

Republic Act No. 12001

**REAL PROPERTY VALUATION AND  
ASSESSMENT REFORM ACT  
(RPVARA)**

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## RPVARA







- ✓ Signed into law: June 13, 2024
- ✓ Effectivity: July 3, 2024
- ✓ IRR: 3 months from its effectivity

## What does RPVARA seek to address?

- ✓ Multiple, overlapping, and outdated valuations
- ✓ No single responsible agency on property valuations
- ✓ Separate the function of valuation and taxation
- ✓ Absence of comprehensive real property electronic database



# Real Property Valuation System (Before/After RPVARA)

| Before RPVARA  | RPVARA  |   |   |
|--|---|---|---|
|  <p>Schedule of Market Values</p> | <p>Schedule of Market Values</p>  |   |   |
|  <p>Schedule of Zonal Values</p>  | <p><i>Prepared by</i></p>  | <p><i>Reviewed by</i></p>  | <p><i>Approved by</i></p>  |
|  <p>Private valuation</p>        | <p>To be used for: (i) national taxation purposes; and (ii) real property taxation</p>                        |   |   |

# Real Property Valuation System

(Before and After RPVARA)

|   | Before RPVARA  | After RPVARA                                       |
|---|--|--|
| Local Tax                                   |  |  |
| <b>Preparation of SMV</b>                   | Assessor   | Assessor   |
| <b>Approval of SMV</b>                      | Local Sanggunian   | BLGF/SOF   |
| <b>Effectivity of SMV</b>                   | Publication/Posting in Capitol/Municipal/City Hall                         | Publication/Posting in Capitol/Municipal/City Hall |
| <b>Setting of Assessment Level/RPT Rate</b> | LGU thru ordinance   | LGU thru ordinance                                 |
| Tax Code                                    |  |  |
| <b>Preparation/Approval of FMV</b>          | CIR is authorized to determine FMV of real property (Section 6E, Tax Code) | Repealed; Use SMV pursuant to RPVARA               |
| <b>Tax Rate</b>                             | Pursuant to the Tax Code   | Pursuant to the Tax Code                           |

## Uses of the Schedule of Market Values

- ☑ Taxation purposes
  - Basis in the adjustment of assessment level and real property tax rates
  - Basis for local transfer tax and other property taxes
  - Basis in computing national internal revenue tax



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## Use of the Schedule of Market Values

- ☑ Basis for real property appraisals
  - Payment for just compensation for expropriation
  - Public land disposition
  - Land development for housing  
(Draft IRR)



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## Impact of RPVARA on businesses/real property owners



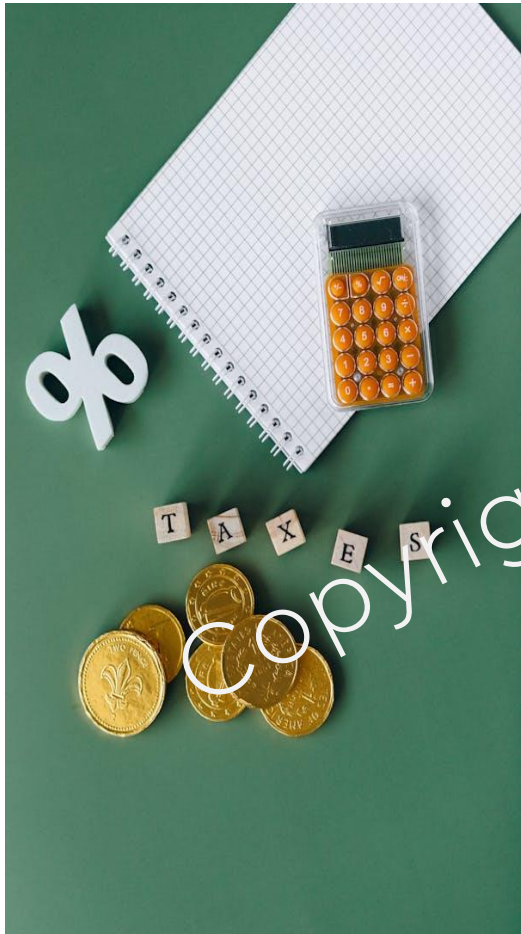
- Potential increase in real property taxes and other taxes involving real property transactions
- What can be done to counter the potential increase?



# Valuation of Real Properties



## Development of Valuation Standards



- BLGF shall develop, adopt, maintain and implement PVS
- Shall conform with international valuation standards and principles
- BLGF shall review the PVS every 3 years or as often as necessary

## Valuation of Real Property



- ❑ All real properties, shall be valued or appraised based on prevailing market values
- ❑ In conformity with the PVS



## Preparation of SMVs



- Assessors shall prepare SMVs
- Subject to at least 2 public consultations
- Timeline for first SMV under RPVARA: within 12 months from BLGF notice

## Review of SMVs by the SOF



- SMVs shall be subject to review by BLGF and SOF
- SOF shall certify that the SMVs is in accordance with PVS within 30 days from receipt from BLGF
- Existing SMV shall remain in effect if no SOF certification is made

## Review of SMVs by the SOF



- If SMV is not PVS compliant, SOF shall remand SMV to assessors for revision
- SOF shall not exercise control over the content of the SMV



## Effectivity of SMVs



- 15 days after publication
- Posting in 2 conspicuous places in the City Hall/Provincial Capitol/Municipal Hall

## Preparation and Review of SMVs

Assessors shall  
prepare SMVs

Assessor shall  
submit proposed  
SMV to the BLGF

BLGF shall review  
and endorse the  
proposed SMV to  
the SOF

## Updating of SMVs



- Within 2 years from the effectivity of RPVARA
- LGUs shall update SMVs every 3 years
- Should be updated in case of any significant change in market value



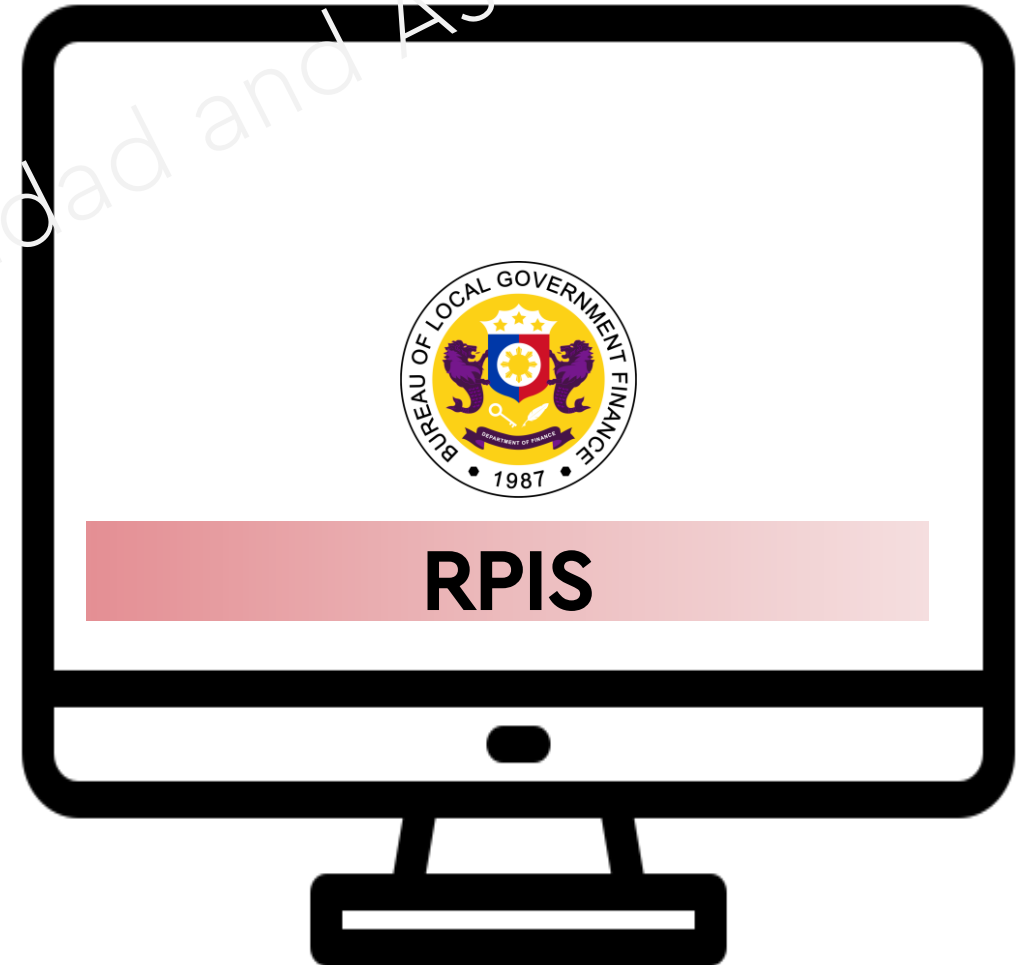
## Updating of SMVs



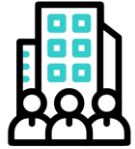
- Should be updated in case of any significant change in market value, such as:
  - Introduction of new roads/infrastructure
  - In times of calamities or disasters
  - During pandemic, public health emergency
  - Where correction of error is necessary

# Development and Maintenance of Real Property Market Database

- ✓ BLGF to develop and maintain an up-to-date electronic database called the RPIS
- ✓ Concerned national and local government officials are required to submit relevant documents to the RPIS.
- ✓ Database shall be made available to LGUs/gov't agencies/private sector



## Strengthening the Functions of the BLGF



Expanded Functions of the BLGF



Establishment of Real Property Valuation Service (RPVS)



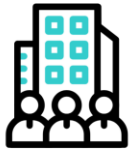
Establishment of a Real Property Valuation Unit (RPVU)



Creation of Central and Regional Consultative Committees



## Strengthening the Functions of the BLGF



### Expanded Functions of the BLGF



Establishment of RPVS



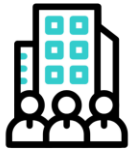
Establishment of RPVU



Creation of Central and Regional Consultative Committees

- ☑ Be the primary agency to implement RPVARA;
- ☑ Develop, adopt, and maintain the PVS, regulations, and specifications for real property appraisal used for taxation and other purposes;
- ☑ Review and ensure that the SMVs are compliant with the PVS and real property valuation policies and standards; and
- ☑ Develop and maintain a comprehensive and up-to-date electronic database of real property transactions

## Strengthening the Functions of the BLGF



Expanded Functions of the BLGF



Establishment of RPVS

- ✓ Develop and maintain valuation standards, and ensure that LGUs are compliant thereof; (*Draft IRR*)
- ✓ Provide policy formulation and planning on property valuation and other related subject matters; and (*Draft IRR*)
- ✓ Conduct valuation review on the submitted SMVs from LGUs to ensure accuracy and adherence to standards. (*Draft IRR*)

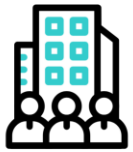


Establishment of RPVU



Creation of Central and Regional Consultative Committees

## Strengthening the Functions of the BLGF



Expanded Functions of the BLGF



Establishment of RPVS



Establishment of RPVU

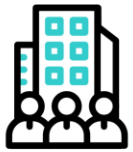
- ✓ Under the Office of the Local Assessor in every province and city
- ✓ Municipalities may also create an RPVU under the office of their respective local assessors.



Creation of Central and Regional Consultative Committees



## Strengthening the Functions of the BLGF



Expanded Functions of the BLGF



Establishment of RPVS



Establishment of RPVU



Creation of Central and Regional Consultative Committees

To serve as the forum on matters pertaining to the setting and adoption of international valuation standards and other related concerns on real property valuation

## Creation of the Central Consultative Committee



- Function:
  - Forum on matters of setting and adoption of IVS
  
- Composition:
  - BLGF head as chairperson
  - Representatives from BIR, DENR, BSP, ULAP, LRAPrivate appraisal sector, Real estate sector,  
National organization of government assessors

## Transitory Provisions

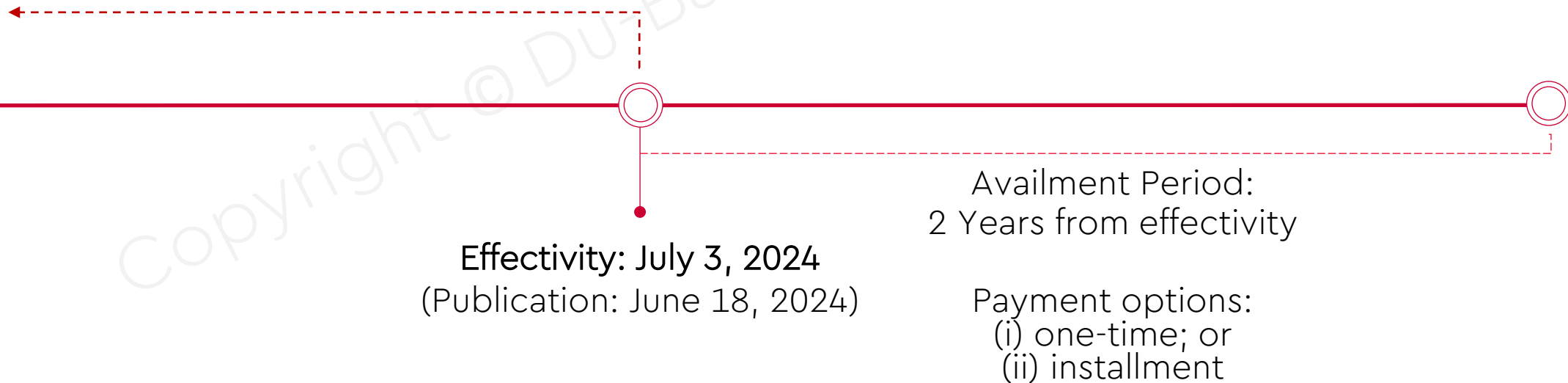


- ✓ LGUs which are in the process of updating their SMVs upon the effectivity of RPVARA shall continue the revisions
- ✓ If SMVs are not yet available/updated, the CIR shall adopt the existing SMVs/zonal values
- ✓ Zonal values as determined by the BIR and existing SMVs prepared by the assessors shall continue to be in force and effect until repealed/modified/superseded by new SMVs



## Grant of Tax Amnesty

**COVERAGE:** Penalties, surcharges, and interests from all unpaid RPT, prior to the effectivity of RPVARA



Amnesty shall not extend to the following real properties:



Delinquent real properties which have been disposed of at public auction to satisfy the real property tax delinquencies;



Real properties with tax delinquencies which are being paid pursuant to a compromise agreement; and



Real properties subject of pending cases in court for real property tax delinquencies.

Locally rooted – Globally connected