



PHILIPPINES - February 2017

GOVT MULLS HIGH REAL PROPERTY TAX FOR IDLE LANDS..... 1

Govt mulls high real property tax for idle lands

THE government will be implementing a steep increase in the real property tax rate for idle property left undeveloped, President Rodrigo Duterte said Monday.

“To those who are waiting for vacant properties to increase in value before using, I will tax idle lands heavily,” the President said at the launch of the “Hardin ng Lunas” of the Presidential Security Group in Malacañang Park.

“If it hasn’t been developed for 10, 20 years, I will double or triple your real estate [tax] unless you are willing to lend it to somebody, to the barangay so the people can use it,” he added.

Duterte’s pronouncements run counter to the proposal of the Finance department for Congress to pass a sharp reduction in estate tax rates to promote the faster development of idle real estate and encourage more people to pay taxes on the transfer of land from deceased persons to their heirs.

The Finance department proposal includes a lowering of the current estate tax rates of 20 percent to be cut to as low as six percent of the value of the property being transferred.

If passed by Congress and enacted into law, this lower estate tax rate would put it on a par with the tax level for capital gains, which, at present, is the preferred method of transferring assets from a property owner to his heirs.

In the same speech, Duterte vowed he would push for a modified land reform.

“I will continue with the land reform, but modified,” Duterte said.