

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

'22 JUL 26 P 6 :49

SENATE

S. No. 897

RECEIVED



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Introduced by Senator **PIA S. CAYETANO**

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**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

Under Republic Act. No. 7260, or the Local Government Code, provinces and cities, including the municipalities within the Metropolitan Manila Area, shall be primarily responsible for the proper, efficient and effective administration of real property taxes. Based on the report of the *Asia Property Awards*,<sup>1</sup> outdated real property values are causing provincial and city governments in our country to lose PHP30.5 billion (USD589 million) in foregone revenues as of 2019.

Over the last three (3) years, only 62% of Revenue District Offices (RDOs) under the Bureau of Internal Revenue (BIR) have updated their zonal values, while only 40% of local government units (LGUs) have updated the schedule of market values (SMVs).<sup>2</sup> Apart from outdated valuation, the situation is further complicated by the fact that there are various agencies conducting or requiring property valuation, with each agency using their own system and methodology for valuation. This problem resulted in compensation problems, project delays, cost overruns, as well as lengthy

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<sup>1</sup> Asia Property Awards (2019, June). The Philippine government is losing \$589m to outdated property valuation. [asiapropertyawards.com/en/the-philippine-government-is-losing-589m-to-outdated-property-valuation/#:~:text=Outdated%20real%20property%20values%20are,finance%20department%20revealed%20this%20week.](https://asiapropertyawards.com/en/the-philippine-government-is-losing-589m-to-outdated-property-valuation/#:~:text=Outdated%20real%20property%20values%20are,finance%20department%20revealed%20this%20week.)

<sup>2</sup> Department of Finance, Tax Reform. Package 3: Real Property Valuation Reform. <https://taxreform.dof.gov.ph/tax-reform-packages/p3-real-property-valuation/>

court litigation that have hampered the efficient construction of some infrastructure projects.<sup>3</sup>

In the 2022 State of the Nation Address (SONA) of President Ferdinand Marcos, Jr., he made mention that his administration will continue to push for the passage of the remaining tax reforms under the Comprehensive Tax Reform Program (CTRP),<sup>4</sup> which includes Real Property Valuation and Reform. The undersigned during the 18th Congress as the Chairperson of the Senate Committee on Ways and Means conducted hearings on the proposed tax measure.

With this measure, a just, equitable, and efficient real property valuation system shall be developed that would broaden the tax base used for property and property-related taxes of the national and local governments, and improve tax collections. The proposed reform shall also adopt internationally accepted real property valuation standards and rationalize the process of valuation.

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

  
PIA S. CAYETANO

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<sup>3</sup> *Ibid.*

<sup>4</sup> Royandoyan, R. (2022, July). Marcos Jr. administration eyes passage of remaining Duterte-era tax reforms. [philstar.com/business/2022/07/06/2193502/marcos-jr-administration-eyes-passage-remaining-duterte-era-tax-reforms](https://philstar.com/business/2022/07/06/2193502/marcos-jr-administration-eyes-passage-remaining-duterte-era-tax-reforms)

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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"

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

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

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

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

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

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

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

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

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

16 (h) Ensure transparency in real property transactions to protect public  
17 interest, 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  
20 valuation; specifically, one who possesses the necessary qualifications, license,  
21 ability, and experience to execute or direct the valuation of real property;

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

24 (c) *Assessment* refers to the act or process of determining the value of  
25 a 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  
28 value to determine the taxable value of the property based on property  
29 classifications as prescribed in Republic Act No. 7160, otherwise known as the  
30 "Local Government Code of 1991," as amended;

31 (e) *Assessor* refers to the official or employee in the local government  
32 unit (LGU) who is a duly licensed appraiser, and performs appraisal and

1 assessment of real properties, including plant, machinery, and equipment, for  
2 taxation and other purposes. This definition also includes assistant assessor;

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

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

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

14 (i) *Internationally accepted valuation standards* shall refer to generally  
15 accepted standards for the valuation for all types of assets including real estate  
16 plant and equipment, intangible assets and businesses which shall include, but  
17 not limited to, the international valuation standards;

18 (j) *International valuation standards* shall refer to standards for  
19 undertaking valuation assessments using generally recognized concepts and  
20 principles that promote transparency and consistency evaluation practice as  
21 determined by the International Valuation Standards Council;

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

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

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

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

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

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

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

24 (r) *Valuation*, also known as appraisal, refers to the systematic, analytic  
25 and 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 the property as of a specific date and for a  
28 specific purpose.

## 30 **ARTICLE II**

### 31 **THE BUREAU OF LOCAL GOVERNMENT**

1 **Chapter 1**

2 **BLGF Central Operations**

3 *Sec. 4. Powers and Functions of the Bureau of Local Government Finance*  
4 *(BLGF).* - The BLGF of the Department of Finance (DOF) shall lead and manage the  
5 implementation of the provisions of this Act. In addition to the powers vested upon it  
6 by Executive Order No. 292, otherwise known as the "Administrative Code of 1987,"  
7 it shall exercise the following additional powers and functions:

8 (a) Develop, adopt, and maintain valuation standards consistent with  
9 internationally accepted valuation standards, regulations, and specifications for  
10 real property appraisal used for taxation and other purposes, and ensure  
11 compliance therewith by LGUs and other concerned parties;

12 (b) In coordination with the Bureau of Internal Revenue (BIR), review  
13 and ensure that the Schedule of Market Values (SMVs) as prepared by the  
14 provincial assessors together with the municipal assessors, and the city  
15 assessors, including the lone municipal assessor in the Metropolitan Manila Area  
16 is compliant with real property valuation policies and standards, and  
17 recommend its approval to the Secretary of Finance for local and national  
18 taxation, and for other purposes;

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

22 (d) Provide leadership and policy direction to LGUs on real property  
23 valuation for taxation and other purposes, including the development and  
24 maintenance of internationally accepted valuation standards, the regulation of  
25 valuation activities and other related matters, and the promotion of valuation  
26 training and seminars;

27 (e) Maintain a roster of licensed local government appraisers and  
28 assessors in consultation and coordination with the Professional Regulation  
29 Commission;

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

1 (g) Conduct continuing study and research in valuation, and maintain  
2 information on current global and country trends and developments in real  
3 property valuation;

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

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

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

12 *Sec. 5. Establishment of the Real Property Valuation Service.* - To achieve the  
13 policies and objectives declared in this Act, the Real Property Valuation Service,  
14 hereinafter referred to as the RPVS is hereby established within the BLGF and shall  
15 have counterpart personnel in the BLGF Regional Offices.

16 *Sec. 6. Supervisory Role of the BLGF Executive Director over the RPVS.* - The  
17 BLGF Executive Director shall be responsible for the efficient and effective day-to-day  
18 performance of the responsibilities set forth in this Act, and for the overall internal  
19 management and governance of the RPVS.

20 *Sec. 7. Creation of a Central Consultative Committee.* -

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

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

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

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

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

30 (4) National organization of government assessors;

31 (5) National organization of appraisers in national government  
32 agencies; and



1 (6) Private appraisal sector:

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

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

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

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

## 20 Chapter 2

### 21 BLGF Regional Operations

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

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

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

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

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

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

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

8 *Sec. 9. The Regional Consultative Committee. -*

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

11 (1) BIR Regional Director or the duly authorized representative;

12 (2) DENR - Regional Director or the duly authorized  
13 representative;

14 (3) Head of Regional organization of government assessors or the  
15 duly authorized representative;

16 (4) Head of Regional organization of national government  
17 appraisers or the duly authorized representative;

18 (5) Head of the private appraisal sector within the region or the  
19 duly authorized representative; and

20 (6) Head of the bankers association within the region or its duly  
21 authorized representative

22 (b) The members of the Regional Consultative Committee must be  
23 performing valuation-related functions in their respective agencies or sectors;  
24 The representative from the private appraisal sector shall have an experience  
25 as a licensed real estate appraiser for at least five (5) years, by the Accredited  
26 and Integrated Professional Organization (AIPO) for Philippine Real Estate  
27 Practitioners, provided, however, in the absence of AIPO, the same shall be  
28 duly certified by the Professional Regulatory Board of Real Estate Service  
29 (PRBRES);

30 (c) The Committee shall meet either physical or virtual at the initiation  
31 of the BLGF Regional Director at least once every quarter and shall have as  
32 many meetings as the BLGF Regional Director may deem necessary for the

1 performance of its functions. The BLGF Regional Director may invite resource  
2 persons on issues concerning real property valuation.

3 (d) The Chairperson and members of the committee shall not receive  
4 additional salary for the performance of their functions. Members of the  
5 consultative committee who are not incumbent government officials or  
6 employees shall be entitled to honoraria, pursuant to existing laws and  
7 regulations.

8 *Sec. 10. Function of the Regional Consultative Committee.* - The Regional  
9 Consultative Committee shall serve as a consultative forum in the region for discussion  
10 on developments in the local real property market; concerns of taxpayers, civil society,  
11 and other stakeholders; outcome of compliance reporting in the region; level of  
12 complaints and appeals; training of local government assessors in the region; appraisal  
13 and assessment concerns in general; and other matters as may be determined by the  
14 Committee: *Provided*, That any reports and data thereof, as a result of the forum,  
15 shall be submitted in accordance with the guidelines as may be prescribed by the  
16 the Central Consultative Committee.

### 17 **ARTICLE III**

## 18 **VALUATION OF REAL PROPERTIES**

### 19 **Chapter 1**

## 20 **Valuation Standards and Market Values**

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

28 *Sec. 12. Valuation of Real Property.* - For valuation purposes, all real properties,  
29 whether taxable or exempt, shall be valued or appraised based on prevailing market  
30 values in the locality where the property is situated, in conformity with the valuation

1 standards adopted pursuant to this Act. The Secretary of Finance shall promulgate the  
2 rules and regulations for the valuation of real property pursuant to the provisions of  
3 this Act.

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

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

16 Upon its completion, the local assessor shall submit the proposed SMV to the  
17 BLGF Regional Office. Within ninety (90) days from receipt thereof, the BLGF Regional  
18 Office, in coordination with the BIR Regional Office, shall review and endorse the  
19 proposed SMV to the BLGF Executive Director and the Commissioner of Internal  
20 Revenue: *Provided, That*, in the case of cities and the lone municipality within the  
21 Metropolitan Manila Area, the proposed SMV shall be submitted to, and reviewed by  
22 the BLGF Central Office, in coordination with the concerned BIR Regional Office:  
23 *Provided, further*, That the SMV complies with all the requirements set by the  
24 Secretary of Finance, including the conduct of at least one (1) public consultation on  
25 the proposed SMVs. The power of the Secretary to approve the SMV shall not be  
26 construed to abridge the power of LGUs to adjust assessment levels and tax rates in  
27 accordance with Section 15 of this Act, and to provide relief to residential real property  
28 owners as deemed necessary.

29 *Sec. 14. Approval of Schedule of Market Values.* - The Secretary of Finance  
30 shall approve the SMV in accordance with internationally accepted valuation  
31 standards, within thirty (30) days from receipt of the joint endorsement of the BLGF  
32 Executive Director and the Commissioner of Internal Revenue; otherwise, said

1 schedule shall be deemed approved. In case of sudden changes in the market values,  
2 including but not limited to, ancestral domain, public land, agrarian reform  
3 beneficiaries, and other vulnerable sectors, the assessor is mandated to recommend  
4 to the *sanggunian* tax rates and assessment levels that will maintain or minimally  
5 affect the real property tax due for the aforementioned property.

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

10 The DOF and the concerned LGUs shall post the approved SMVs in their official  
11 website.

12 *Sec. 15. Setting Assessment Levels and Tax Rates.* - The approved SMV shall  
13 be transmitted to the concerned local chief executive, through the respective  
14 provincial, city, and municipal assessor. The concerned assessor, in coordination with  
15 the local treasurer, shall estimate the revenue and tax impact of the new SMV based  
16 on existing assessment levels and tax rates, and recommend amendments thereon  
17 based on three (3) proposed options. The assessor shall thereafter prepare and submit  
18 the revenue and tax impact report to the local chief executive for consideration.

19 The local chief executive shall transmit the approved SMV, together with the  
20 revenue and tax impact report, within fifteen (16) days from receipt of the same to  
21 the *sanggunian* for the enactment of an ordinance setting the appropriate assessment  
22 levels and tax rates. During the *sanggunian's* deliberations prior to the enactment of  
23 the tax ordinance, it may call upon the assessor to provide technical assistance and  
24 calculate the revenue and tax impact of additional options in order to arrive at a  
25 desired level of revenue and tax goals that the *sanggunian* will adopt. The *sanggunian*  
26 shall evaluate and enact the most appropriate assessment levels pursuant to Sec. 218  
27 of the LGC and tax rates based on the recommendations of the assessor. The  
28 concerned *sanggunian* shall enact the tax ordinance within sixty (60) days from receipt  
29 thereof, upon conduct of public hearings and proper consultations; otherwise, the  
30 existing ordinance on assessment levels and tax rates shall remain in force and effect.

31 Upon the enactment by the *sanggunian* of an ordinance for the assessment  
32 levels and tax rates, the local chief executive shall act within ten (10) days, in the case

1 of cities, including the municipality in the Metropolitan Manila Area, or within fifteen  
2 (15) days, in the case of provinces, to approve the same. Failure of the concerned  
3 local chief executive to act on the ordinance within the prescribed period shall render  
4 the same approved: *Provided*, That this law shall not be construed to abridge the  
5 power of LGUs to lower and adjust assessment levels and tax rates in accordance with  
6 the provisions of Republic Act No. 7160, otherwise known as the "Local Government  
7 Code of 1991", as amended, to provide with it to residential property owners as  
8 deemed necessary.

9       *Sec. 16. Publication of Assessment Levels and Tax Rates.* - Within ten (10) days  
10 from the approval of the ordinance for the assessment levels and tax rates, the same  
11 shall be published by the concerned LGU in a newspaper of local circulation for three  
12 (3) consecutive days: *Provided*, That in provinces and cities, including the lone  
13 municipality within the Metropolitan Manila Area, where there are no newspapers of  
14 local circulation, the same shall be posted in the provincial capitol, including all  
15 concerned city halls, or municipal halls, and in two (2) other conspicuous public places  
16 therein, for at least thirty (30) days: *Provided, further*, that when available, the  
17 concerned LGU shall post the approved ordinance for the assessment levels of tax  
18 rates in its official website and in other online portals maintained by the LGU.

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

22       (a) In the conduct of general revision of assessment and property classification  
23 to ensure the proper cleansing and updating of records, and notification of property  
24 owners.

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 property  
27 transaction documents, whichever is higher.

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

1            Provided, however, that in times of national emergency or state of national  
2 calamity, the Secretary of Finance may defer the implementation of the new SMV or  
3 suspend the conduct of general revision.

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

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

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

25            *Sec. 19. Conduct of Capacity Building Interventions.* - The BLGF shall, in  
26 coordination with the Philippine Tax Academy of the DOF, develop and conduct the  
27 necessary trainings for all local assessors, local officials and staff, and other concerned  
28 BIR personnel in the preparation of the SMVs in accordance with internationally  
29 accepted valuation standards, concepts, principles and practices, conduct of impact  
30 studies, preparation of compliance reports, and other subject areas.

1 **Chapter 2**

2 **Development and Maintenance of Real Property Market Database**

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, transfer and all other real property transactions and declarations  
6 in the country and on the cost of construction or renovation of buildings and other  
7 structures, and on the 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, further,* That the Commissioner of Internal Revenue or a 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  
18 subject the concerned official or employee to administrative penalties pursuant to the  
19 provisions of Section 28 of this Act.

20 To further ensure the efficiency of real property tax administration, all  
21 provinces, cities and municipalities shall automate their operations, adopt tax mapping  
22 technology, maintain software-enabled valuation systems, undertake regular data  
23 cleansing, and computerize records management. The National Government, through  
24 the Department of Information and Communications Technology (DICT), shall provide  
25 the appropriate equipment and connectivity, information and communications  
26 technology platform, and the appropriate training and capability building programs to  
27 third class up to sixth class municipalities and provinces to ensure compliance with  
28 this section. The BLGF shall establish mechanisms for the electronic submission of the  
29 required documents in accordance with the provisions of Chapter 2, Article II of this  
30 Act.

31 *Sec. 21. Duty of Register of Deeds to Supply Assessors with Real Property*  
32 *Transactions Data.* - The Register of Deeds shall prepare and submit to the provincial



1 assessors, together with the municipal assessors, and city assessors, including the  
2 lone municipal assessor in the Metropolitan Manila Area, an abstract of the entire  
3 registry every three (3) months and copies of all contracts selling, transferring or  
4 otherwise converting, leasing, or mortgaging real property registered every end of the  
5 month. The abstract shall include brief but sufficient descriptions of the real properties  
6 entered therein, their present owners, and the dates of their most recent transfer or  
7 alienation accompanied by copies of corresponding deeds of sale, donation, or  
8 partition, or other forms of alienation.

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

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

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



1 for a municipal assessor/assistant assessor, a registered and licensed real estate  
2 appraiser, of good moral character, and must not have been convicted of any crime  
3 involving moral turpitude: *Provided*, that the appointee is a holder of a college degree  
4 preferably in real estate management/service, civil or mechanical engineering,  
5 commerce, or any other related course: *Provided*, further, that the accessory and  
6 assistant assessor must have experience in real property valuation or assessment work  
7 in any suitable field, either in private or public practice, for at least five (5) years in  
8 the case of the provinces and cities, and three (3) years in the case of the  
9 municipalities. Once appointed, all assessors and local government appraisers must  
10 comply with the requirements of the Professional Regulatory Board of Real Estate  
11 Service for the regular updating of their licenses.

12  
13 **ARTICLE IV**  
14 **PENAL PROVISIONS**

15 *Sec. 28. Failure to Comply with the Required Submission of Documents.* - A  
16 government official or employee who fails without justifiable reason to provide or  
17 furnish data or information required pursuant to Sections 20, 21, 22, 23, 24, and 25  
18 of this Act, shall be punished by a fine equivalent to one (1) month to six (6) months  
19 basic salary of the official or employee, or suspension from the service for a period  
20 not exceeding one (1) year, or both, at the discretion of the competent authority. A  
21 person who fails without justifiable reason to provide or furnish data or information  
22 required pursuant to Sections 20, 23, 24, and 25 of this Act, shall be punished by a  
23 fine equivalent to Sixty Thousand Pesos (Php 60,000) up to Three Hundred Sixty  
24 Thousand Pesos (Php 360,000), or suspension from the practice of profession for up  
25 to one (1) year or both, at the discretion of the competent authority.

26 *Sec. 29. Failure to Comply with the Valuation Standards:* - An assessor who,  
27 for unjustifiable reasons, fails to comply with the valuation standards developed and  
28 adopted pursuant to this Act, or deliberately conceals any deviation or departure from  
29 such standards in the valuation of real property, shall be punished by a fine equivalent  
30 to one (1) month to six (6) months basic salary of the official or employee, or  
31 suspension from the service for a period not exceeding one (1) year, or both, at the  
32 discretion of the competent authority.



1 with Sections 15, 16, 17, and 18 of this Act: *Provided*, That proper notification and  
2 coordination with the BLGF shall be undertaken.

3 In case the SMVs are not yet available or updated, the BIR Commissioner shall  
4 adopt the existing SMVs, zonal values or the actual price in consideration as stated in  
5 real property transaction documents, whichever is higher, for purposes of computing  
6 any internal revenue tax.

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

15 To cushion the impact in case of a sudden increase in real property values,  
16 LGUs are enjoined to utilize the provisions on setting assessment levels and tax rates  
17 under Section 15 of this Act.

## 18 **ARTICLE VI**

### 19 **FUNDING REQUIREMENTS**

20 **Sec. 36. *Budgetary Requirements for the Updating of Schedule of Market***  
21 ***Values.*** - Each local *sanggunian* shall appropriate the necessary funds from locally  
22 generated revenues, the internal revenue allotment or such other sources every fiscal  
23 year to constitute the Real Property Tax Administration Fund (RPTAF), which shall be  
24 established and used for the proper implementation of the updating of the SMVs and  
25 general revision of real property assessments, and the administration of real property  
26 taxes in all LGUs.

27 The BLGF shall annually furnish the Department of Budget and Management  
28 (DBM) with a list of LGUs with SMVs that are due for updating. The DBM, in its review  
29 of the ensuing year's budget of provinces, highly urbanized cities, independent  
30 component cities and municipality within the Metropolitan Manila Area, shall ensure

1 that sufficient funds are so appropriated for the RPTAF: *Provided*, That failure to  
2 provide the appropriations required shall render their annual budgets inoperative.

## 3 **ARTICLE VII**

### 4 **Miscellaneous Provisions**

5 *Sec. 37. Disincentive Stipulations.* - Notwithstanding the provisions of existing  
6 laws to the contrary, the failure to conduct a general revision of assessment and  
7 property classification, and use of the approved SMV shall render an LGU ineligible for  
8 any conditional or performance-based grant or to contract any form of credit financing.

9 *Sec. 38. Appropriations.* — The amount necessary for the implementation of  
10 this Act shall be included in the annual General Appropriations Act.

11 *Sec. 39. Suppletory Application of Existing Laws.* - The provisions of Republic  
12 Act No. 7160, otherwise known as the "Local Government Code of 1991", as amended,  
13 and other laws consistent with this Act shall have suppletory effect.

14 *Sec. 40. Implementing Rules and Regulations (IRR).* Within six (6) months  
15 after the effectivity of this Act, the DOF shall, in consultation with concerned parties,  
16 issue the IRR for the effective implementation of this Act.

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

20 *Sec. 42. Repealing Clause.* — The following provisions are hereby repealed;

21 (a) Sections 212 and 214 of Republic Act No. 7160, otherwise known as  
22 the "Local Government Code of 1991", as amended; and

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

24 The following provisions are hereby amended accordingly:

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

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

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

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

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

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

7                   Sec. 43. *Effectivity.* - This Act shall take effect fifteen (15) days after its  
8 publication in the Official Gazette or in a newspaper of general circulation.

9 *Approved,*