 tax, fees and charges, or as benchmark for real property appraisal of other
29 government agencies, the approved SMV may be used upon its effectivity.

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

34
35 **SEC. 18. Updating of Schedule of Market Values.** — All provincial assessors together
36 with the municipal assessors, and the city assessors, including the municipal assessor in
37 Metropolitan Manila Area, shall undertake an updating of their respective SMVs within two (2)
38 years from the effectivity of this Act. Thereafter, they shall undertake an updating of SMVs and
39 conduct of general revision of property assessments not earlier than three (3) years from the
40 date of last revision, but not later than five (5) years. The BLGF shall prepare the schedule for
41 the updating of the SMVs in all provinces, cities and municipalities within the Metropolitan Manila
42 Area.

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

8
9 Such revision/s shall be subject to review by the concerned BLGF Regional Office and
10 the BIR Regional Office which shall complete their review and submit their recommendations to
11 the BLGF Executive Director, in accordance with Section 14 hereof.

12
13 **SEC. 19. Conduct of Capacity Building Interventions.** – The BLGF shall, in
14 coordination with the Philippine Tax Academy of the DOF, develop and conduct the necessary
15 training for all local assessors, local officials and staff, and other concerned BIR personnel on
16 the preparation of the SMV in accordance with generally accepted international valuation
17 standards, concepts, principles and practices; conduct of SMV impact studies; preparation of
18 compliance reports, and other subject areas.

19 Chapter 2

20 Development and Maintenance of Real Property Market Database

21
22
23 **SEC. 20. Development of Real Property Information System.** – The BLGF shall
24 develop and maintain an up-to-date electronic database of the sale, exchange, lease, mortgage,
25 donation and all other real property transactions and declarations in the country and on the cost
26 of construction or renovation of buildings and other structure, and on prices of machinery.

27
28 For this purpose, the BLGF shall require the mandatory submission of necessary
29 documents from the concerned officials or employees of national government offices or
30 instrumentalities, LGUs, and the private sector. The updated database shall be made available
31 to the LGUs, national government agencies and the private sector: *Provided, That the*
32 *Commissioner of Internal Revenue or his duly authorized representative shall be allowed*
33 *access to the database without need of prior approval: Provided, Finally, That non-submission*
34 *of the required documents to the BLGF will be subject to the provisions of Section 28 of this Act.*

35
36 To further achieve these objectives and ensure efficient real property tax administration,
37 all provinces, cities and municipalities shall automate their operations, adopt tax mapping
38 technology, maintain software-enabled valuation system, undertake regular data cleansing and
39 computerize records management for the efficient performance of their duties and functions.
40 The National Government, thru the Department of Information and Communications Technology,
41 shall provide with appropriate equipment and connectivity, information and communications
42 technology platform, training and capability building programs to third class up to sixth class

1 municipalities and provinces to ensure compliance with this section. The BLGF shall establish
2 mechanisms for the electronic submission of the required documents in accordance with the
3 succeeding sections of Chapter 2 this Act.

4
5 **SEC. 21. Duty of Register of Deeds to Supply Assessors with Real Property**
6 **Transactions Data.** – The Register of Deeds shall prepare and submit to the provincial
7 assessors, together with the municipal assessors, and city assessors, including the municipal
8 assessor in Metropolitan Manila Area, and abstract of the entire registry every three (3) months
9 and copies of all contracts selling, transferring or otherwise converting, leasing, or mortgaging
10 real property registered every end of the month. The abstract shall include brief but sufficient
11 description of the real properties entered therein, their present owners, and the dates of their
12 most recent transfer or alienation accompanied by copies of corresponding deeds of sale,
13 donation or partition or other forms of alienation.

14
15 **SEC. 22. Duty of Official Issuing Building Permits or Certificates of Registration of**
16 **Machinery to Transmit Copy of the Assessor.** – Any public official or employee who may now
17 or hereafter be required by law or regulation to issue to any person a permit for the construction,
18 addition, repair or renovation of a building, or permanent improvement on land, or a certificate of
19 registration for any machinery, including machines, mechanical contrivances and apparatus
20 attached or affixed on land or to another real property, shall transmit a copy of such permit or
21 certification within thirty (30) days of its issuance to the assessor of the province, city or
22 municipality where the property is situated.

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

31
32 **SEC. 24. Duty of Registrar of Deeds and Notaries Public to Assist the Provincial,**
33 **City, or Municipal Assessor.** – It shall be the duty of the Registrar of Deeds and notaries
34 public to furnish, free of charge, the provincial, city or municipal assessor with copies of all
35 contracts selling, transferring, or otherwise conveying, leasing, or mortgaging real property
36 received by, or acknowledged before them within such periods as the BLGF shall prescribe.

37
38 **SEC. 25. Duty of Assessors to Transmit Documents to the BLGF.** – It shall be the
39 duty of the assessors to transmit to the concerned BLGF Regional Office all real property
40 transactions data from the Register of Deeds, and the names of the official issuing the building
41 permit those of the geodetic engineers within one (1) month after the receipt of such data. The
42 BLGF's Regional Office shall record, process and make a summary report of the real property

1 data and submit the same to the BLGF Central office within one (1) month from receipt of such
2 data.

3 4 Chapter 3

5 Appointment and Qualifications of Assessors

6
7 **SEC. 26. *Appointment of Assessors.*** – The local chief executive shall appoint the
8 provincial, city and municipality assessors and assistant assessors, as the case may be, in
9 accordance with the civil service law, rules and regulations, and the following guidelines:

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

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

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

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

22
23 **SEC. 27. *Qualification of Local Government Assessors.*** – No person shall be
24 appointed assessor or assistant assessor unless such person is a citizen of the Philippines, a
25 resident of the region for a provincial or city assessor or assistant assessor, and of the province
26 for a municipal assessor or assistant assessor, a registered and licensed appraiser, of good
27 moral character, and shall not have been convicted of any crime involving moral turpitude. The
28 appointee must have experience in real property valuation or assessment work or in any
29 suitable field, either in private or public practice, for at least five (5) years in the case of the
30 provincial or city assessor, and three (3) years in the case of the municipal assessor.

31 32 ARTICLE IV

33 PENAL PROVISIONS

34
35 **SEC. 28. *Failure to Comply with the Required Submission of Documents.*** – Any
36 government official or employee who fails without justifiable reason to provide or furnish data or
37 information required pursuant to Sections 20, 21, 22, 23, and 24 of this Act, shall be punished
38 by a fine equivalent to the official's or employee's six (6) months basic salary or suspension
39 from the service for a period not exceeding one (1) year, or both, at the discretion of the
40 competent authority.

41
42 **SEC. 29. *Failure to Comply with the Valuation Standards.*** – An assessor who, for
43 unjustifiable reasons, fails to comply with the valuation standards developed and adopted

1 pursuant to this Act, or deliberately conceals any deviations or departures from such standards
2 in the valuation and appraisal of real property, shall be punished by a fine equivalent to the
3 official's or employee's six (6) months basic salary or suspension from the service for a period
4 not exceeding one (1) year, or both, at the discretion of the competent authority.

5
6 **SEC. 30. Failure to Prepare Schedule of Market Values.** – An assessor who, for
7 unjustifiable reasons, intentionally or deliberately refuses or fails to prepare the SMVs within the
8 period set forth in this Act shall be meted a fine equivalent to the official's or employee's basic
9 salary for a period of one (1) month to six (6) months, or by suspension from the service for not
10 more than one (1) year, or both, at the discretion of the competent authority. This shall also be a
11 ground for administrative and criminal liability in accordance with the provisions of Republic Act
12 No. 9646, otherwise known as the "*Real Estate Service Act of the Philippines*".

13
14 **SEC. 31. Government Agents Delaying the Review, Approval and Implementation**
15 **of SMV, and Conduct of General Revisions.** - Any government official who delays, without
16 justifiable cause, the review, approval and implementation of the SMV, the conduct of general
17 revisions, or cause the improper use thereof shall be punished by a fine equivalent to the
18 official's or employee's six (6) months basic salary or suspension from the service for a period
19 not exceeding one (1) year, or both, at the discretion of the competent authority.

20
21 **SEC. 32. Violations of Other Provisions.** – Any person, whether natural or juridical,
22 who violates any provision of this Act other than those punishable under Sections 28, 29, and
23 30 hereof shall, when warranted, be dealt with under applicable existing laws.

24
25 **SEC. 33. Taxpayers' Remedies in Case of Erroneous Assessments of Real**
26 **Properties.** – The provisions of Sections 226 on the Local Board of Assessment Appeals, and
27 229 on the Action by the Local Board of Assessment Appeals of Republic Act No. 7160,
28 otherwise known as the "*Local Government Code of 1991*", shall apply in all cases of appeal as
29 remedies for the taxpayers in the assessment of their properties.

30
31 All concerned local governments shall cause the constitution of a fully functioning Local
32 Board of Assessment Appeals in their respective jurisdiction in coordination with the LRA.

33
34 **ARTICLE V**
35 **TRANSITORY PROVISIONS**

36
37 **SEC. 34. Transitory Guidelines.** – Local government units which are in the process of
38 updating their SMVs, upon the effectivity of this Act, shall continue with such revisions in
39 accordance with Section 16 of this Act: *Provided, That* proper notification and coordination with
40 the BLGF shall be undertaken.

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

5 **SEC. 35. *Saving Clause.*** – The zonal values, as determined by the BIR and approved
6 by the Secretary of Finance for internal revenue tax purposes, and the SMVs prepared by the
7 provincial assessors together with the city assessors, municipal assessors including the
8 municipal assessors in Metropolitan Manila Area, that have been approved by their respective
9 *sanggunians* for real property taxation purposes shall continue to be in force and effect until
10 repealed, superseded, modified, revised, set aside, or replaced by the values provided under
11 the updated SMVs as approved in accordance with Section 15 of this Act, which shall be within
12 two (2) years upon the effectivity of this Act.
13

14 **ARTICLE VI**

15 **FUNDING REQUIREMENTS**

16

17 **SEC. 36. *Budgetary Requirements for the Updating of Schedule of Market Values.***
18 – Each local *sanggunian* shall appropriate the necessary funds from locally generated
19 revenues, the Internal Revenue Allotment (IRA) or such other sources every fiscal year. The
20 accumulated amount so appropriated shall be known as the Real Property Tax Administration
21 Fund (RPTAF) which shall be used for the proper implementation of the updating of the SMVs
22 and general revision of real property assessments, and the administration of real property taxes
23 in all LGUs.
24

25 The BLGF shall annually furnish the Department of Budget and Management (DBM) with
26 a list of LGUs whose SMVs are due for updating. The DBM, in their review of the ensuing year
27 budget of provinces, highly urbanized cities, independent component cities and municipalities
28 within the Metropolitan Manila Area, shall ensure that sufficient funds have been budgeted to
29 comply with the requirements of this Act; *Provided*, That failure to provide the appropriations
30 herein required shall render their annual budgets inoperative.
31

32 **ARTICLE VII**

33 **MISCELLANEOUS PROVISIONS**

34

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

38 **SEC. 38. *Implementing Rules and Regulations (IRR).*** – Within six (6) months after the
39 effectivity of this Act, the DOF, in consultation with concerned parties, shall issue the IRR for the
40 effective implementation of this Act.
41

1 **SEC. 39. *Supplementary Application of Existing Laws.*** – The provisions of Republic Act
2 No. 7160, otherwise known as the “*Local Government Code of 1991*”, and other laws consistent
3 with this Act shall repealed, superseded or modified accordingly.
4

5 **SEC. 40. *Separability Clause.*** – If any section or provision of this Act shall be declared
6 unconstitutional or invalid, other sections or provisions not affected thereby shall continue to be
7 in full force and effect.
8

9 **SEC. 41. *Repealing Clause.*** –

- 10 (a) Sections 188, 199(o), 201, 202, 209 (a), 212, 214, 219, 220, 472 (a) paragraph 1,
11 472(b)(8), and 473(a) paragraph 1 of Republic Act No. 7160, otherwise known as the
12 “*Local Government Code of 1991*”, are hereby repealed;
13 (b) Section 3 (n) of PD 464 of 1974 entitled “*Enacting A Real Property Tax Code*” is
14 hereby repealed;
15 (c) Section 6 of Republic Act No. 10752, otherwise known as the “*The Right-of-Way Act*”
16 is hereby repealed;
17 (d) Section 4 (a) and (b) of Republic Act No. 8974, otherwise known as “*An Act To*
18 *Facilitate The Acquisition Of Right-Of-Way, Site Or Location For National*
19 *Government Infrastructure Projects And For Other Purposes*” are hereby repealed;
20 (e) Section 9 of PD 921 entitled, “*Providing For The Administration Of Local Financial*
21 *Services In Metropolitan Manila, Creating Local Treasury And Assessment Districts*
22 *Therein, And For Other Purposes*” is hereby repealed;
23 (f) Sections 19, 135 (a), 138, 198(a), 199(o), 218 and 224(a) of Republic Act No. 7160,
24 otherwise known as the “*Local Government Code of 1991*”, are also amended or
25 modified accordingly;
26 (g) Likewise, Sections 6(E), 24(D), 27(D)(5), 88(B) and 102 of Republic Act No. 8424,
27 otherwise known as the “*Tax Reform Act of 1997*”, are likewise amended or modified
28 accordingly;
29 (h) Section 4(h) and Section 9 of PD 538 entitled “*Creating And Establishing The*
30 *PHIVEDec Industrial Authority And Making It A Subsidiary Agency Of The Philippine*
31 *Veterans Investment Development Corporation Defining Its Powers, Functions And*
32 *Responsibilities, And For Other Purposes*” on the power of PHIVIDec Industrial
33 Authority to collect real property tax; and
34 (i) All laws, presidential decrees, executive orders, presidential proclamations, rules and
35 regulations or parts thereof contrary to or inconsistent with this Act are hereby
36 repealed, superseded or modified accordingly.
37

38 **SEC. 42. *Effectivity.*** – This Act shall take effect fifteen (15) days after its publication
39 in the Official Gazette or in a newspaper of general circulation.
40

41 *Approved.*