

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

SEVENTEENTH CONGRESS
First Regular Session

House Bill No. 1227

HOUSE OF REPRESENTATIVES

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Introduced by Honorable REYNALDO V. UMALI

EXPLANATORY NOTE

This bill seeks to impose a mandatory ad valorem tax on idle lands amending for the purpose Sections 236, 237 and 273 of Republic Act no. 7160, otherwise known as "the Local Government Code of 1991".

The imposition of the idle land tax under the present provisions of Republic Act No. 7160 is *optional* on the part of the local government units concerned. This bill will make it *mandatory*. The rate was increased from 5% to 20% of the assessed value of the real property, in addition to the basic real property taxes due.


The proliferation of idle and unproductive private lands, many of which are held simply for speculative purposes, should bear an economic, environmental and/or social function.

One of the basic purposes of this legislative proposal is to encourage real property owners to put idle lands into productive use, land being a scarce resource. Doing so will help promote the economic well-being of the community. Lands planted to crops and/or trees, instead of having them remain idle and unproductive, might as well serve also our environment.

This will also help government, particularly local government units, to raise additional funds to address the delivery of basic public services especially to the less-privileged members of our society. And one of the vital public service that needs urgent government attention is public health, particularly in the form of medicines, supplies, facilities, equipments, hospitals, and clinics.

Land owners and developers that opt to keep private lands idle and unproductive should, in exchange, share in the burden of public health care delivery through an enforced tax contribution.

In view thereof, early consideration and approval of this bill is earnestly sought.


REYNALDO V. UMALI
Representative
Second District, Province of Oriental Mindoro

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**AN ACT IMPOSING A MANDATORY AD VALOREM TAX ON IDLE LANDS
AMENDING FOR THE PURPOSE SECTIONS TWO HUNDRED THIRTY SIX, TWO
HUNDRED THIRTY SEVEN, AND TWO HUNDRED SEVENTY THREE OF
REPUBLIC ACT NO. 7160, OTHERWISE KNOWN AS "THE LOCAL
GOVERNMENT CODE OF 1991," AND APPROPRIATING THE FUNDS
COLLECTED THEREFROM EXCLUSIVELY FOR THE PURPOSE OF PROVIDING
FREE ACCESS TO PUBLIC HEALTH**

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

SECTION 1. - Section Two Hundred Thirty Six of Republic Act No.
7160 is hereby amended to read as follows:

"Sec. 238. *Additional Ad Valorem Tax on Idle Lands.* A city or a
municipality shall levy an annual *ad valorem* tax on idle lands
at the rate of twenty percent (20%) of the assessed value of
the property which shall be in addition to the basic real
property tax."

SEC. 2. Section Two Hundred Thirty Seven of Republic Act No. 7160
is hereby amended to read as follows:

"Sec. 237. *Idle Lands, Coverage.* For purposes of real
property taxation, idle lands shall include the following: (a)
Agricultural lands, more than one (1) hectare in area,
suitable for cultivation, farming, dairying, inland fishery,
poultry and other agricultural uses, one-half (1/2) of which
remain uncultivated or unimproved by the owner of the

property or person having legal interest therein. Agricultural lands planted with permanent trees of at least fifty (50) trees to a hectare, or a proportion thereof if less than one hectare, shall not be considered idle lands. Lands actually used for grazing purposes shall likewise not be considered idle lands.

(b) Lands, other than agricultural, located in a city or municipality, more than one thousand (1,000) square meters in area one-half (1/2) of which remain unutilized or unimproved by the owner of the property or person having legal interest therein. The planting of permanent crops or trees of at least fifty (50) trees to a hectare, or a proportion thereof if less than one hectare, shall not be considered idle lands.

(c) Regardless of land area, this Section shall likewise apply to: (1) Residential lots in subdivisions duly approved by proper authorities, the ownership of which has been transferred to the buyer-owners, who shall be liable for the additional tax: Provided, however, That individual lots of such subdivisions, the ownership of which has not been transferred to the buyer shall be considered as part of the subdivision, and shall be subject to the additional tax payable by subdivision owner or developer; and, (2) Vacant lots intended for commercial, industrial or residential or condominium projects duly approved by proper authorities shall be the subject to the additional tax until the full completion of the construction or project as certified by the engineer/building officials of the local government concerned."

SEC. 3. Section Two Hundred Seventy Three of Republic Act No. 7160 is hereby amended to read as follows:

"Sec. 273. *Proceeds of the Tax on Idle Lands.* The proceeds of the additional *ad valorem* real property tax on idle lands shall accrue to a Special Public Health Fund (SPHF) of the city or municipality where the land is located: *Provided*, that in case of component cities and municipalities, twenty (20%) percent of

the proceeds shall pertain to the SPHF of the province in which the land is located. Such SPHF may be appropriated by the Sanggunian concerned solely and exclusively for the purpose of providing free access to public health facilities, supplies or services to the less-privileged members of their local constituency."

Sec. 4. The imposition of the additional *ad valorem* tax on idle lands as provided in this Act shall take effect at the beginning of the calendar year next following its publication in two (2) newspapers of general circulation. The Sanggunian concerned may however postpone by ordinance the imposition of the tax for another year to give real property owners or developers the opportunity to be exempt from the coverage of idle lands as defined in Section Two Hundred Thirty Seven of the Republic Act No. 7160.

Approved,