Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 1908

Introduced by **HON. LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.**

EXPLANATORY NOTE

The real property valuation system in the Philippines has become inefficient and riddled with layers of bureaucracy. Despite the World Bank report that 50% to 75% of the country's wealth is contained inland, the land market contribution to the Gross National Product is a mere 6%. The inefficiencies in the land administration and management sector has hindered the growth and huge potential of the land sector.

With more than 23 national government agencies and 1,700 local government units using different systems and methodologies, inefficiencies are sure to arise from the lack of a unified national standard. This has caused discrepancies in the system and has cost the government, with conflicts resulting to right-of-way compensation problems, lengthy court disputes, delays and derails.

This bill seeks to address this by implementing reforms through the Bureau of Local Government Finance (BLGF) under the Department of Finance. It proposes to be reorganized and strengthened to provide the institutional support as the BLGF is tasked to oversee all matters relating to real property valuation in the country. The BLGF shall be the lead agency tasked to review and approve the Schedule of Market Values of all LGUs. This reorganization hopes to separate the technical function of real property valuation from political function of taxation practiced by local elective officials.

The objective is to develop and maintain a just, equitable and impartial real property valuation in the country that is also based on internationally accepted valuation standards. In view of this, approval of this bill is earnestly sought.

LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.

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Introduced by **HON. LUIS RAYMUND "LRAY" F. VILLAFUERTE, 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

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

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

ARTICLE I
DECLARATION OF STATE POLICY AND OBJECTIVES, AND DEFINITION OF TERMS

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

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

(b) Adopt market value as the single real property valuation base for the assessment of real property-related taxes in the country, and for the

valuation of real property for various transactions by all government agencies;

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

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

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

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

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

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

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

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

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

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

(d) ***Assessment Level*** refers to the percentage applied to the market value to determine the taxable value of the property based on property classifications as prescribed in Republic Act No. 7160, otherwise known as the "Local Government Code of 1991", as amended;

(e) ***Assessor*** refers to an official in the LGU who is a licensed appraiser, and performs appraisal and assessment of real properties, including plant, machinery and equipment, essentially for taxation and other purposes.

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

(g) ***Electronic database*** refers to an organized collection of data, or information, that is stored in computer-readable form;

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

(i) ***International Valuation Standards (IVS)*** refer to standards that provide property valuers with a framework composed of recognized principles and concepts as well as internationally accepted definitions, best practices, and reporting systems;

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

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

(l) ***Market value*** refers to the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction which is a transaction between independent, unrelated parties involving no irregularity after proper

marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion;

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

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

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

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

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

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

ARTICLE II
STRENGTHENING THE BUREAU OF LOCAL GOVERNMENT OF FINANCE (BLGF)

Chapter I
BLGF Central Operations

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

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

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

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

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

(e) Maintain a roster of licensed local government appraisers and assessors in consultation and coordination with the Professional Regulatory Board of Real Estate Service (PRBRES) under the Professional Regulation Commission;

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

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

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

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

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

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

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

SECTION 7. ***Creation of Central Consultative Committee.*** –

(a) A Central Consultative Committee shall be created and shall serve as the consultative forum on matters pertaining to the setting, adoption and maintenance of the valuation standards and other related concerns on real property valuation

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

1. Bureau of Internal Revenue (BIR);
2. Department of Environment and Natural Resources (DENR);
3. Bangko Sentral ng Pilipinas (BSP);
4. National organization of government assessors;
5. National organization of appraisers in national government agencies; and
6. Private appraisal sector.

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

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

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

Chapter 2
BLGF Regional Operations

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

(a) Implement policies, plans, programs, rules and regulations on real property valuation of local government units in the region;

(b) Review, in coordination with the BIR, and endorse to the RPVS the proposed SMV's prepared by the assessors of the local government units in the region;

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

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

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

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

SECTION 9. ***The Regional Consultative Committee.*** **–**

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

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

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

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

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

ARTICLE III
VALUATION AND APPRAISAL OF REAL PROPERTIES

Chapter 1
Valuation Standards and Market Values

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

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

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

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

Upon completion of the proposed SMV, the same shall be submitted by the assessors to the BLGF Regional Office who shall review the proposal in coordination with the BIR Regional Office, within seventy-five (75) days from receipt thereof to ensure that the SMV complies with all the requirements. The BLGF/BIR regional

offices shall hold at least one public consultation before they endorse the SMV to the Secretary of Finance.

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

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

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

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

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

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

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

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

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

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

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

Notwithstanding the provisions of existing laws to the contrary, the failure to pass an ordinance providing for revised assessment levels and/or tax rates after the approval of the SMV and to conduct a general revision of assessment and property

classifications, shall render an LGU ineligible for any conditional or performance-based grants or to contract any form of credit financing from the national government.

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

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

Such revision/s shall be subject to review by the concerned BLGF Regional Office in coordination with the BIR Regional Office, and complete the review and submit their recommendations to the BLGF Executive Director, in accordance with Section 14 hereof.

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

Chapter 2
Development and Maintenance of Real Property Market Database

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

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

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

SECTION 21. ***Duty of Register of Deeds to Supply Assessors with Real Property Transactions Data.*** – The Register of Deeds shall prepare and submit to the provincial assessors, together with the municipal assessors, and city assessors, including the municipal assessor in Metropolitan Manila Area, an abstract of the entire registry every three (3) months and copies of all contracts selling, transferring or otherwise converting, leasing, or mortgaging real property registered every end of the month. The abstract shall include brief but sufficient description of the real properties

entered therein, their present owners, and the dates of their most recent transfer or alienation accompanied by copies of corresponding deeds of sale, donation or partition or other forms of alienation.

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

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

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

SECTION 25. ***Duty of Assessors to Transmit Documents to the BLGF.*** – It shall be the duty of the assessors to transmit to the concerned BLGF Regional Office all real property transactions data from the Register of Deeds, and the names of the official issuing the building permit those of the geodetic engineers within one (1) month

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

Chapter 3
Appointment and Qualifications of Assessors

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

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

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

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

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

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

three (3) years in the case of the municipal assessor. Once appointed, all assessors must comply with the requirements of the Professional Regulatory Board of Real Estate Service (PRBRES) for the regular updating of their licenses; otherwise, they shall be subject to certain sanctions as may be determined by the BLGF/DOF.

ARTICLE IV
PENAL PROVISIONS

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

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

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

SECTION 31. ***Government Agents Delaying the Review, Approval and Implementation of SMV, and Conduct of General Revisions.*** - Any government

official who delays, without justifiable cause, the review, approval and implementation of the SMV, the conduct of general revisions, or cause the improper use thereof shall be punished by a fine equivalent to the official's or employee's six (6) months basic salary or suspension from the service for a period not exceeding one (1) year, or both, at the discretion of the court.

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

SECTION 33. T*axpayers' Remedies in Case of Erroneous Assessments of Real Properties.* – The provisions of Sections 226 on Local Board of Assessment Appeals and 229 on Action by the Local Board of Assessment Appeals of Republic Act No. 7160, as amended, shall apply in all cases of appeal as remedies for the taxpayers in the assessment of their properties.

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

ARTICLE V
TRANSITORY PROVISIONS

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

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

SECTION 35. ***Saving Clause.*** – The zonal values, as determined by the BIR and approved by the Secretary of Finance for internal revenue tax purposes, and the SMVs

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

ARTICLE VI
FUNDING REQUIREMENTS

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

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

ARTICLE VII
MISCELLANEOUS PROVISIONS

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

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

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

Approved,