

HOUSE OF REPRESENTATIVES

H. No. 8453

BY REPRESENTATIVES MACAPAGAL-ARROYO, SALCEDA, SARMIENTO (E.M.), BIAZON, GONZALES (A.P.), CO, GARBIN, BATOCABE, PIMENTEL, TAN (A.), VIOLAGO, ROMUALDO, SALO, LACSON, NIETO, OLIVAREZ, VELARDE, SUANSING (E.), ZAMORA (M.C.), LOBREGAT, SAMBAR, AGGABAO, CAMINERO, GARCIA (J.E.), SILVERIO, ABAYA, LAGMAN AND ALEJANO, PER COMMITTEE REPORT NO. 911

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:*

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

3 ARTICLE I

DECLARATION OF STATE 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.

1 concepts, principles, and practices. Towards this end, the State
2 shall:

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

5 (b) Adopt market value as the single real property valuation
6 base for the assessment of real property related taxes in the
7 country, and for the valuation of real property for various
8 transactions by all government agencies;

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

12 (d) Separate the function of valuation of real properties from
13 the functions of tax policy formulation and the administration of the
14 taxes due thereon;

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

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

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

24 (h) Ensure transparency in real property transactions to
25 protect public interest, and develop confidence in the valuation
26 system.

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

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

6 (b) *Assessed value*, also known as taxable value, refers to the
7 market value of the property multiplied by the corresponding
8 assessment level;

9 (c) *Assessment* refers to the act or process of determining the
10 value of a property, or proportion thereof subject to taxation,
11 including the discovery, listing, classification, and appraisal of
12 properties;

13 (d) *Assessment level* refers to the percentage applied to the
14 market value to determine the taxable value of the property based
15 on property classifications as prescribed in Republic Act No. 7160,
16 otherwise known as the "Local Government Code of 1991", as
17 amended;

18 (e) *Assessor* refers to an official in the LGU who is a licensed
19 appraiser and performs appraisal and assessment of real properties,
20 including plant, machinery, and equipment, essentially for taxation
21 and other purposes;

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

25 (g) *Improvement* refers to a valuable addition made to a
26 property or an amelioration in its condition, amounting to more
27 than a mere repair or replacement of parts, involving capital

1 expenditures and labor intended to enhance its value, beauty or
2 utility or to adapt it for new or further purposes;

3 (h) *International Valuation Standards* refer to standards that
4 provide property valuers with a framework composed of recognized
5 principles and concepts as well as internationally accepted
6 definitions, best practices, and reporting system;

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

12 (j) *Machinery* refers to machines, equipment, mechanical
13 contrivances, instruments, appliances or apparatus which may be
14 attached, permanently or temporarily, to the real property. It
15 includes the physical facilities for production, the installations and
16 appurtenant service facilities, those which are mobile, self-powered
17 or self-propelled, and those not permanently attached to the real
18 property which are actually, directly, and exclusively used to meet
19 the needs of the particular industry, business or activity and which
20 by their very nature and purpose are designed for, or necessary to
21 its manufacturing, mining, logging, commercial, industrial or
22 agricultural purposes;

23 (k) *Market value* refers to the estimated amount for which a
24 property shall exchange on the date of valuation between a willing
25 buyer and a willing seller in an arm's length transaction which is a
26 transaction between independent, unrelated parties involving no

1 irregularity, after proper marketing wherein the parties had each
2 acted knowledgeably, prudently, and without compulsion;

3 (l) *Private appraisal sector* refers to licensed
4 nongovernmental real estate service practitioners who have been
5 active in the practice of real estate appraisal for at least five (5)
6 years;

7 (m) *Real estate* refers to the land and all those items which are
8 attached to the land. It is the physical, tangible entity, together
9 with all the additions or improvements on, above or below the
10 ground;

11 (n) *Real property* refers to all the rights, interests and
12 benefits related to the ownership of real estate. It is a legal concept
13 distinct from real estate, which is a physical asset;

14 (o) *Schedule of Market Values*, hereinafter referred to as
15 SMV, refers to a table of base unit market values for all kinds of
16 real property, except machinery within an LGU prepared by
17 assessors pursuant to existing laws, rules and regulations;

18 (p) *Special purpose property* refers to a property that is
19 designed, constructed and developed for a specific use or purpose.
20 By its very nature, this type of property is rarely offered for sale in
21 the open market except as part of a going concern. Due to the
22 special design and the function, conversion of special purpose
23 property to other types of development or application is generally
24 not economically feasible; and

25 (q) *Valuation*, also known as appraisal, refers to the
26 systematic, analytic and logical analysis of the recording of property
27 facts, circumstances, investments and other relevant data resulting

1 in a supportable estimate or professional opinion of the value of the
2 property as of a specific date and for a specific purpose.

3 ARTICLE II

4 THE BUREAU OF LOCAL GOVERNMENT FINANCE (BLGF)

5 Chapter 1

6 BLGF Central Operations

7 SEC. 4. *Powers and Functions of the Bureau of Local*
8 *Government Finance (BLGF).* – The BLGF of the Department
9 of Finance (DOF) shall lead and manage the implementation of the
10 provisions of this Act. It shall have the following powers and
11 functions:

12 (a) Develop, adopt, and maintain valuation standards
13 consistent with generally accepted international valuation
14 standards, regulations, and specifications for real property
15 appraisal used for taxation and other purposes, and ensure
16 compliance therewith by LGUs and other concerned parties;

17 (b) In coordination with the Bureau of Internal Revenue
18 (BIR), review and ensure that the SMVs as prepared by the
19 provincial assessors together with municipal assessors, and city
20 assessors, including the municipal assessors in the Metropolitan
21 Manila Area is compliant with real property valuation policies and
22 standards, and recommend its approval to the Secretary of Finance
23 for local and national taxation, and for other purposes;

24 (c) Provide technical assistance on real property appraisal
25 matters to government agencies and instrumentalities, and
26 coordinate or conduct the valuation of special purpose property,
27 when requested;

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

(e) Maintain a roster of licensed local government appraisers and assessors;

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

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

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

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

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

SEC. 5. *Establishment of the Real Property Valuation Service.*

– To achieve the policies and objectives declared in this Act, the Real Property Valuation Service, hereinafter referred to as the RPVS, within the BLGF with counterpart personnel in the BLGF Regional Offices is hereby established.

1 SEC. 6. *The BLGF Executive Director.* – The BLGF
2 Executive Director shall be responsible for the efficient and effective
3 day-to-day performance of the responsibilities set forth in this Act,
4 and shall be responsible for the overall internal management and
5 governance of the RPVS.

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

7 (a) A Central Consultative Committee shall be created and
8 shall serve as the consultative forum on matters pertaining to the
9 setting, adoption, and maintenance of the valuation standards and
10 other related concerns on real property valuation.

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

13 (1) Bureau of Internal Revenue;

14 (2) Department of Environment and Natural Resources
15 (DENR);

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

17 (4) National organization of government assessors;

18 (5) National organization of appraisers in national
19 government agencies; and

20 (6) Private appraisal sector.

21 (c) The representatives of the BIR, DENR, and BSP must be
22 performing valuation-related functions. The national organization
23 of government assessors, and the private appraisal sector shall be
24 represented by their respective heads of organizations.

25 (d) The Chairperson and members of the Committee shall not
26 receive additional salary for the performance of their functions.
27 Members of the consultative committee who are not incumbent

1 government officials or employees shall be entitled to honoraria,
2 pursuant to existing laws and regulations.

3 (e) The Committee shall meet at the initiation of the
4 Chairperson at least once every semester and shall have as many
5 meetings as the Chairperson may deem necessary for the adoption
6 of valuation standards. The Chairperson may invite resource
7 persons on issues concerning real property valuation.

8 Chapter 2

9 BLGF Regional Operations

10 SEC. 8. *Role of the BLGF Regional Offices.* – The BLGF
11 Regional Offices, through the Regional Director, shall be responsible
12 for all matters relating to valuation and the supervision of the
13 SMVs in the region. They shall:

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

16 (b) Review, in coordination with the BIR, and endorse to the
17 RPVS, the proposed SMVs prepared by the assessors of the LGUs in
18 the region;

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

21 (d) Coordinate and consult with other government
22 departments, bureaus and agencies within the region dealing with
23 real property valuation;

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

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

3 SEC. 9. *The Regional Consultative Committee.* -

4 (a) There shall be a Regional Consultative Committee that
5 shall be chaired by the BLGF Regional Director and shall be
6 composed of a representative from the:

7 (1) BIR - Regional Office;

8 (2) DENR - Regional Office;

9 (3) Head of regional organization of government assessors;

10 (4) Head of regional organization of national government
11 appraisers;

12 (5) Head of the private appraisal sector within the
13 region; and

14 (6) Head of the bankers association within the region.

15 (b) The members of the Regional Consultative Committee
16 must be performing valuation-related functions in their respective
17 agencies or sector.

18 (c) The Committee shall meet at the initiation of the BLGF
19 Regional Director at least once every quarter and shall have as
20 many meetings as the BLGF Regional Director may deem necessary
21 for the performance of its function. The BLGF Regional Director
22 may invite resource persons on issues concerning real property
23 valuation.

24 SEC. 10. *Function of the Regional Consultative Committee.* -

25 The Regional Consultative Committee shall serve as a consultative
26 forum in the region for discussion on developments in the local real
27 property market; concerns of taxpayers, civil society, and other

1 stakeholders; outcome of compliance reporting in the region; level of
2 complaints and appeals; training of local government assessors in
3 the region; appraisal and assessment concerns in general; and other
4 matters as may be determined by the Committee.

5 ARTICLE III

6 VALUATION OF REAL PROPERTIES

7 Chapter 1

8 Valuation Standards and Market Values

9 SEC. 11. *Development of Valuation Standards.* —

10 Notwithstanding the provisions of existing laws to the contrary, the
11 BLGF shall develop, adopt, maintain, and implement uniform
12 valuation standards which shall be used by all appraisers and
13 assessors in the LGUs and other concerned parties in the appraisal
14 or valuation of lands, buildings, machinery and other real properties
15 for taxation and other purposes. The valuation standards shall
16 conform with the generally accepted international valuation
17 standards and principles.

18 SEC. 12. *Valuation of Real Property.* — For valuation
19 purposes, all real properties, whether taxable or exempt, shall be
20 valued or appraised based on prevailing market values in the
21 locality where the property is situated, in conformity with the
22 valuation standards adopted pursuant to this Act. The Secretary of
23 Finance shall promulgate the rules and regulations for the
24 valuation of real property pursuant to the provisions of this Act.

25 For real property intended for low-cost or socialized housing
26 and other programs of the government imbued with social policy
27 objectives, the provisions of existing pertinent laws shall be applied

1 after determination of the prevailing market value of these
2 properties in accordance with generally accepted international
3 valuation standards.

4 SEC. 13. *Preparation of Schedule of Market Values.* – The
5 provincial assessors together with the city and municipal assessors,
6 including the municipal assessors in the Metropolitan Manila Area,
7 shall prepare the SMV for the different classes of real property
8 situated within their respective LGUs, pursuant to the valuation
9 standards, rules, regulations and other specifications set by the
10 DOF. The proposed SMV shall be submitted to the BLGF
11 Regional Office and the BIR Regional Office for their joint review
12 and to ensure that the SMV complies with other requirements
13 within ninety (90) days from the receipt of the BLGF and BIR
14 Regional Offices.

15 SEC. 14. *Approval of Schedule of Market Values.* – The
16 Secretary of Finance shall approve the SMV within sixty (60) days
17 from receipt of the joint endorsement of the BLGF Executive
18 Director and the Commissioner of Internal Revenue; otherwise, said
19 schedule shall be deemed approved.

20 The approved SMV shall be published by the DOF in the
21 *Official Gazette* or in at least two (2) newspapers of general
22 circulation. The SMV shall take effect fifteen (15) days after its
23 publication.

24 The DOF shall post the approved SMV in its official website
25 and shall furnish the concerned LGU, through the BLGF and the
26 BIR, with copies thereof.

1 SEC. 15. *Setting Assessment Levels and Tax Rates.* – The
2 approved SMV shall be transmitted to the concerned assessor who
3 shall confer with the local chief executive regarding the approved
4 SMV. The assessor, in coordination with the local treasurer, shall
5 estimate the tax impact of the new SMV as against the existing
6 assessment levels and tax rates, calculate the expected level of tax
7 burden that the taxpayers will bear based in the new SMV and
8 recommend amendments on the assessment levels and/or tax rates.
9 The assessor shall prepare a minimum of three (3) estimates of the
10 tax impact based on different scenarios and submit the tax impact
11 report to the local chief executive and the *Sanggunian*.

12 The local chief executive shall transmit the approved SMV,
13 together with the tax impact report, within fifteen (15) days from
14 receipt of the same to the *Sanggunian* for the enactment of an
15 ordinance setting the appropriate assessment levels and tax rates.
16 During the *Sanggunian's* deliberations prior to the enactment of the
17 tax ordinance, it may call upon the assessor to provide technical
18 assistance and calculate the tax impact of additional options in
19 order to arrive at a desired level of taxes that the *Sanggunian* will
20 adopt. The concerned *Sanggunian* shall enact the tax ordinance
21 upon conduct of public hearings and proper consultations within
22 sixty (60) days from receipt thereof; otherwise, the existing
23 ordinance on assessment levels and tax rates shall remain in force
24 and effect.

25 Upon the enactment by the *Sanggunian* of an ordinance for
26 the assessment levels and tax rates, the local chief executive shall
27 act within ten (10) days, in the case of cities and the municipality in

1 the Metropolitan Manila Area, or within fifteen (15) days, in the
2 case of provinces, to approve the same. Failure of the concerned
3 local chief executive to act on the ordinance within the prescribed
4 period shall render the same approved.

5 SEC. 16. *Publication of Assessment Levels and Tax Rates.* –

6 The approved ordinance for the assessment levels and tax rates
7 shall be published by the concerned LGU in a newspaper of local
8 circulation once a week for two (2) consecutive weeks: *Provided,*
9 That in provinces, cities, and municipalities where there are no
10 newspapers of local circulation, the same shall be posted in the
11 provincial capitol, including all concerned city halls, municipal
12 halls, and in two (2) other conspicuous public places therein.

13 SEC. 17. *Use of Schedule of Market Values.* – The approved

14 SMV shall be used as basis for the determination of real
15 property-related taxes of national and local governments, as follows:

16 (a) For purposes of real property taxation, the approved SMV
17 shall in no case be adopted by the LGU less than six (6) months
18 prior to the effectivity of the new assessment rates to ensure the
19 proper cleansing and updating of records, and notification of
20 property owners in the conduct of general revision of assessment
21 and property classification.

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

26 (c) For other purposes, such as local transfer tax, tax on sand
27 and gravel, community tax, fees and charges, or as benchmark for

1 real property appraisal of other government agencies, the approved
2 SMV may be used upon its effectivity.

3 Notwithstanding the provisions of existing laws to the
4 contrary, the failure to conduct a general revision of assessment and
5 property classification, and use of the SMV shall render an LGU
6 ineligible for any conditional or performance-based grants or to
7 contract any form of credit financing from the national government.

8 SEC. 18. *Updating of Schedule of Market Values.* – All
9 provincial assessors together with the city assessors, and the
10 municipal assessors, including the municipal assessors in the
11 Metropolitan Manila Area, shall update their respective SMVs
12 within two (2) years from the effectivity of this Act. Thereafter,
13 they shall update the SMVs and conduct general revision of
14 property assessments not earlier than three (3) years, but not later
15 than five (5) years, from the date of last revision. The BLGF shall
16 prepare the schedule for the updating of the SMVs in all provinces,
17 cities and municipalities within the Metropolitan Manila Area.

18 In case of any significant change in market value where the
19 property is located after the SMVs have been approved and prior to
20 next revision, or where correction of errors and inequalities in any
21 SMV is deemed necessary or upon the directive of the Secretary of
22 Finance, the provincial assessors shall, together with the city
23 assessors, and the municipal assessors, including the municipal
24 assessors in the Metropolitan Manila Area, recommend revisions to
25 their existing SMVs to the BLGF Regional Office, through the
26 Regional Director of the BLGF having jurisdiction over the LGU
27 concerned.

Such revision/s shall be subject to review by the concerned BLGF Regional Office and the BIR Regional Office which shall complete their review and submit their recommendations to the BLGF Executive Director, in accordance with Section 14 hereof.

SEC. 19. *Conduct of Capacity Building Interventions.* – The BLGF shall, in coordination with the Philippine Tax Academy of the DOF, develop and conduct the necessary training for all local assessors, local officials, and staff, and other concerned BIR personnel on the preparation of the SMV in accordance with generally accepted international valuation standards, concepts, principles and practices; conduct of SMV 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 and all other real property transactions and declarations in the country and on the cost of construction or renovation of buildings and other structure, and on 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. The updated database shall be made available to the LGUs, national government agencies, and the private sector: *Provided, That the Commissioner of Internal*

1 Revenue or a duly authorized representative shall be allowed access
2 to the database without need of prior approval: *Provided, further,*
3 That nonsubmission of the required documents to the BLGF will be
4 subject to the provisions of Section 28 of this Act.

5 To further achieve these objectives and ensure efficient real
6 property tax administration, all provinces, cities and municipalities
7 shall automate their operations, adopt tax mapping technology,
8 maintain software-enabled valuation systems, undertake regular
9 data cleansing, and computerized records management. The
10 National Government, through the Department of Information and
11 Communications Technology, shall provide the appropriate
12 equipment and connectivity, information and communications
13 technology platform, and the appropriate training and capability
14 building programs to third class up to sixth class municipalities and
15 provinces to ensure compliance with this section. The BLGF shall
16 establish mechanisms for the electronic submission of the required
17 documents in accordance with the succeeding sections of Chapter 2
18 of this Act.

19 SEC. 21. *Duty of Register of Deeds to Supply Assessors with*
20 *Real Property Transactions Data.* – The Register of Deeds
21 shall prepare and submit to the provincial assessors, together with
22 the city assessors, and municipal assessors, including the municipal
23 assessors in the Metropolitan Manila Area, an abstract of the entire
24 registry every three (3) months and copies of all contracts selling,
25 transferring or otherwise converting, leasing, or mortgaging real
26 property registered every end of the month. The abstract shall
27 include brief but sufficient description of the real properties entered

1 therein, their present owners, and the dates of their most recent
2 transfer or alienation accompanied by copies of corresponding deeds
3 of sale, donation, partition, or other forms of alienation.

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

15 SEC. 23. *Duty of Geodetic Engineers to Furnish Copy of Plans*
16 *to Assessor.* — It shall be the duty of all geodetic engineers, public
17 or private, to furnish, free of charge, the assessor of the province,
18 city or municipality where the land is located, a copy of the blue or
19 white print of each of all approved original subdivision plans or
20 maps of surveys, duly signed by a Senior Geodetic Engineer,
21 executed by them every end of the month from receipt of such
22 approved plans from the Land Management Bureau (LMB), the
23 Land Registration Authority (LRA), or the Housing and Land Use
24 Regulatory Board (HLURB), as the case may be.

25 SEC. 24. *Duty of Registrar of Deeds and Notaries Public to*
26 *Assist the Provincial, City or Municipal Assessor.* — It shall be
27 the duty of the Registrar of Deeds and notaries public to furnish,

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

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

7 SEC. 27. *Qualification of Local Government Assessors.* – No
8 person shall be appointed assessor or assistant assessor unless a
9 citizen of the Philippines, a resident of the region for a provincial or
10 city assessor/assistant assessor, and of the province for a municipal
11 assessor/assistant assessor, a registered and licensed appraiser, of
12 good moral character, and must not have been convicted of any
13 crime involving moral turpitude. The appointee must have
14 experience in real property valuation or assessment work or in any
15 suitable field, either in private or public practice, for at least five (5)
16 years in the case of the provincial or city assessor, and three (3)
17 years in the case of the municipal assessor.

18 ARTICLE IV

19 PENAL PROVISIONS

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

1 SEC. 29. *Failure to Comply with the Valuation Standards.* –

2 An assessor who, for unjustifiable reasons, fails to comply with the
3 valuation standards developed and adopted pursuant to this Act, or
4 deliberately conceals any deviations or departures from such
5 standards in the valuation of real property, shall be punished by a
6 fine equivalent to the official's or employee's six (6) months basic
7 salary or suspension from the service for a period not exceeding
8 one (1) year, or both, at the discretion of the competent authority.

9 SEC. 30. *Failure to Prepare Schedule of Market Values.* – An

10 assessor who, for unjustifiable reasons, intentionally or deliberately
11 refuses or fails to prepare the SMVs within the period set forth in
12 this Act shall be punishable by a fine equivalent to the official's or
13 employee's basic salary for a period of one (1) month to six (6)
14 months, or by suspension from the service for not more than one (1)
15 year, or both, at the discretion of the competent authority. This
16 shall also be a ground for administrative and criminal liability in
17 accordance with the provisions of Republic Act No. 9646, otherwise
18 known as the "Real Estate Service Act of the Philippines".

19 SEC. 31. *Government Agents Delaying the Review, Approval*
20 *and Implementation of SMV, and Conduct of General Revisions.* –

21 Any government official who delays, without justifiable cause, the
22 review, approval and implementation of the SMV, the conduct of
23 general revisions, or cause the improper use thereof shall be
24 punished by a fine equivalent to the official's or employee's six (6)
25 months basic salary or suspension from the service for a period not
26 exceeding one (1) year, or both, at the discretion of the competent
27 authority.

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

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

All concerned local governments shall cause the constitution of a fully functioning Local Board of Assessment Appeals in their respective jurisdictions in coordination with the LRA.

ARTICLE V

TRANSITORY PROVISIONS

SEC. 34. *Transitory Guidelines.* – Local government units which are in the process of updating their SMVs, upon the effectivity of this Act, shall continue with such revisions in accordance with Section 16 of this Act: *Provided, That* proper notification and coordination with the BLGF shall be undertaken.

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

SEC. 35. *Saving Clause.* - The zonal values, as determined by the BIR and approved by the Secretary of Finance for internal

1 revenue tax purposes, and the SMVs prepared by the provincial
2 assessors together with the city assessors, and municipal assessors,
3 including the municipal assessors in the Metropolitan Manila Area,
4 that have been approved by their respective *Sanggunians* for real
5 property taxation purposes shall continue to be in force and effect
6 until repealed, superseded, modified, revised, set aside, or replaced
7 by the values provided under the updated SMVs as approved in
8 accordance with Section 15 of this Act, which shall be within two (2)
9 years upon the effectivity of this Act.

10 ARTICLE VI

11 FUNDING REQUIREMENTS

12 SEC. 36. *Budgetary Requirements for the Updating of*
13 *Schedule of Market Values.* – Each local *Sanggunian* shall
14 appropriate the necessary funds from locally generated revenues,
15 the internal revenue allotment or such other sources every fiscal
16 year. The accumulated amount so appropriated shall be known as
17 the Real Property Tax Administration Fund (RPTAF) which shall be
18 used for the proper implementation of the updating of the SMVs
19 and general revision of real property assessments, and the
20 administration of real property taxes in all LGUs.

21 The BLGF shall annually furnish the Department of Budget
22 and Management (DBM) with a list of LGUs with SMVs that are
23 due for updating. The DBM, in their review of the ensuing year
24 budget of provinces, highly urbanized cities, independent component
25 cities and municipalities within the Metropolitan Manila Area, shall
26 ensure that sufficient funds have been budgeted to comply with the
27 requirements of this Act: *Provided, That* failure to provide the

1 appropriations herein required shall render their annual budgets
2 inoperative.

3 ARTICLE VII

4 MISCELLANEOUS PROVISIONS

5 SEC. 37. *Appropriations.* – The amount necessary for the
6 implementation of this Act shall be included in the annual General
7 Appropriations Act.

8 SEC. 38. *Implementing Rules and Regulations (IRR).* –
9 Within six (6) months after the effectivity of this Act, the DOF, in
10 consultation with concerned parties, shall issue the IRR for the
11 effective implementation of this Act.

12 SEC. 39. *Suppletory Application of Existing Laws.* – The
13 provisions of Republic Act No. 7160, otherwise known as the “Local
14 Government Code of 1991”, as amended, and other laws consistent
15 with this Act shall have suppletory effect.

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

20 SEC. 41. *Repealing Clause.* –

21 (a) Sections 188, 199(o), 201, 202, 209(a), 212, 214, 219, 220,
22 472(a) paragraph 1, 472(b)(8), and 473(a) paragraph 1 of Republic
23 Act No. 7160, otherwise known as the “Local Government Code of
24 1991”, as amended, are hereby repealed;

25 (b) Section 3(n) of Presidential Decree No. 464 of 1974 is
26 hereby repealed;

1 (c) Section 6 of Republic Act No. 10752, otherwise known as
2 "The Right-of-Way Act" is hereby repealed;

3 (d) Section 4(a) and (b) of Republic Act No. 8974 are hereby
4 repealed;

5 (e) Section 9 of Presidential Decree No. 921 on the
6 administration of local financial services in Metropolitan Manila
7 and creating Local Treasury and Assessment Districts, is hereby
8 repealed;

9 (f) Sections 19, 135(a), 138, 198(a), 199(o), 218 and 224(a) of
10 Republic Act No. 7160, otherwise known as the "Local Government
11 Code of 1991", are also amended or modified accordingly;

12 (g) Likewise, Sections 6(E), 24(D), 27(D)(5), 88(B) and 102 of
13 Republic Act No. 8424, otherwise known as the "*Tax Reform Act of*
14 *1997*", are likewise amended or modified accordingly;

15 (h) Sections 4(h) and 9 of Presidential Decree No. 538 on the
16 power of Philippine Veterans Investment Development Corporation
17 Industrial Authority to collect real property tax are likewise
18 amended or modified accordingly; and

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

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