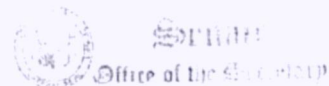


EIGHTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)



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SENATE
Senate Bill No. 246

RECEIVED BY: _____

Introduced by **SENATOR LACSON**

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

EXPLANATORY NOTE

Real property is the country's most important resource and biggest financial asset. A World Bank study indicated that 50% to 75% of the national wealth is contained in land alone. Real property, therefore, has the largest potential contribution to national income for funding economic and social developments.

One of the principal sources of income of local government units (LGUs) is derived from the taxes imposed on real properties. The LGU Taxation and Revenue Practices report of the Bureau of Local Government Finance (BLGF) shows that, on the average, real property taxes contribute about 31% of the LGUs' local sources over the period of 2009 to 2014.

While the LGUs are given powers by the Local Government Code of 1991 to generate local income in order to be effective partners in nation building, it is a fact that there are still municipalities that remain dependent on national government revenues. BLGF data shows that, of the 286 first class municipalities in the country, 116 municipalities (40%) remain dependent on their share from the Internal Revenue Allotment (IRA). This dependence is partly because 199 municipalities (70%) have poor collections for real property taxes, making up less than 15% of their respective local incomes.

Hence, this proposal seeks to promote the development and maintenance of just, equitable, impartial, and nationally consistent real property valuation by establishing appraisal standards, methods, and procedures of property valuations and assessment. The Bill's enactment will assist the LGUs in maximizing revenue collections, which in turn, will promote genuine local autonomy.

The passage of the proposed Real Property Valuation and Assessment Reform Act is intended to resolve the following issues in the present valuation system, to wit:

1. Multiple land valuation systems and methodologies used by at least 23 national government agencies and 1,712 LGUs, including private individuals and institutional appraisers—each using their own systems and measures, resulting in as many conflicting values for the same piece of real property;

2. Multiple impositions of national and local taxes on land and property ownership and transactions which encourage tax evasion and rampant underreporting of sales prices in official documents;

3. Lack of valuation standards, formal education and training for valuers resulting in incompetence and outdated techniques in the appraisal practice;

4. Undervaluation and overvaluation of real properties for tax purposes causing unnecessary delays and huge financial losses in the form of foregone government revenues and cost overruns;

5. Outdated real property values which no longer capture the true economic realities in the community where the property is situated; local governments fail to revise the Schedule of Market Values, as required by Republic Act No. 7160 otherwise known as the Local Government Code of 1991, as basis for local real property taxation, due to political ambivalence and apprehension of political backlash; and

6. Distorted real property transactions database due to cluttered real property sales transactions among various groups and individuals, e.g. the assessors, the Registry of Deeds, the Bureau of Internal Revenue, bank/s, among others.

In view of the foregoing reasons, the approval of this bill is earnestly sought.


PANFILO M. LACSON
Senator

1 c) Adopt market value as the single real property valuation base for the assessment
2 of real property related taxes in the country and for valuing or appraising real property
3 for various transactions by all government agencies;

4 d) Separate the function of valuing or appraising of real properties from the
5 functions of tax policy and administering the taxes due thereon;

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

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

11 g) Support the development of an information database on valuation by continuing
12 research and monitoring of new developments in the valuation discipline for upgrading
13 the country's valuation and keeping it abreast with global developments; and

14 h) Ensure transparency in real property transactions to protect the public and
15 develop confidence in the work of appraisers and assessors.

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

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

21 b) *Assessor* refers to an official in the local government unit (LGU) who is a
22 licensed appraiser, who performs appraisal and assessment of real properties including
23 plant, machinery and equipment, essentially for taxation and other purposes. This
24 definition also includes Assistant Assessors;

25 c) *Assessed value*, also known as taxable value, refers to the market value of the
26 property multiplied by the corresponding assessment level;

1 d) *Assessment* refers to the act or process of determining the value of a property, or
2 proportion thereof subject to taxation, including the discovery, listing, classification, and
3 appraisal of properties;

4 e) *Assessment level* refers to the percentage applied to the market value to
5 determine the taxable value of the property based on property classifications as
6 prescribed in Republic Act No. 7160, otherwise known as the "Local Government Code
7 of 1991", as amended;

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

10 g) *Improvements* refer to valuable addition made to a property or an amelioration in
11 its condition, amounting to more than a mere repair or replacement of parts involving
12 capital expenditures and labor, which is intended to enhance its value, beauty or utility,
13 or to adapt it for new or further purposes;

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

21 i) *Machinery* refers to machines, equipment, mechanical contrivances, instruments,
22 appliances or apparatus which may or may not be attached, permanently or temporarily,
23 to the real property. It includes the physical facilities for production, the installations and
24 appurtenant service facilities, those which are mobile, self-powered or self-propelled and
25 those not permanently attached to the real property which are actually, directly and
26 exclusively used to meet the needs of the particular industry, business or activity and

1 which by their very nature and purpose are designed for, or necessary to its
2 manufacturing, mining, logging, commercial, industrial or agricultural purposes;

3 j) *Market value* refers to the estimated amount for which a property should
4 exchange on the date of valuation between a willing buyer and a willing seller in an arm's
5 length transaction (a transaction between independent, unrelated parties involving no
6 irregularity) after proper marketing wherein the parties had each acted knowledgeably,
7 prudently, and without compulsion;

8 k) *Private appraisal* sector refers to licensed nongovernmental real estate service
9 practitioners who have been active in the practice of real estate appraisal for the last five
10 (5) years;

11 l) *Real estate* refers to the land and all those items that are attached to the land. It is
12 the physical, tangible entity, together with all the additions or improvements on, above or
13 below the ground;

14 m) *Real property* refers to all the rights, interests, and benefits related to the
15 ownership of real estate, plant, machinery, and equipment;

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

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

24 p) *Valuation*, also known as *appraisal*, refers to the systematic and analytic
25 determination and recording of property facts, circumstances, investments, and
26 investigation of other relevant data resulting in a supportable estimate and opinion of

1 value or a professional conclusion based upon supporting data, logical analysis, and
2 judgment as of a specific date and for a specific purpose.

3
4 **ARTICLE II**

5 **STRENGTHENING THE BUREAU OF LOCAL GOVERNMENT FINANCE**

6 **(BLGF)**

7 **Chapter 1 BLGF Central Operations**

8 **SEC. 4. *Role of the Bureau of Local Government Finance (BLGF).*** – The BLGF,
9 through the Real Property Valuation Service (RPVS) as hereinafter established, shall lead
10 and manage the implementation of the provisions of this Act, and shall provide
11 leadership in ensuring rationalized valuation of real properties transcending political
12 boundaries. The BLGF shall have the following powers and functions:

13 a) Together with the Bureau of Internal Revenue (BIR), develop, adopt, and
14 maintain valuation standards consistent with generally accepted valuation standards,
15 regulations and specifications for real property appraisal used for tax and other purposes,
16 and ensure compliance therewith by LGUs and other concerned parties;

17 b) Together with the BIR, review the SMVs as prepared by the provincial assessors,
18 along with the municipal assessors and city assessors, including the municipal assessor in
19 Metro Manila, for compliance with the real property valuation policies and standards,
20 and recommend the same for approval of the Secretary of Finance for local and national
21 taxation, and for other purposes;

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

25 d) Provide leadership and policy direction to LGUs on real property valuation and
26 appraisal for taxation and other purposes, including the development and maintenance of

1 valuation standards, the regulation of valuation and appraisal activities and other related
2 matters, and the promotion of valuation and appraisal trainings and seminars;

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

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

7 g) Conduct continuing study and research on valuation, and maintain an
8 information based on current global and country trends and developments in real
9 property valuation and appraisal;

10 h) Determine, fix and collect reasonable amounts to be charged as administration
11 fees, fines, and penalties relative to the implementation of this Act; and

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

14 **SEC. 5. *Establishment of the Real Property Valuation Service.*** – To achieve the
15 policy and objectives declared in this Act, there shall be established the Real Property
16 Valuation Service, hereinafter referred to as the RPVS, within the BLGF.

17 **SEC. 6. *Responsibilities of the BLGF Executive Director.*** – The BLGF Executive
18 Director shall ensure the efficient and effective performance of the responsibilities set
19 forth in this Act and for the overall internal management and governance of the RPVS.
20 For this purpose, the BLGF Executive Director shall:

21 a) Develop and implement policies, plans, programs, and operating standards for
22 the attainment of the objectives of this Act;

23 b) Provide policy direction and leadership in all aspects of valuation and appraisal
24 and their implementation in the regional offices;

25 c) Joint with the Commissioner of Internal Revenue, recommend to the Secretary of
26 Finance the approval of the SMVs prepared by the provincial assessors, together with

1 municipal assessors and city assessors, including the municipal assessor in Metro Manila,
2 for tax, both local and national, and other purposes;

3 d) Advise and assist other government agencies on matters pertaining to real
4 property valuation and appraisal; and

5 e) Perform such other functions as may be provided by law, or required in
6 pursuance of this Act.

7 **SEC. 7. *Creation of Central Consultative Committee.***

8 a) A Central Consultative Committee shall be created, chaired by the BLGF
9 Executive Director and composed of a representative each from the:

- 10 1. Bureau of Internal Revenue (BIR);
- 11 2. Department of Environment and Natural Resources (DENR);
- 12 3. Bangko Sentral ng Pilipinas (BSP);
- 13 4. National organization of government assessors;
- 14 5. National organization of appraisers in national government agencies;
- 15 6. Private appraisal sector;
- 16 7. League of Provinces;
- 17 8. League of Cities; and
- 18 9. League of Municipalities.

19 b) The member-representatives from the BIR, the DENR and the BSP must be
20 performing valuation-related functions. The national organization of government
21 assessors, the national organization of appraisers in national government agencies, the
22 private appraisal sector and the League of Provinces, League of Cities and League of
23 Municipalities shall be represented by their respective heads of organizations.

24 c) The Chairperson and members of the Committee shall not receive additional
25 salary for the performance of their functions. Members of the Committee who are not

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

3 d) The Committee shall meet at the initiation of the Chairperson at least once every
4 semester and shall have as many meetings as the Chairperson may deem necessary for
5 the adoption of valuation standards.

6 **SEC. 8. *Functions of the Central Consultative Committee.*** – The Central
7 Consultative Committee shall serve as the consultative forum on matters pertaining to the
8 setting, adoption, and maintenance of the valuation standards.

9 Chapter 2

10 BLGF Regional Operations

11 **SEC. 9. *Role of the BLGF Regional Offices.*** – The BLGF Regional Offices,
12 through the Regional Director, shall be responsible for all matters relating to valuation
13 and appraisal and the SMVs in the region, such as the:

14 a) Implementation of the provisions of this Act and related policies, plans,
15 programs, rules and regulations on real property valuation or appraisal of LGUs in the
16 region;

17 b) Joint with the BIR Regional Offices, review and endorse to the BIR
18 Commissioner and to the BLGF Executive Director the proposed SMVs prepared by the
19 provincial assessors, together with the municipal assessors and the city assessors in the
20 region;

21 c) Provision for economical, efficient and effective service relating to the
22 implementation of the provisions of this Act in the region;

23 d) Coordination and consultation with regional offices of other government
24 departments, bureaus and agencies within the region dealing with real property valuation
25 and appraisal to LGUs in the region;

1 e) Provision for leadership and policy direction in the area of real property
2 valuation and appraisal to LGUs in the region;

3 f) Adoption and maintenance of a comprehensive and up-to-date regional electronic
4 database of all regional real property-related transactions, and have custody of all
5 transaction records submitted by local government assessors; and

6 g) Performance of other functions as may be assigned by the BLGF Executive
7 Director.

8 **SEC. 10. *The Regional Consultative Committee.***

9 (a) There shall be a Regional Consultative Committee which shall be chaired by the
10 BLGF Regional Director and shall be composed of a representative each from the:

11 1. BIR - Regional Office;

12 2. DENR - Regional Office;

13 3. Regional organization of government assessors;

14 4. Regional organization of national government appraisers;

15 5. Private appraisal sector within the region; and

16 6. Bankers association within the region.

17 (b) The members of the Regional Consultative Committee must be performing
18 valuation and appraisal-related functions. Representatives from the regional organization
19 of government assessors, regional organization of national government appraisers,
20 private appraisal sector, and bankers association within the region shall be represented by
21 the head of their respective regional organization.

22 (c) The Committee shall meet at the initiation of the BLGF Regional Director at
23 least once every quarter and shall have as many meetings as the BLGF Regional Director
24 may deem necessary for the performance of its functions.

25 **SEC. 11. *Functions of the Regional Consultative Committee.*** – The Regional
26 Consultative Committee shall serve as a consultative forum in the region for discussion

1 on developments in the local real property market; concerns of taxpayers, civil society,
2 and other stakeholders; outcome of compliance reporting in the region; level of
3 complaints and appeals; LGU training in the region; appraisal and assessment concerns
4 in general; and other matters as may be determined by the Committee.

5 ARTICLE III

6 VALUATION AND APPRAISAL OF REAL PROPERTIES

7 Chapter 1. Valuation Standards and Market Values

8 **SEC. 12. *Development of Valuation Standards.*** – Notwithstanding the provisions
9 of existing laws to the contrary, the BLGF jointly with the BIR, shall develop, adopt,
10 maintain and implement uniform valuation standards which shall be used by all
11 appraisers and assessors in the LGUs and other concerned parties in appraising or
12 valuing lands, buildings, machinery and other real properties for taxation and other
13 purposes. The valuation standards shall conform with generally accepted international
14 valuation standards and principles.

15 **SEC. 13. *Valuation and Appraisal of Real Property.*** – For valuation purposes, all
16 real properties, whether taxable or exempt, shall be valued or appraised at the market
17 value prevailing in the locality where the property is situated, in conformity with the
18 valuation standards adopted under this Act. The Secretary of Finance, as recommended
19 by the BLGF shall promulgate the rules and regulations for the valuation and appraisal of
20 real property pursuant to the provisions of this Act. It shall provide leadership in ensuring
21 rationalized valuation of real properties transcending political boundaries.

22 For real properties intended for low-cost or socialized housing and other programs
23 of the government imbued with social policy objectives, the provisions of existing
24 pertinent laws shall be applied after determination of the prevailing market value of these
25 properties in accordance with internationally accepted valuation standards adopted under
26 this Act.

1 **SEC. 14. *Regional Technical Committee on Real Property Valuation (RTC RPV)*.**

2 – The RTC RPV shall be co-chaired by the regional directors of the BLGF and the BIR
3 having jurisdiction over the LGUs concerned. The head of the Local Treasury and
4 Assessment offices of the BLGF and the Revenue District Officer/s of the BIR having
5 jurisdiction shall serve as members.

6 **SEC. 15. *Preparation of Schedule of Market Values*.** – Provincial assessors,

7 together with municipal assessors and city assessors, including the municipal assessor in
8 Metro Manila, shall prepare the SMVs for the different classes of real property situated
9 within their respective LGUs, pursuant to the valuation standards, rules, regulations and
10 other specifications set by the Department of Finance (DOF) as recommended by the
11 BLGF and BIR. The SMVs shall be submitted to the RTC RPV for review and
12 compliance with other requirements not later than the thirty first (31st) day of October of
13 the immediately preceding calendar year that the general revision of real property
14 assessments shall be undertaken. A copy thereof reviewed by the RTC RPV, shall be
15 furnished the concerned Sanggunian and the provincial governor, the municipal mayor,
16 or the city mayor, as the case may be.

17 The reviewed SMVs shall be submitted to the BLGF Central Office and the BIR
18 National Office. Upon the joint approval thereof by the BLGF Executive Director and the
19 Commissioner of Internal Revenue, the Secretary of Finance shall approve the SMV
20 within sixty (60) days from receipt of the same, otherwise the schedule shall be deemed
21 approved.

22 **SEC. 16. *Setting Assessment Levels and Tax Rates*.** – The approved SMVs shall

23 be transmitted to the concerned assessor who shall confer with the local chief executive
24 regarding the approved SMVs. Likewise, the concerned assessor shall submit to the local
25 chief executive a tax impact report of the new SMVs as against the existing assessment

1 levels and tax rates, and shall provide the Sanggunian, through the Chairperson of the
2 Sanggunian's Committee on Ways and Means a copy of such report.

3 The local chief executive shall transmit the approved SMVs, together with the tax
4 impact report, within fifteen (15) days from receipt of the same to the Sanggunian for the
5 enactment of an ordinance setting the appropriate assessment levels and tax rates. The
6 concerned Sanggunian shall enact such ordinance, upon the conduct of public hearings
7 and proper consultations, within sixty (60) days from receipt thereof; otherwise, the
8 existing ordinance on assessment levels and tax rates shall remain in force and effect.

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

14 **SEC. 17. *Publication of SMVs, Assessment Levels and Tax Rates.*** – The approved
15 ordinance, together with the SMVs, shall be published by the concerned LGU in a
16 newspaper of local circulation once a week for two (2) consecutive weeks: *Provided,*
17 however, That in provinces, cities and municipalities where there are no newspapers of
18 local circulation, the same shall be posted in the provincial capitol, city or municipal hall
19 and in two (2) other conspicuous public places therein. A list of LGUs whose SMVs have
20 been approved shall be posted in the BLGF official website.

21 **SEC. 18. *Use of Schedule of Market Values.*** – The SMVs, as approved by the
22 Secretary of Finance, shall be used for the general revision of real property assessments
23 in LGUs, as basis for the determination of real property-related taxes imposed by
24 national government agencies, and as benchmark for real property appraisal for other
25 purposes.

1 For purposes of computing any internal revenue tax, the BIR Commissioner shall
2 adopt the SMVs, or the actual gross selling price in consideration, as stated in real
3 property transaction documents, whichever is higher.

4 Notwithstanding the provisions of existing laws to the contrary, the SMVs shall
5 cease to be the basis for the determination of national and local real property-related
6 taxes five (5) years after the effectivity of its enacting ordinance. The BIR may, however,
7 continue using the SMVs even beyond the said period for purposes of computing
8 national internal revenue taxes.

9 **SEC. 19. *Revision of Schedule of Market Values.*** – The BLGF shall formulate a
10 program for the regular revision of SMVs. All provincial assessors, together with the
11 municipal assessors and the city assessors, including the municipal assessor in Metro
12 Manila, shall undertake a revision of their respective SMVs within two (2) years from the
13 effectivity of this Act. Thereafter, they shall undertake a general revision of SMVs and
14 property assessments not earlier than three (3) years from the date of last revision, but not
15 later than five (5) years.

16 In case of any significant change in the market where the property is located after
17 the said SMVs have been approved and prior to the next revision, or where correction of
18 errors and inequalities in any SMVs is deemed necessary, the provincial assessors,
19 together with the municipal assessors and the city assessors, including the municipal
20 assessor in Metro Manila, may recommend revisions to their existing SMVs to the
21 RTCRPV, through the Regional Director of the BLGF having jurisdiction over the LGU
22 concerned.

23 Such revision/s shall be subject to review by the concerned RTCRPV and
24 recommendation by the BLGF Executive Director and the Commissioner of Internal
25 Revenue, for approval by the Secretary of Finance within ninety days (90) from the date
26 of receipt.

1 otherwise converting, leasing, or mortgaging real property registered every end of the
2 month.

3 The abstract shall include brief but sufficient description of the real properties
4 entered therein, their present owners, and the dates of their most recent transfer or
5 alienation and shall be accompanied by copies of corresponding deeds of sale, donation
6 or partition or other forms of alienation.

7 **SEC. 23. Duty of Official Issuing Building Permits or Certificates of**
8 **Registration of Machinery to Transmit Copy to the Assessor.** – Any public official or
9 employee who may now or hereafter be required by law or regulation to issue to any
10 person a permit for the construction, addition, repair or renovation of a building, or
11 permanent improvement on land, or a certificate of registration for any machinery,
12 including machines, mechanical contrivances and apparatus attached or affixed on land
13 or to another real property, shall transmit a copy of such permit or certification within
14 thirty (30) days of its issuance to the assessor of the province, city or municipality where
15 the property is situated.

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

24 **SEC. 25. Duty of Assessors to Transmit Documents to the BLGF.** – It shall be the
25 duty of the assessors to transmit to the concerned BLGF Regional Office all real property
26 transactions data from the Register of Deeds, and the names of the official issuing the

1 building permit and those of the geodetic engineers within one (1) month after the receipt
2 of such data. The BLGF Regional Office shall record, process and make a summary
3 report of the real property data and submit the same to the BLGF Central Office within
4 one (1) month from receipt of such data.

6 Chapter 3

7 Appointment and Qualifications of Assessors

8 **SEC. 26. *Appointment of Assessors.*** – The local chief executive shall appoint the
9 provincial, city and municipal assessors and assistant assessors, as the case may be, in
10 accordance with civil service law, rules and regulations and the following guidelines:

11 a) In the case of provincial and assistant provincial assessors and city and assistant
12 city assessors, the appointee shall be chosen from the list of at least three (3) ranking
13 eligible recommendees within the region, as endorsed by the DOF Secretary as suitable
14 and qualified for appointment;

15 b) In the case of municipal and assistant municipal assessors, the appointee shall be
16 chosen from the list of at least three (3) ranking eligible recommendees within the
17 province, as endorsed by the DOF Secretary as suitable and qualified for appointment;
18 and

19 c) In the case of city and assistant city assessors, and municipal and assistant
20 municipal assessors in Metro Manila, the appointee shall be chosen from the list of at
21 least three (3) ranking eligible recommendees within the region, as endorsed by the DOF
22 Secretary as suitable and qualified for appointment.

23 The assessors shall be under the technical supervision of the BLGF, primarily
24 through a system of compliance reporting and of capacity-building programs through
25 education and training.

1 standards in the valuation and appraisal of real property, shall be punished by a fine
2 equivalent to the official's or employee's basic salary for a period of one (1) month to six
3 (6) months, or by suspension from the government service for not more than one (1)
4 year, or both, at the discretion of the competent authority.

5 **SEC. 30. *Failure to Prepare Schedule of Market Values.*** – An assessor who, for
6 unjustifiable reasons, intentionally or deliberately refuses or fails to prepare the SMVs
7 within the period set forth in this Act shall be meted a fine equivalent to the official's or
8 employee's basic salary for a period of one (1) month to six (6) months, or by suspension
9 from the government service for not more than one (1) year, or both, at the discretion of
10 the competent authority. This shall also be a ground for administrative and criminal
11 liability in accordance with the provisions of the Republic Act. No. 9646, otherwise
12 known as the "Real Estate Service Act of the Philippines".

13 **SEC. 31. *Violations of Other Provisions.*** – Any person, whether natural or
14 juridical, who violates any provision of this Act other than those punishable under
15 Sections 28, 29 and 30 hereof shall, when warranted, be dealt with under applicable
16 existing laws.

17 **SEC. 32. *Taxpayers' Remedies in Case of Erroneous Assessment of Real***
18 ***Properties.*** – The provisions of Sections 226 (Local Board of Assessment Appeals) and
19 229 (Action by the Local Board of Assessment Appeals) of Republic Act No. 7160,
20 otherwise known as the "Local Government Code of 1991 ", shall apply in all cases of
21 appeals as remedies for the taxpayers in the assessment of their properties.

22 23 ARTICLE V

24 TRANSITORY PROVISIONS

25 **SEC. 33. *Transitory Guidelines.***

1 (a) LGUs which are in the process of revising their SMVs, upon the effectivity of
2 this Act, shall continue with such revisions in accordance with Section 19 of this Act:
3 *Provided*, That proper notification and coordination with the BLGF shall be undertaken.

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

8 **SEC. 34. *Saving Clause.*** – The zonal values, as determined by the BIR and
9 approved by the Secretary of Finance for internal revenue tax purposes, and the SMVs
10 prepared by the provincial assessors, together with the municipal assessors and the city
11 assessors, including the municipal assessor in Metro Manila, that have been approved by
12 their respective Sanggunians for real property taxation purposes shall continue to be in
13 force and effect until repealed, superseded, modified, revised, set aside, or replaced by
14 the values provided under the new SMVs as approved in accordance with Section 16 of
15 this Act, which shall be within two (2) years upon the effectivity of this Act.

16
17 **ARTICLE VI**

18 **FUNDING REQUIREMENTS**

19 **SEC. 35. *Budgetary Requirements for the Revision of Schedule of Market***
20 ***Values.*** – Each local Sanggunian shall appropriate the necessary funds from locally
21 generated revenues, the Internal Revenue Allotment (IRA), or such other sources every
22 fiscal year.

23 The accumulated amount so appropriated shall be known as the Real Property Tax
24 Administration Fund (RPTAF) which shall be used for the proper implementation of the
25 regular revision of the SMVs and the general revision of real property assessments, and
26 the administration of real property taxes in all LGUs.

1 f) Section 9 of Presidential Decree No. 921 on the administration of local financial
2 services in Metropolitan Manila and creating Local Treasury and Assessment Districts, is
3 hereby repealed;

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

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

10 i) All laws, presidential decrees, executive orders, presidential proclamations, rules
11 and regulations or parts thereof contrary to or inconsistent with this Act are hereby
12 repealed, superseded or modified accordingly.

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

16 **SEC. 41. *Effectivity.*** – This Act shall take effect fifteen (15) days after its
17 complete publication in the Official Gazette or in a newspaper of general circulation.

18 Approved,