

FOURTEENTH CONGRESS OF THE REPUBLIC
OF THE PHILIPPINES
First Regular Session

7 JUN 30 P3:47

SENATE

RECEIVED BY: 

S. B. No. 202

Introduced by Senator Manuel "Lito" M. Lapid

EXPLANATORY NOTE

The call to come-up with an efficient, fair and accurately assessed zonal valuation by the Bureau of Internal Revenue (BIR) is crucial to all taxpayers shelling out large amount of money to pay for Capital Gains and Real property Tax annually.

The country's property market is at present characterized by multiple systems of valuation appraised by different government agencies causing perplexity in determining the real fair market value of any given real estate. In fact, there are reports coming from some Local Government Units concerning broad discrepancies in zonal valuation assessment in their localities conducted by the BIR and the Provincial and City Assessors, with the former always assessing higher most of the time.

There are also cases of unwarranted increase in zonal valuation by the BIR in just a short span of time. Taking the experience of the Province of Pampanga, the valuation of commercial lots located along San Fernando-Olongapo Highway increased from P7,000 per square meter to P40,000 per square meter or a 470% increase from its previous assessment.

Under the NIRC, the computation of the value of the property is based on the fair market value as determined by the Commissioner of BIR or the schedule of values of the Provincial / City Assessors, whichever is higher. As stated, the determination of value by the Commissioner is almost always higher than the schedule of values of the Provincial and City Assessors.

This measure intends to remedy the situation where the discrepancy between the assessment of the BIR and the schedule of values of the Provincial and City Assessors is too big by mandating that the assessment of the fair market value shall be with the concurrence of the Provincial / City Assessors who prepare the assessment of real properties pursuant to the Local Government Code. Moreover, this measure will also expand the consultation process such that all stakeholders in the zonal valuation will have a chance to voice out their concerns.


I call on my colleagues for the early passage of this earnest measure.


MANUEL "LITO" M. LAPID
Senator

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AN ACT
LIMITING THE AUTHORITY GIVEN TO THE COMMISSIONER OF THE
BUREAU OF INTERNAL REVENUE (BIR) AND ENCOURAGING THE ACTIVE
PARTICIPATION OF STAKEHOLDERS IN PRESCRIBING REAL PROPERTY
VALUES, AMENDING FOR THE PURPOSE CERTAIN PROVISIONS OF
REPUBLIC ACT NO. 8424 OTHERWISE KNOWN AS THE "NATIONAL
INTERNAL REVENUE CODE OF THE PHILIPPINES", AND FOR OTHER
PURPOSES

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

SECTION. 1. – Title I, Sec. 6 (E) of RA 8424 is hereby amended to read
as follows:

*"Sec. 6. – Power of the Commissioner to Make assessments and
Prescribe additional Requirements for Tax Administration and Enforcement. -*

(A) Examination of Returns and Determination of Tax Due.- X X X

*(B) Failure to Submit Required Returns, Statements, Reports and other
Documents.- X X X*

*(C) Authority to Conduct Inventory-taking, surveillance and to Prescribe
Presumptive Gross Sales Receipts.- X X X*

(D) Authority to Terminate Taxable Period.- X X X

(E) Authority of the Commissioner to Prescribe Real Property Values. –

*The Commissioner is hereby authorized to divide the Philippines into
different zones or areas and shall, upon consultation with competent
appraisers both from the private and public sectors, **BUSINESS
SECTOR, AFFECTED HOMEOWNERS ASSOCIATION AND IN
CLOSE COORDINATION WITH THE PROVINCIAL AND CITY***

ASSESSOR, determine the fair market value of real properties located in each zone or area. For purposes of computing any internal revenue tax, the value of the property shall be **THE FAIR MARKET VALUE AS DETERMINED BY THE COMMISSIONER WITH THE CONCURRENCE OF THE PROVINCIAL AND CITY ASSESSORS IN CONSIDERATION OF THEIR SET SCHEDULE OF VALUES.** [, whichever is the higher of:

(1) the fair market value as determined by the Commissioner, or

(2) the fair market value as shown in the schedule of values of the Provincial and City Assessors.]

(F) Authority of the Commissioner to inquire into Bank Deposit Accounts.-
X X X

(G) Authority to Accredite and Register Tax Agents.- X X X

(H) Authority of the Commissioner to Prescribe Additional Procedural or
Documentary Requirements.- X X X

SEC. 2. Repealing Clause. - All laws, Presidential Decrees, Issuances, Executive Orders, Letters of Instruction, rules or regulations inconsistent with the provision of this Act are hereby repealed or modified accordingly.

SEC. 3. Effectivity Clause. - This Act shall take effect fifteen (15) days from the date of its publication in at least two (2) newspapers of general circulation.

Approved,