

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Constitution Hills, Quezon City

EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 3566



Introduced by REP. EDGAR MARY S. SARMIENTO

EXPLANATORY NOTE

Real property is considered the most important natural resource and the biggest financial asset. The World Bank noted that 50% to 75% of the country's wealth is contained in land resources. In the Philippines, however, the land market is contributing only 6.6% to the Gross National Product. This is due to the many problems in land management and administration, including real property valuation, which is chaotic, ineffective, and inequitable. This resulted to inefficiencies in the land market, lack of confidence of the public and investors on the real property sector, and, above all, unrealized revenues from real property and loss of income for the Philippine Government.

At least 23 national government agencies (NGAs) and more than 1,700 local government units (LGUs) use different systems and methodologies for different purposes, thus, resulting to the same property having multiple, confusing, unrealistic, or outdated values.

For almost two decades of the effectivity of the Local Government Code (LGC), real property valuations in the LGUs have remained stagnant, outdated and persisted to be susceptible to political dictation and maneuvering. The requirement of the LGC to regularly conduct the general revision of the Schedule of Market Values (SMV) and property assessments every three years has been hardly realized and fully implemented by the LGUs. The SMVs are, thus, generally undervalued, and contributed to huge foregone revenues of the LGUs. On the other hand, the Bureau of Internal Revenue (BIR), in determining values for zonal valuation as basis for national land-related taxes, does not have the statutory mandate to regularly revise the zonal values, as well as the technical expertise in doing real property valuations—often relying inputs from the private appraisal sector and local government assessors. Thus, valuations by the government do not truly capture and reflect the current, market-based property developments and economic conditions—overvaluation occurs when the government is acquiring real property, while undervaluation proliferates if the government is collecting taxes.

With the effectivity of the Real Estate Service Act or Republic Act No. 9646, which professionalizes the real estate service in the country, including local government assessors and national government appraisers, this bill adopts a bottom-up approach in institutionalizing reforms in the valuation sector of the country to adopt a market-based SMV,

by maximizing the technical expertise of LGU assessors in using and adopting uniform and internationally-accepted valuation standards. This bill seeks to improve the valuations of LGUs to become the basis for real property taxation of the national and local governments, and as benchmark for other purposes, as required by other government agencies and instrumentalities.

Concurrently, reorganizing and strengthening the Bureau of Local Government Finance (BLGF) is being proposed as a fundamental element to achieve the envisioned reforms. By starting at the local governments, the BLGF shall be the lead agency to review and approve the SMVs of all LGUs, thus, separating the technical function of valuation from the political function of taxation exercised by local elective officials. The BLGF shall oversee all real property valuation matters in the country, being in the best position to assume the responsibility within the existing bureaucracy.

Building an equitable, transparent, and impartial valuation system will stimulate a vibrant real estate sector, and foster private investors' confidence and the general public. The potential of real property to strengthen the fiscal affairs of the LGUs should be fully tapped to achieve more meaningful local fiscal autonomy and to improve the government's capacity to generate revenues and provide adequate public service delivery.

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



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**AN ACT INSTITUTING REFORMS IN REAL PROPERTY VALUATION 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 **SEC. 1. Short Title.** -- This Act shall be known as the "**THE REAL PROPERTY**
2 **VALUATION REFORM ACT OF 2019**"

3
4
5 **ARTICLE I**
6 **DECLARATION OF POLICY AND OBJECTIVES,**
7 **AND DEFINITION OF TERMS**

8
9 **SEC. 2. Declaration of Policy and Objectives.** -- It is the policy of the State to
10 promote the development and maintenance of a just, equitable, impartial, and nationally
11 consistent real property valuation based on internationally accepted valuation standards,
12 concepts, principles, and practices. Towards this end, the State shall:

- 13 (a) Promote the fiscal autonomy of local governments to provide basic services to
14 their constituency by enhancing their capacity to generate local revenues from real
15 property;
- 16 (b) Establish and maintain valuation standards to govern the valuation of real property
17 in the country;
- 18 (c) Adopt market value as the single real property valuation base for the assessment
19 of all real property related taxes in the country, and for valuing or appraising real
20 property for various transactions by all government agencies;

- 21 (d) Separate the function of valuing or appraising of real properties from the functions
22 of tax policy and administering the taxes due thereon;
- 23 (e) Support the development and professionalization of the valuation/appraisal
24 practice in the country pursuant to Republic Act No. 9646;
- 25 (f) Provide a comprehensive and up-to-date electronic database of all real property
26 transactions;
- 27 (g) Support the development of a "body of knowledge" on valuation by continuing
28 research and monitoring of new developments in the valuation discipline for
29 upgrading the country's valuation and keeping it abreast with global
30 developments; and
- 31 (h) Ensure transparency in real property transactions to protect the public and develop
32 confidence in the work of appraisers and assessors.

33
34 **SEC. 3. Definition of Terms.** As used in this Act, the following terms mean:

- 35 (a) Appraiser - also known as valuer, refers to a person who conducts
36 valuation/appraisal, specifically, one who possesses the necessary qualifications,
37 ability, and experience to execute or direct the valuation/appraisal of real property.
- 38 (b) Assessor - refers to an official in the local government unit, who is a licensed
39 appraiser, who performs appraisal and assessment of real properties, including
40 plant, machinery and equipment, essentially for taxation and other purposes. This
41 definition also includes assistant assessors.
- 42 (c) Building - refers to a man-made structure permanently attached to land for
43 residential, commercial, industrial, recreational or other purposes.
- 44 (d) Improvements - is a valuable addition made to a property or an amelioration in its
45 condition, amounting to more than a mere repair or replacement of parts involving
46 capital expenditures and labor, which is intended to enhance its value, beauty or
47 utility or to adapt it for new or further purposes.
- 48 (e) Land - refers to one of the major factors of production consisting sometimes of a
49 material economic good, which is supplied by nature without the aid of man. Land
50 may include not only the earth surface, both land and water, but also anything that
51 is attached to the earth's surface. Thus, all natural resources in their original state,
52 such as mineral deposits, wildlife, timber, and fish, are land within the technical
53 meaning of the term; so also are sources of energy, outside of man himself, such
54 as water, coal deposits, and the natural fertility of the soil.
- 55 (f) Machinery - embraces machines, equipment, mechanical contrivances,
56 instruments, appliances or apparatus which may or may not be attached,
57 permanently or temporarily, to the real property. It includes the physical facilities
58 for production, the installations and appurtenant service facilities, those which are
59 mobile, self-powered or self-propelled and those not permanently attached to the
60 real property which are actually, directly and exclusively used to meet the needs
61 of the particular industry, business or activity and which by their very nature and
62 purpose are designed for, or necessary to its manufacturing, mining, logging,
63 commercial, industrial or agricultural purposes.

- 64 (g) Market Value – refers to the estimated amount for which a property should
65 exchange on the date of valuation between a willing buyer and a willing seller in
66 an arm's length transaction (a transaction between independent, unrelated parties
67 involving no irregularity) after proper marketing wherein the parties had each
68 acted knowledgeably, prudently, and without compulsion;
- 69 (h) Private appraisal sector – refers to licensed non-governmental real estate service
70 practitioners who have been active in the practice of real estate appraisal for the
71 last five (5) years.
- 72 (i) Real Estate – refers to the land and all those items which are attached to the land.
73 It is the physical, tangible entity, together with all the additions or improvements
74 on, above or below the ground.
- 75 (j) Real Property – refers to all the rights, interests, and benefits related to the
76 ownership of real estate, plant, machinery, and equipment;
- 77 (k) Schedule of Market Values or SMV – refers to a table of market values of real
78 properties within a local government unit prepared by assessors pursuant to
79 existing laws, rules and regulations.
- 80 (l) Special Purpose Property – refers to a property which is designed, constructed and
81 developed for a specific use or purpose. By its very nature, this type of property is
82 rarely offered for sale in the open market except as part of a going concern.
83 Because of the special design and function, conversion of special purpose
84 properties to other types of development or application is generally not
85 economically feasible.
- 86 (m) Valuation/Appraisal – refers to the systematic and analytic determination and
87 recording of property facts, circumstances, investments, and investigation of other
88 relevant data resulting in a supportable estimate and opinion of value or a
89 professional conclusion based upon supporting data, logical analysis and judgment
90 as of a specific date and for a specific purpose.

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92
93 **ARTICLE II**
94 **STRENGTHENING THE BUREAU OF LOCAL GOVERNMENT FINANCE**

95
96 **Chapter 1**
97 **BLGF Central Operations**
98

99 **SEC. 4. *Role of the Bureau of Local Government Finance.*** – The Bureau of Local
100 Government Finance shall lead and manage the implementation of the provisions of this Act.
101 The BLGF shall have the following powers and functions:

- 102 (a) Develop, adopt, and maintain valuation standards consistent with generally
103 accepted valuation standards, regulations and specifications for real property
104 appraisal used for tax and other purposes, and ensure compliance therewith by
105 local government units and other concerned parties;
- 106 (b) Review for compliance with the real property valuation policies and standards and
107 approve the Schedule of Market Values (SMVs) prepared by the provincial

- 108 assessors together with municipal assessors, and city assessors, including the
109 municipal assessor of Metro Manila, for tax and other purposes;
- 110 (c) Provide technical assistance on real property appraisal matters to government
111 agencies and instrumentalities, and coordinate or conduct the valuation/appraisal
112 of special purpose properties, when requested,
- 113 (d) Provide leadership and policy directions to local government units on real
114 property valuation/appraisal for taxation and other purposes, including the
115 development and maintenance of valuation standards, the regulation of
116 valuation/appraisal activities and other related matters, and the promotion of
117 valuation/appraisal training and seminars;
- 118 (e) Maintain a roster of licensed local government appraisers and assessors;
- 119 (f) Develop and maintain a comprehensive and up-to-date electronic database of real
120 property transactions and prices of materials for buildings, machinery, and other
121 structures;
- 122 (g) Conduct continuing study and research on valuation, and maintain an information
123 base on current global and country trends and developments in real property
124 valuation/appraisal;
- 125 (h) Determine, fix, and collect reasonable amounts to be charged as administration
126 fees, fines, and penalties relative to the implementation of this Act; and
- 127 (i) Perform such other functions as are necessary, proper, and incidental to
128 implement the provisions of this Act.

129
130 **SEC. 5. *Establishment of the Real Property Valuation Service.*** - To achieve the
131 policy and objectives declared in this Act, there shall be established the Real Property
132 Valuation Service, hereinafter referred to as the RPVS, within the Bureau of Local
133 Government Finance, which shall perform the functions pertaining to Sec. 4 hereof.

134
135 **SEC. 6. *Responsibilities of the BLGF Executive Director.*** - The BLGF Executive
136 Director shall be responsible for the efficient and effective performance of the responsibilities
137 set forth in this Act and for the overall internal management and governance of the RPVS.
138 For this purpose, the BLGF Executive Director shall:

- 139 (a) Develop and implement policies, plans, programs, and operating standards for the
140 attainment of the objectives of this Act;
- 141 (b) Provide policy directions and leadership in all aspects of valuation/appraisal and
142 their implementation in the regional offices;
- 143 (c) Approve, upon review by the RPVS, the Schedule of Market Values (SMVs)
144 prepared by the provincial assessors together with municipal assessors, and city
145 assessors, including the municipal assessor of Metro Manila, for tax and other
146 purposes
- 147 (d) Advise and assist other government agencies on matters pertaining to real
148 property valuation/appraisal; and
- 149 (e) Perform such other functions as may be provided by law, or required in pursuance
150 of this Act.

151

152 **SEC. 7. Consultations with Concerned Agencies and Sectors.** – (a) A Central
153 Consultative Committee shall be created, chaired by the BLGF Executive Director and
154 composed of a representative each from the:

- 155 1. Bureau of Internal Revenue (BIR);
 - 156 2. Department of Environment and Natural Resources (DENR);
 - 157 3. Bangko Sentral ng Pilipinas (BSP);
 - 158 4. National organization of government assessors;
 - 159 5. Private appraisal sector; and
 - 160 6. Union of Local Authorities of the Philippines (ULAP);
- 161 (b) The member-representatives from the BIR, DENR, and BSP must be performing
162 valuation-related functions. The national organization of government assessors,
163 the private sector, and the ULAP shall be represented by their respective heads of
164 organization
- 165 (c) The Chairperson and members of the Committee shall not receive additional
166 salary for the performance of their functions, but they shall be entitled to
167 *honoraria*, pursuant to existing laws and regulations.
- 168 (d) The Committee shall meet at the initiation of the Chairperson at least once every
169 semester, and shall have as many meetings as the Chairperson may deem
170 necessary for the adoption of valuation standards.
- 171

172 **SEC. 8. Functions of the Central Consultative Committee.** The Central
173 Consultative Committee shall serve as the consultation forum on matters pertaining to the
174 setting, adoption and maintenance of the valuation standards.

175

176 **Chapter 2**
177 **BLGF Regional Operations**

178

179 **SEC. 9. Role of the BLGF Regional Offices.** – The BLGF Regional Offices, through
180 the Regional Director, shall have the responsibility on all matters relating to
181 valuation/appraisal and the SMVs in the region, such as:

- 182 (a) Implement the provisions of this Act and related policies, plans, programs, rules
183 and regulations on real property valuation or appraisal of local government units
184 in the region;
- 185 (b) Review and endorse to the BLGF Executive Director the approval of the proposed
186 SMVs prepared by the provincial assessors together with the municipal assessors,
187 and city assessors within the region;
- 188 (c) Provide economical, efficient, and effective service relating to the implementation
189 of the provisions of this Act in the region;
- 190 (d) Coordinate and consult with regional offices of other government departments,
191 bureaus, and agencies within the region dealing with real property
192 valuation/appraisal;
- 193 (e) Provide leadership and policy direction in the area of real property
194 valuation/appraisal to local government units in the region;

- 195 (f) Adopt and maintain a comprehensive and up-to-date regional electronic database
196 of all regional real property-related transactions, and have custody of all
197 transaction records submitted by local government assessors; and
198 (g) Perform other functions as may be assigned by the BLGF Executive Director.
199

200 **SEC. 10. *The Regional Consultative Committee.*** -- (a) There shall be a Regional
201 Consultative Committee chaired by the BLGF Regional Director, and composed of a
202 representative each from:

- 203 1) Bureau of Internal Revenue - Regional Office;
204 2) Department of Environment and Natural Resources - Regional Office;
205 3) Regional organization of government assessors;
206 4) Private appraisal sector within the region; and
207 5) Bankers association within the region.

208 (b) The members of the Regional Consultative Committee must be performing
209 valuation/appraisal related functions. Representatives from the regional
210 organization of government assessors, private appraisal sector, and banking
211 association within the region shall be represented by the head of their respective
212 organization.

213 (c) The Committee shall meet at the initiation of the BLGF Regional Director at least
214 once every quarter, and shall have as many meetings as the BLGF Regional
215 Director may deem necessary for the performance of its functions.
216

217 **SEC. 11. *Functions of the Regional Consultative Committee.*** - The Regional
218 Consultative Committee shall serve as a consultation forum in the region for discussion on
219 developments in the local real property market; concerns of taxpayers, civil society, and other
220 stakeholders; outcome of Compliance Reporting in the region; level of complaints and
221 appeals; local government unit training in the region; appraiser and assessor concerns in
222 general; and other matters as may be determined by the Committee.
223

224 **ARTICLE III**

225 **VALUATION/APPRaisal OF REAL PROPERTIES**

226 **Chapter I**

227 **Valuation Standards and Market Values**

228
229
230
231 **SEC. 12. *Development of Valuation Standards.*** - Notwithstanding the provisions of
232 existing laws to the contrary, the BLGF, shall develop, adopt, maintain and implement
233 uniform valuation standards which shall be used by all appraisers and assessors in the local
234 government units and other concerned parties in appraising or valuing lands, buildings,
235 machinery and other real properties for taxation and other purposes. The valuation standards
236 shall conform with the generally accepted valuation principles and internationally accepted
237 standards.
238

239 **SEC. 13. Valuation/Appraisal of Real Property.** For valuation purposes, all real
240 properties, whether taxable or exempt, shall be valued or appraised at the market value
241 prevailing in the locality where the property is situated, in conformity with the valuation
242 standards adopted under this Act. The BLGF shall promulgate the rules and regulations for
243 the valuation/appraisal of real property pursuant to the provisions of this Act. It shall provide
244 leadership in ensuring rationalized valuation of real properties transcending political
245 boundaries.

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

250
251 **SEC. 14. Preparation of Schedule of Market Values.** Provincial assessors together
252 with municipal assessors, and city assessors, including the municipal assessor in Metro
253 Manila, shall prepare the SMVs for the different classes of real property situated within their
254 respective local government units, pursuant to the valuation standards, rules, regulations and
255 other specifications set by the DOF and the BLGF. The said SMVs shall be submitted by the
256 assessor concerned, copy furnished the provincial governor or the city mayor, as the case may
257 be, and the concerned *Sanggunian*, to the BLGF Regional Office for review and compliance
258 with other requirements not later than the thirty-first (31st) day of October of the immediately
259 preceding calendar year the general revision of real property assessments shall be undertaken.
260 The said SMVs shall be reviewed by the BLGF Regional Office within thirty (30) days upon
261 receipt thereof, and shall then be submitted by the same to the BLGF Central Office. The
262 BLGF Executive Director, after review by the RPVS, shall approve the SMV within sixty
263 (60) days upon receipt of the same; otherwise, said schedule shall be deemed approved.

264 The approved SMV shall be transmitted to the concerned assessor who shall confer
265 with the local chief executive regarding the said approved SMV. Likewise, the concerned
266 assessor shall submit to the local chief executive a tax impact report of the new SMV as
267 against the existing assessment levels and tax rates, and shall provide the *Sanggunian*,
268 through the Chairman of the Committee on Ways and Means, a copy of such report. The local
269 chief executive shall transmit the approved SMV together with the tax impact report within
270 fifteen (15) days from receipt of the same to the *Sanggunian* for the enactment of an
271 Ordinance setting the appropriate assessment levels and tax rates. The concerned *Sanggunian*
272 shall enact such Ordinance, upon conduct of public hearings and proper consultation, within
273 sixty (60) days from receipt thereof, otherwise, the existing Ordinance on assessment levels
274 and tax rates shall remain in force and effect.

275 Upon the enactment by the *Sanggunian* of an Ordinance for the assessment levels and
276 tax rates, the local chief executive shall act within ten (10) days, in the case of cities, and the
277 municipality in Metro Manila, or within fifteen (15) days, in the case of provinces, to approve
278 the same. Failure of the concerned local chief executive to act on the Ordinance within the
279 prescribed period shall render the same approved.

280 The approved Ordinance together with the SMV shall be published by the concerned
281 local government unit in a newspaper of local circulation once a week for two consecutive
282 weeks: *Provided, however,* That in provinces, cities and municipalities where there are no

283 newspapers of local circulation, the same shall be posted in the provincial capitol, city or
284 municipal hall and in two (2) other conspicuous public places therein. A list of LGUs whose
285 SMVs have been approved shall be posted in the BLGF official website.

286
287 **SEC. 15. Use of Schedule of Market Values.** - The SMV as approved by the BLGF
288 shall be used for the general revision of real property assessments in local government units,
289 as basis for the determination of real property related taxes imposed by national government
290 agencies, and as benchmark for real property appraisal for other purposes. For purposes of
291 computing any internal revenue tax, the BIR Commissioner shall adopt the SMV or the actual
292 price in consideration as stated in real property transaction documents, whichever is higher.

293 Notwithstanding the provisions of existing laws to the contrary, the SMV shall cease
294 as basis for the determination of national and local real property related taxes after five (5)
295 years from the effectivity of its enacting Ordinance.

296
297 **SEC. 16. Revision of Schedule of Market Values.** - The BLGF shall formulate the
298 program for the regular revision of SMVs. All provincial assessors together with the
299 municipal assessors, and city assessors, including the municipal assessor in Metro Manila,
300 shall undertake a revision of their respective SMVs within two (2) years from the effectivity
301 of this Act. Thereafter, they shall undertake a general revision of SMVs and property
302 assessments not earlier than three (3) years from the date of last revision, but not later than
303 five (5) years.

304 In case of any significant change in the market where the property is located after the
305 said SMVs have been approved and prior to its next revision, or where correction of errors
306 and inequalities in any SMV is deemed necessary, the provincial assessors together with the
307 municipal assessors, and city assessors, including the municipal assessor in Metro Manila,
308 may recommend to the BLGF Executive Director revisions to their existing SMV. Such
309 revision/s shall be subject to review and approval by the BLGF Executive Director within
310 ninety days (90) from the date of receipt thereof.

311
312 **SEC. 17. Conduct of Capacity Building Interventions.** - For the effective
313 implementation of this Act, the BLGF shall develop and conduct the necessary trainings for
314 all local assessors and other local officials/staff on the preparation of SMV in accordance
315 with internationally accepted valuation standards, concepts, principles and practices; conduct
316 of SMV impact studies; preparation of compliance reports, and other subject areas to ensure
317 the effective implementation of this Act.

318

319

Chapter 2

320

Development and Maintenance of Real Property Database

321

322 **SEC. 18. Development of Real Property Database.** - The BLGF shall develop and
323 maintain an up-to-date electronic database of the sale, exchange, lease, mortgage, donation
324 and all other real property transactions in the country and on the cost of construction or
325 renovation of buildings and other structures, and on prices of machinery. For this purpose, the
326 BLGF is hereby authorized to require the mandatory submission of necessary documents

327 from the concerned officials or employees of national government offices or
328 instrumentalities, local government units, and the private sector. The updated database shall
329 be made available to the local government units, national government agencies, and the
330 private sector as well.

331
332 **SEC. 19. *Duty of Register of Deeds to Supply Assessors of Real Property***
333 ***Transactions Data.*** - The Register of Deeds shall prepare and submit to the provincial and
334 city assessors, including the municipal assessor in Metro Manila, an abstract of his/her
335 registry every three (3) months and copies of all contracts selling, transferring or otherwise
336 converting, leasing, or mortgaging real property registered by him/her every end of the
337 month. The abstract shall include brief but sufficient description of the real properties entered
338 therein, their present owners, and the dates of their most recent transfer or alienation
339 accompanied by copies of corresponding deeds of sale, donation, or partition or other forms
340 of alienation.

341
342 **SEC. 20. *Duty of Official Issuing Building Permits or Certificates of Registration of***
343 ***Machinery to Transmit Copy to the Assessor.*** - Any public official or employee who may
344 now or hereafter be required by law or regulation to issue to any person a permit for the
345 construction, addition, repair, or renovation of a building, or permanent improvement on
346 land, or a certificate of registration for any machinery, including machines, mechanical
347 contrivances, and apparatus attached or affixed on land or to another real property, shall
348 transmit a copy of such permit or certification within thirty (30) days of its issuance, to the
349 assessor of the province, city or municipality where the property is situated.

350
351 **SEC. 21. *Duty of Geodetic Engineers to Furnish Copy of Plans to Assessor.*** - It
352 shall be the duty of all geodetic engineers, public or private, to furnish free of charge, the
353 assessor of the province, city or municipality where the land is located, a copy of the blue or
354 white print of each of all approved original subdivision plans or maps of surveys, duly signed
355 by a Senior Geodetic Engineer, executed by them every end of the month from receipt of
356 such approved plans from the Land Management Bureau (LMB), the Land Registration
357 Authority (LRA), or the Housing and Land Use Regulatory Board (HLURB), as the case may
358 be.

359
360 **SEC. 22. *Duty of Assessors to Transmit Documents to the BLGF.*** - It shall be the
361 duty of the assessors to transmit to the concerned BLGF Regional Office all real property
362 transactions data from the Register of Deeds, official issuing building permit and geodetic
363 engineers within one (1) month after the receipt of such data. The BLGF's Regional Office
364 shall record, process and make a summary report of the real property data, and submit the
365 same to the BLGF Central office within one (1) month from receipt of such data.

366
367 **Chapter 3**
368 **Appointment and Qualifications of Assessors**
369

370 **SEC. 23. *Appointment of Assessors.*** Notwithstanding the provisions of existing
371 laws to the contrary, appointments of provincial, city, and municipal assessors and assistant
372 assessors shall be in accordance with the following guidelines:

373 (a) In the case of provincial and assistant provincial assessors and city and assistant
374 city assessors, appointee shall be chosen from the list of at least three (3) ranking
375 eligible recommendees suitable and qualified for appointment within the region;

376 (b) In the case of municipal and assistant municipal assessors, appointee shall be
377 chosen from the list of at least three (3) ranking eligible recommendees suitable
378 and qualified for appointment within the province; and

379 (c) In the case of city and assistant city assessors and municipal and assistant
380 municipal assessors for Metro Manila, appointee shall be chosen from the list of at
381 least three (3) ranking eligible recommendees suitable and qualified for
382 appointment within the Metro Manila.

383 The assessors shall be under the technical supervision of the BLSGF, primarily through
384 a system of compliance reporting and provision for education and training for capacity
385 building.

386 **SEC. 24. *Qualifications of Local Government Assessors.*** No person shall be
387 appointed assessor or assistant assessor unless such person is a citizen of the Philippines, a
388 resident of the region for a provincial or city assessor/assistant assessor and of the province
389 for a municipal assessor/assistant assessor, a registered and licensed appraiser, of good moral
390 character, and must have an experience in real property valuation or assessment work or in
391 any suitable field for at least five (5) years in the case of the provincial or city assessor and
392 three (3) years in the case of the municipal assessor.

393
394
395 **ARTICLE IV**
396 **PENAL PROVISIONS**

397
398 **SEC. 25. *Failure to Comply with the Required Submission of Documents.*** -- Any
399 government official or employee who fails without justifiable reason to provide or furnish
400 data or information required pursuant to Sections 18, 19, 20, 21, and 22 of this Act shall be
401 punished by a maximum fine equivalent to the official's or employee's six (6) months basic
402 salary or suspension from service for a period not exceeding one (1) year, or both, at the
403 discretion of the competent authority.

404
405 **SEC. 26. *Failure to Comply with the Valuation Standards.*** -- An assessor who, for
406 unjustifiable reasons, fails to comply with the valuation standards developed and adopted
407 pursuant to this Act, or deliberately concealed any deviations or departures from such
408 standards in the valuation/appraisal of real property, shall be punished by a maximum fine
409 equivalent to the official's or employee's six (6) months basic salary, and suspension from
410 the government service.

412 **SEC. 27. Failure to Prepare Schedule of Market Values.** – An assessor who, for
413 unjustifiable reasons, intentionally or deliberately refuses or fails to prepare the SMVs within
414 the period set forth in this Act shall be meted the maximum fine equivalent to the official's or
415 employee's six (6) months basic salary, or by suspension from government service for not
416 more than one (1) year, or both, at the discretion of the competent authority.

417
418 **SEC. 28. Violations of Other Provisions.** – Any person, whether natural or juridical,
419 who violates any provision of this Act other than those punishable under Sections 25, 26, and
420 27 hereof shall, when warranted, be dealt with under applicable existing laws.

421
422 **SEC. 29. Taxpayers' Remedies in Case of Erroneous Assessments of Real**
423 **Properties.** The provisions of Sections 226 (Local Board of Assessment Appeals) and 229
424 (Action by the Local Board of Assessment Appeals) of Republic Act No. 7160, otherwise
425 known as The Local Government Code of 1991 shall apply in all cases of appeals as remedies
426 for the taxpayers in the assessment of their properties.

427
428
429 **ARTICLE V**
430 **TRANSITORY PROVISIONS**
431

432 **SEC. 30. Transitory Guidelines.** – (a) Local government units which are in the process of
433 revising their SMVs, upon the effectivity of this Act, shall continue with such revisions in
434 accordance with Section 16 of this Act. *Provided,* That proper notification and coordination
435 with the BIR shall be undertaken.

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

440
441 **SEC. 31. Saving Clause.** – The zonal values as determined by the BIR and approved
442 by the Secretary of Finance for internal revenue tax purposes and the SMVs prepared by the
443 provincial assessors together with the municipal assessors, and city assessors, including the
444 municipal assessors of Metro Manila, that have been approved by their respective
445 *Sanggunians* for real property taxation purposes shall continue to be in force and effect until
446 repealed, superseded, modified, revised, set aside, or replaced by the values provided under
447 the new SMVs as approved in accordance with Section 16 of this Act, which shall be within
448 two (2) years upon the effectivity of this Act.

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451 **ARTICLE VI**
452 **FUNDING REQUIREMENTS**
453

454 **SEC. 32. Budgetary Requirements for Revision of Schedule of Market Values.** –
455 Each local *Sanggunian* shall appropriate the necessary funds either from locally generated

456 revenues, the Internal Revenue Allotment (IRA), or other possible sources every fiscal year.
457 The accumulated amount so appropriated shall be known as the Real Property Tax
458 Administration Fund (RPTAF) which shall be used to ensure the proper implementation of
459 the regular revisions of the SMVs and general revision of property assessments, and the
460 administration of real property taxes in all local government units.

461
462 **SEC. 33. Appropriations.** The amount necessary for the initial implementation of
463 this Act shall be charged against the current appropriations of the BLGF. Thereafter, such
464 sum for the continuing operations and the proper implementation of this Act shall be included
465 in the annual General Appropriations Act.

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ARTICLE VII MISCELLANEOUS PROVISIONS

471 **SEC. 34. Implementing Rules and Regulations (IRR).** – Within six (6) months after
472 the effectivity of this Act, the DOF, upon conducting consultations with concerned parties,
473 shall issue the IRR for the effective implementation of this Act.

474

475 **SEC. 35. Suppletory Application of Existing Laws.** – The provisions of Republic Act
476 No. 7160, otherwise known as the Local Government Code of 1991, and other laws
477 consistent with this Act shall have suppletory effect.

478 **SEC. 36. Repealing Clause.** – (a) Section 6(E) of Republic Act No. 8424, otherwise
479 known as the National Internal Revenue Code (NIRC), as amended, and Sections 199(l), 201,
480 209(a), 212, 214, 219, 224(a), 472(a) par 1, and 473(a) par 1 of Republic Act No. 7160,
481 otherwise known as the Local Government Code (LGC) of the Philippines, are hereby
482 repealed;

483 (b) Sections 19, 135(a), 138, 198(a)(g)(h)(l), 202, 218 par 1(b), 220, 443(d),
484 444(b)(1)(v), 454(d), 455(b)(1)(v), 463(d), and 465(b)(1)(v), 472(b)(8) of the LGC, and
485 Section 88(B) of the NIRC are hereby modified accordingly;

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

489

490 **SEC. 37. Separability Clause.** – Any portion or provision of this Act that may be
491 declared unconstitutional or invalid shall not have the effect of nullifying other portions or
492 provisions hereof, as long as such remaining portions or provisions can still subsist and be
493 given effect in their entirety.

494

495 **SEC. 38. Effectivity.** – This Act shall take effect fifteen (15) days after its complete
496 publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved.