

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



EIGHTEENTH CONGRESS

First Regular Session

House Bill No: 815

Introduced by **HON. ROZZANO RUFINO B. BIAZON**

EXPLANATORY NOTE

The absence of a uniform set of standards for valuation of land in the country has caused the existence of multiple, unrealistic, and corruption-prone system of land valuation. This in turn has generated inefficiencies in the allocation and utilization of the land market, lack of confidence of the public and investors on the real property sector, and, above all, loss of income and unrealized revenues from real property for the Philippine Government. Estimated to contribute 50 percent to the national wealth, the land market contributes only 6.6 percent and national revenues from real estate transactions have been consistently going down over the years.


There are at least twenty-three (23) national government agencies undertaking real property valuation, each using its own system, and methodology for its own purpose, (i.e. the Bureau of Internal Revenue (BIR) with its zonal values for various national land tax transactions like capital gains tax, estate tax, and documentary stamp tax, the DPWH for expropriation of real property, etc.). The Local Government Units (LGUs) likewise prepare, legislate, and implement their own schedules of market values (SMVs) on which the assessment of real property tax is based. Thus, the same property is given different values depending on the nature and purpose for valuation, confounding the property owners and the public, and making valuation susceptible to political influence and corruption. The zonal values of the BIR are generally 25 percent higher than the SMVs of the LGUs. But even this higher level was found out to be 25 to 70 percent lower than the prevailing market prices. The national and local governments are thus deprived of much needed revenues from a most stable and convenient source due to these rampant undervaluations.

Valuations used by both BIR and LGUs for taxation purposes are also outdated. While the Local Government Code requires the LGUs to revise their SMVs every three years, this is hardly observed. The same is true for the BIR which has no statutory requirement to revise its zonal values. The situation does not also provide equity and fairness to taxpayers as well as to property owners, nor is it conducive to encouraging investments and confidence in the land market.

The Valuation Reform Act (VRA) hopes to address these problems. It seeks to establish uniform and internationally-accepted standards for the valuation of real property in the country. It also adopts market value as a single real property valuation base for the assessment of real property related taxes. The proposed measure also establishes market value for valuing or appraising real property for various government purposes. Reform is also introduced by separating the function of appraising and assessment of property from tax policy and tax administration. For this purpose a National Valuation Authority (NVA) is being proposed to be created to regulate and have oversight of the valuation and appraisal of real property in the country. This would also ensure that a nationally consistent, equitable, and impartial valuation system of real property for taxation and other purposes is put in place. Hopefully, such will result in broadening the valuation base of real property for taxation and thus contribute to improving the national income for the country's social and economic development.

As a necessary support to improving the valuation system and keeping it abreast with international standards and practices, assessors are professionalized and insulated from undue political intervention by setting the qualifications standards for their appointment.

In view of the foregoing, the passage of this bill is earnestly requested.


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Introduced by **HON. ROZZANO RUFINO B. BLAZON**

AN ACT
INSTITUTING REFORMS IN REAL PROPERTY VALUATION IN THE
PHILIPPINES, ESTABLISHING THE NATIONAL VALUATION AUTHORITY
AND APPROPRIATING FUNDS THEREFOR

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

SECTION ONE. *Short Title.* – This Act shall be known as the "*The Real Property Valuation 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 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 all real property related taxes in the country, and for valuing or appraising real property for various transactions by all government agencies;
- (c) Separate the function of valuing or appraising of real properties from the functions of tax policy and administering the taxes due thereon;
- (d) Support the development and professionalization of the valuation/appraisal practice in the country pursuant to Republic Act No. 9646;

- (e) Provide a comprehensive and up-to-date electronic database of all real property transactions;
- (f) Support the development of a "body of knowledge" on valuation by continuing research and monitoring of new developments in the valuation discipline for upgrading the country's valuation and making it abreast with global developments; and
- (g) Ensure transparency in real property transactions to protect consumers and develop confidence in the work of appraisers and assessors.

Sec. 3. Definition of Terms. – As used in this Act, the following terms mean:

- (a) Appraiser - also known as valuer; refers to a person who conducts valuation/appraisal; specifically, one who possesses the necessary qualifications, ability, and experience to execute or direct the valuation/appraisal of real property.
- (b) Assessor - refers to an official in the local government unit, who performs appraisal and assessment of real properties, including plant, machinery and equipment, essentially for taxation and other purposes. This definition also includes assistant assessors.
- (c) Building - refers to a man-made structure permanently attached to land for residential, commercial, industrial, recreational or other purposes.
- (d) Improvements - is 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, which is intended to enhance its *value*, beauty or utility or to adapt it for new or further purposes.
- (e) Land - refers to one of the major factors of production consisting sometimes of a material economic good, which is supplied by nature without the aid of man. Land may include not only the earth surface, both land and water, but also anything that is attached to the earth's surface. Thus, all natural resources in their original state, such as mineral deposits, wildlife, timber, and fish, are land within the technical meaning of the term; so also are sources of energy, outside of man himself, such as water, coal deposits, and the natural fertility of the soil.
- (f) 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.
- (g) Market Value - refers to the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction (a transaction between independent, unrelated parties involving no

irregularity) after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion;

- (h) Private appraisal sector - refers to licensed non-governmental real estate service practitioners who have been active in the practice of real estate appraisal for the last five (5) years.
- (i) 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 ground.
- (j) Real Property - refers to all the rights, interests, and benefits related to the ownership of real estate, plant, machinery, and equipment;
- (k) Schedule of Market Values or SMV - refers to a table of market values of real properties within a local government unit prepared by assessors pursuant to existing laws, rules and regulations.
- (l) Special Purpose Property - refers to a property which 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. Because of the special design and function, conversion of special purpose properties to other types of development or application is generally not economically feasible.
- (m) Valuation/Appraisal - refers to the systematic and analytic determination and recording of property facts, circumstances, investments, and investigation of other relevant data resulting in a supportable estimate and opinion of value or a professional conclusion based upon supporting data, logical analysis and judgment as of a specific date and for a specific purpose.

ARTICLE II

NATIONAL VALUATION AUTHORITY AND THE REGIONAL OFFICES

Chapter 1

Establishing a National Valuation Authority

Sec. 4. Establishment of a National Valuation Authority. – To achieve the policy and objectives declared in this Act, there shall be established a National Valuation Authority (NVA), hereinafter referred to as the Authority, which shall be the primary agency of the government on matters concerning the valuation or appraisal of real properties in the Philippines. The Property Valuation Staff (PVS) established within the Department of Finance (DOF) shall serve as the nucleus of the Authority. The Authority shall be attached to the DOF and shall have its central office in Metro Manila.

Sec. 5. Powers and Functions of the Authority. – The Authority shall have the following powers and functions:

- (a) Develop, adopt, and maintain valuation standards consistent with generally accepted valuation standards, regulations, and specifications for real property appraisal used for tax and other purposes, and ensure compliance therewith by national government agencies, local government units, and other concerned parties;
- (b) Review and approve the Schedule of Market Values (SMVs) prepared by the provincial assessors together with municipal assessors, and city assessors, including the municipal assessor of Metro Manila, for tax and other purposes;
- (c) Provide technical assistance on real property appraisal matters to government agencies and instrumentalities, and coordinate or conduct the valuation/appraisal of special purpose properties, when requested;
- (d) Provide leadership and policy directions to local government units, national government agencies, private sector institutions and individuals dealing with real property valuation/appraisal for taxation and other purposes, including the development and maintenance of valuation standards, the regulation of valuation/appraisal activities and other related matters, and the promotion of valuation/appraisal training and seminars;
- (e) Maintain a roster of 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/appraisal;
- (h) Determine, fix, and collect reasonable amounts to be charged as administration fees, fines, and penalties relative to the implementation of this Act; and
- (i) Perform such other functions as are necessary, proper, and incidental to implement the provisions of this Act.

Sec. 6. Head of Authority. – The Authority shall be headed by a Director General who shall be appointed by the President of the Philippines upon the recommendation of the Secretary of Finance. The Director General must be a Filipino citizen, of good moral character, a graduate in engineering, accounting or appraisal related degrees, and a licensed appraiser, or assessor, with at least ten (10) years experience in valuation/appraisal or assessment of real properties. The Director General shall have the salary grade equivalent to the rank of an Assistant Secretary under the Salary Standardization Law.

Sec. 7. Responsibilities of the Director General. – The Director General shall be responsible for the efficient and effective performance of the statutory responsibilities of the Authority set forth in this Act and for the overall internal management and governance of the Authority. For this purpose, the Director General shall:

- (a) Develop and implement policies, plans, programs, and operating standards for the attainment of the objectives and mandate of the Authority;
- (b) Provide policy direction and leadership in all aspects of valuation/appraisal and their implementation in the regional offices;
- (c) Advise and assist the Secretary of Finance and other government agencies on matters pertaining to real property valuation/appraisal;
- (d) Exercise administrative supervision over the central and regional offices, and provide technical assistance over the local government assessors; and
- (e) Perform such other functions as may be provided by law, or required in pursuance of the law or the demand of the statutory responsibilities of the Authority.

Sec. 8. *Creation of An Advisory Board.* – (a) There shall be created an Advisory Board, hereinafter referred to as the Board, compdsd of a representative each from the:

- (1) Department of Finance (DOF);
- (2) Bureau of Local Government Finance (BLGF);
- (3) Bureau of Internal Revenue (BIR);
- (4) Department of Environment and Natural Resources (DENR);
- (5) Bangko Sentral ng Pilipinas (BSP);
- (6) National organization of government assessors;
- (7) Private appraisal sector;
- (8) Union of Local Authorities of the Philippines (ULAP); and
- (9) The Director General as an *ex officio* member.

(b) The member-representatives from the DOF, BLGF, BIR, and DENR shall be appointed by the President of the Philippines from the nominees of the respective Department Secretaries from officials performing valuation-related functions whereas the member-representative from the BSP shall be appointed by the Bangko Sentral Governor. The representatives from the national organization of government assessors, the private sector, and ULAP shall be appointed by the President from the nominees of the national government assessors, private appraisers' organizations, and ULAP, respectively.

(c) The President of the Philippines shall appoint the Chairman from among the government member-representatives of the Board. The Authority shall provide the Secretariat and other support services to the Board.

(d) The members of the Board shall serve for a maximum of three (3) years. In case of vacancy in the Board, the person so appointed or designated shall serve only for the unexpired term. They shall not receive additional salary for the performance of their functions but they shall be entitled to honoraria pursuant to existing laws and regulations.

(e) The Board shall meet at the initiation of the Chairman or any Board Member at least once every three (3) months. It shall have as many special meetings as it may deem necessary for the performance of its functions and may require the presence of representatives from concerned agencies whenever necessary. The Board shall also formulate and adopt its internal rules and regulations for the conduct of its meetings.

Sec. 9. *Functions of the Advisory Board.* – The Board shall advise the Director General on matters pertaining to valuation/appraisal and shall have the recommendatory power on the adoption of the valuation standards and the setting, maintenance, and compliance monitoring of the valuation standards prepared and developed pursuant to Section 14 of this Act.

Chapter 2

Organization of the Authority's Regional Offices

Sec. 10. *Establishment of Regional Offices.* – There shall be established in every administrative region of the country a Regional Office of the Authority, headed by a Regional Director who shall be appointed by the Secretary of Finance upon the recommendation of the Director General. The Regional Director must be a Filipino citizen, of good moral character, a graduate in engineering, accounting or appraisal related degrees, a licensed appraiser, or assessor, with at least five (5) years of experience in valuation/appraisal or assessment of real property. The Regional Director shall have a salary grade equivalent to Director III under the Salary Standardization Law.

The Regional Directors collectively shall serve as a corps of officers that constitute the next in rank to the Director General and designation to the Director General's office may be made from their ranks. There shall be a phased implementation of the Regional Offices.

Sec. 11. *Functions of the Regional Offices.* – The Regional Offices, under the Regional Director, shall have the responsibility for all issues relating to valuation/appraisal and SMVs in the region, such as:

- (a) Implement laws, policies, plans, programs, rules and regulations of the Authority in the Region;
- (b) Review and recommend the approval of the proposed SMVs prepared by the provincial assessors together with the municipal assessors, and city assessors, including the municipal assessor of Metro Manila, for tax and other purposes;
- (c) Provide economical, efficient, and effective service relating to the Authority's mandate to all government agencies and other concerned parties within the region;

- (d) Coordinate with regional offices of other government departments, bureaus, and agencies within the region dealing with real property valuation/appraisal;
- (e) Provide leadership and direction in the area of real property valuation/appraisal to local government units in the region;
- (f) Adopt and maintain a comprehensive and up-to-date regional electronic database of all regional real property-related transactions and have custody of all transaction records submitted by local government assessors; and
- (g) Perform other functions as may be assigned by the Director General.

Sec. 12. *The Regional Consultative Committee.* – (a) There shall be created in every administrative region a Regional Consultative Committee, hereinafter referred to as the Committee, composed of a representative each from:

- (1) Bureau of Local Government Finance - Regional Office;
- (2) Bureau of Internal Revenue - Regional Office;
- (3) Department of Environment and Natural Resources -Regional Office;
- (4) Regional organization of government assessors;
- (5) Private appraisal sector within the region; and
- (6) Regional banking association.

(b) The members of the Regional Consultative Committee shall elect the Chairman from among themselves.

(c) The members of the Regional Consultative Committee must be performing valuation/appraisal related functions, and shall be appointed by the Regional Director of the agency concerned, while the representative from the organization of government assessors, private appraisal sector, and banking association within the region shall be appointed by the head of their respective organization.

(d) The members shall serve for a maximum of three (3) years, otherwise shortened or terminated by the appointing authority. In case of vacancy in the Committee, the person so appointed or designated shall serve only for the unexpired term. The chairperson and members of the Committee shall not receive additional salary for the performance of their functions but they shall be entitled to *honoraria* pursuant to existing laws and regulations.

(e) The Committee shall meet on the initiation of the Regional Director or any of the Board Members at least once every three (3) months. It shall have as many special meetings as it may deem necessary for the performance of its functions. The Committee shall also formulate and adopt its internal rules and regulations for the conduct of its meetings.

Sec. 13. *Functions of the Committee.* – The Committee shall serve as a consultation forum in the region for discussion on property market reports; concerns of taxpayers, civil society, and other stakeholders; outcome of Compliance Reporting in the region; level of complaints and appeals; local government unit training in the region; appraiser and assessor concerns in general; and other matters as may be determined by the Committee.

ARTICLE III VALUATION/APPRaisal OF REAL PROPERTIES

Chapter 1 Valuation Standards and Market Values

Sec. 14. *Development of Valuation Standards.* – Notwithstanding the provisions of existing laws to the contrary, the Authority shall develop, adopt, maintain and implement uniform valuation standards which shall be used by all appraisers and assessors of national and local government agencies and its instrumentalities, and other concerned parties in appraising or valuing lands, buildings, machinery and other real properties for taxation and other purposes. The valuation standards must conform with the generally accepted valuation principles and internationally accepted standards.

Sec. 15. *Valuation/Appraisal of Real Property.* – For valuation purposes, all real property, whether taxable or exempt, shall be valued or appraised at the market value prevailing in the locality where the property is situated, in conformity with the valuation standards adopted under this Act. The Authority shall promulgate the rules and regulations for the classification and valuation/appraisal of real property pursuant to the provisions of this Act. It shall provide leadership in ensuring rationalized valuation of real properties transcending political boundaries. For real properties 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.

Sec. 16. *Preparation of Schedule of Market Values.* – Provincial assessors together with municipal assessors, and city assessors, including the municipal assessor in Metro Manila, shall prepare the SMVs for the different classes of real property situated within their respective local government units, pursuant to the valuation standards and specifications set by the Authority. The said SMVs shall be submitted by the assessor concerned, upon proper information to the local chief executive and the *Sanggunian*, to the Authority's Regional Office for review and compliance with other requirements. The said SMVs shall then be submitted to the Authority's Central Office for approval within sixty (60) days from receipt thereof. The Authority shall review and approve the SMV within thirty (30) days upon receipt of the same, otherwise, said schedule shall be deemed approved.

The Authority shall transmit the approved SMV to the concerned assessor who shall confer with the local chief executive regarding the said approved SMV. Likewise, the concerned assessor shall submit to the local chief executive a revenue impact report of the new SMV as against the existing assessment levels and tax rates, and shall provide the *Sanggunian*, through the Chairman of the Committee on Ways and Means, a copy of such report. The local chief executive shall transmit the approved SMV together with the revenue impact report within fifteen (15) days from receipt of the same to the *Sanggunian* for the enactment of an Ordinance setting the assessment levels and tax rates. The concerned

Sanggunian shall enact such Ordinance, upon conduct of public hearings and proper consultation, within sixty (60) days from receipt thereof; 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 and municipality in Metro Manila, or within fifteen (15) days, in the case of provinces, to approve the same. Failure of the concerned local chief executive within the prescribed period to act on the Ordinance shall render the same approved. The approved Ordinance together with the SMV shall be published by the concerned local government unit in a newspaper of local circulation once a week for two consecutive weeks: *Provided, however*, That in provinces, cities and municipalities where there are no newspapers of local circulation, the same shall be posted in the provincial capitol, city or municipal hall and in two (2) other conspicuous public places therein. The Authority shall also publish the approved SMV on its official website.

Sec. 17. *Use of Schedule of Market Values.* – The SMV as approved by the Authority shall be used for the general revision of real property values and as basis for the determination of real property related taxes imposed by the national and local governments. For purposes of computing any internal revenue tax, the BIR Commissioner shall adopt the SMV or the actual price in consideration as stated in real property transaction documents, whichever is higher.

Sec. 18. *Revision of Schedule of Market Values.* – The Authority shall formulate the program for the regular revision of SMVs. All provincial assessors together with the municipal assessors, and city assessors, including the municipal assessor in Metro Manila, shall undertake a revision of their respective SMVs within two (2) years from the establishment of the Authority. Thereafter, they shall undertake a revision of SMVs not earlier than three (3) years from the date of last revision, but not later than five (5) years.

In case of any significant change in the market where the property is located after the said SMV has been approved and prior to its next revision, the provincial assessors together with the municipal assessors, and city assessors, including the municipal assessor in Metro Manila, may recommend to the Authority revisions to their existing SMV.

Sec. 19. *Conduct of Training and Seminars.* – For the effective implementation of this Act, the Authority shall conduct the necessary trainings and seminars for all local assessors and other local officials/staff on the preparation of SMV in accordance with internationally accepted valuation standards, concepts, principles and practices, income projections based on property taxes and other tax administration matters.

Chapter 2

Development and Maintenance of Real Property Database

Sec. 20. *Development of Real Property Database.* – The Authority shall develop and maintain an up-to-date electronic database of the sale, exchange, lease, mortgage, donation and all other real property transactions in the country and on the cost of construction or renovation of buildings and other structures, and on prices of machinery. For this purpose, the

Authority is hereby authorized to 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 as well.

Sec. 21. Duty of the Register of Deeds to Supply Assessors of Real Property Transactions Data. – The Register of Deeds shall prepare and submit to the provincial and city assessors, including the municipal assessor in Metro Manila, an abstract of his registry every three (3) months and copies of all contracts selling, transferring or otherwise converting, leasing, or mortgaging real property registered by him/her every end of the month. The abstract shall include brief but sufficient description 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 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 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 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 Assessors to Transmit Documents to the Authority. – It shall be the duty of the assessors to transmit all real property transactions data from the Register of Deeds, official issuing building permit and geodetic engineers to the Regional Office of the Authority within one (1) month after the receipt of such data. The Authority's Regional Office shall record, process and make a summary report of the real property data, and submit the same to the Central office within one (1) month from receipt of such data.

Chapter 3

Appointment and Qualifications of Assessors

Sec. 25. Appointment of Assessors. – The Secretary of Finance shall appoint provincial, city, and municipal assessors, upon recommendation of the local chief executive, subject to civil service law, rules and regulations, and the following guidelines:

- (a) In the case of provincial and assistant provincial assessors and city and assistant city assessors, appointee shall be chosen from the list of at least three (3) ranking eligible recommendees suitable and qualified for appointment within the region;

- (b) In the case of municipal and assistant municipal assessors, appointee shall be chosen from the list of at least three (3) ranking eligible recommendees suitable and qualified for appointment within the province; and
- (c) In the case of city and assistant city assessors and municipal and assistant municipal assessors for Metro Manila, appointee shall be chosen from the list of at least three (3) ranking eligible recommendees suitable and qualified for appointment within the Metro Manila. The assessors shall be under the administrative supervision of the concerned local government unit and under the technical assistance of the Authority, primarily through a system of compliance reporting and provision for education and training for capacity building.

Sec. 26. *Qualifications of Local Government Assessors.* – No person shall be appointed assessor or assistant assessor unless such person is 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 licensed appraiser, of good moral character, a graduate in engineering, accounting, commerce or appraisal related degree, and must have an experience in real property valuation or assessment work or in any suitable field 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, pursuant to the provisions of Republic Act No. 9646, otherwise known as the Real Estate Service Act.

In accordance with Section 30 of Republic Act No. 9646, within three years from the effectivity of this Act all existing and new positions in the national and local and local governments, whether career, permanent, temporary or contractual, and primarily requiring the services of any real estate service practitioner, shall be filled only by registered and licensed real estate service practitioners. All incumbent assessors/assistant assessors holding permanent appointments shall continue to perform their functions without need for reappointment and without diminution of status, rank and salary grade, and shall enjoy security of tenure. However, they may not be promoted to a higher position until they meet the qualification requirements of that higher position as herein prescribed. Nothing in this Act shall be construed to reduce any benefit, interest, or right enjoyed by the incumbents at the time of the enactment of this Act. The appointing authority shall exercise his power to appoint the assessor in accordance with the provisions of Republic Act No. 9646 only when a vacancy occurs.

ARTICLE IV PENAL PROVISIONS

Sec. 27. *Failure to Comply with the Required Submission of Documents.* – Any government official or employee who fails without justifiable reason or reasons to provide or furnish data or information required by the Authority pursuant to Sections 21, 22, 23 and 24 of this Act shall be punished by a maximum fine equivalent to the official's or employee's six (6) months basic salary or suspension from service for a period not exceeding one (1) year, or both, at the discretion of the competent authority.

Sec. 28. *Failure to Comply with the Valuation Standards.* – An assessor or appraiser who, for unjustifiable reasons, fails to comply with the valuation standards prepared and

adopted pursuant to this Act, or deliberately concealed any deviations or departures from such standards, shall be punished by a maximum fine equivalent to the official's or employee's six (6) months basic salary, and suspension from the government service or from the practice of profession for a period not exceeding one (1) year, or permanent revocation of his/her license at the discretion of the competent authority.

Sec. 29. *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 required by the Authority shall be punished, upon conviction, by a maximum fine equivalent to the official's or employee's six (6) months basic salary or by suspension from government service for not more than one (1) year, or both, at the discretion of the competent authority.

Sec. 30. *Violations of Other Provisions.* – Any person, whether natural or juridical, who violates any provision of this Act other than those punishable under Sections 27, 28, and hereof shall, when warranted, be dealt with under applicable existing laws.

Sec. 31. *Taxpayers' Remedies in Case of Wrong Assessment of Real Properties.* – The provisions of Sections 226 (Local Board of Assessment Appeals) and 229 (Action by the Local Board of Assessment Appeals) of Republic Act No. 7661, otherwise known as The Local Government Code of 1991 shall apply in all cases of appeals as remedies for the taxpayers in the assessment of their properties.

ARTICLE V TRANSITORY PROVISIONS

Sec. 32. *Transitory Guidelines.* – Within ninety (90) days upon the effectivity of this Act, the Authority's Central Office shall be organized. The President of the Philippines shall appoint the Director General upon the recommendation of the Secretary of the Department of Finance.

(a) The Director General shall organize the Board pursuant to Section 8 of this Act within thirty (30) days upon the organization of the Authority.

(b) An Ad Hoc Committee is hereby created which shall be responsible for the formulation of the Authority's Organization, Staffing, and Implementation Plan, including the selection and placement of personnel, taking into consideration the organizational criteria such as, but not limited to, availability of qualified personnel, facilities, budgetary support and others. The Ad Hoc Committee shall also be responsible for drafting the Implementing Rules and Regulations (IRR) for this Act. The Ad Hoc Committee shall be composed of the Director General as *ex-officio* Chairperson and representatives from the DOF, SLGF, SIR, National Tax Research Center (NTRC), and Land Administration and Management Project (LAMP), as members.

(c) After the organization of the Authority's Central Office, the Authority's Regional Offices shall be organized.

(d) All existing staff of the Property Valuation Staff (PVS) in the Department of Finance, records, equipment and appropriations provided for the PVS, as determined by the

Ad Hoc Committee based on the approved organization and staffing, shall be transferred to the Authority.

(e) Local government units who are in the process of reVising their SMVs upon the effectivity of this Act shall continue with such revisions in accordance with Section 16 of this Act: *Provided*, That proper notification and coordination with the Authority shall be undertaken: *Provided, finally*, That the newly approved SMVs shall be in force and effect for a period of two (2) years.

(f) In case the SMV is not yet available or revised, the BIR Commissioner shall adopt the existing SMV 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. 33. *Saving Clause.* – The zonal values as determined by the SIR and approved by the Secretary of Finance for internal revenue tax purposes and the SMVs prepared by the provincial assessors together with the municipal assessors, and city assessors, including the municipal assessors of the Metro Manila, 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 new SMVs as *approved in accordance* with Section 16 of this Act, which shall be within two (2) years upon the effectivity of this Act.

ARTICLE VI FUNDING REQUIREMENTS

Sec. 34. *Budgetary Requirements for Revision of Schedule of Market Values.* – To ensure the proper implementation of the regular revisions of the SMVs and the administration of real property taxes in all local government units, each local Sanggunian shall appropriate the necessary funds equivalent to ten percent (10%) of the one percent (1%) from the original allocation of the Special Education Fund (SEF). The amount so appropriated shall be known as the Real Property Tax Administration Fund (RPTAF).

The proceeds from the share of the local government unit in the SEF shall automatically accrue to the RPTAF to be maintained in every provincia], city or municipal treasury offices.

Sec. 35. *Appropriations.* – The amount necessary for the initial implementation of this Act shall be charged against the current appropriations of the Property Valuation Staff within the Department of Finance. Thereafter, such sum as may be necessary for the Authority's continuing operations and the proper implementation of this Act shall be included in the annual General Appropriations Act.

ARTICLE VII MISCELLANEOUS PROVISIONS

SEC. 36. *Implementing Rules and Regulations (IRR).* – The Secretary of Finance, taking into account the recommendation of the *Ad Hoc* Committee created under this Act and in consultation with other concerned parties, shall issue the IRR for the effective implementation of this Act.

Sec. 37. *Suppletory Application of Existing Laws.* – The provisions of Republic Act No. 7160, otherwise known as the Local Government Code of 1991, and other laws consistent with this Act shall have suppletory effect.

Sec. 38. *Repealing Clause.* – (a) Section 6(E) of Republic Act No. 8424, otherwise known as the National Internal Revenue Code (NIRC), as amended, and Section 199(1) of Republic Act No. 7160, otherwise known as the Local Government Code (LGC) of the Philippines, are hereby repealed;

(b) Sections 199(e), 199(m), 199 (o), 201, 202, 203, 209(a), 212, 214, 217, 219, 220, 224, 225, 443(d), 444(b)(1)(v), 454 (d), 455(b)(1)(v), 463 (d), 465(b)(1)(v), 472, and 473 of the LGC, and Section 88(S) of the NIRC are hereby modified accordingly;

(c) 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. 39. *Separability Clause.* – Any portion or provision of this Act that may be declared, unconstitutional or invalid shall not have the effect of nullifying other portions or provisions hereof, as long as such remaining portions or provisions can still subsist and be given effect in their entirety.

Sec. 40. *Effectivity.* – This Act shall take effect fifteen (15) days after its complete publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,