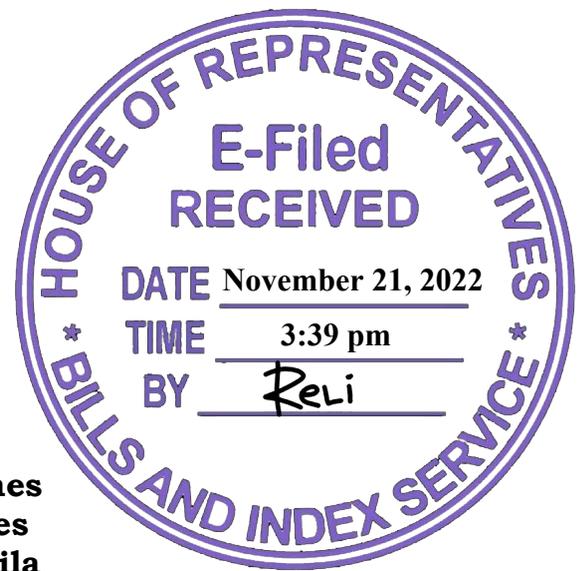




**Republic of the Philippines
House of Representatives
Quezon City, Metro Manila**

**Nineteenth Congress
First Regular Session**

HOUSE BILL NO. 6257



Introduced by Representative Rudys Caesar G. Fariñas I

EXPLANATORY NOTE

This proposed measure seeks to improve real property valuation for the government by strengthening the Bureau of Local Government Finance (BLGF) to provide institutional support for the long-term revenue efforts of the government.

To this end, this bill mandates the BLGF to perform the following tasks, among others:

- Develop, adopt, and maintain valuation standards consistent with generally accepted international valuation standards, regulations, and specifications for real property appraisal for taxation and other purposes; and
- Provide technical assistance to government agencies, leadership, and policy direction to local government units (LGUs) on real property valuation for taxation, uniform procedure on different transactions in the assessor's office, and conduct continuing study and research on valuation.

In strengthening the BLGF, this bill mandates the creation of the Real Property Valuation Service within the BLGF and counterpart personnel in BLGF Regional Offices. These, among others, are the salient features of this bill.

Hence, this representation earnestly seeks the passage of this measure.


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- 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 of real properties from the functions of
5 tax policy formulation and the administration of the taxes due thereon;
- 6 (e) Support the development and professionalization of the valuation practice in
7 the country pursuant to Republic Act No. 9646, otherwise known as the
8 "Real Estate Service Act of the Philippines";
- 9 (f) Provide a comprehensive and up-to-date electronic database of all real
10 property transactions;
- 11 (g) Support the development of an information database on valuation through
12 continuing research and monitoring of new developments in the discipline to
13 upgrade the country's valuation system and be at par with global standards;
14 and
- 15 (h) Ensure transparency in real property transactions to protect public interest,
16 and develop confidence in the valuation system.

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

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

- 1 real properties, including plant, machinery, and equipment, for taxation and
2 other purposes. This definition also includes assistant assessor;
- 3 (f) Building refers to a man-made structure permanently attached to land for
4 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
9 purposes;
- 10 (h) Land refers to one of the major factors of production which is supplied by
11 nature without the aid of man. Land may include not only the earth's
12 surface, both land and water, but also anything that is attached to the
13 earth's surface including all natural resources in their original state, such
14 as mineral deposits, wildlife, and timber;
- 15 (i) Internationally accepted valuation standards shall refer to generally
16 accepted standards for the valuation for all types of assets including real
17 estate plant and equipment, intangible assets and businesses which shall
18 include, but not limited to, the international valuation standards;
- 19 (j) International valuation standards shall refer to standards for undertaking
20 valuation assessments using generally recognized concepts and principles
21 that promote transparency and consistency evaluation practice as
22 determined by the International Valuation Standards Council.
- 23 (k) Machinery refers to machines, equipment, mechanical contrivances,
24 instruments, appliances, or apparatus which may or may not be attached,
25 permanently or temporarily, to the real property. It includes the physical
26 facilities for production, the installations and appurtenant service facilities,
27 those which are mobile, self-powered, or self-propelled, and those not
28 permanently attached to the real property which are actually, directly, and
29 exclusively used to meet the needs of the particular industry, business, or
30 activity, and which by their very nature, and purpose are designed for or
31 necessary to its manufacturing, mining, logging, commercial, industrial, or
32 agricultural purposes;

- 1 (l) Market Value refers to the estimated amount for which a property shall
2 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
5 marketing, wherein the parties had each acted knowledgeably, prudently,
6 and without compulsion;
- 7 (m) Private appraisal sector refers to licensed nongovernmental real estate
8 service practitioners;
- 9 (n) Real estate refers to the land and all those items which are attached to the
10 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 to the
13 ownership of real estate. It is a legal concept distinct from real estate, which
14 is a physical asset;
- 15 (p) Schedule of Market Values, hereinafter referred to as SMV, refers to a table
16 of base unit market values for all kinds of real property, except machinery
17 within an LGU prepared by assessors pursuant to existing laws, rules, and
18 regulations;
- 19 (q) Special purpose property refers to a property that is designed, constructed,
20 and developed for a specific use or purpose. By its very nature, this type of
21 property is rarely offered for sale in the open market except as part of a
22 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, 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 the property as of a specific date and for
28 a specific purpose.

29
30 **ARTICLE II**

31 **THE BUREAU OF LOCAL GOVERNMENT FINANCE (BLGF)**

32 **CHAPTER I**

1 **BLGF Central Operations**

2

3 **SEC. 4. Powers and Functions of the Bureau of Local Government**

4 **Finance (BLGF).** – The BLGF of the Department of Finance (DOF) shall lead and
5 manage the implementation of the provisions of this Act. In addition to the powers
6 vested upon it by Executive Order No. 292, otherwise known as the "Administrative
7 Code of 1987", 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, review, and ensure that
13 the Schedule of Market Values (SMVs) as prepared by the provincial assessors
14 together with the municipal assessors, and the city assessors, including the
15 lone municipal assessor in the Metropolitan Manila Area is compliant with real
16 property valuation policies and standards, and recommend its approval to the
17 Secretary of Finance for local and national taxation, and for other purposes;
- 18 (c) Provide technical assistance on real property appraisal matters to government
19 agencies and instrumentalities, and coordinate or conduct the valuation of
20 special purpose property, when requested;
- 21 (d) Provide leadership and policy direction to LGUs on real property valuation for
22 taxation and other purposes, including the development and maintenance of
23 internationally accepted valuation standards, the regulation of valuation
24 activities and other related matters, and the promotion of valuation training
25 and seminars;
- 26 (e) Maintain a roster of licensed local government appraisers and assessors in
27 consultation and coordination with the Professional Regulation Commission;
- 28 (f) Develop and maintain a comprehensive and up-to-date electronic database of
29 real property transactions and prices of materials for buildings, machinery, and
30 other structures;

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

4 (h) Formulate and provide for uniform procedure on the different transactions in
5 the assessor's office, including the transfer, annotation, and issuance of tax
6 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 to
11 implement the provisions of this Act

12 **SEC. 5. Establishment of the Real Property Valuation Service.** – To achieve
13 the 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.** –
17 The BLGF Executive Director shall be responsible for the efficient and effective day-to-
18 day 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 as the
22 consultative forum on matters pertaining to the setting and adoption of
23 internationally accepted valuation standards and other related concerns on
24 real property valuation;

25 (b) It shall be chaired by the BLGF Executive Director and shall be composed of
26 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 agencies; and

32 (6) Private appraisal sector:

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

2 **SEC. 9. The Regional Consultative Committee. –**

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

5 (1) BIR - Regional Office;

6 (2) DENR - Regional Office;

7 (3) Head of Regional organization of government assessors or its duly
8 authorized representative;

9 (4) Head of Regional organization of national government appraisers or its duly
10 authorized representative;

11 (5) Head of the private appraisal sector within the region or its duly authorized
12 representative; and

13 (6) Head of the bankers association within the region or its duly authorized
14 representative.

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

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 Regional
19 Director may deem necessary for the performance of its functions. The BLGF Regional
20 Director may invite resource persons on issues concerning real property valuation.

21 **SEC. 10. Functions of the Regional Consultative Committee. –** The Regional
22 Consultative Committee shall serve as a consultative forum in the region for
23 discussion on developments in the local real property market; concerns of taxpayers,
24 civil society, and other stakeholders; outcome of compliance reporting in the region;
25 level of complaints and appeals; training of local government assessors in the region;
26 appraisal and assessment concerns in general; and other matters as may be
27 determined by the Committee: Provided, That any report thereof, as a result of the
28 forum, shall be submitted to the Central Consultative Committee

29 **ARTICLE III**

30 **VALUATION OF REAL PROPERTIES**

31 **CHAPTER 1**

32 **Valuation Standards and Market Values**

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

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

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

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

26 Upon its completion, the local assessor shall submit the proposed SMV to the
27 BLGF Regional Office. Within seventy-five (75) days from receipt thereof, the BLGF
28 Regional Office, in coordination with the BIR Regional Office, shall review and endorse
29 the proposed SMV to the BLGF Executive Director and the Commissioner of Internal
30 Revenue: Provided, That, in the case of cities and municipality within the Metropolitan
31 Manila Area, the proposed SMV shall be submitted to, and reviewed by the BLGF
32 Central Office, in coordination with the concerned BIR Regional Office: Provided,

1 further, That the SMV complies with all the requirements set by the Secretary of
2 Finance, including the conduct of at least one (1) public consultation on the proposed
3 SMVs.

4 **SEC. 14. Approval of Schedule of Market Values.** - The Secretary of
5 Finance shall approve the SMV in accordance with internationally accepted valuation
6 standards, within thirty (30) days from receipt of the joint endorsement of the BLGF
7 Executive Director and the Commissioner of Internal Revenue; otherwise, said
8 schedule shall be deemed approved. In case of sudden changes in the market values,
9 including but not limited to, ancestral domain, public land, agrarian reform
10 beneficiaries, and other vulnerable sectors, the assessor is mandated to recommend to
11 the sanggunian tax rates and assessment levels that will maintain or minimally affect
12 the real property tax due for the aforementioned property.

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

17 The DOF and the concerned LGUs shall post the approved SMVs in their official
18 website.

19 **SEC. 15. Setting Assessment Levels and Tax Rates.** - The approved SMV
20 shall be transmitted to the concerned local chief executive, through the respective
21 provincial, city, and municipal assessor. The concerned assessor, in coordination with
22 the local treasurer, shall estimate the revenue and tax impact of the new SMV based
23 on existing assessment levels and tax rates, and recommend amendments thereon
24 based on three (3) different scenarios. The assessor shall thereafter prepare and
25 submit the revenue and tax impact report to the local chief executive for consideration.

26 The local chief executive shall transmit the approved SMV, together with the
27 revenue and 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 within sixty (60) days from receipt thereof,
2 upon conduct of public hearings and proper consultations; 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, including the municipality in the Metropolitan Manila Area, or within fifteen
7 (15) days, in the case of provinces, to approve the same. Failure of the concerned
8 local chief executive to act on the ordinance within the prescribed period shall render
9 the same approved: Provided, however, That this law shall not be construed to abridge
10 the power of LGUs to lower and adjust assessment levels and tax rates in accordance
11 with the provisions of Republic Act No. 7160, otherwise known as the "Local
12 Government Code of 1991", as amended, to provide with it to residential property
13 owners as deemed necessary.

14 **SEC. 16. Publication of Assessment Levels and Tax Rates.** - The approved
15 ordinance for the assessment levels and tax rates shall be published by the concerned
16 LGU in a newspaper of local circulation once a week for two (2) consecutive weeks:
17 Provided, That in provinces and cities, including the municipality within the
18 Metropolitan Manila Area, where there are no newspapers of local circulation, the
19 same shall be posted in the provincial capitol, including all concerned city halls,
20 municipal halls, and in two (2) other conspicuous public places therein.

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

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

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

1 (c) For other purposes, such as local transfer tax, tax on sand and gravel,
2 community tax, fees and charges, or as benchmark for real property appraisal of other
3 government agencies, the approved SMV shall be used upon its effectivity.
4 Notwithstanding the provision of existing laws to the contrary, the failure to conduct a
5 general revision of assessment and property classification, and use of the approved
6 SMV shall render an LGU ineligible for any conditional or performance-based grant or
7 to contract any form of credit financing.

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

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

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

29 **SEC. 19. Conduct of Capacity Building Interventions.** - The BLGF shall, in
30 coordination with the Philippine Tax Academy of the DOF, develop and conduct the
31 necessary trainings for all local assessors, local officials and staff, and other concerned
32 BIR personnel in the preparation of the SMVs in accordance with internationally

1 accepted valuation standards, concepts, principles and practices, conduct of impact
2 studies, preparation of compliance reports, and other subject areas.

3 **Chapter 2**

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

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

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

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

1 **SEC. 21. Duty of Register of Deeds to Supply Assessors with Real Property**

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

11 **SEC. 22. Duty of Official Issuing Building Permits or Certificates of**
12 **Registration of Machinery to Transmit Copy of Permit to the Assessor.** - Any

13 public official or employee who may now or hereafter be required by law or regulation
14 to issue to any person a permit for the construction, addition, repair, or renovation of
15 a building, or permanent improvement on land, or a certificate of registration for any
16 machinery, including machines, mechanical contrivances and apparatus attached or
17 affixed on land or to another real property, shall transmit a copy of such permit or
18 certification within thirty (30) days of its issuance to the assessor of the province, city
19 or municipality where the property is situated.

20 **SEC. 23. Duty of Geodetic Engineers to Furnish Copy of Plans to the**
21 **Assessor.** - It shall be the duty of all geodetic engineers, public or private, to furnish

22 free of charge, the assessor of the province, city, or municipality where the land is
23 located, a copy of the blue or white print of each of all approved original subdivision
24 plans or maps of surveys, duly signed by a Senior Geodetic Engineer, executed by
25 them every end of the month from receipt of such approved plans from the Land
26 Management Bureau (LMB), the Land Registration Authority (LRA), or the Housing and
27 Land Use Regulatory Board (HLURB), as the case may be.

28 **SEC. 24. Duty of Registrar of Deeds and Notaries Public to Assist the**
29 **Provincial, City, or Municipal Assessor.** - It shall be the duty of the Registrar of

30 Deeds and notaries to furnish free of charge, the provincial, city, or municipal assessor
31 with copies of all contracts selling, transferring, or otherwise conveying, leasing, or

1 character, and must not have been convicted of any crime involving moral turpitude.
2 The appointee must have experience in real property valuation or assessment work in
3 any suitable field, either in private or public practice, for at least five (5) years in the
4 case of the provincial or city assessor, and three (3) years in the case of the municipal
5 assessor. Once appointed, all assessors and local government appraisers must comply
6 with the requirements of the Professional Regulatory Board of Real Estate Service for
7 the regular updating of their licenses.

8 **SEC. 28 Additional Persons Qualified to be Applicants for the Real Estate**

9 **Appraiser Examination.** – In addition to those qualified to be applicants for the real
10 estate appraiser examinations under Sec. 14 of Republic Act No. 9646 or the “Real
11 Estate Service Act of the Philippines,” a holder of a Post-Graduate Diploma in land
12 valuation or its equivalent from schools, colleges, or universities duly recognized and
13 accredited by the Commission on Higher Education (CHED) may also take the real
14 estate appraiser licensure examinations: Provided, That applicants also possess the
15 qualifications under Sec. 14(a) and Sec. 14(c) of the said law.

16 **ARTICLE IV**

17 **PENAL PROVISIONS**

18 **SEC. 29. Failure to Comply with the Required Submission of Documents. -**

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

24 **SEC. 30. Failure to Comply with the Valuation Standards. -** An assessor

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

31 **SEC. 31. Failure to Prepare Schedule of Market Values. -** An assessor who,

32 for unjustifiable reasons, intentionally or deliberately refuses or fails to prepare the

1 SMVs within the period set forth in this Act shall be punished by a fine equivalent to
2 one (1) month to six (6) months basic salary of the official or employee, or suspension
3 from the service for not more than one (1) year, or both, at the discretion of the
4 competent authority. This shall also be a ground for administrative and criminal
5 liability in accordance with the provisions of Republic Act No 9646, otherwise known
6 as the "Real Estate Service Act of the Philippines."

7 **SEC. 32. Government Agents Delaying the Review, Approval, and**
8 **Implementation of the SMV, and Conduct of General Revisions.** - Any government
9 official or employee who delays, without justifiable cause, the review, approval, and
10 implementation of the SMVs, the conduct of general revisions, or causes the improper
11 use thereof, shall be punished by a fine equivalent to one (1) month to six (6) months
12 basic salary of the official or employee, or suspension from the service for a period not
13 exceeding one (1) year, or both, at the discretion of the competent authority.

14 **SEC. 33. Violation of Other Provisions.** - Any person, whether natural or
15 juridical, who violates any provision of this Act other than those punishable under
16 Sections 23, 29, and 30 hereof shall, when warranted, be dealt with under applicable
17 existing laws.

18 **SEC. 34. Taxpayers' Remedies in Case of Erroneous Assessments of Real**
19 **Properties.** - The provisions of Sections 226 on Local Board of Assessment Appeals
20 and 229 on Action by the Local Board of Assessment Appeals of Republic Act No.
21 7160, as amended, shall apply in all cases of appeal as remedies for the taxpayers in
22 the assessment of their properties. All concerned local governments shall cause the
23 constitution of a fully functioning Local Board of Assessment Appeals in their
24 respective jurisdictions, in coordination with the Land Registration Authority.

25 **ARTICLE V**

26 **TRANSITORY PROVISIONS**

27 **SEC. 35. Transitory Guidelines.** - LGUs which are in the process of updating
28 their SMVs shall, upon the effectivity of this Act, continue with such revisions in
29 accordance with Sections 15, 16, 17, and 18 of this Act: Provided, That proper
30 notification and coordination with the BLGF shall be undertaken. In case the SMVs
31 are not yet available or updated, the BIR Commissioner shall adopt the existing SMVs,

1 zonal values or the actual price in consideration as stated in real property transaction
2 documents, whichever is higher, for purposes of computing any internal revenue tax.

3 **SEC. 36. Saving Clause.** - The zonal values, as determined by the BIR and
4 approved by the Secretary of Finance for internal revenue tax purposes, and the SMVs
5 prepared by the provincial assessors together with the city assessors, and municipal
6 assessors, including the municipal assessor in the Metropolitan Manila Area, that
7 have been approved by their respective *sanggunians* for real property taxation
8 purposes shall continue to be in force and effect until repealed, superseded, modified,
9 revised, set aside, or replaced by the values provided under the updated SMVs as
10 approved in accordance with Sections 15 of this Act, which shall be within two (2)
11 years upon the effectivity of this Act.

12 **ARTICLE VI**

13 **FUNDING REQUIREMENTS**

14 **SEC. 37. Budgetary Requirements for the Updating of Schedule of Market**
15 **Values.** - Each local *sanggunian* shall appropriate the necessary funds from locally
16 generated revenues, the internal revenue allotment or such other sources every fiscal
17 year to constitute the Real Property Tax Administration Fund (RPTAF), which shall be
18 established and used for the proper implementation of the updating of the SMVs and
19 general revision of real property assessments, and the administration of real property
20 taxes in all LGUs.

21 The BLGF shall annually furnish the Department of Budget and Management
22 (DBM) with a list of LGUs with SMVs that are due for updating. The DBM, in its review
23 of the ensuing year's budget of provinces, highly urbanized cities, independent
24 component cities and municipality within the Metropolitan Manila Area, shall ensure
25 that sufficient funds are so appropriated for the RPTAF: Provided, That failure to
26 provide the appropriations required shall render their annual budgets inoperative.

27 **ARTICLE VII**

28 **MISCELLANEOUS PROVISIONS**

29 **SEC. 38. Appropriations.** - The amount necessary for the implementation of
30 this Act shall be included in the annual General Appropriations Act.

1 **SEC. 39. Supplementary Application of Existing Laws.** – The provisions of
2 Republic Act No. 7160, otherwise known as the "Local Government Code of 1991", as
3 amended, and other laws consistent with this Act shall have supplementary effect.

4 **SEC. 40. Implementing Rules and Regulations (IRR).** – 23 Within six (6)
5 months after the effectivity of this Act, the DOF shall, in consultation with concerned
6 parties, issue the IRR for the effective implementation of this Act.

7 **SEC. 41. Separability Clause.** – If any provision, section, or part of this Act
8 shall be declared unconstitutional or invalid, such judgment shall not affect,
9 invalidate, or impair other provisions, sections, or parts hereof.

10 **SEC. 42. Repealing Clause.** – The following provisions are hereby repealed:

11 (a) Sections 212, 214, and 221 of Republic Act No. 7160, otherwise known as
12 the "Local Government Code of 1991", as amended; and

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

14 The following provisions are hereby amended accordingly:

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

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

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

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

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

24 (6) Section 14 of Republic Act No. 9646, otherwise known as the "Real
25 Estate Service Act of the Philippines."

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

29 **SEC. 43. Effectivity.** – This Act shall take effect fifteen (15) days after its
30 publication in the *Official Gazette* or in a newspaper of general circulation.

31
32 *Approved,*