



SENATE
Senate Bill No. 44

Introduced by SENATOR LACSON

EXPLANATORY NOTE

Real property is the country's most important resource and biggest financial asset. A World Bank study indicated that 50% to 75% of the national wealth is contained in land alone. Real property, therefore, has the largest potential contribution to national income for funding economic and social developments.

One of the principal sources of income of local government units (LGUs) is derived from the taxes imposed on real properties. The LGU Taxation and Revenue Practices report of the Bureau of Local Government Finance (BLGF) shows that, on the average, real property taxes contribute about 31% of the LGUs' local sources over the period of 2009 to 2014.

While the LGUs are given powers by the Local Government Code of 1991 to generate local income in order to be effective partners in nation building, it is a fact that there are still municipalities that remain dependent on national government revenues. BLGF data shows that, of the 286 first class municipalities in the country, 116 municipalities (40%) remain dependent on their share from the Internal Revenue Allotment (IRA). This dependence is partly because 199 municipalities (70%) have poor collections for real property taxes, making up less than 15% of their respective local incomes.

Hence, this proposal seeks to promote the development and maintenance of just, equitable, impartial, and nationally consistent real property valuation by establishing appraisal standards, methods, and procedures of property valuations and assessment. The Bill's enactment will assist the LGUs in maximizing revenue collections, which in turn, will promote genuine local autonomy.

The passage of the proposed Real Property Valuation and Assessment Reform Act is intended to resolve the following issues in the present valuation system, to wit:

1. Multiple land valuation systems and methodologies used by at least 23 national government agencies and 1,712 LGUs, including private individuals and institutional appraisers—each using their own systems and measures, resulting in as many conflicting values for the same piece of real property;
2. Multiple impositions of national and local taxes on land and property ownership and transactions which encourage tax evasion and rampant underreporting of sales prices in official documents;

3. Lack of valuation standards, formal education and training for valuers resulting in incompetence and outdated techniques in the appraisal practice;

4. Undervaluation and overvaluation of real properties for tax purposes causing unnecessary delays and huge financial losses in the form of foregone government revenues and cost overruns;

5. Outdated real property values which no longer capture the true economic realities in the community where the property is situated; local governments fail to revise the Schedule of Market Values, as required by Republic Act No. 7160 otherwise known as the Local Government Code of 1991, as basis for local real property taxation, due to political ambivalence and apprehension of political backlash; and

6. Distorted real property transactions database due to cluttered real property sales transactions among various groups and individuals, e.g. the assessors, the Registry of Deeds, the Bureau of Internal Revenue, bank/s, among others.

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


PANFILO M. LACSON
Senator

- 1 a) Promote the fiscal autonomy of local governments to provide basic services
2 to their constituencies by enhancing their capacity to generate local
3 revenues from real property;
- 4 b) Establish and maintain valuation standards to govern the valuation of real
5 property in the country;
- 6 c) Adopt market value as the single real property valuation base for the
7 assessment of real property related taxes in the country and for valuing or
8 appraising real property for various transactions by all government
9 agencies;
- 10 d) Separate the function of valuing or appraising of real properties from the
11 functions of tax policy and administering the taxes due thereon;
- 12 e) Support the development and professionalization of the valuation and
13 appraisal practice in the country pursuant to Republic Act No. 9646,
14 otherwise known as the "Real Estate Service Act of the Philippines";
- 15 f) Provide a comprehensive and up-to-date electronic database of all real
16 property transactions;
- 17 g) Support the development of an information database on valuation by
18 continuing research and monitoring of new developments in the valuation
19 discipline for upgrading the country's valuation and keeping it abreast with
20 global developments; and
- 21 h) Ensure transparency in real property transactions to protect the public and
22 develop confidence in the work of appraisers and assessors.
23

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

- 2 a) *Appraiser* refers to a natural person who conducts valuation and appraisal;
3 specifically, one who possesses the necessary qualifications, license, ability,
4 and experience to execute or direct the valuation and appraisal of real
5 property; also known as *Valuer*;
- 6 b) *Assessor* refers to an official in the local government unit (LGU) who is a
7 licensed appraiser, who performs appraisal and assessment of real
8 properties including plant, machinery and equipment, essentially for
9 taxation and other purposes. This definition also includes *Assistant*
10 *Assessors*;
- 11 c) *Building* refers to a man-made structure permanently attached to land for
12 residential, commercial, industrial, recreational or other purposes;
- 13 d) *Improvements* refer to valuable addition made to a property or an
14 amelioration in its condition, amounting to more than a mere repair or
15 replacement of parts involving capital expenditures and labor, which is
16 intended to enhance its value, beauty or utility, or to adapt it for new or
17 further purposes;
- 18 e) *Land* refers to one of the major factors of production consisting sometimes
19 of a material economic good, which is supplied by nature without the aid of
20 man. Land may include not only the earth surface, both land and water, but
21 also anything that is attached to the earth's surface. Thus, all natural
22 resources in their original state, such as mineral deposits, wildlife, timber,
23 and fish, are land within the technical meaning of the term; so also are

1 sources of energy, outside of man himself, such as water, coal deposits, and
2 the natural fertility of the soil;

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

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

19 h) *Private appraisal sector* refers to licensed nongovernmental real estate
20 service practitioners who have been active in the practice of real estate
21 appraisal for the last five (5) years;

22 i) *Real estate* refers to the land and all those items that are attached to the
23 land. It is the physical, tangible entity, together with all the additions or
24 improvements on, above or below the ground;

- 1 j) *Real property* refers to all the rights, interests, and benefits related to the
2 ownership of real estate, plant, machinery, and equipment;
- 3 k) *Schedule of Market Values*, hereinafter referred to as SMV, refers to a table
4 of base unit market values for all kinds of real properties, except machinery,
5 within an LGU prepared by assessors pursuant to existing laws, rules and
6 regulations;
- 7 l) *Special purpose property* refers to a property that is designed, constructed
8 and developed for a specific use or purpose. By its very nature, this type of
9 property is rarely offered for sale in the open market except as part of a
10 going concern. Because of the special design and function, conversion of
11 special purpose properties to other types of development or application is
12 generally not economically feasible; and
- 13 m) *Valuation and appraisal* refers to the systematic and analytic determination
14 and recording of property facts, circumstances, investments, and
15 investigation of other relevant data resulting in a supportable estimate and
16 opinion of value or a professional conclusion based upon supporting data,
17 logical analysis, and judgment as of a specific date and for a specific
18 purpose.

19 **ARTICLE II**

20 **STRENGTHENING THE BUREAU OF LOCAL**

21 **GOVERNMENT FINANCE (BLGF)**

22 **Chapter 1**

23 **BLGF Central Operations**

1 **SECTION 4. *Role of the Bureau of Local Government Finance (BLGF).***The
2 BLGF, through the Real Property Valuation Service (RPVS) as hereinafter
3 established, shall lead and manage the implementation of the provisions of this Act,
4 and shall provide leadership in ensuring rationalized valuation of real properties
5 transcending political boundaries. The BLGF shall have the following powers and
6 functions:

- 7 a) Together with the Bureau of Internal Revenue (BIR), develop, adopt, and
8 maintain valuation standards consistent with generally accepted valuation
9 standards, regulations and specifications for real property appraisal used for
10 tax and other purposes, and ensure compliance therewith by LGUs and
11 other concerned parties;
- 12 b) Together with the BIR, review for compliance with the real property
13 valuation policies and standards and recommend for approval of the
14 Secretary of Finance the SMVs as prepared by the provincial assessors,
15 together with municipal assessors and city assessors, including the
16 municipal assessor in Metro Manila, for tax, both local and national, and for
17 other purposes;
- 18 c) Provide technical assistance on real property appraisal matters to
19 government agencies and instrumentalities, and coordinate or conduct the
20 valuation and appraisal of special purpose properties, when requested;
- 21 d) Provide leadership and policy direction to LGUs on real property valuation
22 and appraisal for taxation and other purposes, including the development
23 and maintenance of valuation standards, the regulation of valuation and

1 appraisal activities and other related matters, and the promotion of valuation
2 and appraisal trainings and seminars;

3 e) Maintain a roster of licensed local government appraisers and assessors;

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

7 g) Conduct continuing study and research on valuation, and maintain an
8 information based on current global and country trends and developments
9 in real property valuation and appraisal;

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

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

15 **SECTION 5. *Establishment of the Real Property Valuation Service.*** To
16 achieve the policy and objectives declared in this Act, there shall be established the
17 Real Property Valuation Service, hereinafter referred to as the RPVS, within the
18 BLGF.

19 **SECTION 6. *Responsibilities of the BLGF Executive Director.*** The BLGF
20 Executive Director shall ensure the efficient and effective performance of the
21 responsibilities set forth in this Act and for the overall internal management and
22 governance of the RPVS. For this purpose, the BLGF Executive Director shall:

23 a) Develop and implement policies, plans, programs, and operating standards
24 for the attainment of the objectives of this Act;

- 1 b) Provide policy direction and leadership in all aspects of valuation and
2 appraisal and their implementation in the regional offices;
- 3 c) Joint with the Commissioner of Internal Revenue, recommend to the
4 Secretary of Finance the approval of the SMVs prepared by the provincial
5 assessors, together with municipal assessors and city assessors, including the
6 municipal assessor in Metro Manila, for tax, both local and national, and
7 other purposes;
- 8 d) Advise and assist other government agencies on matters pertaining to real
9 property valuation and appraisal; and
- 10 e) Perform such other functions as may be provided by law, or required in
11 pursuance of this Act.

12 **SECTION 7. *Creation of Central Consultative Committee.*** (a) A Central
13 Consultative Committee shall be created, chaired by the BIR Executive Director and
14 composed of a representative each from the:

- 15 1. Bureau of Internal Revenue (BIR);
- 16 2. Department of Environment and Natural Resources (DENR);
- 17 3. *Bangko Sentral ng Pilipinas* (BSP);
- 18 4. National organization of government assessors;
- 19 5. National organization of appraisers in national government agencies;
- 20 6. Private appraisal sector;
- 21 7. League of Provinces;
- 22 8. League of Cities; and
- 23 9. League of Municipalities.

- 1 b) Joint with the BIR Regional Offices, review and endorse to the BIR
2 Commissioner and to the BLGF Executive Director the proposed SMVs
3 prepared by the provincial assessors, together with the municipal assessors and
4 the city assessors in the region;
- 5 c) Provision for economical, efficient and effective service relating to the
6 implementation of the provisions of this Act in the region;
- 7 d) Coordination and consultation with regional offices of other government
8 departments, bureaus and agencies within the region dealing with real property
9 valuation and appraisal to LGUs in the region;
- 10 e) Provision for leadership and policy direction in the area of real property
11 valuation and appraisal to LGUs in the region;
- 12 f) Adoption and maintenance of a comprehensive and up-to-date regional
13 electronic database of all regional real property-related transactions, and have
14 custody of all transaction records submitted by local government assessors; and
- 15 g) Performance of other functions as may be assigned by the BLGF Executive
16 Director.

17 **SECTION 10. *The Regional Consultative Committee.*** (a) There shall be a
18 Regional Consultative Committee which shall be chaired by the BLGF Regional
19 Director and shall be composed of a representative each from the:

- 20 1. BIR - Regional Office;
- 21 2. DENR - Regional Office;
- 22 3. Regional organization of government assessors;
- 23 4. Regional organization of national government appraisers;
- 24 5. Private appraisal sector within the region; and

1 6. Bankers association within the region.

2 (b) The members of the Regional Consultative Committee must be performing
3 valuation and appraisal-related functions. Representatives from the regional
4 organization of government assessors, regional organization of national
5 government appraisers, private appraisal sector, and bankers association within
6 the region shall be represented by the head of their respective regional
7 organization.

8 (c) The Committee shall meet at the initiation of the BLGF Regional Director at
9 least once every quarter and shall have as many meetings as the BLGF
10 Regional Director may deem necessary for the performance of its functions.

11 **SECTION 11. *Functions of the Regional Consultative Committee.*** The
12 Regional Consultative Committee shall serve as a consultative forum in the region for
13 discussion on developments in the local real property market; concerns of taxpayers,
14 civil society, and other stakeholders; outcome of compliance reporting in the region;
15 level of complaints and appeals; LGU training in the region; appraisal and assessment
16 concerns in general; and other matters as may be determined by the Committee.

17 **ARTICLE III**

18 **VALUATION AND APPRAISAL OF REAL PROPERTIES**

19 **Chapter 1**

20 **Valuation Standards and Market Values**

21 **SECTION 12. *Development of Valuation Standards.*** – Notwithstanding the
22 provisions of existing laws to the contrary, the BLGF jointly with the BIR, shall
23 develop, adopt, maintain and implement uniform valuation standards which shall be
24 used by all appraisers and assessors in the LGUs and other concerned parties in

1 appraising or valuing lands, buildings, machinery and other real properties for taxation
2 and other purposes. The valuation standards shall conform with generally accepted
3 international valuation standards and principles.

4 **SECTION 13. *Valuation and Appraisal of Real Property.*** For valuation
5 purposes, all real properties, whether taxable or exempt, shall be valued or appraised
6 at the market value prevailing in the locality where the property is situated, in
7 conformity with the valuation standards adopted under this Act. The Secretary of
8 Finance, as recommended by the BLGF shall promulgate the rules and regulations for
9 the valuation and appraisal of real property pursuant to the provisions of this Act. It
10 shall provide leadership in ensuring rationalized valuation of real properties
11 transcending political boundaries.

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

17 **SECTION 14. *Regional Technical Committee on Real Property Valuation***
18 ***(RTC RPV).*** The RTC RPV shall be co-chaired by the regional directors of the BLGF
19 and the BIR having jurisdiction over the LGUs concerned. The head of the Local
20 Treasury and Assessment offices of the BLGF and the Revenue District Officer/s of
21 the BIR having jurisdiction shall serve as members.

22 **SECTION. 15. *Preparation of Schedule of Market Values.*** – Provincial
23 assessors, together with municipal assessors and city assessors, including the
24 municipal assessor in Metro Manila, shall prepare the SMVs for the different classes

1 of real property situated within their respective LGUs, pursuant to the valuation
2 standards, rules, regulations and other specifications set by the Department of Finance
3 (DOF) as recommended by the BLGF and BIR. The SMVs shall be submitted to the
4 RTCRPV for review and compliance with other requirements not later than the thirty-
5 first (31st) day of October of the immediately preceding calendar year that the general
6 revision of real property assessments shall be undertaken. A copy thereof reviewed by
7 the RTCRPV, shall be furnished the concerned *Sanggunian* and the provincial
8 governor, the municipal mayor, or the city mayor, as the case may be.

9 The reviewed SMVs shall be submitted to the BLGF Central Office and the
10 BIR National Office. Upon the joint approval thereof by the BLGF Executive Director
11 and the Commissioner of Internal Revenue, the Secretary of Finance shall approve the
12 SMV within sixty (60) days from receipt of the same, otherwise the schedule shall be
13 deemed approved.

14 **SECTION 16. *Setting Assessment Levels and Tax Rates.*** The approved SMVs
15 shall be transmitted to the concerned assessor who shall confer with the local chief
16 executive regarding the approved SMVs. Likewise, the concerned assessor shall
17 submit to the local chief executive a tax impact report of the new SMVs as against the
18 existing assessment levels and tax rates, and shall provide the *Sanggunian*, through
19 the Chairperson of the *Sanggunian's* Committee on Ways and Means a copy of such
20 report.

21 The local chief executive shall transmit the approved SMVs, together with the
22 tax impact report, within fifteen (15) days from receipt of the same to the *Sanggunian*
23 for the enactment of an ordinance setting the appropriate assessment levels and tax
24 rates. The concerned *Sanggunians* shall enact such ordinance, upon the conduct of

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

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

9 **SECTION 17. *Publication of SMVs, Assessment Levels and Tax Rates.*** The
10 approved ordinance, together with the SMVs, shall be published by the concerned
11 LGU in a newspaper of local circulation once a week for two (2) consecutive weeks:
12 *Provided, however,* That in provinces, cities and municipalities where there are no
13 newspapers of local circulation, the same shall be posted in the provincial capitol, city
14 or municipal hall and in two (2) other conspicuous public places therein. A list of
15 LGUs whose SMVs have been approved shall be posted in the BLGF official website.

16 **SECTION 18. *Use of Schedule of Market Values.*** The SMVs, as approved
17 by the Secretary of Finance, shall be used for the general revision of real property
18 assessments in LGUs, as basis for the determination of real property-related taxes
19 imposed by national government agencies, and as benchmark for real property
20 appraisal for other purposes.

21 For purposes of computing any internal revenue tax, the BIR Commissioner
22 shall adopt the SMVs, or the actual gross selling price in consideration, as stated in
23 real property transaction documents, whichever is higher.

1 Notwithstanding the provisions of existing laws to the contrary, the SMVs shall
2 cease to be the basis for the determination of national and local real property-related
3 taxes five (5) years after the effectivity of its enacting ordinance. The BIR may,
4 however, continue using the SMVs even beyond the said period for purposes of
5 computing national internal revenue taxes.

6 **SECTION 19. *Revision of Schedule of Market Values.*** – The BLGF shall
7 formulate a program for the regular revision of SMVs. All provincial assessors,
8 together with the municipal assessors and the city assessors, including the municipal
9 assessor in Metro Manila, shall undertake a revision of their respective SMVs within
10 two (2) years from the effectivity of this Act. Thereafter, they shall undertake a
11 general revision of SMVs and property assessments not earlier than three (3) years
12 from the date of last revision, but not later than five (5) years.

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

20 Such revision/s shall be subject to review by the concerned RTCRPV and
21 recommendation by the BLGF Executive Director and the Commissioner of Internal
22 Revenue, for approval by the Secretary of Finance within ninety days (90) from the
23 date of receipt.

1 transferring or otherwise converting, leasing, or mortgaging real property registered
2 every end of the month.

3 The abstract shall include brief but sufficient description of the real properties
4 entered therein, their present owners, and the dates of their most recent transfer or
5 alienation and shall be accompanied by copies of corresponding deeds of sale,
6 donation or partition or other forms of alienation.

7 **SECTION 23. *Duty of Official Issuing Building Permits or Certificates of***
8 ***Registration of Machinery to Transmit Copy to the Assessor.*** Any public official or
9 employee who may now or hereafter be required by law or regulation to issue to any
10 person a permit for the construction, addition, repair or renovation of a building, or
11 permanent improvement on land, or a certificate of registration for any machinery,
12 including machines, mechanical contrivances and apparatus attached or affixed on
13 land or to another real property, shall transmit a copy of such permit or certification
14 within thirty (30) days of its issuance to the assessor of the province, city or
15 municipality where the property is situated.

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

1 region, as endorsed by the DOF Secretary as suitable and qualified for
2 appointment.

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

6 **SECTION 27. *Qualifications of Local Government Assessors.*** No person
7 shall be appointed assessor or assistant assessor unless one is a citizen of the
8 Philippines, a resident of the region for a provincial or city assessor/assistant assessor,
9 and of the province for a municipal assessor/assistant assessor, a registered and
10 licensed appraiser, and of good moral character. The appointee must have experience
11 in real property valuation or assessment work or in any suitable field for at least five
12 (5) years in the case of the provincial or city assessor, and three (3) years in the case
13 of the municipal assessor.

14 All incumbent assessors holding permanent appointments shall enjoy security
15 of tenure and shall continue to perform their functions without the need for
16 reappointment and without diminution of status, rank and salary grade. Those with
17 temporary appointments shall be given the opportunity to qualify for permanent
18 appointment as assessor or assistant assessor within a period to be determined by the
19 DOF upon the effectivity of this Act.

20 **ARTICLE IV**

21 **PENAL PROVISIONS**

22 **SECTION 28. *Failure to Comply with the Required Submission of***
23 ***Documents.*** Any government official or employee who fails without justifiable reason
24 to provide or furnish data or information required pursuant to Sections 22, 23, 24 and

1 25 of this Act shall be punished by a fine equivalent to the official's or employee's six
2 (6) months basic salary, or by suspension from the government service for a period
3 not exceeding one (1) year, or both, at the discretion of the competent authority.

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

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

19 **SECTION 31. *Violations of Other Provisions.*** – Any person, whether natural
20 or juridical, who violates any provision of this Act other than those punishable under
21 Sections 28, 29 and 30 hereof shall, when warranted, be dealt with under applicable
22 existing laws.

23 **SECTION 32. *Taxpayers' Remedies in Case of Erroneous Assessment of***
24 ***Real Properties.*** – The provisions of Sections 226 (Local Board of Assessment

1 Appeals) and 229 (Action by the Local Board of Assessment Appeals) of Republic
2 Act No. 7160, otherwise known as the "Local Government Code of 1991", shall apply
3 in all cases of appeals as remedies for the taxpayers in the assessment of their
4 properties.

5 ARTICLE V

6 TRANSITORY PROVISIONS

7 SECTION 33. *Transitory Guidelines.* (a) LGUs which are in the process of
8 revising their SMVs, upon the effectivity of this Act, shall continue with such
9 revisions in accordance with Section 19 of this Act: *Provided*, That proper notification
10 and coordination with the BLGF shall be undertaken.

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

15 SECTION 34. *Saving Clause.* The zonal values, as determined by the BIR
16 and approved by the Secretary of Finance for internal revenue tax purposes, and the
17 SMVs prepared by the provincial assessors, together with the municipal assessors and
18 the city assessors, including the municipal assessor in Metro Manila, that have been
19 approved by their respective *Sanggunians* for real property taxation purposes shall
20 continue to be in force and effect until repealed, superseded, modified, revised, set
21 aside, or replaced by the values provided under the new SMVs as approved in
22 accordance with Section 16 of this Act, which shall be within two (2) years upon the
23 effectivity of this Act.

1 **SECTION 39. *Repealing Clause.***

2 a) Sections 201, 202, 209(a), 212, 214, 219, 220, 472(a) paragraph 1,
3 472(b)(8), and 473(a) paragraph 1 of Republic Act No. 7160, otherwise known as the
4 “Local Government Code of 1991”, are hereby repealed;

5 b) Sections 19, 135(a), 138, 198(a), 218 and 224(a) of Republic Act No. 7160,
6 otherwise known as the “Local Government Code of 1991”, are also amended or
7 modified accordingly;

8 c) Likewise, Sections 6(E), 24(D), 27(D)(5), Sections 88(B) and 102 of
9 Republic Act No. 8424, otherwise known as the “Tax Reform Act of 1997”, are
10 likewise amended or modified accordingly; and,

11 d) All laws, presidential decrees, executive orders, presidential proclamations,
12 rules and regulations or parts thereof contrary to or inconsistent with the provisions of
13 this Act are hereby repealed, superseded or modified accordingly.

14 **SECTION 40. *Separability Clause.*** If any section or provision of this Act
15 shall be declared unconstitutional or invalid, the other sections or provisions not
16 affected thereby shall continue to be in full force and effect.

17 **SECTION 41. *Effectivity.*** This Act shall take effect fifteen (15) days after its
18 complete publication in the *Official Gazette* or in a newspaper of general circulation.

19 *Approved,*