

EIGHTEENTH CONGRESS)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



HOUSE OF REPRESENTATIVES

House Bill No. 6127

Introduced by Representative Victor A. Yap

EXPLANATORY NOTE

According to the World Bank in 2016, the Philippines has about 41.72 % of the country's total land area devoted to agriculture, roughly 13 million hectares out of the declared 14.2 million hectares of alienable and disposable lands.¹ However, unutilized areas from this huge portion of land are also considerable, with some estimates reaching up to 375,000 hectares of idle lands.²

An idle-land tax is an *ad valorem* tax levied annually on the assessed value of a real property that remains uncultivated and unimproved by a property owner. The status quo of five percent (5%) tax on the assessed value of the property holds relatively minimal tax burden on idle lands in the country. The law was supposed to be a regulatory measure that discourages real properties remaining undeveloped. Instead, the government is left with unproductive private lands which stunt the country's potential for growth.

Furthermore, this type of tax was also meant to provide additional revenue for the local government units (LGUs). As an example, Marikina City posted a total collection of P243.1 million from 2002 to 2009 from idle land tax.³ However, this incentive may still be considered weak as evidenced by the lack of active implementation of the tax measure among the rest of the other LGUs.⁴

Therefore, this bill seeks to amend Section 236 of Republic Act No. 7160 by increasing the ceiling on the additional *ad valorem* tax on idle lands from five percent (5%) to ten percent (10%). Increasing the rate aims to further incentivize real property owners to put these idle lands into productive use in order to spur private owners to contribute to the national economy, and secondarily to serve as better sources of revenue for the government.


VICTOR A. YAP

Representative, 2nd District of Tarlac

¹ <https://tradingeconomics.com/philippines/agricultural-land-sq-km-wb-data.html>

² <https://forestry.denr.gov.ph/dmc2007-05>

³ <https://pids.gov.ph/pids-in-the-news/1832>

⁴ CPBRD Policy Brief No. 2016- 02

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AN ACT
INCREASING THE TAX ON IDLE LANDS, AMENDING FOR THE PURPOSE
SECTION 236 OF REPUBLIC ACT NO. 7160, OTHERWISE KNOWN AS THE
LOCAL GOVERNMENT CODE OF 1991

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

1 **SECTION 1.** Section 236 of Republic Act No. 7160 is hereby amended as
2 follows:

3
4 “**SEC. 236. Additional Ad Valorem Tax on Idle Lands-**Aprovince or
5 city, of a municipality within Metropolitan Manila, may levy an annual tax on idle
6 lands at the rate not exceeding [five (5)] **TEN (10%)** percent of the assessed
7 value of the property which shall be in addition to the basic real property tax.”

8
9 **SEC. 2. Repealing Clause.** – All laws, executive orders, executive issuances or
10 letters of instructions, or any part thereof, inconsistent with or contrary to the provisions
11 of this Act, are hereby repealed, amended, or modified accordingly.

12
13 **SEC. 3. Effectivity.** – This Act shall take effect immediately after its publication
14 in at least two (2) newspapers of general circulation.

Approved,