

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

 Office of the Secretary

'22 JUL 18 A10 :12

SENATE

S. No. 693

RECEIVED BY: _____



Introduced by SENATOR RAMON BONG REVILLA, JR.

**AN ACT
INSTITUTING REFORMS IN REAL PROPERTY VALUATION AND
ASSESSMENT IN THE PHILIPPINES, REORGANIZING THE BUREAU OF
LOCAL GOVERNMENT FINANCE, AND APPROPRIATING FUNDS THEREFOR**

EXPLANATORY NOTE

One of the main issues contributing to the inefficiency of the real estate market in the country is the current valuation system that we have. The system has tremendously constrained the optimal management and use of our valued land resources.

This bill seeks to address the following concerns in order to improve the state of our valuation system:

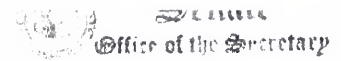
- Lack of a uniform valuation standards which should govern the valuation of real property in the country;
- Lack of a single real property valuation base for the assessment of all real property related taxes in the country and for valuing or appraising real property for various transactions by all government agencies;
- Mixed functions of valuing or appraising of real properties from the and tax policy and administering the taxes due thereon;
- Lack of a comprehensive and up-to-date electronic database of all real property transactions.

In addition, this bill seeks to support the development and professionalization of the valuation/appraisal practice in the country pursuant to Republic Act No. 9646; support the development of a "body of knowledge" on valuation by continuing research and monitoring of new developments in the valuation discipline for upgrading the country's valuation and making it abreast with global developments; and ensure transparency in real property transactions to protect consumers and develop confidence in the work of appraisers and assessors.

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


RAMON BONG REVILLA, JR.

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*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 "*Real Property Valuation*
2 *and Assessment Reform Act of 2022.*"
3

4 **ARTICLE I**

5 **DECLARATION OF STATE POLICY AND OBJECTIVES,**
6 **AND DEFINITION OF TERMS**

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

- 12 (a) Establish and maintain standards to govern the valuation of real property in
13 the country;
14 (b) Adopt market value as the single real property valuation base for the
15 assessment of real property-related taxes in the country, and for the
16 valuation of real property for various transactions by all government
17 agencies;

- 1 (c) Promote the fiscal autonomy of local government units (LGUs) to provide
2 basic services to their constituency by enhancing their capacity to generate
3 local revenues from real property;
- 4 (d) Separate the function of valuation or appraisal of real properties from the
5 functions of tax policy formulation and administration of the taxes due
6 thereon;
- 7 (e) Support the development and professionalization of the valuation practice
8 in the country pursuant to Republic Act No. 9646, otherwise known as the
9 "Real Estate Service Act of the Philippines".
- 10 (f) Provide a comprehensive and up-to-date electronic database of all real
11 property transactions;
- 12 (g) Support the development of an information database on valuation through
13 continuing research and monitoring of new developments in the discipline
14 to upgrade the country's valuation system to be at par with global
15 standards; and
- 16 (h) Ensure transparency in real property transactions to protect public interests,
17 and develop confidence in the valuation system.

18 *Sec. 3. Definition of Terms. – As used in this Act:*

- 19 (a) *Appraiser*, also known as valuer, refers to a person who conducts valuation;
20 specifically, one who possesses the necessary qualifications, license, ability,
21 and experience to execute or direct the valuation of real property;
- 22 (b) *Assessed Value*, also known as taxable value, refers to the market value of
23 the property multiplied by the corresponding assessment level;
- 24 (c) *Assessment* refers to the act or process of determining the value of a
25 property, or proportion thereof subject to taxation, including the discovery,
26 listing, classification, and appraisal of properties;
- 27 (d) *Assessment Level* refers to the percentage applied to the market value to
28 determine the taxable value of the property based on property
29 classifications as prescribed in Republic Act No. 7160, otherwise known as
30 the "Local Government Code of 1991", as amended;

- 1 (e) *Assessor* refers to an official in the LGU who is a licensed appraiser, and
2 performs appraisal and assessment of real properties, including plant,
3 machinery and equipment, essentially for taxation and other purposes.
- 4 (f) *Building* refers to a man-made structure permanently attached to land for
5 residential, commercial, industrial, recreational or other purposes;
- 6 (g) *Electronic database* refers to an organized collection of data, or information,
7 that is stored in computer-readable form;
- 8 (h) *Improvement* refers to a valuable addition made to a property or an
9 amelioration in its condition, amounting to more than a mere repair or
10 replacement of parts, involving capital expenditures and labor intended to
11 enhance its value, beauty or utility or to adapt it for new or further purposes;
- 12 (i) *International Valuation Standards (IVS)* refer to standards that provide
13 property valuers with a framework composed of recognized principles and
14 concepts as well as internationally accepted definitions, best practices, and
15 reporting systems;
- 16 (j) *Land* refers to one of the major factors of production which is supplied by
17 nature without the aid of man. Land may include not only the earth's
18 surface, both land and water, but also anything that is attached to the
19 earth's surface including all natural resources in their original state, such as
20 minerals deposits, wildlife, and timber;
- 21 (k) *Machinery* refers to machines, equipment, mechanical contrivances,
22 instruments, appliances or apparatus which may be attached, permanently
23 or temporarily, to the real property. It includes the physical facilities for
24 production, the installations and appurtenant service facilities, those which
25 are mobile, self-powered or self-propelled, and those not permanently
26 attached to the real property which are actually, directly, and exclusively
27 used to meet the needs of the particular industry, business or activity and
28 which by their very nature and purpose are designed for, or necessary to
29 its manufacturing, mining, logging, commercial, industrial or agricultural
30 purposes;
- 31 (l) *Market value* refers to the estimated amount for which a property should
32 exchange on the date of valuation between a willing buyer and a willing

1 seller in an arm's length transaction which is a transaction between
2 independent, unrelated parties involving no irregularity after proper
3 marketing wherein the parties had each acted knowledgeably, prudently,
4 and without compulsion;

5 (m) *Private appraisal sector* refers to licensed non-governmental real estate
6 service practitioners who have been active in the practice of real estate
7 appraisal for at least five (5) years;

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

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

14 (p) *Schedule of Market Values*, hereinafter referred to as SMV, refers to a table
15 of base unit market values for all kinds of real properties, except machinery,
16 within a local government unit (LGU) prepared by assessors pursuant to
17 existing laws, rules and regulations;

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

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

29

1 **ARTICLE II**

2 **STRENGTHENING THE BUREAU OF LOCAL GOVERNMENT OF FINANCE**

3 **(BLGF)**

4 **Chapter I**

5 **BLGF Central Operations**

6 Sec. 4. Powers and Functions *of the Bureau of Local Government Finance*
7 *(BLGF)*. – The BLGF of the Department of Finance (DOF), shall lead and manage the
8 implementation of the provisions of this Act. It shall have the following powers and
9 functions:

- 10 (a) Develop, adopt, and maintain valuation standards consistent with generally
11 accepted international valuation standards, regulations and specifications
12 for real property appraisal used for taxation and other purposes, and ensure
13 compliance therewith by LGUs and other concerned parties;
- 14 (b) In coordination with the Bureau of Internal Revenue (BIR), review and
15 ensure that the Schedule of Market Values (SMVs) as prepared by the
16 provincial assessors together with municipal assessors, and city assessors,
17 including the municipal assessor in Metropolitan Manila Area, is compliant
18 with real property valuation policies and standards, and recommend its
19 approval to the Secretary of Finance for local and national taxation, and for
20 other purposes.;
- 21 (c) Provide technical assistance on real property appraisal matters to
22 government agencies and instrumentalities, and coordinate or conduct the
23 valuation and appraisal of special purpose properties, when requested;
- 24 (d) Provide leadership and policy direction to LGUs on real property valuation
25 and appraisal for taxation and other purposes, including the development
26 and maintenance of valuation standards, the regulation of valuation
27 activities and other related matters, and the promotion of valuation training
28 and seminars;
- 29 (e) Maintain a roster of licensed local government appraisers and assessors in
30 consultation and coordination with the Professional Regulatory Board of
31 Real Estate Service (PRBRES) under the Professional Regulation
32 Commission;

- 1 (f) Develop and maintain a comprehensive and up-to-date electronic database
2 of real property transactions and prices of materials for buildings,
3 machinery, and other structures;
- 4 (g) Conduct continuing study and research on valuation, and maintain
5 information on current global and country trends and developments in real
6 property valuation;
- 7 (h) Formulate and provide for uniform procedures on the different transactions
8 in the assessor's office, including the transfer, annotation and issuance of
9 tax declarations;
- 10 (i) Determine, fix, and collect reasonable amounts to be charged as
11 administration fees, fines, and penalties relative to the implementation of
12 this Act; and
- 13 (j) Perform such other functions as are necessary, proper, and incidental to
14 implement the provisions of this Act.

15 *Sec. 5. Establishment of the Real Property Valuation Service.* - To achieve the
16 policy and objectives declared in this Act, the Real Property Valuation Service,
17 hereinafter referred to as the RPVS, within the BLGF with counterpart personnel in the
18 BLGF Regional Offices is hereby established.

19 *Sec. 6. The BLGF Executive Director.* - The BLGF Executive Director shall be
20 responsible for the efficient and effective day-day performance of the responsibilities
21 set forth in this Act, and shall be responsible for the overall internal management and
22 governance of the RPVS.

23 *Sec. 7. Creation of Central Consultative Committee.* -

- 24 (a) A Central Consultative Committee shall be created and shall serve as the
25 consultative forum on matters pertaining to the setting, adoption and
26 maintenance of the valuation standards and other related concerns on real
27 property valuation
- 28 (b) It shall be chaired by the BLGF Executive Director and shall be composed
29 of a representative each from the:
- 30 1. Bureau of Internal Revenue (BIR);
 - 31 2. Department of Environment and Natural Resources (DENR);
 - 32 3. Bangko Sentral ng Pilipinas (BSP);

- 1 4. National organization of government assessors;
- 2 5. National organization of appraisers in national government agencies;
- 3 and
- 4 6. Private appraisal sector.

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

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

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

18 Chapter 2

19 BLGF Regional Operations

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

- 23 (a) Implement policies, plans, programs, rules and regulations on real property
24 valuation of local government units in the region;
- 25 (b) Review, in coordination with the BIR, and endorse to the RPVS the proposed
26 SMV's prepared by the assessors of the local government units in the region;
- 27 (c) Provide for economical, efficient and effective valuation services in the
28 region;
- 29 (d) Coordinate and consult with other government departments, bureaus and
30 agencies within the region dealing with real property valuation;

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

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

5 *Sec. 9. The Regional Consultative Committee. –*

6 (a) There shall be a Regional Consultative Committee that shall be chaired by
7 the BLGF Regional Director and shall be composed of a representative each
8 from the:

- 9 1. BIR – Regional Office;
- 10 2. DENR – Regional Office;
- 11 3. Head of Regional organization of government assessors;
- 12 4. Head of Regional organization of national government appraisers;
- 13 5. Head of the private appraisal sector within the region; and
- 14 6. Head of the bankers association within the region.

15 (b) The members of the Regional Consultative Committee must be performing
16 valuation- related functions in their respective agencies or sector.

17 (c) The Committee shall meet at the initiation of the BLGF Regional Director at
18 least once every quarter and shall have as many meetings as the BLGF
19 Regional Director may deem necessary for the performance of its function.
20 The BLGF Regional Director may invite resource persons on specific issues
21 concerning real property valuation.

22 *Sec. 10. Functions of the Regional Consultative Committee. –* The Regional
23 Consultative Committee shall serve as a consultative forum in the region for discussion
24 on developments in the local real property market; concerns of taxpayers, civil society,
25 and other stakeholders; outcome of real property tax compliance reporting in the
26 region; level of complaints and appeals; LGU training in the region; appraisal and
27 assessment concerns in general; and other matters as may be determined by the
28 Committee.

29

1 **ARTICLE III**

2 **VALUATION AND APPRAISAL OF REAL PROPERTIES**

3 **Chapter 1**

4 **Valuation Standards and Market Values**

5 *Sec. 11. Development of Valuation Standards.* – Notwithstanding the provisions
6 of existing laws to the contrary, the BLGF shall develop, adopt, and maintain,
7 implement uniform valuation standards which shall be used by all appraisers and
8 assessors in the LGUs and other concerned parties in the appraisal or valuation of
9 lands, buildings, machinery and other real properties for taxation and other purposes.
10 The valuation standards shall conform with the generally accepted international
11 valuation standards and principles.

12 *Sec. 12. Valuation and Appraisal of Real Property.* – For valuation purposes, all
13 real properties, whether taxable or exempt, shall be valued or appraised based on
14 prevailing market values in the locality where the property is situated, in conformity
15 with the valuation standards adopted under this Act. The Secretary of Finance shall
16 promulgate the rules and regulations for the valuation and appraisal of real property
17 pursuant to the provisions of this Act.

18 For real properties intended for low-cost or socialized housing, lands included
19 in the government's agrarian reform program and other programs of the government
20 imbued with social policy objectives, the provisions of existing pertinent laws shall be
21 applied after determination of the prevailing market values of these properties in
22 accordance with generally accepted international valuation standards.

23 *Sec. 13. Preparation of the Schedule of Market Values.* – The provincial
24 assessors together with municipal assessors, and city assessors, including the
25 municipal assessor in Metropolitan Manila Area, shall prepare the SMV for the different
26 classes of real property situated within their respective LGUs, pursuant to the valuation
27 standards, rules, regulations and other specifications set by the DOF. They shall
28 complete the preparation/updating of the SMV within six (6) months or one hundred
29 eighty (180) days from January to June following the announcement from the BLGF
30 that they are due to revise their SMV which will be issued on the last week of December
31 prior to the SMV preparation.

1 Upon completion of the proposed SMV, the same shall be submitted by the
2 assessors to the BLGF Regional Office who shall review the proposal in coordination
3 with the BIR Regional Office, within seventy-five (75) days from receipt thereof to
4 ensure that the SMV complies with all the requirements. The BLGF/BIR regional offices
5 shall hold at least one public consultation before they endorse the SMV to the
6 Secretary of Finance.

7 *Sec. 14. Approval of the Schedule of Market Values.* – The Secretary of Finance
8 shall approve the SMV within thirty (30) days from receipt of the joint endorsement of
9 the BLGF Executive Director and the Commissioner of Internal Revenue; otherwise,
10 said schedule shall be deemed approved.

11 The approved SMV shall be published by the DOF in the Official Gazette or in
12 at least two (2) newspapers of general circulation. The SMV shall take effect after
13 fifteen (15) days after its publication.

14 The DOF shall post in its official website the approved SMV and furnish the
15 same to the concerned LGU, through the BLGF, and the BIR, with copies thereof.

16 *Sec. 15. Setting Assessment Levels and Tax Rates.* – The approved SMV shall
17 be transmitted to the concerned assessor who shall confer with the local chief
18 executive regarding the approved SMV. The assessor, in coordination with the local
19 treasurer, shall estimate the revenue and tax impact of the new SMV as against the
20 existing assessment levels and tax rates, calculate the expected revenue and level of
21 tax burden that the taxpayers will bear based on the new SMV and recommend
22 amendments on the assessment levels and/or tax rates. The assessor shall prepare
23 a minimum of at least three (3) estimates of the revenue and tax impact based on
24 different scenarios and submit the revenue/tax impact report to the local chief
25 executive and the *Sanggunian*.

26 The local chief executive shall transmit the approved SMV, together with the
27 revenue/tax impact report, within fifteen (15) days from receipt of the same to the
28 *Sanggunian* for the enactment of an ordinance setting the appropriate assessment
29 levels and tax rates. During the Sanggunian's deliberations prior to the enactment of
30 the tax ordinance, it may call upon the assessor to provide technical assistance and
31 calculate the revenue and tax impact of additional options in order to arrive at a
32 desired level of revenue and tax burden that the *Sanggunian* will adopt. The concerned

1 Sanggunian shall enact the tax ordinance upon conduct of public hearings and proper
2 consultations within sixty (60) days from receipt thereof; otherwise, the existing
3 ordinance on assessment levels and tax rates shall remain in force and effect.

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

10 Sec. 16. *Publication of Assessment Levels and Tax Rates.* – The approved
11 ordinance for the assessment levels and tax rates shall be published by the concerned
12 LGU in a newspaper of local circulation once a week for two (2) consecutive weeks:
13 *Provided, however,* that in provinces, cities and municipalities where there are no
14 newspapers of local circulation, the same shall be posted in the provincial capitol,
15 including all concerned municipal halls, and city halls and in two (2) other conspicuous
16 public places therein.

17 Sec. 17. *Use of Schedule of Market Values.* – The approved SMV shall be used
18 as basis for the determination of real property-related taxes of national and local
19 governments, as follows:

20 (a) For purposes of real property taxation, the approved SMV shall in no case
21 be adopted by the LGU less than six (6) months prior to the effectivity of
22 the new assessments to ensure the proper cleansing and updating of
23 records, and notification of property owners in the conduct of general
24 revision of assessment and property classification.

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

28 (c) For purposes of the local transfer tax, the LGU may use the approved SMV
29 upon its effectivity or the total consideration in the transfer, whichever is
30 higher. For other purposes such as the tax on sand and gravel, community
31 tax, fees and charges, or as benchmark for real property appraisal of other
32 government agencies, the approved SMV may be used upon its effectivity.

1 Notwithstanding the provisions of existing laws to the contrary, the failure to
2 pass an ordinance providing for revised assessment levels and/or tax rates after the
3 approval of the SMV and to conduct a general revision of assessment and property
4 classifications, shall render an LGU ineligible for any conditional or performance-based
5 grants or to contract any form of credit financing from the national government.

6 *Sec. 18. Updating of the Schedule of Market Values.* – All provincial assessors
7 together with the municipal assessors, and the city assessors, including the municipal
8 assessor in Metropolitan Manila Area, shall update their respective SMVs within two
9 (2) years from the effectivity of this Act. Thereafter, they shall update the SMVs and
10 conduct a general revision of property assessments and classifications once every
11 three (3) years from the date of the last revision. The BLGF shall prepare the schedule
12 for the updating of the SMVs in all provinces, cities and municipalities within the
13 Metropolitan Manila Area.

14 In case of any significant change in the market where the property is located
15 after the said SMVs have been approved and prior to the next revision, or where
16 correction of errors and inequalities in any SMV is deemed necessary or upon the
17 directive of the Secretary of Finance, the provincial assessors shall, together with the
18 municipal assessors, and the city assessors, including the municipal assessor in
19 Metropolitan Manila Area, recommend revisions to their existing SMV to the BLGF
20 Regional Office, through the Regional Director of the BLGF having jurisdiction over the
21 LGU concerned.

22 Such revisions shall be subject to review by the concerned BLGF Regional Office
23 in coordination with the BIR Regional Office, and complete the review and submit their
24 recommendations to the BLGF Executive Director, in accordance with Section 14
25 hereof.

26 *Sec. 19. Conduct of Capacity Building Interventions.* – The BLGF shall, in
27 coordination with the Philippine Tax Academy of the DOF, develop and conduct the
28 necessary training for all local assessors, local officials and staff, and other concerned
29 BIR personnel on the preparation of the SMV in accordance with generally accepted
30 international valuation standards, concepts, principles and practices; conduct of SMV
31 tax and revenue impact studies; preparation of compliance reports, and other subject
32 areas.

Chapter 2

Development and Maintenance of Real Property Market Database

1
2
3 *Sec. 20. Development of Real Property Information System.* – The BLGF shall
4 develop and maintain an up-to-date electronic database of the sale, exchange, lease,
5 mortgage, donation and all other real property transactions and declarations in the
6 country and on the cost of construction or renovation of buildings and other structures,
7 and on prices of machinery.

8 For this purpose, the BLGF shall require the mandatory submission of necessary
9 documents from the concerned officials or employees of national government offices
10 or instrumentalities, LGUs and the private sector; Provided that in the case of
11 government agencies and instrumentalities, the mandatory submission of documents
12 and information shall be subject to the prohibition of disclosure of certain information
13 under the Data Privacy Act and other existing laws. The updated database shall be
14 made available to the LGUs, national government agencies and the private sector:
15 *Provided,* that the Commissioner of Internal Revenue or his duly authorized
16 representative shall be allowed access to the database without need of prior approval:
17 *Provided, Finally,* that non-submission of the required documents to the BLGF will be
18 subject to the provisions of Section 28 of this Act.

19 To further achieve these objectives and ensure efficient real property tax
20 administration, all provinces, cities and municipalities shall automate their operations,
21 adopt tax mapping technology, maintain software-enabled valuation systems,
22 undertake regular data cleansing and computerize records management. The National
23 Government thru the Department of Information and Communications Technology
24 shall provide the appropriate equipment and connectivity, information and
25 communications technology platform, training and capability building to ensure the
26 compliance with this Section. The BLGF shall establish mechanisms for the electronic
27 submission of the required documents in accordance with the succeeding sections of
28 Chapter 2 this Act.

29 *Sec. 21. Duty of Register of Deeds to Supply Assessors with Real Property*
30 *Transactions Data.* – The Register of Deeds shall prepare and submit to the provincial
31 assessors, together with the municipal assessors, and city assessors, including the
32 municipal assessor in Metropolitan Manila Area, an abstract of the entire registry every

1 three (3) months and copies of all contracts selling, transferring or otherwise
2 converting, leasing, or mortgaging real property registered every end of the month.
3 The abstract shall include brief but sufficient description of the real properties entered
4 therein, their present owners, and the dates of their most recent transfer or alienation
5 accompanied by copies of corresponding deeds of sale, donation or partition or other
6 forms of alienation.

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

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

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

30 *Sec. 25. Duty of Assessors to Transmit Documents to the BLGF.* – It shall be
31 the duty of the assessors to transmit to the concerned BLGF Regional Office all real
32 property transactions data from the Register of Deeds, and the names of the official

1 issuing the building permit those of the geodetic engineers within one (1) month after
2 the receipt of such data. The BLGF's Regional Office shall record, process and make a
3 summary report of the real property data and submit the same to the BLGF Central
4 office within one (1) month from receipt of such data.

5 **Chapter 3**

6 **Appointment and Qualifications of Assessors**

7 *Sec. 26. Appointment of Assessors.* – The local chief executive shall appoint the
8 provincial, city and municipality assessors and assistant assessors, as the case may
9 be, in accordance with civil service law, rules and regulations and the following
10 guidelines:

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

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

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

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

24 *Sec. 27. Qualification of Local Government Assessors.* – No person shall be
25 appointed assessor or assistant assessor unless such a citizen of the Philippines, a
26 resident of the region for a provincial or city assessor/assistant assessor, and of the
27 province for a municipal assessor/assistant assessor, a registered and licensed
28 appraiser, of good moral character, and must not have been convicted of any crime
29 involving moral turpitude. The appointee must have experience in real property
30 valuation or assessment work or in any suitable field, either in private or public
31 practice, for at least five (5) years in the case of the provincial or city assessor, and
32 three (3) years in the case of the municipal assessor. Once appointed, all assessors

1 must comply with the requirements of the Professional Regulatory Board of Real Estate
2 Service (PRBRES) for the regular updating of their licenses; otherwise, they shall be
3 subject to certain sanctions as may be determined by the BLGF/DOF.

4 **ARTICLE IV**

5 **PENAL PROVISIONS**

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

12 *Sec. 29. Failure to Comply with the Valuation Standards.* – An assessor who,
13 for unjustifiable reasons, fails to comply with the valuation standards developed and
14 adopted pursuant to this Act, or deliberately conceals any deviations or departures
15 from such standards in the valuation and appraisal of real property, shall be punished
16 by a fine equivalent to the official's or employee's six (6) months basic salary or
17 suspension from the service for a period not exceeding one (1) year, or both, at the
18 discretion of the competent authority.

19 *Sec. 30. Failure to Prepare Schedule of Market Values.* – An assessor who, for
20 unjustifiable reasons, intentionally or deliberately refuses or fails to prepare the SMVs
21 within the period set forth in this Act shall be meted a fine equivalent to the official's
22 or employee's basic salary for a period of one (1) month to six (6) months, or by
23 suspension from the service for not more than one (1) year, or both, at the discretion
24 of the court. This shall also be a ground for administrative and criminal liability in
25 accordance with the provisions of Republic Act No. 9646, otherwise known as the
26 "Real Estate Service Act of the Philippines".

27 *Sec. 31. Government Agents Delaying the Review, Approval and*
28 *Implementation of SMV, and Conduct of General Revisions.* - Any government official
29 who delays, without justifiable cause, the review, approval and implementation of the
30 SMV, the conduct of general revisions, or cause the improper use thereof shall be
31 punished by a fine equivalent to the official's or employee's six (6) months basic salary

1 or suspension from the service for a period not exceeding one (1) year, or both, at
2 the discretion of the court.

3 Sec. 32. *Violations of Other Provisions.* – Any person, whether natural or
4 juridical, who violates any provision of this Act other than those punishable under
5 Sections 28, 29, 30 hereof shall, when warranted, be dealt with under applicable
6 existing laws.

7 Sec. 33. *Taxpayers' Remedies in Case of Erroneous Assessments of Real*
8 *Properties.* – The provisions of Sections 226 on Local Board of Assessment Appeals
9 and 229 on Action by the Local Board of Assessment Appeals of Republic Act No. 7160,
10 as amended, shall apply in all cases of appeal as remedies for the taxpayers in the
11 assessment of their properties.

12 All concerned local governments shall cause the constitution of a fully
13 functioning Local Board of Assessment Appeals in their respective jurisdictions in
14 coordination with the Land Registration Authority.

15 **ARTICLE V**

16 **TRANSITORY PROVISIONS**

17 Sec. 34. *Transitory Guidelines.* – (a) LGUs which are in the process of updating
18 their SMVs, upon the effectivity of this Act, shall continue with such revisions in
19 accordance with Section 16 of this Act: *Provided,* That proper notification and
20 coordination with the BLGF shall be undertaken.

21 In case the SMV is not yet available or updated, the BIR Commissioner shall
22 adopt the existing SMV, zonal values or the actual price in consideration as stated in
23 real property transaction documents, whichever is higher, for purposes of computing
24 any internal revenue tax.

25 Sec. 35. *Saving Clause.* – The zonal values, as determined by the BIR and
26 approved by the Secretary of Finance for internal revenue tax purposes, and the SMVs
27 prepared by the provincial assessors together with the municipal assessors, and the
28 city assessors, including the municipal assessor in Metropolitan Manila Area, that have
29 been approved by their respective *Sanggunians* for real property taxation purposes
30 shall continue to be in force and effect until repealed, superseded, modified, revised,
31 set aside, or replaced by the values provided under the updated SMVs as approved in

1 accordance with Section 15 of this Act, which shall be within two (2) years upon the
2 effectivity of this Act.

3 **ARTICLE VI**

4 **FUNDING REQUIREMENTS**

5 *Sec. 36. Budgetary Requirements for the Updating of Schedule of Market*
6 *Values.* – Each local *Sanggunian* shall appropriate the necessary funds from locally
7 generated revenues, the Internal Revenue Allotment (IRA) or such other sources every
8 fiscal year. The accumulated amount so appropriated shall be known as the Real
9 Property Tax Administration Fund (RPTAF) which shall be used for the proper
10 implementation of the updating of the SMVs and general revision of real property
11 assessments, and the administration of real property taxes in all LGUs.

12 The BLGF shall annually furnish the Department of Budget and Management
13 (DBM) with a list of LGUs whose SMVs are due for updating. The DBM, in their review
14 of the ensuing year budget of provinces, highly urbanized cities, independent
15 component cities and municipalities within the Metropolitan Manila Area, shall ensure
16 that sufficient funds have been budgeted to comply with the requirements of this Act:
17 Provided, that failure to provide the appropriations herein required shall render their
18 annual budgets inoperative.

19 **ARTICLE VII**

20 **MISCELLANEOUS PROVISIONS**

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

23 *Sec. 38. Implementing Rules and Regulations (IRR).* – Within six (6) months
24 after the effectivity of this Act, the DOF, in consultation with concerned parties, shall
25 issue the IRR for the effective implementation of this Act.

26 *Sec. 39. Suppletory Application of Existing Laws.* – The provisions of Republic
27 Act No. 7160, otherwise known as the “Local Government Code of 1991”, and other
28 laws consistent with this Act shall have suppletory effect.

29 *Sec. 40. Repealing Clause.* –

30 (a) Sections 188, 199(o), 201, 202, 209 (a), 212, 214, 219, 220, 472 (a)
31 paragraph 1, 472(b)(8), and 473(a) paragraph 1 and 518 of Republic Act

1 No. 7160, otherwise known as the "Local Government Code of 1991", are
2 hereby repealed;

3 (b) Section 3 (n) of Presidential Decree No. 464 of 1974 is hereby repealed;

4 (c) Section 6 of Republic Act No. 10752, otherwise known as the "The Right-
5 of-Way Act" is hereby repealed;

6 (d) Section 4 (a) and (b) of Republic Act No. 8974 are hereby repealed;

7 (e) Section 9 of Presidential Decree No. 921 on the administration of local
8 financial services in Metropolitan Manila and creating Local Treasure and
9 Assessment Districts, is hereby repealed;

10 (f) Sections 19, 135 (a), 138, 198(a), 199(o), 218 and 224(a) of Republic Act
11 No. 7160, otherwise known as the "Local Government Code of 1991", are
12 also amended or modified accordingly;

13 (g) Likewise, Sections 6(E), 24(D), 27(D)(5), 88(B) and 102 of Republic Act No.
14 8424, otherwise known as the "Tax Reform Act of 1997", are likewise
15 amended or modified accordingly;

16 (h) Section 4(h) and Section 9 of Presidential Decree 538 on the power of
17 Philippine Veterans Investment Development Corporation Industrial
18 Authority to collect real property tax are likewise amended or modified
19 accordingly; and

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

23 *Sec. 41. Separability Clause.* – If any section or provision of this Act shall be
24 declared unconstitutional or invalid, other sections or provisions not affected thereby
25 shall continue to be in full force and effect

26 *Sec. 42. Effectivity.* – This Act shall take effect fifteen (15) days following its
27 complete publication in the Official Gazette or in a newspaper of general circulation.

Approved,