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HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
First Regular Session

House Bill No. 2207

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Introduced by Representative GLORIA MACAPAGAL ARROYO

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

EXPLANATORY NOTE

The Philippine government is relentless in its quest towards tapping all possible revenue resources to address the challenges in attaining good and responsive governance and effective public service delivery every Filipino deserves.

One of the most vaunted sources of revenues is real property, which is considered as the most important natural resource and the biggest financial asset. The World Bank reported that 50% to 75% of the country's wealth is contained in land. Ironically, the land market is contributing only 6% to the Gross National Product (GNP). Characterized by inconsistencies and inefficiencies in the land administration and management sector, specifically in real property valuation, our country has failed to capture and maximize the huge potential that the land sector offers.

The real property valuation system in the Philippines depicts a depressing state of chaotic, inefficient, and inequitable layers of bureaucracy. At least 23 national government agencies (NGAs) and more than 1,700 local government units (LGUs) perform or require valuation functions and services using varied systems and methodologies for different purposes, thus, resulting to multiple, confusing, unrealistic, or outdated values for the same property. The discrepancies in real property values have had considerable cost to the government. Conflicting land values resulted to right-of-way compensation problems, lengthy court litigations arising from valuation disputes, project delays and unrealized revenues and socio-economic benefits. The system has also caused huge disparities of taxable base for local and national taxation, and revenue leakages due to the absence of single market based valuation for capital gains tax and other national land related taxes, while the LGUs use the Schedule of Market Values (SMV) as basis for real property tax.

The existing challenges in the land and real property valuation sector have also meant the public's lack of confidence in real property values. Instances of overvaluation and undervaluation, depending on the purpose of transaction, have proliferated, thus, derailing the potential of the real property sector in taking a leap towards contributing to the country's economic development.

The problems in real property valuation may be traced on the failure of LGUs to correctly update the SMVs. While the Local Government Code (LGC) requires the

regular conduct of the general revision of SMVs and property assessments every three years, LGUs have failed to comply with the requirements of the law for lack of penal sanctions in the law and for fear of political backlash arising from it. Expectedly, the resulting condition is stagnant, outdated, and highly politicized real property valuation that is inconsistent with the realities of the market economy. SMVs have become generally undervalued, and failed to reflect the real market conditions of the real property sector – causing huge foregone revenues of the LGUs. The BIR, on the other hand, has no statutory mandate for the regular revision and updating of the zonal values. Thus, this bill seeks to improve real property valuation for the government by adopting a market based SMV to be used as basis of local and national real property taxation, and as benchmark for other purposes as required by other government agencies and instrumentalities, as well as private entities.

Governed by internationally accepted valuation standards and best practices, the LGU SMVs shall represent the real market conditions of their respective localities, with the aid of an effective national valuation database system. In light of Republic Act No. 9646 or the Real Estate Service Act, which now professionalizes and regulates the appraisal/valuation practice, this bill also seeks to harness the professional competence of local government assessors and national government appraisers towards developing and establishing an efficient and responsive valuation system in the country.

In order to implement the reforms, the Bureau of Local Government Finance (BLGF), under the Department of Finance, is proposed to be reorganized and strengthened to provide the institutional support and accountability to operationalize the reform agenda. The BLGF is envisioned to oversee all matters relating to real property valuation in the country, while taking the lead in reviewing the SMV of all LGUs for approval by the Secretary of Finance, and compliance monitoring for the regular SMV revision by LGUs. By doing so, the highly technical function of real property valuation is separated from the political function of taxation. Thus, local officials are insulated from the pressures and political backlash borne out of initiatives to correct and update their respective SMVs.

The passage of this bill is earnestly sought as a timely and complementary measure to support the long-term revenue efforts of the governments, the bill will allow us to move toward a more rational and administration and management system that fully taps the potential of the real property sector. In turn, the capacity of the government to generate more revenues is enhanced, without necessarily imposing new tax measures or increasing existing tax rates. Intended to be an instrument in enhancing local autonomy, the bill will enable LGUs to achieve a more stable fiscal wherewithal and a strengthened local real property tax base to fund service delivery requirements of the LGUs, thereby achieving good and transparent governance, and increased public performance.

It is for these considerations that I urge my colleagues in the Chamber to favor the passage of this bill.



GLORIA MACAPAGAL ARROYO
2nd District, Pampanga

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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 of the House of Representatives of the Philippines in Congress assembled:

SECTION 1. Short Title. – This Act shall be known as the “The Real Property Valuation and Assessment Reform Act of 2016.”

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

SECTION 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:

- 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;
- Establish and maintain valuation standards to govern the valuation of real property in the country;
- Adopt market value as the single real property valuation base for assessment of real property related to taxes in the country, and for valuing or appraising real property for various transactions by all government agencies;
- Separate the function of valuing or appraising of real properties from the functions of tax policy and administering the taxes due thereon;
- 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;”

- Provide a comprehensive and up-to-date electronic database of all real property transactions;
- 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 keeping it abreast with global developments; and
- Ensure transparency in real property transactions to protect the public and develop confidence in the work of appraisers and assessors.

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

- “*Appraiser*” refers to a natural person who conducts valuation and appraisal; specifically, one who possesses the necessary qualifications, license, ability, and experience to execute or direct the valuation and appraisal of real property; also known as valuer.
- “*Assessor*” refers to an official in the local government unit who is a licensed appraiser, 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.
- “*Building*” refers to a man-made structure permanently attached to land for residential, commercial, industrial, recreational or other purposes.
- “*Improvements*” refer 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, which is intended to enhance its value, beauty or utility or to adapt it for new or further purposes.
- “*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 natural fertility of the soil.
- “*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.
- “*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.

- “*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.
- “*Real Estate*” refers to the land and all those items that are attached to the land. It is the physical, tangible entity, together with all the additions or improvements on, above or below the ground.
- “*Real Property*” refers to all the rights, interests, and benefits related to the ownership of real estate, plant, machinery, and equipment.
- “*Schedule of Market Values*” hereinafter referred to as SMV, refers to a table of base unit market values for all kinds of real properties, except machinery, within a local government unit prepared by assessors pursuant to existing laws, rules and regulations.
- “*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. Because of the special design and function, conversion of special purpose properties to other types of development or application is generally not economically feasible.
- “*Valuation and 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 in supporting data, logical analysis and judgment as of a specific date and for a specific purpose.

ARTICLE II STRENGTHENING THE BUREAU OF LOCAL GOVERNMENT FINANCE

Chapter 1 BLGF Central Operations

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

- 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, ensure compliance therewith by local government units and other concerned parties;
- Review for compliance with the real property valuation policies and standards and recommend for approval of the Secretary of Finance the Schedule of Market Values (SMVs) as prepared by the provincial assessors together with municipal assessors, and city assessors, including the municipal assessors in Metro Manila, for tax, both local and national, and for other purposes.

- 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;
- Provide leadership and policy directions to local government units on real property valuation and appraisal for taxation and other purposes, including 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;
- Maintain a roster of licensed local government appraisers and assessors;
- 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;
- Conduct continuing study and research on valuation, and maintain an information base on current global and country trends and developments in real property valuation and appraisal;
- Determine, fix, and collect reasonable amounts to be charged as administration fees, fines and penalties relative to the implementation of this Act; and
- Perform such other functions as are necessary, proper, and incidental to implement the provisions of this Act.

SECTION 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 Bureau of Local Government Finance.

SECTION 6. Responsibilities of 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. For this purposes, the BLGF Executive Director shall:

- Develop and implement policies, plans, programs, and operating standards for the attainment of the objectives of this Act;
- Provide policy directions and leadership in all aspects of valuation and appraisal and their implementation in the regional offices;
- Recommend to the Secretary of Finance the approval of the Schedule of Market Values (SMVs) prepared by the provincial assessors together with municipal assessors, and city assessors, including the municipal assessor in Metro Manila, for tax and other purposes;
- Advise and assist other government agencies on matters pertaining to real property valuation and appraisal; and
- Perform such other functions as may be provided by law, or required in pursuance of this Act.

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

- Bureau of Internal Revenue (BIR);
- Department of Environment and Natural Resources (DENR);
- Bangko Sentral ng Pilipinas (BSP);
- National organization of government assessors;
- National organization of appraisers in national government agencies;
- Private appraisal sector; and
- Union of Local Authorities of the Philippines (ULAP).

(b) The member-representatives from the BIR, DENR, and BSP must be performing valuation-related functions. The national organization of government assessors, the private sector, and the U LAP shall be represented by their respective heads of organizations.

(c) The Chairperson and members of the Committee shall not receive additional salary for the performance of their functions. Members of the consultative committee who are not incumbent government officials or employees shall be entitled to *honoraria*, pursuant to existing laws and regulations.

(d) The Committee shall meet at the initiation of the Chairperson at least6 once every semester, and shall have as many meetings as the Chairperson may deem necessary for the adoption of valuation standards.

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

Chapter 2 **BLGF Regional Operations**

SECTION 9. Role of the BLGF Regional Offices. – The BLGF Regional Offices, through the Regional Director, shall be responsible for all matters relating to valuation and appraisal and the SMVs in the region, such as:

- Implementation of the provisions of this Act and related policies, plans, programs, rules and regulations on real property valuation or appraisal of local government units in the region;
- Review and endorsement to the BLGF Executive Director of the proposed SMVs prepared by the provincial assessors together with the municipal assessors, and city assessors within the region;
- Provisions for economical, efficient, and effective service relating to the implementation of the provisions of this Act in the region;

- Coordination and consultation with regional offices of other government departments, bureaus, and agencies within the region dealing with real property valuation and appraisal;
- Provision for leadership and policy direction in the area of real property valuation and appraisal to local government units in the region;
- Adoption and maintenance of 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
- Performance of other functions as may be assigned by the BLGF Executive Director.

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

- Bureau of Internal Revenue – Regional Office;
- Department of Environment and Natural Resources – Regional Office;
- Regional organization of government assessors;
- Regional organization of national government appraisers;
- Private appraisal sector within the region; and
- Bankers association within the region.

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

(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.

SECTION 11. *Functions of the Regional Consultative Committee.* – The Regional Consultative Committee shall serve as the 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; local government unit training in the region; appraisal and assessment concerns in general; and other matters as may be determined by the Committee.

ARTICLE III

VALUATION AND APPRAISAL OF REAL PROPERTIES

Chapter 1

Valuation Standards and Market Values

SECTION 12. *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 local government units and other concerned parties in appraising or valuing lands, buildings, machinery and other real properties for taxation and other purposes. The valuation standards shall conform with generally accepted international valuation standards and principles.

SECTION 13. *Valuation and appraisal of Real Property.* – For valuation purposes, all real properties, 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 BLGF shall promulgate the rules and regulations for the valuation and 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 after determination of the prevailing market value of these properties in accordance with internationally accepted valuation standards adopted under this Act.

SECTION 14. *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, rules, regulations and other specifications set by the DOF and the BLGF. The said SMVs shall be submitted by the assessor concerned to the BLGF Regional Office for review and compliance with other requirements not later than the thirty-first (31st) day of October of the immediately preceding calendar year that the general revision of real property assessments was undertaken. A copy thereof shall be furnished the concerned *Sanggunian* and the provincial governor or the city mayor, as the case may be.

The said SMVs shall be reviewed by the BLGF Regional Office within thirty (30) days upon receipt thereof, and shall then be submitted by the same to the BLGF Central Office. Upon the recommendation of the BLGF Executive Director, the Secretary of Finance shall approve the SMV within sixty (60) days from receipt of the same; otherwise, said schedule shall be deemed approved.

The approved SMV shall be transmitted 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 tax impact report of the new SMV as against the existing assessment level and tax rates, and shall provide the *Sanggunian*, through the Chairperson of the Committee on Ways and Means, a copy of such report. The local chief executive shall transmit the approved SMV together with

the 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 level and tax rates. The concerned *Sanggunian* shall enact such Ordinance, upon conduct of public hearings and proper consultation, within the sixty (60) days from receipt thereof; otherwise, the existing Ordinance on assessment level and tax rates shall remain in full force and effect.

Upon the enactment by the *Sanggunian* of an Ordinance for the assessment level and tax rates, the local chief executive shall within ten (10) days, in the case of cities and the municipality in Metro Manila, or within fifteen (15) days, in 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.

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 (2) 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 capital, city or municipal hall and in two (2) other conspicuous public place therein. A list of LGUs whose SMVs have been approved shall be posted in the BLGF official website.

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

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

SECTION 16. Revision of Schedule of Market Values. – The BLGF 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 effectivity of this Act. Thereafter, they shall undertake a general revision of SMVs and property assessments 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 SMVs have been approved and prior to its next revision, or where correction of errors and inequalities in any SMV is deemed necessary, the provincial assessors together with the municipal assessors, and city assessors, including the municipal assessor in Metro Manila, may recommend to the BLGF Executive Director revisions to their existing SMV. Such revision/s shall be subject to review by the concerned BLGF Regional Office and recommendation by the BLGF Executive Director for approval of the Secretary of Finance within ninety (90) days from date of receipt thereof.

SECTION 17. Conduct of Capacity Building Interventions. – For the effective implementation of this Act, the BLGF shall develop and conduct the necessary trainings

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; conduct of SMV impact studies; preparation of compliance reports, and other subject areas to ensure effective implementation of this Act.

Chapter 2

Development and Maintenance of Real Property Database

SECTION 18. *Development of Real Property Database.* – The BLGF shall develop and maintain an up-to-date electronic database of the sale, exchange, lease, mortgage, donation and all other real property transactions in the county and on the cost of construction or renovation of buildings and other structures, and on pieces of machinery. For this purpose, the BLGF is hereby authorized to require the mandatory submission of necessary documents from the concerned officials or employees of national government agencies 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.

SECTION 19. *Duty of 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, and 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 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.

SECTION 20. *Duty of Official Issuing Building Permits Or Certificates of Registration of Machinery to Transmit Copy to 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 of 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.

SECTION 21. *Duty of Geodetic Engineers to Furnish Copy of Plans to Assessors.* – It shall be the duty of all geodetic engineers, public or private, to furnish free of charge, to 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 or 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.

SECTION 22. *Duty of Assessors to Transmit Documents to the BLGF.* – It shall be the duty of the Assessors to transmit to the concerned BLGF Regional Office all real property transactions data from the Registrar of Deeds and the names of the official issuing the building permit and those of the geodetic engineers within one (1) month

after the receipt of such data. The BLGF's Regional Office shall record, process and make a summary report of the real property data, and submit the same to the BLGF Central Office within one (1) month from receipt of such data.

Chapter 3 **Appointment and Qualifications of Assessors**

SECTION 23. Appointment of Assessors. – The local chief executive shall appoint the provincial, city, and municipal assessors and assistant assessors, as the case maybe, in accordance with civil service law, rules and regulations and the following guidelines:

- In the case of provincial and assistant provincial assessors, and city and assistant city assessors, appointed shall be chosen from the list of at least three (3) ranking eligible recommendees within the region, as endorsed by the DOF Secretary as suitable and qualified for appointment;
- In the case of municipal and assistant municipal assessors, appointee shall be chosen from the list of at least three (3) ranking eligible recommendees within the province, as endorsed by the DOF Secretary as suitable and qualified for appointment; and
- 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 within Metro Manila, as endorsed by the DOF Secretary as suitable and qualified for appointment.

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

SECTION 24. Qualification 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 registered and licensed appraiser, of good moral character, and must have an experience in real property valuation or assessment work 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.

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

ARTICLE IV **PENAL PROVISIONS**

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

SECTION 26. – 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 deviations or departures from such standards in the valuation and appraisal of real property, shall be punished by a fine equivalent to the official's or employee's basic salary for a period of one (1) month to six (6) months, or by suspension from the government service for not more than one (1) year, or both, at the discretion of the competent authority.

SECTION 27. 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 meted a fine equivalent to the official's or employee's basic salary for a period of one (1) month to six (6) months, or by suspension from the government service for not more than one (1) year, or both, at the discretion of the competent authority.

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

SECTION 29. Taxpayers' Remedies in Case of Erroneous Assessments of Real Properties. – The provisions of Sections 26 (Local Board of Assessment Appeals) and 229 (Action by the Local Board of Assessment Appeals) of Republic Act No 7160, 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

Section 30. Transitory Guidelines. – (a) Local government units which are in the process of revising their SMVs, upon 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 BLGF shall be undertaken.

(b) In case the SMV is not yet available or revised, the BIR Commissioner shall adopt the existing SMV, 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.

SECTION 31. 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 municipal assessors, and city assessors, including the municipal assessors in 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

SECTION 32. Budgetary Requirements for Revisions of Schedule of Market Values. – Each local Sanggunian shall appropriate the necessary funds from locally

generated revenues, the Internal Revenue Allotment (IRA), or such other sources every fiscal year. The accumulated amount so appropriated shall be known as the Real Property Tax Administration Fund (RPTAF) which shall be used for the proper implementation of the regular revision of the SMVs and general revision of real property assessments, and the administration of real property taxes in all local government units.

SECTION 33. Appropriations. – The amount necessary for the implementation of this Act shall be included in the annual General Appropriations Act.

ARTICLE VII **MISCELLANEOUS PROVISIONS**

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

SECTION 35. 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.

SECTION 36. 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.

SECTION 37. Repealing Clause. – (a) Sections 19, 135(a), 138, 198(a), 199(g)(h)(l), 201, 202, 209(a), 212, 214, 218 par. 1 (b), 219, 220, 224(a), 443(d), 444(b)(l)(v), 454(d), 455(b)(l)(v), 463(d), 465(b)(l)(v), 472(a) par. 1, 472(b)(8), and 473(a) par. 1 of Republic Act No. 7160, otherwise known as the Local Government Code (LGC) of the Philippines, are hereby repealed;

(b) Sections 6(e), 24(D), 27(D)(5), Sections 88(b) and 102 of Republic Act No. 8424, otherwise known as the Tax Reform Act of 1997, are hereby amended or modified accordingly;

(c) All laws, presidential decrees, executive orders, presidential proclamations, rules, and regulations or parts thereof, including pertinent provisions of RA 8424, or the National Internal Revenue Code of 1997; Presidential Decree No. 921 dated April 12, 1976; and RA 7160, otherwise known as the "Local Government Code of the Philippines," contrary to or inconsistent with this Act are hereby repealed, superseded or modified accordingly.

SECTION 38. Effectivity Clause. – This Act shall take effect fifteen (15) days after its complete publication in the Official Gazette or in two (2) newspapers of general circulation.

Approved,