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SENATE
S. NO. 2360

APPROVED BY *[Signature]*

Introduced by Senator Juan Miguel F. Zubiri

EXPLANATORY NOTE

National and local government units (LGUs) must control dependable sources of revenues that shall be wisely allocated to implement its policies and deliver basic services to its constituents. Governments need to ensure that the tools needed to implement good governance are efficient, responsive and transparent. These features are found in the policies and mechanisms provided for in the proposed Real Property Valuation Reform Bill.

The Bill proposes the adoption of a just, equitable, impartial and nationally consistent valuation based on internationally accepted standards, concepts, principles and practices. This will directly benefit government agencies such as the Department of Environment and Natural Resources, Department of Public Works and Highways, Department of Agrarian Reform, National Power Corporation, Government Service Insurance System, Social Security System, Land Registration Authority, Land Bank of the Philippines, Bureau of Internal Revenue, and the Commission on Audit, among others. Likewise, private banks and parties to transactions will enjoy the advantages of uniform valuation standards over the chaos and disparities that hold sway at present.

Presently, more than 23 government agencies undertake real property valuation with conflicting assessments. It is estimated that LGUs assess real property lower than the BIR by 13-94 per cent. Meanwhile, the zonal values used by the BIR are 5- 930 % lower than values used by private appraisers. With rampant over-valuation or under-valuation, public and private transactions are often marked by litigation and corruption. In addition, the need for reform gains urgency in light of globalization wherein real properties are subjected to cross-boundary transactions.

This Bill proposes to create the National Valuation Authority (NVA) attached to the Department of Finance. It shall be responsible for the following: development of generally-accepted and internationally-recognized valuation standards; review of local Schedule of Market Values; development and maintenance of database of real property transactions and prices; keeping abreast of global and local trends; and, maintenance of a roster of appraisers and assessors in government.

Finally, this Bill will pave the way for National Government and LGUs to realize the value of its own assets, of which real estate is estimated to account for 50-75 % of a nation's wealth. As the valuation becomes transparent and depoliticized, parties to transactions will more likely pay the correct taxes assured that valuation is fair and

based on verifiable market value. Consequently, LGUs collect more revenue while being liberated from over-dependence on Internal Revenue Allocation. Similarly, the National Government will have more resources to implement its mandates. It will also encounter lesser hitches brought about by the existing valuation disparities involving real property for vital projects such as transport, power and water infrastructures nationwide, among others.

The immediate passage of this Bill, is therefore, respectfully sought.



JUAN MIGUEL F. ZUBIRI

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

OFFICE OF THE SECRETARY OF STATE

10 AG-9 P6:28

SENATE

3) RECEIVED BY:

S. No. 2360

Introduced by Senator JUAN MIGUEL F. ZUBIRI

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

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

SEC. 1. *Short Title.* - This Act shall be known as the "THE REAL PROPERTY VALUATION REFORM ACT OF 2010."

ARTICLE I

DECLARATION OF POLICY AND OBJECTIVES, AND DEFINITION OF TERMS

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

- (a) Establish and maintain valuation standards to govern the valuation of real property in the country;
 - (b) Adopt market value as the single real property valuation base for the assessment of all real property related taxes in the country, and for valuing or appraising real property for various transactions by all government agencies;
 - (c) Separate the function of valuing or appraising of real properties from the functions of tax policy and administering the taxes due thereon;
 - (d) Support the development and professionalization of the valuation/appraisal practice in the country pursuant to Republic Act No. 9646;
 - (e) Provide a comprehensive and up-to-date electronic database of all real property transactions;
 - (f) Support the development of a “body of knowledge” on valuation by continuing research and monitoring of new developments in the valuation discipline for

1 upgrading the country's valuation and making it abreast with global
2 developments; and

3 (g) Ensure transparency in real property transactions to protect consumers and
4 develop confidence in the work of appraisers and assessors.

5 **SEC. 3. *Definition of Terms.*** - As used in this Act, the following terms mean:

6 (a) Appraiser – also known as valuer; refers to a person who conducts
7 valuation/appraisal; specifically, one who possesses the necessary
8 qualifications, ability, and experience to execute or direct the
9 valuation/appraisal of real property.

10 (b) Assessor – refers to an official in the local government unit, who is a licensed
11 appraiser, who performs appraisal and assessment of real properties,
12 including plant, machinery and equipment, essentially for taxation and other
13 purposes. This definition also includes assistant assessors.

14 (c) Building – refers to a man-made structure permanently attached to land for
15 residential, commercial, industrial, recreational or other purposes.

16 (d) Improvements – is a valuable addition made to a property or an amelioration
17 in its condition, amounting to more than a mere repair or replacement of
18 parts involving capital expenditures and labor, which is intended to enhance
19 its value, beauty or utility or to adapt it for new or further purposes.

20 (e) Land – refers to one of the major factors of production consisting sometimes
21 of a material economic good, which is supplied by nature without the aid of
22 man. Land may include not only the earth surface, both land and water, but
23 also anything that is attached to the earth's surface. Thus, all natural
24 resources in their original state, such as mineral deposits, wildlife, timber, and
25 fish, are land within the technical meaning of the term; so also are sources of
26 energy, outside of man himself, such as water, coal deposits, and the natural
27 fertility of the soil.

28 (f) Machinery – refers to machines, equipment, mechanical contrivances,
29 instruments, appliances or apparatus which may or may not be attached,
30 permanently or temporarily, to the real property. It includes the physical
31 facilities for production, the installations and appurtenant service facilities,
32 those which are mobile, self-powered or self-propelled and those not
33 permanently attached to the real property which are actually, directly and
34 exclusively used to meet the needs of the particular industry, business or
35 activity and which by their very nature and purpose are designed for, or
36 necessary to its manufacturing, mining, logging, commercial, industrial or
37 agricultural purposes.

38 (g) Market Value – refers to the estimated amount for which a property should
39 exchange on the date of valuation between a willing buyer and a willing seller

- 1 in an arm's length transaction (a transaction between independent, unrelated
2 parties involving no irregularity) after proper marketing wherein the parties
3 had each acted knowledgeably, prudently, and without compulsion;
- 4 (h) Private appraisal sector - refers to licensed non-governmental real estate
5 service practitioners who have been active in the practice of real estate
6 appraisal for the last five (5) years.
- 7 (i) Real Estate – refers to the land and all those items which are attached to the
8 land. It is the physical, tangible entity, together with all the additions or
9 improvements on, above or below the ground.
- 10 (j) Real Property – refers to all the rights, interests, and benefits related to the
11 ownership of real estate, plant, machinery, and equipment;
- 12 (k) Schedule of Market Values or SMV – refers to a table of market values of real
13 properties within a local government unit prepared by assessors pursuant to
14 existing laws, rules and regulations.
- 15 (l) Special Purpose Property – refers to a property which is designed,
16 constructed and developed for a specific use or purpose. By its very nature,
17 this type of property is rarely offered for sale in the open market except as
18 part of a going concern. Because of the special design and function,
19 conversion of special purpose properties to other types of development or
20 application is generally not economically feasible.
- 21 (m) Valuation/Appraisal – refers to the systematic and analytic determination and
22 recording of property facts, circumstances, investments, and investigation of
23 other relevant data resulting in a supportable estimate and opinion of value or
24 a professional conclusion based upon supporting data, logical analysis and
25 judgment as of a specific date and for a specific purpose.

ARTICLE II

NATIONAL VALUATION AUTHORITY AND THE REGIONAL OFFICES

Chapter 1

Establishing a National Valuation Authority

30 **SEC. 4. Establishment of a National Valuation Authority.** - To achieve the
31 policy and objectives declared in this Act, there shall be established a National
32 Valuation Authority (NVA), hereinafter referred to as the Authority, which shall be the
33 primary agency of the government on matters concerning the valuation or appraisal of
34 real properties in the Philippines. The Property Valuation Office (PVO) established
35 within the Department of Finance (DOF) shall serve as the nucleus of the Authority. The
36 Authority shall be attached to the DOF and shall have its central office in Metro Manila.

37 **SEC. 5. Powers and Functions of the Authority.** - The Authority shall have the
38 following powers and functions:

- 1 (a) Develop, adopt, and maintain valuation standards consistent with generally
2 accepted valuation standards, regulations and specifications for real property
3 appraisal used for tax and other purposes, and ensure compliance therewith
4 by national government agencies, local government units, and other
5 concerned parties;
- 6 (b) Review and approve the Schedule of Market Values (SMVs) prepared by the
7 provincial assessors together with municipal assessors, and city assessors,
8 including the municipal assessor of Metro Manila, for tax and other purposes;
- 9 (c) Provide technical assistance on real property appraisal matters to
10 government agencies and instrumentalities, and coordinate or conduct the
11 valuation/appraisal of special purpose properties, when requested;
- 12 (d) Provide leadership and policy directions to local government units, national
13 government agencies, private sector institutions and individuals dealing with
14 real property valuation/appraisal for taxation and other purposes, including
15 the development and maintenance of valuation standards, the regulation of
16 valuation/appraisal activities and other related matters, and the promotion of
17 valuation/appraisal training and seminars;
- 18 (e) Maintain a roster of government appraisers and assessors;
- 19 (f) Develop and maintain a comprehensive and up-to-date electronic database of
20 real property transactions and prices of materials for buildings, machinery,
21 and other structures;
- 22 (g) Conduct continuing study and research, and maintain an information base on
23 current global and country trends and developments in real property
24 valuation/appraisal;
- 25 (h) Determine, fix, and collect reasonable amounts to be charged as
26 administration fees, fines, and penalties relative to the implementation of this
27 Act; and
- 28 (i) Perform such other functions as are necessary, proper, and incidental to
29 implement the provisions of this Act.

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

38 **SEC. 7. Responsibilities of the Director General.** - The Director General shall
39 be responsible for the efficient and effective performance of the statutory responsibilities

1 of the Authority set forth in this Act and for the overall internal management and
2 governance of the Authority. For this purpose, the Director General shall:

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

14 **SEC. 8. Creation of an Advisory Board.** - (a) There shall be created an
15 Advisory Board, hereinafter referred to as the Board, composed of a representative
16 each from the:

- 17 1) Department of Finance (DOF);
18 2) Bureau of Local Government Finance (BLGF);
19 3) Bureau of Internal Revenue (BIR);
20 4) Department of Environment and Natural Resources (DENR);
21 5) *Bangko Sentral ng Pilipinas* (BSP);
22 6) National organization of government assessors;
23 7) Private appraisal sector;
24 8) Union of Local Authorities of the Philippines (ULAP); and
25 9) The Director General as an *ex officio* member.
- 26 (b) The member-representatives from the DOF, BLGF, BIR, and DENR shall be
27 appointed by the President of the Philippines from the nominees of the
28 respective Department Secretaries from officials performing valuation-related
29 functions whereas the member-representative from the BSP shall be
30 appointed by the *Bangko Sentral* Governor. The representatives from the
31 national organization of government assessors, the private sector, and U LAP
32 shall be appointed by the President from the nominees of the national
33 government assessors, private appraisers' organizations, and U LAP,
34 respectively.
- 35 (c) The President of the Philippines shall appoint the Chairperson from among
36 the government member-representatives of the Board. The Authority shall
37 provide the secretariat and other support services to the Board.
- 38 (d) The members of the Board shall serve for a maximum of three (3) years. In
39 case of vacancy in the Board, the person so appointed or designated shall

1 serve only for the unexpired term. They shall not receive additional salary for
2 the performance of their functions but they shall be entitled to *honoraria*
3 pursuant to existing laws and regulations.

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

10 **SEC. 9. Functions of the Advisory Board.** - The Board shall advise the
11 Director General on matters pertaining to valuation/appraisal and shall have the
12 recommendatory power on the following:

- 13 (a) Adoption of the valuation standards; and
14 (b) Setting, maintenance, and compliance monitoring of the valuation standards
15 prepared and developed pursuant to Section 14 of this Act.

16 Chapter 2

17 Organization of the Authority's Regional Offices

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

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

30 There shall be a phased implementation of the Regional Offices.

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

- 34 (a) Implement laws, policies, plans, programs, rules and regulations of the
35 Authority in the Region;
36 (b) Review and recommend the approval of the proposed SMVs prepared by the
37 provincial assessors together with the municipal assessors, and city
38 assessors, including the municipal assessor of Metro Manila, for tax and other
39 purposes;

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

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

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

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

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

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

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

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

ARTICLE III

VALUATION/APPRaisal OF REAL PROPERTIES

Chapter 1

Valuation Standards and Market Values

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

18 **SEC. 15. Valuation/Appraisal of Real Property.** - For valuation purposes, all
19 real property, whether taxable or exempt, shall be valued or appraised at the market
20 value prevailing in the locality where the property is situated, in conformity with the
21 valuation standards adopted under this Act. The Authority shall promulgate the rules
22 and regulations for the classification and valuation/appraisal of real property pursuant to
23 the provisions of this Act. It shall provide leadership in ensuring rationalized valuation of
24 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 on the prevailing market value of these properties.

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

1 The Authority shall transmit the approved SMV to the concerned assessor who
2 shall confer with the local chief executive regarding the said approved SMV. Likewise,
3 the concerned assessor shall submit to the local chief executive a revenue impact
4 report of the new SMV as against the existing assessment levels and tax rates, and
5 shall provide the *Sanggunian*, through the Chairperson of the Committee on Ways and
6 Means, a copy of such report. The local chief executive shall transmit the approved
7 SMV together with the revenue impact report within fifteen (15) days from receipt of the
8 same to the *Sanggunian* for the enactment of an Ordinance setting the assessment
9 levels and tax rates. The concerned *Sanggunian* shall enact such Ordinance, upon
10 conduct of public hearings and proper consultation, within sixty (60) days from receipt
11 thereof; otherwise, the existing Ordinance on assessment levels and tax rates shall
12 remain in force and effect.

13 Upon the enactment by the *Sanggunian* of an Ordinance for the assessment
14 levels and tax rates, the local chief executive shall act within ten (10) days, in the case
15 of cities and municipality in Metro Manila, or within fifteen (15) days, in the case of
16 provinces, to approve the same. Failure of the concerned local chief executive to act on
17 the Ordinance within the prescribed period shall render the same approved.

18 The approved Ordinance together with the SMV shall be published by the
19 concerned local government unit in a newspaper of local circulation once a week for two
20 consecutive weeks: *Provided, however,* That in provinces, cities and municipalities
21 where there are no newspapers of local circulation, the same shall be posted in the
22 provincial capitol, city or municipal hall and in two (2) other conspicuous public places
23 therein. The Authority shall also publish the approved SMV on its official website.

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

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

37 In case of any significant change in the market where the property is located after
38 the said SMV has been approved and prior to its next revision, the provincial assessors
39 together with the municipal assessors, and city assessors, including the municipal

1 assessor in Metro Manila, may recommend to the Authority revisions to their existing
2 SMV.

SEC. 19. *Conduct of Training and Seminars.* – For the effective implementation of this Act, the Authority shall conduct the necessary trainings and seminars for all local assessors and other local officials/staff on the preparation of SMV in accordance with internationally accepted valuation standards, concepts, principles and practices, preparation of impact study reports of the approved SMVs.

Chapter 2

Development and Maintenance of Real Property Database

SEC. 20. Development of Real Property Database. - The Authority shall develop and maintain an up-to-date electronic database of the sale, exchange, lease, mortgage, donation and all other real property transactions in the country and on the cost of construction or renovation of buildings and other structures, and on prices of machinery. For this purpose, the Authority is hereby authorized to require the mandatory submission of necessary documents from the concerned officials or employees of national government offices or instrumentalities, local government units, and the private sector. The updated database shall be made available to the local government units, national government agencies, and the private sector as well.

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

SEC. 22. Duty of Official Issuing Building Permits or Certificates of Registration of Machinery to Transmit Copy to the Assessor. - Any public official or employee who may now or hereafter be required by law or regulation to issue to any person a permit for the construction, addition, repair, or renovation of a building, or permanent improvement on land, or a certificate of registration for any machinery, including machines, mechanical contrivances, and apparatus attached or affixed on land or to another real property, shall transmit a copy of such permit or certification within thirty (30) days of its issuance, to the assessor of the province, city or municipality where the property is situated.

38 SEC. 23. Duty of Geodetic Engineers to Furnish Copy of Plans to Assessor.

39 - It shall be the duty of all geodetic engineers, public or private, to furnish free of charge,

1 the assessor of the province, city or municipality where the land is located a copy of the
2 blue or white print of each of all approved original subdivision plans or maps of surveys
3 executed by them every end of the month from receipt of such approved plans from the
4 Land Management Bureau (LMB), the Land Registration Authority (LRA), or the
5 Housing and Land Use Regulatory Board (HLURB), as the case may be.

SEC. 24. Duty of Assessors to Transmit Documents to the Authority. – It shall be the duty of the assessors to transmit all real property transactions to the Regional Office of the Authority data from the Register of Deeds, official issuing building permit and geodetic engineers within one (1) month after the receipt of such data. The Authority's Regional Office shall record, process and make a summary report of the real property data, and submit the same to the Central office within one (1) month from receipt of such data.

Chapter 3

Appointment and Qualifications of Assessors

15 **SEC. 25. Appointment of Assessors.** - The Secretary of Finance shall appoint
16 provincial, city, and municipal assessors, upon recommendation of the local chief
17 executive, subject to civil service law, rules and regulations, and the following
18 guidelines:

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

30 The assessors shall be under the administrative supervision of the concerned
31 local government unit and under the technical assistance of the Authority, primarily
32 through a system of compliance reporting and provision for education and training for
33 capacity building.

SEC. 26. Qualifications of Local Government Assessors. - No person shall be appointed assessor or assistant assessor unless such person is a citizen of the Philippines, a resident of the region for a provincial or city assessor/assistant assessor and of the province for a municipal assessor/assistant assessor, a licensed appraiser, of good moral character, a graduate in engineering, accounting, commerce or appraisal related degree, and must have an experience in real property valuation or assessment

1 work or in any suitable field for at least five (5) years in the case of the provincial or city
2 assessor and three (3) years in the case of the municipal assessor, pursuant to the
3 provisions of Republic Act No. 9646, otherwise known as the Real Estate Service Act.

4 In accordance with Section 30 of Republic Act No. 9646, after three years from
5 the effectivity of this Act all existing and new positions in the national and local
6 governments, whether career, permanent, temporary or contractual, and primarily
7 requiring the services of any real estate service practitioner, shall be filled only by
8 registered and licensed real estate service practitioners.

9 All incumbent assessors/assistant assessors holding permanent appointments
10 shall continue to perform their functions without need for reappointment and without
11 diminution of status, rank and salary grade, and shall enjoy security of tenure.
12 However, they may not be promoted to a higher position until they meet the qualification
13 requirements of that higher position as herein prescribed. Nothing in this Act shall be
14 construed to reduce any benefit, interest, or right enjoyed by the incumbents at the time
15 of the enactment of this Act. The appointing authority shall exercise his power to
16 appoint the assessor in accordance with the provision of Republic Act No. 9646 only
17 when a vacancy occurs.

ARTICLE IV

PENAL PROVISIONS

SEC. 27. Failure to Comply with the Required Submission of Documents. -

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

SEC. 28. Failure to Comply with the Valuation Standards. - An assessor or

27 appraiser who, for unjustifiable reasons, fails to comply with the valuation standards
28 prepared and adopted pursuant to this Act, or deliberately concealed any deviations or
29 departures from such standards, shall be punished by a maximum fine equivalent to the
30 official's or employee's six (6) months basic salary, and suspension from the
31 government service or from the practice of profession for a period not exceeding one (1)
32 year, or permanent revocation of his/her license at the discretion of the competent
33 authority.

SEC. 29. Failure to Prepare Schedule of Market Values. - An assessor who,

35 for unjustifiable reasons, intentionally or deliberately refuses or fails to prepare the
36 SMVs within the period required by the Authority shall be punished, upon conviction, by
37 a maximum fine equivalent to the official's or employee's six (6) months basic salary or
38 by suspension from government service for not more than one (1) year, or both, at the
39 discretion of the competent authority.

1 **SEC. 30. Violations of Other Provisions.** - Any person, whether natural or
2 juridical, who violates any provision of this Act other than those punishable under
3 Sections 27, 28, and 29 hereof shall, when warranted, be dealt with under applicable
4 existing laws.

5 **SEC. 31. Taxpayers' Remedies in Case of Wrong Assessment of Real
6 Properties.** - The provisions of Sections 226 (Local Board of Assessment Appeals) and
7 229 (Action by the Local Board of Assessment Appeals) of Republic Act No. 7160,
8 otherwise known as The Local Government Code of 1991 shall apply in all cases of
9 appeals as remedies for the taxpayers in the assessment of their properties.

10 **ARTICLE V**

11 **TRANSITORY PROVISIONS**

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

- 16 (a) The Director General shall organize the Board pursuant to Section 8 of this Act
17 within thirty (30) days upon the organization of the Authority.
- 18 (b) An *Ad Hoc Committee* is hereby created which shall be responsible for the
19 formulation of the Authority's Organization, Staffing, and Implementation Plan,
20 including the selection and placement of personnel, taking into consideration the
21 organizational criteria such as, but not limited to, availability of qualified
22 personnel, facilities, budgetary support and others. The *Ad Hoc Committee* shall
23 also be responsible for drafting the Implementing Rules and Regulations (IRR)
24 for this Act.

25 The *Ad Hoc Committee* shall be composed of the Director General as *ex-*
26 *officio* chairperson and representatives from the DOF, BLGF, BIR, and National
27 Tax Research Center (NTRC) as members.

- 28 (c) After the organization of the Authority's Central Office, the Authority's Regional
29 Offices shall be organized.
- 30 (d) All existing staff of the PVO in the DOF, records, equipment and appropriations
31 provided for the PVO, as determined by the *Ad Hoc Committee* based on the
32 approved organization and staffing, shall be transferred to the Authority.
- 33 (e) Local government units who are in the process of revising their SMVs upon the
34 effectivity of this Act shall continue with such revisions in accordance with
35 Section 16 of this Act: *Provided*, That proper notification and coordination with
36 the Authority shall be undertaken: *Provided, finally*, That the newly approved
37 SMVs shall be in force and effect for a period of two (2) years.
- 38 (f) In case the SMV is not yet available or revised, the BIR Commissioner shall
39 adopt the existing SMV or the actual price in consideration as stated in real

property transaction documents, whichever is higher, for purposes of computing any internal revenue tax.

SEC. 33. Saving Clause. - The zonal values as determined by the 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 of Metro Manila, that have been approved by their respective *Sanggunians* for real property taxation purposes shall continue to be in force and effect until repealed, superseded, modified, revised, set aside, or replaced by the values provided under the new SMVs as approved in accordance with Section 16 of this Act, which shall be within two (2) years upon the effectivity of this Act.

ARTICLE VI

FUNDING REQUIREMENTS

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

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

23 **SEC. 35. Appropriations.** - The amount necessary for the initial implementation
24 of this Act shall be charged against the current appropriations of the PVO within the
25 DOF. Thereafter, such sum as may be necessary for the Authority's continuing
26 operations and the proper implementation of this Act shall be included in the annual
27 General Appropriations Act.

ARTICLE VII

MISCELLANEOUS PROVISIONS

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

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

37 SEC. 38. Repealing Clause. -

(a) Section 6(E) of Republic Act No. 8424, otherwise known as the National Internal Revenue Code (NIRC), as amended, and Sections 199(l), 201, 209(a), 212, 214,

1 219, 224(a), 472(a) par 1, and 473(a) par 1 of Republic Act No. 7160, otherwise
2 known as the Local Government Code (LGC) of the Philippines, are hereby
3 repealed;

4 (b) Sections 202, 220, 443(d), 444(b)(1)(v), 454 (d), 455(b)(1)(v), 463 (d), and
5 465(b)(1)(v) of the LGC, and Section 88(B) of the NIRC are hereby modified
6 accordingly;

7 (c) All laws, presidential decrees, executive orders, presidential proclamations, rules
8 and regulations or parts thereof contrary to or inconsistent with this Act are
9 hereby repealed, superseded or modified accordingly.

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

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

Approved,