



HOUSE OF REPRESENTATIVES

H. No. 4664

BY REPRESENTATIVES SALCEDA, ROMUALDO, BIAZON, GONZALES (N.), SALO, VILLAFUERTE, CABREDO, VIOLAGO, CUA, SUANSING (E.), SUANSING (H.), SIAO, FORTUN, MACAPAGAL ARROYO, DALOG, ONG (R.), HOFER, GARIN (S.), ALBANO (A.), CALDERON, SARMIENTO, BUSTOS, PLAZA, ACOSTA, BOLILIA, MARIÑO, UNGAB, ERMITA-BUHAIN, TEJADA, VARGAS, GASATAYA, SY-ALVARADO, JALOSJOS, MATUGAS, GONZAGA, NUÑEZ-MALANYAON, HARESCO, CUARESMA, UY (J.), DAZA, ZUBIRI, SAGARBARRIA, BAUTISTA-BANDIGAN, DUAVIT, DALIPE, CAMPOS, SUAREZ (D.), GO (E.C.), GONZALEZ, FARIÑAS I (R.C.), MOMO, FRASCO, ZAMORA (W.K.), VARGAS ALFONSO, DY (F.), CAMINERO, BASCUG, ONG (J.), DIMAPORO (M.K.), LABADLABAD, SACDALAN, FARIÑAS (R.C.), ESPINA, VERGARA, ESPINO, BENITEZ, NATIVIDAD-NAGAÑO, TALLADO, BARBA, CELESTE, GUICO, LAGON, SANCHEZ, DELOSO-MONTALLA, FUENTEBELLA, JIMENEZ, SINGSON-MEEHAN, DIMAPORO (A.), ORTEGA, DY (F.M.C.), REYES, YAP (E.), BALINDONG, GARIN (J.), GARBIN, GUYA, QUMBO, SAVELLANO, TIANGCO, CABATBAT, PADUANO, BORDADO, SINGSON, AMATONG, TUTOR, CARI, TY, FERNANDO, FERRER (L.), SUAREZ (A.), NAVA, ABU, BARZAGA, ESTRELLA, FERNANDEZ, GARCIA (P.J.), PALMA, ROMULO, EBCAS, NIETO, ARENAS, CO (E.), COLLANTES, ENVERGA, ERIGUEL, KHO (W.), LOPEZ (M.L.), MARQUEZ, SINSUAT, UMALI (A.), VALERIANO, YAP (V.), GORRICETA, CAYETANO (M.L.), PANCHO, TOLENTINO, ABUEG-ZALDIVAR, BARBERS, ROQUE, MARIANO-HERNANDEZ, MARCOLETA, UY (R.), CHIPECO, PANOTES, AGABAS, ROBES, PIMENTEL, LEGARDA, ROMAN, ROMUALDEZ (Y.M.), DUJALI, ADIONG, ACOP, ROMUALDEZ (F.M.), VILLANUEVA (N.), CASTRO (F.H.), CHUNGALAO, DELOS SANTOS, AUMENTADO, BILLONES, DEFENSOR (M.), LACSON, BRAVO, GULLAS, GATCHALIAN, VILLARAZA-SUAREZ, LIMKAICHONG, PEÑA, VALMAYOR, SALIMBANGON, ECLEO, BARONDA, HERRERA-DY, MANGUDADATU, KHO (E.), VILLARICA, LOYOLA, LIM, ALMARIO,

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:

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

3 ARTICLE I

4 DECLARATION OF POLICY AND OBJECTIVES,

5 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,
10 concepts, principles, and practices. Towards this end, the State
11 shall:

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

14 (b) Adopt market value as the single real property valuation
15 base for the assessment of real property related taxes in the
16 country, and for the valuation of real property for various
17 transactions by all government agencies;

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

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

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

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

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

14 (h) Ensure transparency in real property transactions to
15 protect public interest, and develop confidence in the valuation
16 system.

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

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

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

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

29 (d) *Assessment Level* refers to the percentage applied to the
30 market value to determine the taxable value of the property based

1 on property classifications as prescribed in Republic Act No. 7160,
2 otherwise known as the "Local Government Code of 1991", as
3 amended;

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

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

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

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

22 (i) *Internationally accepted valuation standards* shall refer to
23 generally accepted standards for the valuation for all types of assets
24 including real estate plant and equipment, intangible assets and
25 businesses which shall include, but not limited to, the international
26 valuation standards;

27 (j) *International valuation standards* shall refer to
28 standards for undertaking valuation assessments using generally
29 recognized concepts and principles that promote transparency and

1 consistency evaluation practice as determined by the International
2 Valuation Standards Council.

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

14 (l) *Market Value* refers to the estimated amount for which a
15 property shall exchange on the date of valuation between a willing
16 buyer and a willing seller in an arm's length transaction which is a
17 transaction between independent, unrelated parties involving no
18 irregularity, after proper marketing, wherein the parties had each
19 acted knowledgeably, prudently, and without compulsion;

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

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

25 (o) *Real property* refers to all the rights, interests and
26 benefits related to the ownership of real estate. It is a legal concept
27 distinct from real estate, which is a physical asset;

28 (p) *Schedule of Market Values*, hereinafter referred to as
29 SMV, refers to a table of base unit market values for all kinds of

1 real property, except machinery within an LGU prepared by
2 assessors pursuant to existing laws, rules and regulations;

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

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

14 ARTICLE II

15 THE BUREAU OF LOCAL GOVERNMENT FINANCE (BLGF)

16 Chapter 1

17 BLGF Central Operations

18 SEC. 4. *Powers and Functions of the Bureau of Local*
19 *Government Finance (BLGF)*. – The BLGF of the Department of
20 Finance (DOF) shall lead and manage the implementation of the
21 provisions of this Act. In addition to the powers vested upon it by
22 Executive Order No. 292, otherwise known as the “Administrative
23 Code of 1987”, it shall exercise the following additional powers and
24 functions:

25 (a) Develop, adopt, and maintain valuation standards
26 consistent with internationally accepted valuation standards,
27 regulations, and specifications for real property appraisal used for
28 taxation and other purposes, and ensure compliance therewith by
29 LGUs and other concerned parties;

1 (b) In coordination with the Bureau of Internal Revenue,
 2 review and ensure that the Schedule of Market Values (SMVs) as
 3 prepared by the provincial assessors together with the municipal
 4 assessors, and the city assessors, including the lone municipal
 5 assessor in the Metropolitan Manila Area is compliant with real
 6 property valuation policies and standards, and recommend its
 7 approval to the Secretary of Finance for local and national taxation,
 8 and for other purposes;

9 (c) Provide technical assistance on real property appraisal
 10 matters to government agencies and instrumentalities, and
 11 coordinate or conduct the valuation of special purpose property,
 12 when requested;

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

18 (e) Maintain a roster of licensed local government appraisers
 19 and assessors in consultation and coordination with the Professional
 20 Regulation Commission;

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

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

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

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

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

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

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

11 *SEC. 6. Supervisory Role of the BLGF Executive Director over*
 12 *the RPVS.* – The BLGF Executive Director shall be responsible for
 13 the efficient and effective day-to-day performance of the
 14 responsibilities set forth in this Act, and for the overall internal
 15 management and governance of the RPVS.

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

17 (a) A Central Consultative Committee shall be created and
 18 shall serve as the consultative forum on matters pertaining to the
 19 setting and adoption of internationally accepted valuation
 20 standards and other related concerns on real property valuation;

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

23 (1) Bureau of Internal Revenue (BIR);

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

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

27 (4) National organization of government assessors;

28 (5) National organization of appraisers in national
 29 government agencies; and

30 (6) Private appraisal sector:

1 *Provided*, That the representative from the private appraisal
2 sector shall be active in the practice of real estate appraisal for at
3 least five (5) years as certified by the Professional Regulatory Board
4 of Real Estate Service (PRBRES).

5 (c) The representatives of the BIR, DENR, and BSP must be
6 performing valuation-related functions. The national organization of
7 government assessors, and the private appraisal sector shall be
8 represented by their respective heads of organizations or their duly
9 qualified representatives;

10 (d) The Chairperson and members of the Committee shall not
11 receive additional salary for the performance of their functions.
12 Members of the consultative committee who are not incumbent
13 government officials or employees shall be entitled to *honoraria*,
14 pursuant to existing laws and regulations; and

15 (e) The Committee shall meet at the initiation of the
16 Chairperson at least once every semester and shall have as many
17 meetings as the Chairperson may deem necessary for the adoption
18 of valuation standards. The Chairperson may invite resource
19 persons on issues concerning real property valuation.

20 Chapter 2

21 BLGF Regional Operations

22 SEC. 8. *Role of the BLGF Regional Offices.* – The BLGF
23 Regional Offices, shall, through the Regional Director, be
24 responsible for all matters relating to valuation and the supervision
25 of the SMVs in the region. They shall:

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

28 (b) Review, in coordination with the BIR, and endorse to the
29 RPVS, the proposed SMVs prepared by the assessors of the LGUs in
30 the region;

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

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

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

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

12 SEC. 9. *The Regional Consultative Committee.* –

13 (a) There shall be a Regional Consultative Committee that
14 shall be chaired by the BLGF Regional Director and shall be
15 composed of a representative from the:

16 (1) BIR – Regional Office;

17 (2) DENR – Regional Office;

18 (3) Head of Regional organization of government assessors or
19 its duly authorized representative;

20 (4) Head of Regional organization of national government
21 appraisers or its duly authorized representative;

22 (5) Head of the private appraisal sector within the region or
23 its duly authorized representative; and

24 (6) Head of the bankers association within the region or its
25 duly authorized representative.

26 (b) The members of the Regional Consultative Committee
27 must be performing valuation-related functions in their respective
28 agencies or sectors; and

29 (c) The Committee shall meet at the initiation of the BLGF
30 Regional Director at least once every quarter and shall have as

1 many meetings as the BLGF Regional Director may deem necessary
 2 for the performance of its functions. The BLGF Regional Director
 3 may invite resource persons on issues concerning real property
 4 valuation.

5 SEC. 10. *Function of the Regional Consultative Committee.* –
 6 The Regional Consultative Committee shall serve as a consultative
 7 forum in the region for discussion on developments in the local real
 8 property market; concerns of taxpayers, civil society, and other
 9 stakeholders; outcome of compliance reporting in the region; level of
 10 complaints and appeals; training of local government assessors in
 11 the region; appraisal and assessment concerns in general; and other
 12 matters as may be determined by the Committee: *Provided*, That
 13 any report thereof, as a result of the forum, shall be submitted to
 14 the Central Consultative Committee.

15 ARTICLE III

16 VALUATION OF REAL PROPERTIES

17 Chapter I

18 Valuation Standards and Market Values

19 SEC. 11. *Development of Valuation Standards.* –
 20 Notwithstanding the provisions of existing laws to the contrary, the
 21 BLGF shall develop, adopt, maintain, and implement uniform
 22 valuation standards which shall be used by all appraisers and
 23 assessors in the LGUs and other concerned parties in the appraisal
 24 or valuation of lands, buildings, machinery and other real properties
 25 for taxation and other purposes. The valuation standards shall
 26 conform with internationally accepted valuation standards and
 27 principles.

28 SEC. 12. *Valuation of Real Property.* – For valuation
 29 purposes, all real properties, whether taxable or exempt, shall be
 30 valued or appraised based on prevailing market values in the

1 locality where the property is situated, in conformity with the
 2 valuation standards adopted pursuant to this Act. The Secretary of
 3 Finance shall promulgate the rules and regulations for the
 4 valuation of real property pursuant to the provisions of this Act.

5 For real property intended for low-cost or socialized housing
 6 and other programs of the government imbued with social policy
 7 objectives, the provisions of existing pertinent laws shall be applied
 8 after the determination of the prevailing market value of these
 9 properties in accordance with internationally accepted valuation
 10 standards.

11 SEC. 13. *Preparation of Schedule of Market Values.* –
 12 The provincial assessors, together with the municipal assessors,
 13 and the city assessors, including the lone municipal assessor in the
 14 Metropolitan Manila Area, shall prepare the SMVs for the different
 15 classes of real property situated within their respective LGUs,
 16 pursuant to the valuation standards, rules, regulations, and other
 17 specifications set by the DOF. The preparation of the SMVs shall be
 18 completed within six (6) months following the notice from the BLGF
 19 to all local assessors to submit their revised SMVs.

20 Upon its completion, the local assessor shall submit the
 21 proposed SMV to the BLGF Regional Office. Within seventy-five
 22 (75) days from receipt thereof, the BLGF Regional Office, in
 23 coordination with the BIR Regional Office, shall review and endorse
 24 the proposed SMV to the BLGF Executive Director and the
 25 Commissioner of Internal Revenue: *Provided*, That, in the case of
 26 cities and municipality within the Metropolitan Manila Area, the
 27 proposed SMV shall be submitted to, and reviewed by the BLGF
 28 Central Office, in coordination with the concerned BIR Regional
 29 Office: *Provided*, further, That the SMV complies with all the

1 requirements set by the Secretary of Finance, including the conduct
2 of at least one (1) public consultation on the proposed SMVs.

3 SEC. 14. *Approval of Schedule of Market Values.* – The
4 Secretary of Finance shall approve the SMV in accordance with
5 internationally accepted valuation standards, within thirty (30)
6 days from receipt of the joint endorsement of the BLGF Executive
7 Director and the Commissioner of Internal Revenue; otherwise, said
8 schedule shall be deemed approved. In case of sudden changes in
9 the market values, including but not limited to, ancestral domain,
10 public land, agrarian reform beneficiaries, and other vulnerable
11 sectors, the assessor is mandated to recommend to the *sanggunian*
12 tax rates and assessment levels that will maintain or minimally
13 affect the real property tax due for the aforementioned property.

14 The approved SMVs shall take effect fifteen (15) days after its
15 publication by the DOF in the *Official Gazette* or in at least two (2)
16 newspapers of general circulation, and posting in the respective
17 provincial capitol, city hall and municipal hall, and in two (2) other
18 conspicuous public places within the LGU covered by the approved
19 SMVs.

20 The DOF and the concerned LGUs shall post the approved
21 SMVs in their official website.

22 SEC. 15. *Setting Assessment Levels and Tax Rates.* – The
23 approved SMV shall be transmitted to the concerned local chief
24 executive, through the respective provincial, city, and municipal
25 assessor. The concerned assessor, in coordination with the local
26 treasurer, shall estimate the revenue and tax impact of the new
27 SMV based on existing assessment levels and tax rates, and
28 recommend amendments thereon based on three (3) different
29 scenarios. The assessor shall thereafter prepare and submit the

1 revenue and tax impact report to the local chief executive for
2 consideration.

3 The local chief executive shall transmit the approved SMV,
4 together with the revenue and tax impact report, within fifteen (15)
5 days from receipt of the same to the *sanggunian* for the enactment
6 of an ordinance setting the appropriate assessment levels and tax
7 rates. During the *sanggunian's* deliberations prior to the enactment
8 of the tax ordinance, it may call upon the assessor to provide
9 technical assistance and calculate the revenue and tax impact of
10 additional options in order to arrive at a desired level of revenue
11 and tax burden that the *sanggunian* will adopt. The concerned
12 *sanggunian* shall enact the tax ordinance within sixty (60) days
13 from receipt thereof, upon conduct of public hearings and proper
14 consultations; otherwise, the existing ordinance on assessment
15 levels and tax rates shall remain in force and effect.

16 Upon the enactment by the *sanggunian* of an ordinance for
17 the assessment levels and tax rates, the local chief executive shall
18 act within ten (10) days, in the case of cities, including the
19 municipality in the Metropolitan Manila Area, or within fifteen (15)
20 days, in the case of provinces, to approve the same. Failure of the
21 concerned local chief executive to act on the ordinance within the
22 prescribed period shall render the same approved: *Provided,*
23 *however,* That this law shall not be construed to abridge the power
24 of LGUs to lower and adjust assessment levels and tax rates in
25 accordance with the provisions of Republic Act No. 7160, otherwise
26 known as the "Local Government Code of 1991", as amended, to
27 provide with it to residential property owners as deemed necessary.

28 SEC. 16. *Publication of Assessment Levels and Tax Rates.* –
29 The approved ordinance for the assessment levels and tax rates
30 shall be published by the concerned LGU in a newspaper of local

1 circulation once a week for two (2) consecutive weeks: *Provided,*
 2 That in provinces and cities, including the municipality within the
 3 Metropolitan Manila Area, where there are no newspapers of local
 4 circulation, the same shall be posted in the provincial capitol,
 5 including all concerned city halls, municipal halls, and in two (2)
 6 other conspicuous public places therein.

7 SEC. 17. *Use of Schedule of Market Values.* – The approved
 8 SMV shall be used as bases for the determination of real property-
 9 related taxes of national and local governments, as follows:

10 (a) For purposes of real property taxation, the approved SMV
 11 shall, in no case, be adopted by the LGU less than six (6) months
 12 prior to the effectivity of the new assessment rates to ensure the
 13 proper cleansing and updating of records, and notification of
 14 property owners in the conduct of general revision of assessment
 15 and property classification.

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

20 (c) For other purposes, such as local transfer tax, tax on sand
 21 and gravel, community tax, fees and charges, or as benchmark for
 22 real property appraisal of other government agencies, the approved
 23 SMV shall be used upon its effectivity.

24 Notwithstanding the provision of existing laws to the
 25 contrary, the failure to conduct a general revision of assessment and
 26 property classification, and use of the approved SMV shall render
 27 an LGU ineligible for any conditional or performance-based grant or
 28 to contract any form of credit financing.

29 SEC. 18. *Updating of Schedule of Market Values.* – All
 30 provincial assessors, together with the municipal assessors and the

1 city assessors, including the lone municipal assessor within the
 2 Metropolitan Manila Area, shall update their respective SMVs
 3 within two (2) years from the effectivity of this Act. Thereafter, they
 4 shall update the SMVs and conduct general revision of property
 5 assessments and classifications once every three (3) years from the
 6 date of last revision. The BLGF shall prepare the schedule for the
 7 updating of the SMVs in all provinces and cities, including the
 8 municipality within the Metropolitan Manila Area.

9 In case of any significant change in market value where the
 10 property is located after the SMV has been approved and prior to
 11 the next revision, such as in times of calamities, disasters,
 12 man-made or natural and other adverse circumstances, or where
 13 corrections of errors and inequalities in the SMV is deemed
 14 necessary, or upon the order of the Secretary of Finance, the
 15 provincial and city assessors shall recommend revisions to the
 16 existing SMVs to the BLGF Regional Office, through the BLGF
 17 Regional Director exercising jurisdiction over the LGU concerned:
 18 *Provided,* That, the city assessors and municipal assessor within the
 19 Metropolitan Manila Area, shall recommend revisions to the
 20 existing SMVs to the BLGF Central Office.

21 Such revision or revisions shall be subject to review by the
 22 concerned BLGF Regional Office and the BIR Regional Office which
 23 shall complete their review and submit their recommendations to
 24 the BLGF Executive Director, in accordance with Sections 13 and 14
 25 of this Act.

26 SEC. 19. *Conduct of Capacity Building Interventions.* – The
 27 BLGF shall, in coordination with the Philippine Tax Academy of the
 28 DOF, develop and conduct the necessary trainings for all local
 29 assessors, local officials and staff, and other concerned BIR
 30 personnel in the preparation of the SMVs in accordance with

1 internationally accepted valuation standards, concepts, principles
2 and practices, conduct of impact studies, preparation of compliance
3 reports, and other subject areas.

4 Chapter 2

5 Development and Maintenance of 6 Real Property Market Database

7 SEC. 20. *Development of Real Property Information System.*

8 – The BLGF shall develop and maintain an up-to-date electronic
9 database of the sale, exchange, lease, mortgage, donation, transfer
10 and all other real property transactions and declarations in the
11 country and on the cost of construction or renovation of buildings
12 and other structures, and on the prices of machinery.

13 For this purpose, the BLGF shall require the mandatory
14 submission of necessary documents from the concerned officials or
15 employees of national government offices or instrumentalities,
16 LGUs, and the private sector: *Provided*, That in the case of
17 government agencies and instrumentalities, the mandatory
18 submission of documents and information shall be subject to the
19 prohibition of disclosure of certain information under the Data
20 Privacy Act and other existing laws. The updated database shall be
21 made available to the LGUs, national government agencies and the
22 private sector: *Provided, further*, That the Commissioner of Internal
23 Revenue or a duly authorized representative shall be allowed access
24 to the database without need of prior approval: *Provided, finally*,
25 That non-submission of the required documents to the BLGF will
26 subject the concerned official or employee to administrative
27 penalties pursuant to the provisions of Section 28 of this Act.

28 To further ensure the efficiency of real property tax
29 administration, all provinces, cities and municipalities shall
30 automate their operations, adopt tax mapping technology, maintain
31 software-enabled valuation systems, undertake regular data

1 cleansing, and computerize records management. The National
2 Government, through the Department of Information and
3 Communications Technology, shall provide the appropriate
4 equipment and connectivity, information and communications
5 technology platform, and the appropriate training and capability
6 building programs to third class up to sixth class municipalities and
7 provinces to ensure compliance with this section. The BLGF shall
8 establish mechanisms for the electronic submission of the required
9 documents in accordance with the provisions of Chapter 2, Article II
10 of this Act.

11 SEC. 21. *Duty of Register of Deeds to Supply Assessors with*
12 *Real Property Transactions Data.* – The Register of Deeds shall
13 prepare and submit to the provincial assessors, together with the
14 municipal assessors, and city assessors, including the lone
15 municipal assessor in the Metropolitan Manila Area, an abstract of
16 the entire registry every three (3) months and copies of all contracts
17 selling, transferring or otherwise converting, leasing, or mortgaging
18 real property registered every end of the month. The abstract shall
19 include brief but sufficient descriptions of the real properties
20 entered therein, their present owners, and the dates of their most
21 recent transfer or alienation accompanied by copies of corresponding
22 deeds of sale, donation, or partition, or other forms of alienation.

23 SEC. 22. *Duty of Official Issuing Building Permits or*
24 *Certificates of Registration of Machinery to Transmit Copy of Permit*
25 *to the Assessor.* – Any public official or employee who may now or
26 hereafter be required by law or regulation to issue to any person a
27 permit for the construction, addition, repair or renovation of a
28 building, or permanent improvement on land, or a certificate of
29 registration for any machinery, including machines, mechanical
30 contrivances and apparatus attached or affixed on land or to

1 another real property, shall transmit a copy of such permit or
 2 certification within thirty (30) days of its issuance to the assessor of
 3 the province, city or municipality where the property is situated.

4 SEC. 23. *Duty of Geodetic Engineers to Furnish Copy of Plans*
 5 *to the Assessor.* – It shall be the duty of all geodetic engineers,
 6 public or private, to furnish free of charge, the assessor of the
 7 province, city or municipality where the land is located, a copy of
 8 the blue or white print of each of all approved original subdivision
 9 plans or maps of surveys, duly signed by a Senior Geodetic
 10 Engineer, executed by them every end of the month from receipt of
 11 such approved plans from the Land Management Bureau (LMB),
 12 the Land Registration Authority (LRA), or the Housing and Land
 13 Use Regulatory Board (HLURB), as the case may be.

14 SEC. 24. *Duty of Registrar of Deeds and Notaries Public to*
 15 *Assist the Provincial, City or Municipal Assessor.* – It shall be the
 16 duty of the Registrar of Deeds and notaries public to furnish, free of
 17 charge, the provincial, city or municipal assessor with copies of all
 18 contracts selling, transferring, or otherwise conveying, leasing, or
 19 mortgaging real property received by, or acknowledged before them
 20 within such periods as the BLGF shall prescribe.

21 SEC. 25. *Transmission of Real Property Transactions Data to*
 22 *the BLGF.* – Upon operationalization of the real property
 23 transactions database as provided in Section 20 of this Act, it shall
 24 be the duty of the registers of deeds, notaries public, officials issuing
 25 building permits, and the geodetic engineers conducting surveys
 26 within a locality to electronically transmit to the concerned BLGF
 27 Regional Office relevant real property transactions data, in
 28 accordance with the rules and regulations to be promulgated by the
 29 Secretary of Finance.

Chapter 3

Appointment and Qualifications of Assessors

3 SEC. 26. *Appointment of Assessors.* – The local chief
 4 executive shall appoint the provincial, city and municipal assessors
 5 and assistant assessors, as the case may be, in accordance with
 6 Civil Service Law, Real Estate Service Act, rules and regulations
 7 and the following guidelines:

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

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

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

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

22 SEC. 27. *Qualification of Local Government Assessors.* – No
 23 person shall be appointed assessor or assistant assessor unless a
 24 citizen of the Philippines, a resident of the region for a provincial or
 25 city assessor/assistant assessor, and of the province for a municipal
 26 assessor/assistant assessor, a registered and licensed appraiser, of
 27 good moral character, and must not have been convicted of any
 28 crime involving moral turpitude. The appointee must have
 29 experience in real property valuation or assessment work in any
 30 suitable field, either in private or public practice, for at least five (5)

1 years in the case of the provincial or city assessor, and three (3)
 2 years in the case of the municipal assessor. Once appointed, all
 3 assessors and local government appraisers must comply with the
 4 requirements of the Professional Regulatory Board of Real Estate
 5 Service for the regular updating of their licenses.

6 ARTICLE IV

7 PENAL PROVISIONS

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

16 SEC. 29. *Failure to Comply with the Valuation Standards.* –
 17 An assessor who, for unjustifiable reasons, fails to comply with the
 18 valuation standards developed and adopted pursuant to this Act, or
 19 deliberately conceals any deviation or departure from such
 20 standards in the valuation of real property, shall be punished by a
 21 fine equivalent to one (1) month to six (6) months basic salary of the
 22 official or employee, or suspension from the service for a period not
 23 exceeding one (1) year, or both, at the discretion of the competent
 24 authority.

25 SEC. 30. *Failure to Prepare Schedule of Market Values.* –
 26 An assessor who, for unjustifiable reasons, intentionally or
 27 deliberately refuses or fails to prepare the SMVs within the period
 28 set forth in this Act shall be punished by a fine equivalent to one (1)
 29 month to six (6) months basic salary of the official or employee, or
 30 suspension from the service for not more than one (1) year, or both,

1 at the discretion of the competent authority. This shall also be a
 2 ground for administrative and criminal liability in accordance with
 3 the provisions of Republic Act No 9646, otherwise known as the
 4 “Real Estate Service Act of the Philippines”.

5 SEC. 31. *Government Agents Delaying the Review, Approval*
 6 *and Implementation of the SMV, and Conduct of General Revisions.*
 7 – Any government official or employee who delays, without
 8 justifiable cause, the review, approval and implementation of the
 9 SMVs, the conduct of general revisions, or causes the improper use
 10 thereof, shall be punished by a fine equivalent to one (1) month to
 11 six (6) months basic salary of the official or employee, or suspension
 12 from the service for a period not exceeding one (1) year, or both, at
 13 the discretion of the competent authority.

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

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

24 All concerned local governments shall cause the constitution
 25 of a fully functioning Local Board of Assessment Appeals in their
 26 respective jurisdictions, in coordination with the Land Registration
 27 Authority.

ARTICLE V

TRANSITORY PROVISIONS

SEC. 34. *Transitory Guidelines.* – LGUs which are in the process of updating their SMVs shall, upon the effectivity of this Act, continue with such revisions in accordance with Sections 15, 16, 17, and 18 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 BIR Commissioner 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.

SEC. 35. *Saving Clause.* – The zonal values, as determined by the BIR and approved by the Secretary of Finance for internal revenue tax purposes, and the SMVs prepared by the provincial assessors together with the city assessors, and municipal assessors, including the municipal assessor in the Metropolitan Manila Area, that have been approved by their respective *sanggunians* for real property taxation purposes shall continue to be in force and effect until repealed, superseded, modified, revised, set aside, or replaced by the values provided under the updated SMVs as approved in accordance with Sections 15 of this Act, which shall be within two (2) years upon the effectivity of this Act.

ARTICLE VI

FUNDING REQUIREMENTS

SEC. 36. *Budgetary Requirements for the Updating of Schedule of Market Values.* – Each local *sanggunian* shall appropriate the necessary funds from locally generated revenues, the internal revenue 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 BLGF shall annually furnish the Department of Budget and Management (DBM) with a list of LGUs with SMVs that are due for updating. The DBM, in its review of the ensuing year's budget of provinces, highly urbanized cities, independent component cities and municipality within the Metropolitan Manila Area, shall ensure that sufficient funds are so appropriated for the RPTAF: *Provided*, That failure to provide the appropriations required shall render their annual budgets inoperative.

ARTICLE VII

MISCELLANEOUS PROVISIONS

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

SEC. 38. *Suppletory Application of Existing Laws.* – The provisions of Republic Act No. 7160, otherwise known as the "Local Government Code of 1991", as amended, and other laws consistent with this Act shall have suppletory effect.

SEC. 39. *Implementing Rules and Regulations (IRR).* – Within six (6) months after the effectivity of this Act, the DOF shall, in consultation with concerned parties, issue the IRR for the effective implementation of this Act.

SEC. 40. *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.

1 SEC. 41. *Repealing Clause.* – The following provisions are
2 hereby repealed:

3 (a) Sections 212, 214, and 221 of Republic Act No. 7160,
4 otherwise known as the “Local Government Code of 1991”, as
5 amended; and

6 (b) Section 4(h) of Presidential Decree No. 538.

7 The following provisions are hereby amended accordingly:

8 (1) Section 33, Chapter IV, Title II, Book IV, of Executive
9 Order No. 292, otherwise known as the “Administrative Code of
10 1987”;

11 (2) Sections 19, 135(a), 138, 201, 218, 220, 472(a), 472(b)(8),
12 and 473(a) of Republic Act No. 7160;

13 (3) Sections 5, 6, and 7 of Republic Act No.10752, otherwise
14 known as “The Right-of-Way Act”;

15 (4) Section 9 of Presidential Decree No. 921; and

16 (5) Sections 6(e), 27(d)(5), and 88(b) of Republic Act No. 8424,
17 otherwise known as the National Internal Revenue Code of 1997, as
18 amended.

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