

## HOUSE OF REPRESENTATIVES

H. No. 4664

BY REPRESENTATIVES SALCEDA, ROMUALDO, BIAZON, GONZALES (N.), SALO, VILLAFUERTE, CABREDO, VIOLAGO, CUA, SUANSING (E.), SUANSING (H.), SIAO, FORTUN, MACAPAGAL ARROYO, DALOG, ONG (R.), HOFER, GARIN (S.), ALBANO (A.), CALDERON, SARMIENTO, BUSTOS, PLAZA, ACOSTA, BOLILIA, MARIÑO, UNGAB, ERMITA-BUHAIN, TEJADA, VARGAS, GASATAYA, SY-ALVARADO, JALOSJOS, MATUGAS, GONZAGA, NUÑEZ-MALANYAO, HARESCO, CUARESMA, UY (J.), DAZA, ZUBIRI, SAGARBARRIA, BAUTISTA-BANDIGAN, DUAVIT, DALIPE, CAMPOS, SUAREZ (D.), GO (E.C.), GONZALEZ, FARIÑAS I (R.C.), MOMO, FRASCO, ZAMORA (W.K.), VARGAS ALFONSO, DY (F.), CAMINERO, BASCUG, ONG (J.), DIMAPORO (M.K.), LABADLABAD, SACDALAN, FARIÑAS (R.C.), ESPINA, VERGARA, ESPINO, BENITEZ, NATIVIDAD-NAGAÑO, TALLADO, BARBA, CELESTE, GUICO, LAGON, SANCHEZ, DELOSO-MONTALLA, FUENTEBELLA, JIMENEZ, SINGSON-MEEHAN, DIMAPORO (A.), ORTEGA, DY (F.M.C.), REYES, YAP (E.), BALINDONG, GARIN (J.), GARBIN, GUYA, QUIMBO, SAVELLANO, TIANGCO, CABATBAT, PADUANO, BORDADO, SINGSON, AMATONG, TUTOR, CARI, TY, FERNANDO, FERRER (L.), SUAREZ (A.), NAVA, ABU, BARZAGA, ESTRELLA, FERNANDEZ, GARCIA (P.J.), PALMA, ROMULO, EBCAS, NIETO, ARENAS, CO (E.), COLLANTES, ENVERGA, ERIGUEL, KHO (W.), LOPEZ (M.L.), MARQUEZ, SINSUAT, UMALI (A.), VALERIANO, YAP (V.), GORRICETA, CAYETANO (M.L.), PANCHO, TOLENTINO, ABUEG-ZALDIVAR, BARBERS, ROQUE, MARIANO-HERNANDEZ, MARCOLETA, UY (R.), CHIPECO, PANOTES, AGABAS, ROBES, PIMENTEL, LEGARDA, ROMAN, ROMUALDEZ (Y.M.), DUJALI, ADIONG, ACOP, ROMUALDEZ (F.M.), VILLANUEVA (N.), CASTRO (F.H.), CHUNGALAO, DELOS SANTOS, AUMENTADO, BILLONES, DEFENSOR (M.), LACSON, BRAVO, GULLAS, GATCHALIAN, VILLARAZA-SUAREZ, LIMKAICHONG, PEÑA, VALMAYOR, SALIMBANGON, ECLEO, BARONDA, HERRERA-DY, MANGUDADATU, KHO (E.), VILLARICA, LOYOLA, LIM, ALMARIO,

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

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

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

## ARTICLE I

## DECLARATION OF POLICY AND OBJECTIVES

#### AND DEFINITION OF TERMS

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

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

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

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

1       (d) Separate the function of valuation of real properties from  
 2 the functions of tax policy formulation and the administration of the  
 3 taxes due thereon;

4       (e) Support the development and professionalization of the  
 5 valuation practice in the country pursuant to Republic Act No.  
 6 9646, otherwise known as the "Real Estate Service Act of the  
 7 Philippines";

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

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

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

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

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

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

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

29      (d) *Assessment Level* refers to the percentage applied to the  
 30 market value to determine the taxable value of the property based

1       on property classifications as prescribed in Republic Act No. 7160,  
 2 otherwise known as the "Local Government Code of 1991", as  
 3 amended;

4       (e) *Assessor* refers to the official or employee in the local  
 5 government unit (LGU) who is a duly licensed appraiser, and  
 6 performs appraisal and assessment of real properties, including  
 7 plant, machinery, and equipment, for taxation and other purposes.

8       This definition also includes assistant assessor;

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

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

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

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

27      (j) *International valuation standards* shall refer to  
 28 standards for undertaking valuation assessments using generally  
 29 recognized concepts and principles that promote transparency and

1 consistency evaluation practice as determined by the International  
2 Valuation Standards Council.

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

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

20       (m) *Private appraisal sector* refers to licensed  
21 nongovernmental real estate service practitioners;

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

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

28       (p) *Schedule of Market Values*, hereinafter referred to as  
29 SMV, refers to a table of base unit market values for all kinds of

1 real property, except machinery within an LGU prepared by  
2 assessors pursuant to existing laws, rules and regulations;

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

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

## ARTICLE II

### THE BUREAU OF LOCAL GOVERNMENT FINANCE (BLGF)

#### Chapter 1

##### BLGF Central Operations

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

25       (a) Develop, adopt, and maintain valuation standards  
26 consistent with internationally accepted valuation standards,  
27 regulations, and specifications for real property appraisal used for  
28 taxation and other purposes, and ensure compliance therewith by  
29 LGUs and other concerned parties;

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

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

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

18       (e) Maintain a roster of licensed local government appraisers  
 19 and assessors in consultation and coordination with the Professional  
 20 Regulation Commission;

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

24       (g) Conduct continuing study and research in valuation, and  
 25 maintain information on current global and country trends and  
 26 developments in real property valuation;

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

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

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

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

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

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

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

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

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

24            (2) Department of Environment and Natural Resources  
 25 (DENR);

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

27            (4) National organization of government assessors;

28            (5) National organization of appraisers in national  
 29 government agencies; and

30            (6) Private appraisal sector;

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

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

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

15     (e) The Committee shall meet at the initiation of the  
 16 Chairperson at least once every semester and shall have as many  
 17 meetings as the Chairperson may deem necessary for the adoption  
 18 of valuation standards. The Chairperson may invite resource  
 19 persons on issues concerning real property valuation.

## 20                                  Chapter 2

### 21                                  BLGF Regional Operations

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

26      (a) Implement policies, plans, programs, rules and  
 27 regulations on real property valuation of LGUs in the region;

28      (b) Review, in coordination with the BIR, and endorse to the  
 29 RPVS, the proposed SMVs prepared by the assessors of the LGUs in  
 30 the region;

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

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

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

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

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

13      (a) There shall be a Regional Consultative Committee that  
 14 shall be chaired by the BLGF Regional Director and shall be  
 15 composed of a representative from the:

16      (1) BIR – Regional Office;

17      (2) DENR – Regional Office;

18      (3) Head of Regional organization of government assessors or  
 19 its duly authorized representative;

20      (4) Head of Regional organization of national government  
 21 appraisers or its duly authorized representative;

22      (5) Head of the private appraisal sector within the region or  
 23 its duly authorized representative; and

24      (6) Head of the bankers association within the region or its  
 25 duly authorized representative.

26      (b) The members of the Regional Consultative Committee  
 27 must be performing valuation-related functions in their respective  
 28 agencies or sectors; and

29      (c) The Committee shall meet at the initiation of the BLGF  
 30 Regional Director at least once every quarter and shall have as

1 many meetings as the BLGF Regional Director may deem necessary  
 2 for the performance of its functions. The BLGF Regional Director  
 3 may invite resource persons on issues concerning real property  
 4 valuation.

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

### ARTICLE III

#### VALUATION OF REAL PROPERTIES

##### Chapter 1

###### Valuation Standards and Market Values

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

10      SEC. 12. *Valuation of Real Property.* — For valuation  
 11 purposes, all real properties, whether taxable or exempt, shall be  
 12 valued or appraised based on prevailing market values in the

1 locality where the property is situated, in conformity with the  
 2 valuation standards adopted pursuant to this Act. The Secretary of  
 3 Finance shall promulgate the rules and regulations for the  
 4 valuation of real property pursuant to the provisions of this Act.

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

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

20      Upon its completion, the local assessor shall submit the  
 21 proposed SMV to the BLGF Regional Office. Within seventy-five  
 22 (75) days from receipt thereof, the BLGF Regional Office, in  
 23 coordination with the BIR Regional Office, shall review and endorse  
 24 the proposed SMV to the BLGF Executive Director and the  
 25 Commissioner of Internal Revenue: *Provided*, That, in the case of  
 26 cities and municipality within the Metropolitan Manila Area, the  
 27 proposed SMV shall be submitted to, and reviewed by the BLGF  
 28 Central Office, in coordination with the concerned BIR Regional  
 29 Office: *Provided, further*, That the SMV complies with all the

1 requirements set by the Secretary of Finance, including the conduct  
 2 of at least one (1) public consultation on the proposed SMVs.

3       SEC. 14. *Approval of Schedule of Market Values.* – The  
 4 Secretary of Finance shall approve the SMV in accordance with  
 5 internationally accepted valuation standards, within thirty (30)  
 6 days from receipt of the joint endorsement of the BLGF Executive  
 7 Director and the Commissioner of Internal Revenue; otherwise, said  
 8 schedule shall be deemed approved. In case of sudden changes in  
 9 the market values, including but not limited to, ancestral domain,  
 10 public land, agrarian reform beneficiaries, and other vulnerable  
 11 sectors, the assessor is mandated to recommend to the *sanggunian*  
 12 tax rates and assessment levels that will maintain or minimally  
 13 affect the real property tax due for the aforementioned property.

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

20       The DOF and the concerned LGUs shall post the approved  
 21 SMVs in their official website.

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

1 revenue and tax impact report to the local chief executive for  
 2 consideration.

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

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

28       SEC. 16. *Publication of Assessment Levels and Tax Rates.* –  
 29 The approved ordinance for the assessment levels and tax rates  
 30 shall be published by the concerned LGU in a newspaper of local

1 circulation once a week for two (2) consecutive weeks: *Provided,*  
 2 That in provinces and cities, including the municipality within the  
 3 Metropolitan Manila Area, where there are no newspapers of local  
 4 circulation, the same shall be posted in the provincial capitol,  
 5 including all concerned city halls, municipal halls, and in two (2)  
 6 other conspicuous public places therein.

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

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

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

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

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

29       SEC. 18. *Updating of Schedule of Market Values.* – All  
 30 provincial assessors, together with the municipal assessors and the

1 city assessors, including the lone municipal assessor within the  
 2 Metropolitan Manila Area, shall update their respective SMVs  
 3 within two (2) years from the effectivity of this Act. Thereafter, they  
 4 shall update the SMVs and conduct general revision of property  
 5 assessments and classifications once every three (3) years from the  
 6 date of last revision. The BLGF shall prepare the schedule for the  
 7 updating of the SMVs in all provinces and cities, including the  
 8 municipality within the Metropolitan Manila Area.

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

21       Such revision or revisions shall be subject to review by the  
 22 concerned BLGF Regional Office and the BIR Regional Office which  
 23 shall complete their review and submit their recommendations to  
 24 the BLGF Executive Director, in accordance with Sections 13 and 14  
 25 of this Act.

26       SEC. 19. *Conduct of Capacity Building Interventions.* – The  
 27 BLGF shall, in coordination with the Philippine Tax Academy of the  
 28 DOF, develop and conduct the necessary trainings for all local  
 29 assessors, local officials and staff, and other concerned BIR  
 30 personnel in the preparation of the SMVs in accordance with

internationally accepted valuation standards, concepts, principles and practices, conduct of impact studies, preparation of compliance reports, and other subject areas.

#### Chapter 2

##### Development and Maintenance of Real Property Market Database

###### *SEC. 20. Development of Real Property Information System.*

– The BLGF shall develop and maintain an up-to-date electronic database of the sale, exchange, lease, mortgage, donation, transfer and all other real property transactions and declarations in the country and on the cost of construction or renovation of buildings and other structures, and on the prices of machinery.

For this purpose, the BLGF shall require the mandatory submission of necessary documents from the concerned officials or employees of national government offices or instrumentalities, LGUs, and the private sector: *Provided*, That in the case of government agencies and instrumentalities, the mandatory submission of documents and information shall be subject to the prohibition of disclosure of certain information under the Data Privacy Act and other existing laws. The updated database shall be made available to the LGUs, national government agencies and the private sector: *Provided, further*, That the Commissioner of Internal Revenue or a duly authorized representative shall be allowed access to the database without need of prior approval: *Provided, finally*, That non-submission of the required documents to the BLGF will subject the concerned official or employee to administrative penalties pursuant to the provisions of Section 28 of this Act.

To further ensure the efficiency of real property tax administration, all provinces, cities and municipalities shall automate their operations, adopt tax mapping technology, maintain software-enabled valuation systems, undertake regular data

cleansing, and computerize records management. The National Government, through the Department of Information and Communications Technology, shall provide the appropriate equipment and connectivity, information and communications technology platform, and the appropriate training and capability building programs to third class up to sixth class municipalities and provinces to ensure compliance with this section. The BLGF shall establish mechanisms for the electronic submission of the required documents in accordance with the provisions of Chapter 2, Article II of this Act.

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

*SEC. 22. Duty of Official Issuing Building Permits or Certificates of Registration of Machinery to Transmit Copy of Permit to the Assessor.* – Any public official or employee who may now or hereafter be required by law or regulation to issue to any person a permit for the construction, addition, repair or renovation of a building, or permanent improvement on land, or a certificate of registration for any machinery, including machines, mechanical contrivances and apparatus attached or affixed on land or to

1 another real property, shall transmit a copy of such permit or  
2 certification within thirty (30) days of its issuance to the assessor of  
3 the province, city or municipality where the property is situated.

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

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

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

Chapter 3

## Appointment and Qualifications of Assessors

*SEC. 26. Appointment of Assessors.* — The local chief executive shall appoint the provincial, city and municipal assessors and assistant assessors, as the case may be, in accordance with the Service Law, Real Estate Service Act, rules and regulations and the following guidelines:

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

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

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

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

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

1 years in the case of the provincial or city assessor, and three (3)  
 2 years in the case of the municipal assessor. Once appointed, all  
 3 assessors and local government appraisers must comply with the  
 4 requirements of the Professional Regulatory Board of Real Estate  
 5 Service for the regular updating of their licenses.

#### 6 ARTICLE IV

#### 7 PENAL PROVISIONS

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

16 *SEC. 29. Failure to Comply with the Valuation Standards.* –  
 17 An assessor who, for unjustifiable reasons, fails to comply with the  
 18 valuation standards developed and adopted pursuant to this Act, or  
 19 deliberately conceals any deviation or departure from such  
 20 standards in the valuation of real property, shall be punished by a  
 21 fine equivalent to one (1) month to six (6) months basic salary of the  
 22 official or employee, or suspension from the service for a period not  
 23 exceeding one (1) year, or both, at the discretion of the competent  
 24 authority.

25 *SEC. 30. Failure to Prepare Schedule of Market Values.* –  
 26 An assessor who, for unjustifiable reasons, intentionally or  
 27 deliberately refuses or fails to prepare the SMVs within the period  
 28 set forth in this Act shall be punished by a fine equivalent to one (1)  
 29 month to six (6) months basic salary of the official or employee, or  
 30 suspension from the service for not more than one (1) year, or both,

1 at the discretion of the competent authority. This shall also be a  
 2 ground for administrative and criminal liability in accordance with  
 3 the provisions of Republic Act No 9646, otherwise known as the  
 4 "Real Estate Service Act of the Philippines".

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

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

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

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

## ARTICLE V

## TRANSITORY PROVISIONS

3 SEC. 34. *Transitory Guidelines.* – LGUs which are in the  
4 process of updating their SMVs shall, upon the effectivity of this  
5 Act, continue with such revisions in accordance with Sections 15,  
6 16, 17, and 18 of this Act: *Provided*, That proper notification and  
7 coordination with the BLGF shall be undertaken.

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

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

## ARTICLE VI

## FUNDING REQUIREMENTS

26 SEC. 36. *Budgetary Requirements for the Updating of*  
27 *Schedule of Market Values.* — Each local sanggunian shall  
28 appropriate the necessary funds from locally generated revenues,  
29 the internal revenue allotment or such other sources every fiscal  
30 year to constitute the Real Property Tax Administration Fund

1 (RPTAF), which shall be established and used for the proper  
2 implementation of the updating of the SMVs and general revision of  
3 real property assessments, and the administration of real property  
4 taxes in all LGUs.

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

## ARTICLE VII

#### MISCELLANEOUS PROVISIONS

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

18        SEC. 38. *Suppletory Application of Existing Laws.* – The  
19 provisions of Republic Act No. 7160, otherwise known as the “Local  
20 Government Code of 1991”, as amended, and other laws consistent  
21 with this Act shall have suppletory effect.

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

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

1       SEC. 41. *Repealing Clause.* – The following provisions are  
2 hereby repealed:

3           (a) Sections 212, 214, and 221 of Republic Act No. 7160,  
4 otherwise known as the “Local Government Code of 1991”, as  
5 amended; and

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

7       The following provisions are hereby amended accordingly:

8           (1) Section 33, Chapter IV, Title II, Book IV, of Executive  
9 Order No. 292, otherwise known as the “Administrative Code of  
10 1987”;

11           (2) Sections 19, 135(a), 138, 201, 218, 220, 472(a), 472(b)(8),  
12 and 473(a) of Republic Act No. 7160;

13           (3) Sections 5, 6, and 7 of Republic Act No. 10752, otherwise  
14 known as “The Right-of-Way Act”;

15           (4) Section 9 of Presidential Decree No. 921; and

16           (5) Sections 6(e), 27(d)(5), and 88(b) of Republic Act No. 8424,  
17 otherwise known as the National Internal Revenue Code of 1997, as  
18 amended.

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

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

Approved,