

14
**NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)**



'22 JUL 12 A10 :02

SENATE

Senate Bill No. 314

RECEIVED BY:

Introduced by Senator JUAN MIGUEL F. ZUBIRI

**AN ACT
INSTITUTING REFORMS IN REAL PROPERTY VALUATION IN THE
PHILIPPINES, ESTABLISHING THE NATIONAL VALUATION AUTHORITY AND
APPROPRIATING FUNDS THEREFOR**

EXPLANATORY NOTE

National and local government units (LGUs) must control dependable sources of revenues that shall be wisely allocated to implement its policies and deliver basic services to its constituents. Governments need to ensure that the tools needed to implement good governance are efficient, responsive and transparent. These features are found in the policies and mechanisms provided for in the proposed Real Property Valuation Reform Bill.

The Bill proposes the adoption of a just, equitable, impartial and nationally consistent valuation based on internationally accepted standards, concepts, principles and practices. This will directly benefit government agencies such as the Department of Environment and Natural Resources, Department of Public Works and Highways, Department of Agrarian Reform, National Power Corporation, Government Service Insurance System, Social Security System, Land Registration Authority, Land Bank of the Philippines, Bureau of Internal Revenue, and the Commission on Audit, among others. Likewise, private banks and parties to transactions will enjoy the advantages of uniform valuation standards over the chaos and disparities that hold sway at present.

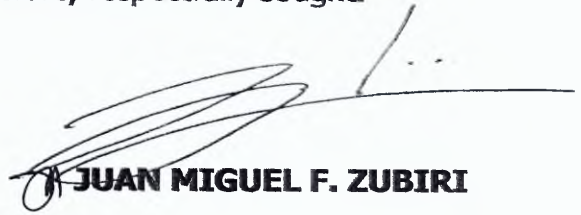
Presently, more than 23 government agencies undertake real property valuation with conflicting assessments. It is estimated that LGUs assess real property lower than the BIR by 13-94 percent. Meanwhile, the zonal values used by the BIR are 5- 930 % lower than values used by private appraisers. With rampant over-valuation or undervaluation, public and private transactions are often marked by litigation and corruption. In addition, the need for reform gains urgency in light of globalization wherein real properties are subjected to cross-boundary transactions.

This Bill proposes to create the National Valuation Authority (NVA) attached to the Department of Finance. It shall be responsible for the following: development of generally-accepted and internationally-recognized valuation standards; review of local Schedule of Market Values; development and maintenance of database of real property transactions and prices; keeping abreast of global and local trends; and, maintenance of a roster of appraisers and assessors in government.

Finally, this Bill will pave the way for National Government and LGUs to realize the value of its own assets, of which real estate is estimated to account for 50-75% of a nation's wealth. As the valuation becomes transparent and depoliticized, parties to

transactions will more likely pay the correct taxes if they are assured of fair valuation and verifiable market value. Consequently, LGUs collect more revenue while being liberated from over-dependence on Internal Revenue Allocation. Similarly, the National Government will have more resources to implement its mandates. It will also encounter lesser hitches brought about by the existing valuation disparities involving real property for vital projects such as transport, power and water infrastructures nationwide, among others.

The immediate passage of this Bill, is therefore, **respectfully sought**.



JUAN MIGUEL F. ZUBIRI

- 1 (d) Support the development and professionalization of the valuation/appraisal
2 practice in the country pursuant to Republic Act No. 9646;
- 3 (e) Provide a comprehensive and up-to-date electronic database of all real property
4 transactions;
- 5 (f) Support the development of a "body of knowledge" on valuation by continuing
6 research and monitoring of new developments in the valuation discipline for
7 upgrading the country's valuation and making it abreast with global
8 developments; and
- 9 (g) Ensure transparency in real property transactions to protect consumers and
10 develop confidence in the work of appraisers and assessors.

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

- 12 (a) Appraiser – also known as valuer; refers to a person who conducts
13 valuation/appraisal; specifically, one who possesses the necessary
14 qualifications, ability, and experience to execute or direct the
15 valuation/appraisal of real property.
- 16 (b) Assessor – refers to an official in the local government unit, who is a licensed
17 appraiser, who performs appraisal and assessment of real properties, including
18 plant, machinery and equipment, essentially for taxation and other purposes.
19 This definition also includes assistant assessors.
- 20 (c) Building – refers to a man-made structure permanently attached to land for
21 residential, commercial, industrial, recreational or other purposes.
- 22 (d) Improvements – is a valuable addition made to a property or an amelioration
23 in its condition, amounting to more than a mere repair or replacement of parts
24 involving capital expenditures and labor, which is intended to enhance its value,
25 beauty or utility or to adapt it for new or further purposes.
- 26 (e) Land – refers to one of the major factors of production consisting sometimes
27 of a material economic good, which is supplied by nature without the aid of
28 man. Land may include not only the earth surface, both land and water, but

1 also anything that is attached to the earth's surface. Thus, all natural resources
2 in their original state, such as mineral deposits, wildlife, timber, and fish, are
3 land within the technical meaning of the term; so also are sources of energy,
4 outside of man himself, such as water, coal deposits, and the natural fertility
5 of the soil.

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

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

21 (h) Private appraisal sector - refers to licensed non-governmental real estate
22 service practitioners who have been active in the practice of real estate
23 appraisal for the last five (5) years.

24 (i) Real Estate – refers to the land and all those items which are attached to the
25 land. It is the physical, tangible entity, together with all the additions or
26 improvements on, above or below the ground.

27 (j) Real Property – refers to all the rights, interests, and benefits related to the
28 ownership of real estate, plant, machinery, and equipment;

1 (k) Schedule of Market Values or SMV – refers to a table of market values of real
2 properties within a local government unit prepared by assessors pursuant to
3 existing laws, rules and regulations.

4 (l) Special Purpose Property – refers to a property which is designed, constructed
5 and developed for a specific use or purpose. By its very nature, this type of
6 property is rarely offered for sale in the open market except as part of a going
7 concern. Because of the special design and function, conversion of special
8 purpose properties to other types of development or application is generally
9 not economically feasible.

10 (m) Valuation or Appraisal – refers to the systematic and analytic determination
11 and recording of property facts, circumstances, investments, and investigation
12 of other relevant data resulting in a supportable estimate and opinion of value
13 or a professional conclusion based upon supporting data, logical analysis and
14 judgment as of a specific date and for a specific purpose.

15 **ARTICLE II**

16 **NATIONAL VALUATION AUTHORITY AND THE REGIONAL OFFICES**

17 **Chapter 1**

18 **Establishing a National Valuation Authority**

19
20 **SEC. 4. *Establishment of a National Valuation Authority.*** - To achieve the
21 policy and objectives declared in this Act, there shall be established a National Valuation
22 Authority (NVA), hereinafter referred to as the Authority, which shall be the primary
23 agency of the government on matters concerning the valuation or appraisal of real
24 properties in the Philippines. The Property Valuation Office (PVO) established within the
25 Department of Finance (DOF) shall serve as the nucleus of the Authority. The Authority
26 shall be attached to the DOF and shall have its central office in Metro Manila.

27 **SEC. 5. *Powers and Functions of the Authority.*** - The Authority shall have
28 the following powers and functions:

29 (a) Develop, adopt, and maintain valuation standards consistent with generally
30 accepted valuation standards, regulations and specifications for real property

1 appraisal used for tax and other purposes, and ensure compliance therewith
2 by national government agencies, local government units, and other concerned
3 parties;

4 (b) Review and approve the Schedule of Market Values (SMVs) prepared by the
5 provincial assessors together with municipal assessors, and city assessors,
6 including the municipal assessor of Metro Manila, for tax and other purposes;

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

10 (d) Provide leadership and policy directions to local government units, national
11 government agencies, private sector institutions and individuals dealing with
12 real property valuation/appraisal for taxation and other purposes, including the
13 development and maintenance of valuation standards, the regulation of
14 valuation/appraisal activities and other related matters, and the promotion of
15 valuation/appraisal training and seminars;

16 (e) Maintain a roster of government appraisers and assessors;

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

20 (g) Conduct continuing study and research, and maintain an information base on
21 current global and country trends and developments in real property
22 valuation/appraisal;

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

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

27 **SEC. 6. Head of Authority.** - The Authority shall be headed by a Director General
28 who shall be appointed by the President of the Philippines upon the recommendation of

1 the Secretary of Finance. The Director General must be a Filipino citizen, of good moral
2 character, a graduate in engineering, accounting or appraisal related degrees, and a
3 licensed appraiser, or assessor, with at least ten (10) years experience in
4 valuation/appraisal or assessment of real properties. The Director General shall have the
5 salary grade equivalent to the rank of an Assistant Secretary under the Salary
6 Standardization Law.

7 **SEC. 7. Responsibilities of the Director General.** - The Director General shall
8 be responsible for the efficient and effective performance of the statutory responsibilities
9 of the Authority set forth in this Act and for the overall internal management and
10 governance of the Authority. For this purpose, the Director General shall:

11 (a) Develop and implement policies, plans, programs, and operating standards for
12 the attainment of the objectives and mandate of the Authority;

13 (b) Provide policy direction and leadership in all aspects of valuation/appraisal and
14 their implementation in the regional offices;

15 (c) Advise and assist the Secretary of Finance and other government agencies on
16 matters pertaining to real property valuation/appraisal;

17 (d) Exercise administrative supervision over the central and regional offices, and
18 provide technical assistance to the local government assessors; and

19 (e) Perform such other functions as may be provided by law, or required in
20 pursuance of the law or the demand of the statutory responsibilities of the
21 Authority.

22 **SEC. 8. Creation of an Advisory Board.** - (a) There shall be created an Advisory
23 Board, hereinafter referred to as the Board, composed of a representative each from the:

24 1) Department of Finance (DOF);

25 2) Bureau of Local Government Finance (BLGF);

26 3) Bureau of Internal Revenue (BIR);

27 4) Department of Environment and Natural Resources (DENR);

28 5) *Bangko Sentral ng Pilipinas* (BSP);

- 1 6) National organization of government assessors;
- 2 7) Private appraisal sector;
- 3 8) Union of Local Authorities of the Philippines (ULAP); and
- 4 9) The Director General of the NVA as an *ex officio* member.

5 (b) The member-representatives from the DOF, BLGF, BIR, and DENR shall be
6 appointed by the President of the Philippines from the nominees of the
7 respective Department Secretaries from officials performing valuation-related
8 functions whereas the member-representative from the BSP shall be appointed
9 by the *Bangko Sentral* Governor. The representatives from the national
10 organization of government assessors, the private sector, and ULAP shall be
11 appointed by the President from the nominees of the national government
12 assessors, private appraisers' organizations, and ULAP, respectively.

13 (c) The President of the Philippines shall appoint the Chairperson from among the
14 government member-representatives of the Board. The Authority shall provide
15 the secretariat and other support services to the Board.

16 (d) The members of the Board shall serve for a maximum of three (3) years. In
17 case of vacancy in the Board, the person so appointed or designated shall serve
18 only for the unexpired term. They shall not receive additional salary for the
19 performance of their functions but they shall be entitled to *honoraria* pursuant
20 to existing laws and regulations.

21 (e) The Board shall meet at the initiation of the Chairperson or any Board Member
22 at least once every three (3) months. It shall have as many special meetings
23 as it may deem necessary for the performance of its functions and may require
24 the presence of representatives from concerned agencies whenever necessary.
25 The Board shall also formulate and adopt its internal rules and regulations for
26 the conduct of its meetings.

1 (c) Provide economical, efficient, and effective service relating to the Authority's
2 mandate to all government agencies and other concerned parties within the
3 region;

4 (d) Coordinate with regional offices of other government departments, bureaus,
5 and agencies within the region dealing with real property valuation/appraisal;

6 (e) Provide leadership and direction in the area of real property valuation/appraisal
7 to local government units in the region;

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

11 (g) Perform other functions as may be assigned by the Director General.

12 **SEC. 12. *The Regional Consultative Committee.*** - (a) There shall be created
13 in every administrative region a Regional Consultative Committee, hereinafter referred to
14 as the Committee, composed of a representative each from:

15 1) Bureau of Local Government Finance - Regional Office;

16 2) Bureau of Internal Revenue - Regional Office;

17 3) Department of Environment and Natural Resources -Regional Office;

18 4) Regional organization of government assessors;

19 5) Private appraisal sector within the region; and

20 6) Regional banking association.

21 (b) The members of the Regional Consultative Committee shall elect the
22 Chairperson from among themselves.

23 (c) The members of the Regional Consultative Committee must be performing
24 valuation/appraisal related functions, and shall be appointed by the Regional
25 Director of the agency concerned, while the representative from the
26 organization of government assessors, private appraisal sector, and banking
27 association within the region shall be appointed by the head of their respective
28 organization.

1 (d) The members shall serve for a maximum of three (3) years, otherwise
2 shortened or terminated by the appointing authority. In case of vacancy in the
3 Committee, the person so appointed or designated shall serve only for the
4 unexpired term. The chairperson and members of the Committee shall not
5 receive additional salary for the performance of their functions but they shall
6 be entitled to *honoraria* pursuant to existing laws and regulations.

7 (e) The Committee shall meet on the initiation of the Regional Director or any of
8 the Board Members at least once every three (3) months. It shall have as many
9 special meetings as it may deem necessary for the performance of its functions.
10 The Committee shall also formulate and adopt its internal rules and regulations
11 for the conduct of its meetings.

12 **SEC. 13. *Functions of the Committee.*** - The Committee shall serve as a
13 consultation forum in the region for discussion on property market reports; concerns of
14 taxpayers, civil society, and other stakeholders; outcome of Compliance Reporting in the
15 region; level of complaints and appeals; local government unit training in the region;
16 appraiser and assessor concerns in general; and other matters as may be determined by
17 the Committee.

18 **ARTICLE III**

19 **VALUATION OF REAL PROPERTIES**

20 **Chapter 1**

21 **Valuation Standards and Market Values**

22 **SEC. 14. *Development of Valuation Standards.*** - Notwithstanding the
23 provisions of existing laws to the contrary, the Authority shall develop, adopt, maintain
24 and implement uniform valuation standards which shall be used by all appraisers and
25 assessors of national and local government agencies and its instrumentalities, and other
26 concerned parties in appraising or valuing lands, buildings, machinery and other real
27 properties for taxation and other purposes. The valuation standards must conform with
28 the generally accepted valuation principles and internationally accepted standards.
29

1 **SEC. 15. Valuation/Appraisal of Real Property.** - For valuation purposes, all
2 real property, whether taxable or exempt, shall be valued or appraised at the market
3 value prevailing in the locality where the property is situated, in conformity with the
4 valuation standards adopted under this Act. The Authority shall promulgate the rules and
5 regulations for the classification and valuation/appraisal of real property pursuant to the
6 provisions of this Act. It shall provide leadership in ensuring rationalized valuation of real
7 properties transcending political boundaries.

8 For real properties intended for low-cost or socialized housing and other programs
9 of the government imbued with social policy objectives, the provisions of existing
10 pertinent laws shall be applied on the prevailing market value of these properties.

11 **SEC. 16. Preparation of Schedule of Market Values.** - Provincial assessors
12 together with municipal assessors, and city assessors, including the municipal assessor
13 in Metro Manila, shall prepare the SMVs for the different classes of real property situated
14 within their respective local government units, pursuant to the valuation standards and
15 specifications set by the Authority. The said SMVs shall be submitted by the assessor
16 concerned, upon proper information to the local chief executive and the *Sanggunian*, to
17 the Authority's Regional Office for review and compliance with other requirements. The
18 said SMVs shall then be submitted to the Authority's Central Office for approval within
19 sixty (60) days from receipt thereof. The Authority shall review and approve the SMV
20 within thirty (30) days upon receipt of the same; otherwise, said schedule shall be
21 deemed approved.

22 The Authority shall transmit the approved SMV to the concerned assessor who
23 shall confer with the local chief executive regarding the said approved SMV. Likewise, the
24 concerned assessor shall submit to the local chief executive a revenue impact report of
25 the new SMV as against the existing assessment levels and tax rates, and shall provide
26 the *Sanggunian*, through the Chairperson of the Committee on Ways and Means, a copy
27 of such report. The local chief executive shall transmit the approved SMV together with
28 the revenue impact report within fifteen (15) days from receipt of the same to the

1 *Sanggunian* for the enactment of an Ordinance setting the assessment levels and tax
2 rates. The concerned *Sanggunian* shall enact such Ordinance, upon conduct of public
3 hearings and proper consultation, within sixty (60) days from receipt thereof; otherwise,
4 the existing Ordinance on assessment levels and tax rates shall remain in force and
5 effect.

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

11 The approved Ordinance together with the SMV shall be published by the
12 concerned local government unit in a newspaper of local circulation once a week for two
13 consecutive weeks: *Provided, however,* That in provinces, cities and municipalities where
14 there are no newspapers of local circulation, the same shall be posted in the provincial
15 capitol, city or municipal hall and in two (2) other conspicuous public places therein. The
16 Authority shall also publish the approved SMV on its official website.

17 **SEC. 17. Use of Schedule of Market Values.** – The SMV as approved by the
18 Authority shall be used for the general revision of real property values and as basis for
19 the determination of real property related taxes imposed by the national and local
20 governments. For purposes of computing any internal revenue tax, the BIR
21 Commissioner shall adopt the SMV or the actual price in consideration as stated in real
22 property transaction documents, whichever is higher.

23 **SEC. 18. Revision of Schedule of Market Values.** - The Authority shall
24 formulate the program for the regular revision of SMVs. All provincial assessors together
25 with the municipal assessors, and city assessors, including the municipal assessor in Metro
26 Manila, shall undertake a revision of their respective SMVs within two (2) years from the
27 establishment of the Authority. Thereafter, they shall undertake a revision of SMVs not
28 earlier than three (3) years from the date of last revision, but not later than five (5) years.

1 In case of any significant change in the market where the property is located after
2 the said SMV has been approved and prior to its next revision, the provincial assessors
3 together with the municipal assessors, and city assessors, including the municipal
4 assessor in Metro Manila, may recommend to the Authority revisions to their existing
5 SMV.

6 **SEC. 19. *Conduct of Training and Seminars.*** – For the effective
7 implementation of this Act, the Authority shall conduct the necessary trainings and
8 seminars for all local assessors and other local officials/staff on the preparation of SMV
9 in accordance with internationally accepted valuation standards, concepts, principles and
10 practices, preparation of impact study reports of the approved SMVs.

11 **Chapter 2**
12 **Development and Maintenance of Real Property Database**

13
14 **SEC. 20. *Development of Real Property Database.*** - The Authority shall
15 develop and maintain an up-to-date electronic database of the sale, exchange, lease,
16 mortgage, donation and all other real property transactions in the country and on the
17 cost of construction or renovation of buildings and other structures, and on prices of
18 machinery. For this purpose, the Authority is hereby authorized to require the mandatory
19 submission of necessary documents from the concerned officials or employees of national
20 government offices or instrumentalities, local government units, and the private sector.
21 The updated database shall be made available to the local government units, national
22 government agencies, and the private sector as well.

23 **SEC. 21. *Duty of Register of Deeds to Supply Assessors of Real Property***
24 ***Transactions Data.*** - The Register of Deeds shall prepare and submit to the provincial
25 and city assessors, including the municipal assessor in Metro Manila, an abstract of his
26 registry every three (3) months and copies of all contracts selling, transferring or
27 otherwise converting, leasing, or mortgaging real property registered by him/her every
28 end of the month. The abstract shall include brief but sufficient description of the real
29 properties entered therein, their present owners, and the dates of their most recent

1 transfer or alienation accompanied by copies of corresponding deeds of sale, donation,
2 or partition or other forms of alienation.

3 **SEC. 22. *Duty of Official Issuing Building Permits or Certificates of***
4 ***Registration of Machinery to Transmit Copy to the Assessor.*** - Any public official
5 or employee who may now or hereafter be required by law or regulation to issue to any
6 person a permit for the construction, addition, repair, or renovation of a building, or
7 permanent improvement on land, or a certificate of registration for any machinery,
8 including machines, mechanical contrivances, and apparatus attached or affixed on land
9 or to another real property, shall transmit a copy of such permit or certification within
10 thirty (30) days of its issuance, to the assessor of the province, city or municipality where
11 the property is situated.

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

19 **SEC. 24. *Duty of Assessors to Transmit Documents to the Authority.*** - It
20 shall be the duty of the assessors to transmit all real property transactions to the Regional
21 Office of the Authority data from the Register of Deeds, official issuing building permit
22 and geodetic engineers within one (1) month after the receipt of such data. The
23 Authority's Regional Office shall record, process and make a summary report of the real
24 property data, and submit the same to the Central office within one (1) month from
25 receipt of such data.

26 **Chapter 3**
27 **Appointment and Qualifications of Assessors**
28

1 **SEC. 25. *Appointment of Assessors.*** - The Secretary of Finance shall appoint
2 provincial, city, and municipal assessors, upon recommendation of the local chief
3 executive, subject to civil service law, rules and regulations, and the following guidelines:

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

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

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

14 The assessors shall be under the administrative supervision of the concerned local
15 government unit and under the technical assistance of the Authority, primarily through a
16 system of compliance reporting and provision for education and training for capacity
17 building.

18 **SEC. 26. *Qualifications of Local Government Assessors.*** - No person shall
19 be appointed assessor or assistant assessor unless such person is a citizen of the
20 Philippines, a resident of the region for a provincial or city assessor/assistant assessor
21 and of the province for a municipal assessor/assistant assessor, a licensed appraiser, of
22 good moral character, a graduate in engineering, accounting, commerce or appraisal
23 related degree, and must have an experience in real property valuation or assessment
24 work or in any suitable field for at least five (5) years in the case of the provincial or city
25 assessor and three (3) years in the case of the municipal assessor, pursuant to the
26 provisions of Republic Act No. 9646, otherwise known as the Real Estate Service Act.

27 In accordance with Section 30 of Republic Act No. 9646, after three years from
28 the effectivity of this Act all existing and new positions in the national and local

1 governments, whether career, permanent, temporary or contractual, and primarily
2 requiring the services of any real estate service practitioner, shall be filled only by
3 registered and licensed real estate service practitioners.

4 All incumbent assessors/assistant assessors holding permanent appointments shall
5 continue to perform their functions without need for reappointment and without
6 diminution of status, rank and salary grade, and shall enjoy security of tenure. However,
7 they may not be promoted to a higher position until they meet the qualification
8 requirements of that higher position as herein prescribed. Nothing in this Act shall be
9 construed to reduce any benefit, interest, or right enjoyed by the incumbents at the time
10 of the enactment of this Act. The appointing authority shall exercise his power to appoint
11 the assessor in accordance with the provisions of Republic Act No. 9646 only when a
12 vacancy occurs.

13 **ARTICLE IV**
14 **PENAL PROVISIONS**

15 ***SEC. 27. Failure to Comply with the Required Submission of Documents.***

16 - Any government official or employee who fails without justifiable reason or reasons to
17 provide or furnish data or information required by the Authority pursuant to Sections 21,
18 22, 23 and 24 of this Act shall be punished by a maximum fine equivalent to the official's
19 or employee's six (6) months basic salary or suspension from service for a period not
20 exceeding one (1) year, or both, at the discretion of the competent authority.

21 ***SEC. 28. Failure to Comply with the Valuation Standards.*** - An assessor or
22 appraiser who, for unjustifiable reasons, fails to comply with the valuation standards
23 prepared and adopted pursuant to this Act, or deliberately concealed any deviations or
24 departures from such standards, shall be punished by a maximum fine equivalent to the
25 official's or employee's six (6) months basic salary, and suspension from the government
26 service or from the practice of profession for a period not exceeding one (1) year, or
27 permanent revocation of his/her license at the discretion of the competent authority.

28 ***SEC. 29. Failure to Prepare Schedule of Market Values.*** - An assessor who,
29 for unjustifiable reasons, intentionally or deliberately refuses or fails to prepare the SMVs

1 within the period required by the Authority shall be punished, upon conviction, by a
2 maximum fine equivalent to the official's or employee's six (6) months basic salary or by
3 suspension from government service for not more than one (1) year, or both, at the
4 discretion of the competent authority.

5 **SEC. 30. *Violations of Other Provisions.*** - Any person, whether natural or
6 juridical, who violates any provision of this Act other than those punishable under Sections
7 27, 28, and 29 hereof shall, when warranted, be dealt with under applicable existing laws.

8 **SEC. 31. *Taxpayers' Remedies in Case of Wrong Assessment of Real***
9 ***Properties.*** - The provisions of Sections 226 (Local Board of Assessment Appeals) and
10 229 (Action by the Local Board of Assessment Appeals) of Republic Act No. 7160,
11 otherwise known as The Local Government Code of 1991 shall apply in all cases of appeals
12 as remedies for the taxpayers in the assessment of their properties.

13 **ARTICLE V**

14 **TRANSITORY PROVISIONS**

15 **SEC. 32. *Transitory Guidelines.*** - Within ninety (90) days upon the effectivity
16 of this Act, the Authority's Central Office shall be organized. The President of the
17 Philippines shall appoint the Director General upon the recommendation of the Secretary
18 of the Department of Finance.

19 (a) The Director General shall organize the Board pursuant to Section 8 of this Act
20 within thirty (30) days upon the organization of the Authority.

21 (b) An *Ad Hoc* Committee is hereby created which shall be responsible for the
22 formulation of the Authority's Organization, Staffing, and Implementation Plan,
23 including the selection and placement of personnel, taking into consideration the
24 organizational criteria such as, but not limited to, availability of qualified personnel,
25 facilities, budgetary support and others. The *Ad Hoc* Committee shall also be
26 responsible for drafting the Implementing Rules and Regulations (IRR) for this Act.

27 The *Ad Hoc* Committee shall be composed of the Director General as *ex-*
28 *officio* chairperson and representatives from the DOF, BLGF, BIR, and National Tax
29 Research Center (NTRC) as members.

1 (c) After the organization of the Authority's Central Office, the Authority's Regional
2 Offices shall be organized.

3 (d) All existing staff of the PVO in the DOF, records, equipment and appropriations
4 provided for the PVO, as determined by the *Ad Hoc* Committee based on the
5 approved organization and staffing, shall be transferred to the Authority.

6 (e) Local government units who are in the process of revising their SMVs upon the
7 effectivity of this Act shall continue with such revisions in accordance with Section
8 16 of this Act: *Provided*, That proper notification and coordination with the
9 Authority shall be undertaken: *Provided, finally*, That the newly approved SMVs
10 shall be in force and effect for a period of two (2) years.

11 (f) In case the SMV is not yet available or revised, the BIR Commissioner shall adopt
12 the existing SMV or the actual price in consideration as stated in real property
13 transaction documents, whichever is higher, for purposes of computing any
14 internal revenue tax.

15 **SEC. 33. *Saving Clause.*** - The zonal values as determined by the BIR and
16 approved by the Secretary of Finance for internal revenue tax purposes and the SMVs
17 prepared by the provincial assessors together with the municipal assessors, and city
18 assessors, including the municipal assessors of Metro Manila, that have been approved
19 by their respective *Sanggunians* for real property taxation purposes shall continue to be
20 in force and effect until repealed, superseded, modified, revised, set aside, or replaced
21 by the values provided under the new SMVs as approved in accordance with Section 16
22 of this Act, which shall be within two (2) years upon the effectivity of this Act.

23 **ARTICLE VI**

24 **FUNDING REQUIREMENTS**

25 **SEC. 34. *Budgetary Requirements for Revision of Schedule of Market***
26 ***Values.*** - To ensure the proper implementation of the regular revisions of the SMVs and
27 the administration of real property taxes in all local government units, each local
28 *Sanggunian* shall appropriate the necessary funds equivalent to ten percent (10%) of the
29 one percent (1%) from the original allocation of the Special Education Fund (SEF). The

1 amount so appropriated shall be known as the Real Property Tax Administration Fund
2 (RPTAF).

3 The proceeds from the share of the local government unit in the SEF shall
4 automatically accrue to the RPTAF to be maintained in every provincial, city or municipal
5 treasury offices.

6 **SEC. 35. Appropriations.** - The amount necessary for the initial implementation
7 of this Act shall be charged against the current appropriations of the PVO within the DOF.
8 Thereafter, such sum as may be necessary for the Authority's continuing operations and
9 the proper implementation of this Act shall be included in the annual General
10 Appropriations Act.

11 ARTICLE VII

12 MISCELLANEOUS PROVISIONS

13 **SEC. 36. Implementing Rules and Regulations (IRR).** - The Secretary of
14 Finance, taking into account the recommendation of the *Ad Hoc* Committee created under
15 this Act and in consultation with other concerned parties, shall issue the IRR for the
16 effective implementation of this Act.

17 **SEC. 37. Suppletory Application of Existing Laws.** - The provisions of
18 Republic Act No. 7160, otherwise known as the Local Government Code of 1991, and
19 other laws consistent with this Act shall have suppletory effect.

20 **SEC. 38. Repealing Clause.** -

21 (a) Section 6(E) of Republic Act No. 8424, otherwise known as the National Internal
22 Revenue Code (NIRC), as amended, and Sections 199(I), 201, 209(a), 212, 214,
23 219, 224(a), 472(a) par 1, and 473(a) par 1 of Republic Act No. 7160, otherwise
24 known as the Local Government Code (LGC) of the Philippines, are hereby
25 repealed;

26 (b) Sections 202, 220, 443(d), 444(b)(1)(v), 454 (d), 455(b)(1)(v), 463 (d), and
27 465(b)(1)(v) of the LGC, and Section 88(B) of the NIRC are hereby modified
28 accordingly;

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

4 **SEC. 39. *Separability Clause.*** - Any portion or provision of this Act that may be
5 declared unconstitutional or invalid shall not have the effect of nullifying other portions
6 or provisions hereof, as long as such remaining portions or provisions can still subsist and
7 be given effect in their entirety.

8 **SEC. 40. *Effectivity.*** - This Act shall take effect fifteen (15) days after its
9 complete publication in the Official Gazette or in at least two (2) newspapers of general
10 circulation.

Approved,