



# Philippines - November 2019

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## **HOUSE OKS REAL PROPERTY VALUATION REFORM BILL ..... 1**

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### **House OKs real property valuation reform bill**

The House of Representatives has approved the third package in the comprehensive tax reform program of the Duterte administration, which seeks improvements in the country’s real property valuation and assessment system.

The House plenary approved on second reading House Bill 4664 or the Valuation Reform Bill (VRB), which is expected to raise P30.5 billion in additional revenues for local government units (LGUs), after deliberations during session last Tuesday.

The proposed measure, passed and referred by the House ways and means panel last September, will now be submitted for third and final reading before the plenary.

Albay Rep. Joey Salceda, panel chair and author of the bill, explained that the measure would enable LGUs to achieve stable financial resources and a strengthened local real property tax base to fund service delivery requirements of the LGUs toward transparent governance and increased public performance.

The VRB aims to improve real property valuation of government by adopting a single market-based schedule market value (SMV) – a table of base unit values for all kinds of real properties within an LGU prepared by assessors – to be used as basis for local and national real property taxation.

It also seeks to address the perennial problems in real property valuation attributed to failure of LGUs to update their SMVs, thus leading to values not reflective of real market prices.

Salceda stressed that the measure would benefit not just the LGUs but the national government as well, in terms of valuation of right-of-way acquisitions.

“This is beneficial to the national government because almost P150 billion in projects are delayed every year because of right-of-way acquisitions,” he told reporters.

“By addressing the long-standing issues in valuation for right-of-way acquisitions, the national government stands to save millions by preventing cost overruns due to delayed project completion,” the lawmaker stressed.

Salceda said the government would also save P25.2 billion per year from elimination of costs for notice, conduct of hearing and publication of zonal values.

He further explained that the VRB would remove the use of zonal value provided under Section 6(e) of the National Internal Revenue Code in favor of a more scientific approach to property valuation.

Lastly, the lawmaker said the measure would also reduce the tax bases to be considered in assessment of real property transactions.

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