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[REPUBLIC ACT NO. 12001]

AN ACT INSTITUTING REFORMS IN REAL PROPERTY VALUATION AND ASSESSMENT IN THE PHILIPPINES, REORGANIZING THE BUREAU OF LOCAL GOVERNMENT FINANCE, GRANTING OF TAX AMNESTY ON REAL PROPERTY AND SPECIAL LEVIES ON REAL PROPERTY, 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".

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 sustainable development and maintenance of a just, equitable, impartial, and nationally consistent real property valuation based on international valuation standards, concepts, principles, and practices.

SEC. 3. *Purposes.* – This Act aims to:

(a) Establish and maintain standards based on the Philippine Valuation Standards (PVS) 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 real property-related taxes in the country, and for the valuation of real property for various transactions by all government agencies;

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

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

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

(f) Support the development of an information database on valuation through continuing research and monitoring of new developments in the discipline to upgrade the country's valuation system and be at par with global standards contributing to the country's inclusive and sustainable economic growth;

(g) Subject to the provisions of Republic Act (RA) No. 10173, otherwise known as the "Data Privacy Act of 2012",

ensure transparency in real property transactions to protect public interest, and develop confidence in the valuation system; and

(h) Promote the use of innovative digital technology in local and real property tax administration, real property transactions, and other business processes to improve the LGUs' revenue generation capacity.

SEC. 4. *Definition of Terms.* – As used in this Act:

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

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

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

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

(e) *Assessor* refers to the official or employee in the LGU who is a duly licensed appraiser, and performs appraisal and assessment of real properties, including plant, machinery, and equipment, for taxation and other purposes. This definition also includes assistant assessor;

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

(g) *Depreciation* refers to reasonable allowance for the exhaustion, wear and tear (including reasonable allowance for obsolescence) of property;

(h) *Improvement* refers to a valuable addition made to a property or an amelioration in its condition, amounting to more than a mere repair or replacement of parts, involving capital expenditures and labor intended to enhance its value, beauty, or utility, or to adapt it for new or further purposes;

(i) *International Valuation Standards* refer to standards for undertaking valuation assessments using generally recognized concepts and principles that promote transparency and consistency in the valuation practice as determined by the International Valuation Standards Council;

(j) *Philippine Valuation Standards (PVS)* refer to the latest national standards designed and for use in the Philippines, but which are based upon International Valuation Standards duly approved by the Secretary of Finance;

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

(l) *Market value* refers to the estimated amount for which a real property shall exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently, and without compulsion;

(m) *Private appraisal sector* refers to licensed nongovernmental real estate service practitioners;

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

(o) *Real property* refers to all the rights, interests and benefits related to the ownership of real estate;

(p) *Schedule of market values*, hereinafter referred to as SMV, refers to a table of base unit market values for all kinds of real property, except machinery within an LGU, prepared by assessors pursuant to existing laws, rules and regulations. For real property not specified in the SMV, the same shall be appraised at its current market value, and shall be assessed for taxation purposes by applying the prescribed assessment level based on its actual use;

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

(r) *Valuation*, also known as appraisal, refers to the systematic, analytic and logical analysis of the recording of property facts, circumstances, investments and other relevant data resulting in a supportable estimate or professional opinion of the value of the property as of a specific date and for a specific purpose.

ARTICLE II

BUREAU OF LOCAL GOVERNMENT FINANCE

CHAPTER 1

BLGF CENTRAL OPERATIONS

SEC. 5. *Powers and Functions of the Bureau of Local Government Finance (BLGF).* – The BLGF of the Department of Finance (DOF) shall be the primary agency to lead the implementation of the provisions of this Act. In addition to the powers vested upon it by Executive Order No. 292, otherwise known as the "Administrative Code of 1987", it shall exercise the following powers and functions:

(a) Develop, adopt, and maintain the PVS, regulations, and specifications for real property appraisal used for taxation

and other purposes, and ensure compliance therewith by LGUs and other concerned parties;

(b) Review and ensure that the SMVs, as prepared by the provincial assessors, together with municipal assessors, and city assessors, including the lone municipal assessor in the Metropolitan Manila Area and the assessor of the PHIVIDEC Industrial Authority, are compliant with the PVS and real property valuation policies and standards, and recommend its certification to the Secretary of Finance for local and national taxation, and for other purposes;

(c) Interpret and decide on matters relating to real property valuation policies and standards, and implementation of SMVs;

(d) Provide technical assistance on real property appraisal matters to government agencies and instrumentalities, and coordinate or conduct valuation, when requested;

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

(f) Maintain a roster of licensed local government appraisers and assessors in consultation and coordination with the Professional Regulation Commission (PRC);

(g) 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;

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

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

(j) Exercise technical supervision over all assessors through a system of compliance reporting and capacity building, and education and training procedures;

(k) Determine, fix, and collect a reasonable amount to be charged as administration fees, fines, and penalties relative to the implementation of the Real Property Information System (RPIS): *Provided,* That no fees or fines shall be imposed on LGUs with respect to the use of the RPIS; and

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

SEC. 6. *Reorganizing the BLGF and Establishment of the Real Property Valuation Service.* – To support the expanded functions of the BLGF and to achieve the policies and objectives declared in this Act, the BLGF shall be headed by an Assistant Secretary. The Real Property Valuation Service, hereinafter referred to as the RPVS, is hereby established within the BLGF and shall have counterpart personnel in the BLGF Regional Offices. The organizational structure and staffing pattern of the reorganized BLGF shall be subject to the evaluation and approval of the Department of Budget and Management (DBM) in accordance with civil service laws, rules and regulations.

SEC. 7. *Supervisory Role of the Head of the BLGF over the RPVS.* – The head of the BLGF shall be responsible for the efficient and effective day-to-day performance of the responsibilities set forth in this Act, and for the overall internal management and governance of the RPVS.

SEC. 8. *Establishment of a Real Property Valuation Unit.* – To achieve the policies and objectives declared in this Act, there shall be created a Real Property Valuation Unit (RPVU) under the Office of the Local Assessor in every province and city. Municipalities may also create an RPVU under the office of their respective local assessors. The organizational structure and staffing pattern shall be included in the annual budget of the Office of the Assessor duly approved by the Sanggunian concerned.

SEC. 9. *Creation of Central Consultative Committee.* –

(a) A Central Consultative Committee shall be created and shall serve as the forum on matters pertaining to the setting and adoption of international valuation standards and other related concerns on real property valuation.

(b) It shall be chaired by the head of the BLGF and shall be composed of a representative from each of the following:

(1) Bureau of Internal Revenue (BIR);

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

(3) Bangko Sentral ng Pilipinas (BSP);

(4) National organization of government assessors;

(5) Union of Local Authorities of the Philippines (ULAP);

(6) Land Registration Authority (LRA);

(7) Private appraisal sector; and

(8) Real estate sector:

Provided, That members of the Central Consultative Committee, or their representatives, shall be entitled to receive a *per diem*, pursuant to existing laws, regulations, and other issuances: *Provided, further,* That the representative from the private appraisal sector has been in the active practice as a real estate appraiser for at least five (5) years prior to his or her appointment as a member of the Central Consultative Committee, as certified by the Professional Regulatory Board of Real Estate Service (PRBRES): *Provided, furthermore,* That the representatives of the BIR, DENR and BSP must be performing valuation-related functions: *Provided, finally,* That the national organization of government assessors, the private appraisal sector, and the real estate sector shall be represented by their respective heads of organizations or their duly authorized and qualified representatives.

(c) The Central Consultative Committee shall meet upon the call of the Chairperson, and with due notice to the members, at least once every semester and shall have as many meetings as the Chairperson may deem necessary for the adoption of valuation standards. The Chairperson may invite resource persons on issues concerning real property valuation. The Central Consultative Committee shall ensure that there will be equal opportunity for the participation of public and private sector representatives as resource persons.

(d) The BLGF shall serve as the Secretariat of the Central Consultative Committee.

CHAPTER 2

BLGF REGIONAL OPERATIONS

SEC. 10. *Role of the BLGF Regional Offices.* – The BLGF Regional Offices shall, through the Regional Director, be responsible for all matters relating to valuation and the supervision of the SMVs in their respective regions. They shall:

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

(b) Review and endorse to the RPVS the proposed SMVs prepared by the assessors of the LGUs in the region;

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

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

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

(f) Perform other functions as may be assigned by the head of the BLGF.

SEC. 11. *The Regional Consultative Committee.* –

(a) There shall be a Regional Consultative Committee that shall be chaired by the BLGF Regional Director and shall be composed of:

(1) Head of the BIR Regional Office or their duly authorized representative;

(2) Head of the DENR Regional Office or their duly authorized representative;

(3) Head of the respective regional organizations of government assessors or their duly authorized representative;

(4) Head of the private appraisal sector within the region or their duly authorized representative;

(5) Head of the real estate sector, who is licensed by the PRC, within the region or their duly authorized representative;

(6) Head of the bankers' association within the region or their duly authorized representative;

(7) Head of the regional chapter of the league of cities or their duly authorized representative; and

(8) Head of the regional chapter of the league of provinces or their duly authorized representative:

Provided, That members of the Regional Consultative Committee, or their representatives, shall be entitled to receive a *per diem*, pursuant to existing law, regulations, and other issuances: *Provided, further,* That representatives who will attend on behalf of the respective heads shall be duly qualified, and authorized by their organizations: *Provided, finally,* That the representatives of the BIR and DENR must be performing valuation-related functions in their respective agencies or sectors.

(b) The Committee shall meet upon the call of the BLGF Regional Director, with due notice to its members, at least

once every quarter and shall hold as many meetings as the BLGF Regional Director may deem necessary for the performance of its functions. The BLGF Regional Director may invite resource persons on issues concerning real property valuation. The Committee shall ensure that there will be equal opportunity for the participation of public and private sector representatives as resource persons.

(c) The BLGF Regional Offices shall serve as the Secretariat of their respective Regional Consultative Committees.

SEC. 12. *Function of the Regional Consultative Committee.* – The Regional Consultative Committee shall serve as the forum in the region for discussion on developments in the local real property market; concerns of taxpayers, civil society, and other stakeholders; outcome of compliance reporting in the region; data on complaints and appeals filed before the Local Board of Assessment Appeals (LBAA) or the Central Board of Assessment Appeals (CBAA), as the case may be; training of local government assessors in the region; appraisal and assessment concerns in general; and other matters as may be determined by the Committee. Any report thereof shall be submitted to the Central Consultative Committee, either electronically or manually.

ARTICLE III

VALUATION OF REAL PROPERTIES

CHAPTER 1

VALUATION STANDARDS AND MARKET VALUES

SEC. 13. *Development of Valuation Standards.* – The BLGF shall develop, adopt, maintain, and implement uniform valuation standards, which shall be used by all appraisers and assessors in the LGUs, and other persons, entities, or agencies that conduct valuation in the appraisal or valuation of lands, buildings, machinery and other real properties for taxation and other purposes. The valuation standards shall conform with the international valuation standards and principles. The BLGF, through the RPVS, shall review the PVS every three

(3) years or as often as may be necessary to ensure that the same is aligned with globally accepted principles and definitions in real property valuation with due consideration of the prevailing economic conditions.

SEC. 14. *Valuation of Real Property.* – For valuation purposes, all real properties, whether taxable or exempt, shall be valued or appraised based on prevailing market values in the locality where the property is situated, in conformity with the PVS adopted pursuant to this Act. In all instances, depreciation shall be taken into consideration in the valuation of depreciable assets.

SEC. 15. *Preparation of the Schedule of Market Values.* – The provincial assessors, together with municipal assessors, and city assessors, including the lone municipal assessor in the Metropolitan Manila Area and the assessor of the PHIVIDEC Industrial Authority, shall prepare the SMVs for the different classes of real property situated within their respective LGUs, pursuant to the PVS, and other rules, regulations and specifications set by the DOF.

The preparation of the SMVs shall be completed within twelve (12) months following the notice from the BLGF to all local assessors to submit their proposed SMVs. Two (2) mandatory public consultations shall be conducted within sixty (60) days before the submission by the local assessor of the SMV. All provincial, city, and municipal assessors shall publish the proposed SMVs for at least two (2) weeks prior to the public consultation and hearing, in the official website of the LGU concerned, as well as post in two (2) conspicuous places in the provincial capitol, city hall, or municipal hall, as the case may be.

After public consultation and completion of the proposed SMV, the local assessor shall submit the proposed SMV to the BLGF Regional Office, and within forty-five (45) days from receipt thereof, the BLGF Regional Office shall review and endorse the same to the head of the BLGF: *Provided,* That in the case of cities and the lone municipality within Metropolitan Manila Area, the proposed SMV shall be submitted to and reviewed by the BLGF Central Office. The head of the BLGF shall review and endorse the proposed SMV

within thirty (30) days from receipt thereof to the Secretary of Finance.

SEC. 16. *Review of the Schedule of Market Values.* – The Secretary of Finance shall certify that the proposed SMV is in accordance with the latest PVS, within thirty (30) days from receipt of the proposed SMV from the head of the BLGF. In the absence of action by the Secretary of Finance within the specified period, the existing SMV shall remain in effect: *Provided,* That if the Secretary of Finance finds that the endorsed SMV of a particular LGU was not prepared in accordance with the latest PVS, the Secretary of Finance shall order that the said SMV be remanded to the assessor of the concerned LGU for revision together with a written explanation specifying the standards not complied with: *Provided, further,* That the Secretary of Finance shall not exercise control over the content of the SMV.

Upon receipt by the assessor of written explanation, he or she may conduct at least one (1) public consultation prior to the submission of the SMV to the concerned BLGF Regional Office: *Provided,* That the revised SMV shall be resubmitted by the local assessor to the head of the BLGF within thirty (30) days from the receipt of the letter of disapproval. The Secretary of Finance shall decide on the resubmitted SMV within ten (10) days from such resubmission; otherwise, the existing SMV shall remain in effect.

The approved SMV shall take effect fifteen (15) days after its publication by the DOF in the *Official Gazette* or in its official website, and in the official website of the LGU concerned, as well as posting in two (2) other conspicuous public places in the provincial capitol, city hall, or municipal hall, as the case may be.

SEC. 17. *Revenue and Tax Impact Report.* – The approved SMV shall be transmitted to the concerned local chief executive and the Sanggunian, through their respective provincial, city, and municipal assessors. The concerned assessor, in coordination with the local treasurer, shall prepare a report on the revenue and tax impact of the new SMV on taxpayers including three (3) different proposed options in adjusting the existing assessment levels and tax rates, for

consideration of the Sanggunian. The assessor shall thereafter submit the revenue and tax impact report, within thirty (30) days from receipt of the approved SMV, to the local chief executive and Sanggunian for consideration.

SEC. 18. *Use of Schedule of Market Values.* – The approved SMV shall be used as basis for the determination of real property-related taxes of national and local governments, as follows:

(a) For taxation purposes:

(1) As basis for the general revision of the assessment and property classification by the local assessor, and in the adjustment of assessment level and tax rates of LGUs by the Sanggunian;

(2) As basis in determining the market value for other property-related taxes such as local transfer tax, sand and gravel tax, community tax, and other fees and charges; and

(3) The Commissioner of Internal Revenue shall use the SMV or the actual gross selling price in consideration, as stated in real property transaction documents, whichever is higher, in computing any internal revenue tax.

(b) As basis for real property appraisals and other related purposes of all government agencies, instrumentalities, and government-owned or -controlled corporations.

SEC. 19. *Updating of the Schedule of Market Values.* – All provincial assessors, together with the municipal assessors and the city assessors, including the lone municipal assessor within the Metropolitan Manila Area and the assessor of the PHIVIDEC Industrial Authority, shall update their respective SMVs within two (2) years from the effectivity of this Act. LGUs shall update the SMVs and conduct general revision of property assessments and classifications every three (3) years thereafter. The BLGF shall prepare the schedule for the updating of the SMVs in all provinces and cities, including the municipality within the Metropolitan Manila Area and areas under the PHIVIDEC Industrial Authority.

In case of any significant change in market value where the property is located after the SMV has been approved and prior to the next revision, such as introduction of road right of way or similar infrastructure, in times of calamities or disasters, whether man-made or natural, during a pandemic or a declared public health emergency, whether national or local, and other analogous adverse circumstances, or where a correction of errors and inequalities in the SMV is deemed necessary, the provincial and city assessors shall recommend revisions to their existing SMVs to the BLGF Regional Office, through the BLGF Regional Director exercising jurisdiction over the LGU concerned: *Provided,* That the city assessors, the lone municipal assessor within the Metropolitan Manila Area, and the assessor of the PHIVIDEC Industrial Authority shall recommend revisions to their existing SMVs to the BLGF Central Office: *Provided, further,* That in times of national emergency declared by the President or a local state of calamity declared by the local chief executive, the assessor may suspend the conduct of general revision. In the case of a national state of emergency, the suspension shall take effect until the declaration of national emergency has been lifted by the President. In the case of a local state of calamity, the suspension shall be for thirty (30) days from such declaration: *Provided, finally,* That if the said local state of calamity continues to exist after the expiration of the thirty (30) day-period, the BLGF may recommend further extension to the said suspension to the Secretary of Finance for a period of another thirty (30) days or during the continued existence of calamity, whichever is shorter.

Such revision shall be subject to review by the BLGF Regional Office, which shall submit their recommendations to the head of the BLGF, in accordance with Sections 14 and 15 of this Act.

SEC. 20. *Additional Indicator for the Grant of the Seal of Good Local Governance.* – Compliance to this Act shall be considered as an additional indicator under the criteria of good fiscal or financial administration or financial sustainability under Section 7(a) of RA No. 11292, otherwise known as "The Seal of Good Local Governance Act of 2019".

SEC. 21. *Conduct of Capacity Building Interventions.* – The BLGF shall, in coordination with the Philippine Tax Academy created under RA No. 10143, develop and conduct the necessary trainings for all local assessors, local officials and staff, and other concerned personnel on the preparation of the SMVs in accordance with the PVS and international valuation standards, concepts, principles and practices, conduct of impact studies, including the preparation of the revenue and tax impact report, preparation of compliance reports, and other subject areas.

CHAPTER 2

DEVELOPMENT AND MAINTENANCE OF REAL PROPERTY MARKET DATABASE

SEC. 22. *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, transfer 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 plant, machinery, and equipment.

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, and LGUs: *Provided,* That the mandatory submission of documents and information shall be subject to the prohibition of disclosure, and security of certain information under RA No. 10173, particularly Sections 20 and 21 thereof, and other existing laws. The updated database shall be made available at no cost to all LGUs, and other national government agencies, without need of prior approval, including the Commissioner of Internal Revenue or their duly authorized representative subject to the provisions of Section 270 of RA No. 8424, otherwise known as the "National Internal Revenue Code of 1997", as amended, and Sections 12 and 13 of RA No. 10173: *Provided, further,* That the private sector may access the database subject to the guidelines of the BLGF: *Provided, finally,* That non-submission of the required documents to the BLGF will subject the concerned official or

employee to administrative penalties pursuant to the provisions of Section 26 of this Act.

The BLGF shall establish mechanisms for the electronic submission of the required documents in accordance with the provisions of Chapter 2, Article III of this Act.

All provinces, cities, and municipalities shall automate their real property tax administration operations such as, but not limited to, tax mapping technology, maintain software-enabled valuation systems, undertake regular data cleansing, and computerize records management, with the guidance of the BLGF, in coordination with the Department of Information and Communications Technology (DICT). The DICT shall provide, free of charge, the appropriate equipment, connectivity and interoperable information and communications technology platform, including their corresponding maintenance, and the appropriate training and capability building programs to all LGUs. The DICT shall prioritize provinces, cities or municipalities belonging to third and lower income class LGUs that do not have an existing information communication technology platform in place, to ensure compliance with this section. The BLGF, together with the DICT, shall ensure the full automation by all LGUs of their real property systems within two (2) years from the effectivity of this Act.

SEC. 23. *Duty of Register of Deeds to Supply Assessors with Real Property Transactions Data.* – The Register of Deeds shall prepare and submit to the provincial assessors, together with the municipal assessors, and city assessors, including the lone municipal assessor in the Metropolitan Manila Area and the assessor of the PHIVIDEC Industrial Authority, an abstract of the entire registry every three (3) months and copies of all contracts selling, transferring or otherwise converting, leasing, or mortgaging real property registered every end of the month free from any fees and charges. The abstract shall include brief but sufficient descriptions 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. 24. *Transmission of Real Property Transactions Data to the BLGF.* – Upon operationalization of the real property transactions database as provided in Section 22 of this Act, it shall be the duty of the registers of deeds, BIR, notaries public, officials issuing building permits, and the geodetic engineers conducting surveys within a locality to electronically transmit to the BLGF, free of charge, relevant real property transactions data, every quarter in accordance with the rules and regulations to be promulgated by the Secretary of Finance.

CHAPTER 3

APPOINTMENT OF ASSESSORS

SEC. 25. *Appointment of Assessors.* – Notwithstanding Section 472 of RA No. 7160, the local chief executive shall appoint the provincial, city, and municipal assessors and assistant assessors, as the case may be, in accordance with civil service laws, RA No. 9646, otherwise known as the "Real Estate Service Act of the Philippines", rules and regulations and the following guidelines:

(a) In the case of provincial and assistant provincial assessors and city and assistant city assessors, the appointee shall be chosen from the list of at least three (3) ranking eligible candidates within the region;

(b) In the case of city and assistant city assessors, and the municipal and assistant municipal assessors in the Metropolitan Manila Area, the appointee shall be chosen from the list of at least three (3) ranking eligible candidates within the region; and

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

ARTICLE IV

PENAL PROVISIONS

SEC. 26. *Violations Committed by Government Officials and Employees.* – The following violations shall be punishable

by a fine equivalent to one (1) month to six (6) months of the official or employee's basic salary, or by suspension from government service for not more than one (1) year, or both, in addition to any criminal and administrative penalties imposable under existing laws:

(a) Failure of any official or employee of the BLGF or other concerned government agency, without justifiable reason, to provide or furnish data or information required pursuant to Sections 22, 23, and 24 of this Act;

(b) Failure of the assessor or assistant assessor to comply with the valuation standards developed and adopted pursuant to this Act, or deliberate concealment of any deviation or departure from such standards in the valuation of real property;

(c) Failure or refusal of an assessor, without justifiable reason, to prepare, submit, revise, and implement the SMVs, or conduct general revisions, within the period set forth in this Act; and

(d) Failure or refusal of any government official or employee to review, approve, and implement the SMVs as well as to conduct general revisions within the period set forth in this Act, or cause the improper use of SMVs.

SEC. 27. *Unlawful or Unauthorized Processing or Disclosure of Information.* – The unauthorized processing, accessing, disposal, disclosure, sharing, publication, or use of the real property information system data, including all illegal acts as defined under RA No. 10173, shall be punishable in accordance with the aforecited law, its implementing rules and regulations, RA No. 10175, otherwise known as the "Cybercrime Prevention Act of 2012", and other relevant laws.

SEC. 28. *Other Violations of this Act.* – Any person, whether natural or juridical, who violates any provision of this Act other than those punishable under Sections 26 and 27 hereof shall, when warranted, be dealt with under applicable existing laws.

ARTICLE V

TRANSITORY PROVISIONS

SEC. 29. *Transitory Guidelines.* – LGUs, which are in the process of updating their SMVs upon the effectivity of this Act, shall continue with such revisions in accordance with Sections 15, 16, 17, and 19 of this Act: *Provided,* That proper notification and coordination with the BLGF shall be undertaken.

In case the SMVs are not yet available or updated, the Commissioner of Internal Revenue shall adopt the existing SMVs, 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: *Provided,* That the maximum assessment levels in Section 218 of RA No. 7160 shall be observed.

For the first year of effectivity of the approved SMV in accordance to this Act, any increase in real property taxes shall be limited to a maximum of six percent (6%) of the real property taxes assessed on such properties prior to the effectivity of this Act: *Provided,* That the cap shall be applicable to each type of real property tax, including Special Education Fund, idle land tax, and other special levies in real property: *Provided, further,* That the LGU may enact an ordinance to impose a cap on the increase in real property taxes for the succeeding years.

SEC. 30. *Grant of Tax Amnesty on Real Property Taxes and Special Levies on Real Property.* – There is hereby granted a real property tax amnesty which shall cover penalties, surcharges, and interests from all unpaid real property taxes, including Special Education Fund, idle land tax, and other special levy taxes, prior to the effectivity of this Act: *Provided,* That the real property tax amnesty hereby authorized and granted can only be availed within a period of two (2) years after the effectivity of this Act.

This relief may be availed by a delinquent property owner with the option of one-time payment or installment payment of the delinquent real property taxes within two (2) years from the effectivity of this Act.

This amnesty shall not extend to the following real properties:

(a) Delinquent real properties which have been disposed of at public auction to satisfy the real property tax delinquencies;

(b) Real properties with tax delinquencies which are being paid pursuant to a compromise agreement; and

(c) Real properties subject of pending cases in court for real property tax delinquencies.

SEC. 31. *Saving Clause.* – The zonal values, as determined by the BIR and approved by the Secretary of Finance for internal revenue tax purposes, and the existing SMVs prepared by the provincial assessors, together with the municipal assessors, and the city assessors, including the lone municipal assessor in Metropolitan Manila Area and the assessor of the PHIVIDEC Industrial Authority, 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: *Provided*, That the PHIVIDEC Industrial Authority, pursuant to Section 4(h) of Presidential Decree No. 538, shall continue to levy, assess, and collect real property taxes on real properties within its jurisdiction.

ARTICLE VI

FUNDING REQUIREMENTS

SEC. 32. *Budgetary Requirements for the Updating of Schedule of Market Values and General Revision.* – Each local Sanggunian shall appropriate the necessary funds from locally generated revenues, the national tax allotment or such other sources every fiscal year to constitute the Real Property Tax Administration Fund (RPTAF), which shall be established and used for the proper implementation of the updating of the SMVs, and general revision of real property assessments, and the administration of real property taxes in all LGUs. The Secretary of Finance, through the BLGF, shall grant a subsidy

to third and lower income class LGUs in order to augment their resources for purposes of creating the RPTAF.

ARTICLE VII

MISCELLANEOUS PROVISIONS

SEC. 33. *Appropriations.* – The initial amount for the implementation of this Act shall be charged against the available funds of the national government agencies and LGUs concerned. Thereafter, the necessary funding shall be included in the annual General Appropriations Act and in the respective local budgets of the LGUs concerned.

SEC. 34. *Reportorial Requirement.* – The BLGF shall submit to the joint Congressional Oversight Committee on the Comprehensive Tax Reform Program (COCCTRP) created under the National Internal Revenue Code of 1997, as amended, a detailed report on the implementation of this Act during the first quarter of every year.

SEC. 35. *Suppletory Application of Existing Laws.* – The provisions of RA No. 7160, as amended, and other laws consistent with this Act shall have suppletory effect.

SEC. 36. *Implementing Rules and Regulations (IRR).* – Within three (3) months after the effectivity of this Act, the DOF shall, in consultation with concerned stakeholders and the private sector, issue the rules and regulations for the effective implementation of this Act. The non-promulgation of the IRR shall not prevent the implementation of this Act upon its effectivity.

SEC. 37. *Separability Clause.* – If any section or provision of this Act shall be declared unconstitutional or invalid, other sections or provisions not affected thereby shall continue to be in full force and effect.

SEC. 38. *Repealing Clause.* – The following provisions are hereby repealed:

(a) Sections 199(e), (g), and (o), 212, and 219 of RA No. 7160, otherwise known as the "Local Government Code of 1991";

(b) Section 9 of Presidential Decree No. 921, entitled "Providing for the Administration of Local Financial Services in Metropolitan Manila, Creating Local Treasury and Assessment Districts Therein, and for Other Purposes", on the administration of local financial services in Metropolitan Manila and creating Local Treasury and Assessment Districts; and

(c) Section 6(e) of RA No. 8424, otherwise known as the "National Internal Revenue Code of 1997", as amended.

The following provisions are hereby amended insofar as they are inconsistent with the provisions of this Act:

(1) Section 33, Chapter IV, Title II, Book IV of Executive Order No. 292, otherwise known as the "Administrative Code of 1987";

(2) Sections 19, 135(a), 138, 201, 218, 220, and 472(b)(8) of RA No. 7160;

(3) Sections 5, 6, and 7 of RA No. 10752, otherwise known as "The Right-of-Way Act"; and

(4) Sections 24(D), 27(d)(5), and 88(b) of the National Internal Revenue Code of 1997, as amended.

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

SEC. 39. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,

FERDINAND MARTIN G. ROMUALDEZ
Speaker of the House of Representatives

JUAN MIGUEL F. ZUBIRI
President of the Senate

This Act, which is a consolidation of Senate Bill No. 2386 and House Bill No. 6558, was passed by the Senate of the Philippines and the House of Representatives on March 19, 2024 and March 20, 2024, respectively.

REGINALD S. VELASCO
Secretary General
House of Representatives

RENATO N. BANTUG JR.
Secretary of the Senate

Approved: JUN 13 2024

FERDINAND ROMUALDEZ MARCOS JR.
President of the Philippines

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