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# Real Property Valuation and Assessment Reform Act to Boost Local Fiscal Autonomy and Valuation Functions

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## Real Property Valuation and Assessment Reform Act to Boost Local Fiscal Autonomy and Valuation Functions

On 13 June 2024, President Ferdinand R. Marcos, Jr. signed into law Republic Act No. 12001 or the Real Property Valuation and Assessment Reform Act (“RPVARA” or the “Act”). The RPVARA shall take effect fifteen (15) days from its publication last 20 June 2024 (or on 05 July 2024).

The RPVARA was passed with the aim of addressing one of the prevalent issues in real property taxation which is the convoluted valuation process which may be attributed to overlapping assessments of multiple government agencies. For instance, the Commissioner of Internal Revenue is authorized to determine the zonal value of real properties pursuant to Section 6 of the Tax Code, while the local assessor concurrently enjoys the mandate under the Local Government Code to establish the fair market value of real properties for the purposes of determining the assessed value. With its passing, the RPVARA aims to streamline and simplify the assessment process by establishing a uniform valuation standard which must conform with international standards and principles. It will also adopt the market value as the base for the assessment of real property-related taxes imposed by the national and local governments and appraisals for transactions with government agencies.

The RPVARA likewise aims to remedy the increasing unrealized revenue due to outdated schedules of zonal and market values by improving the property administration processes. Some key changes it will introduce include the automation of the valuation functions through tax mapping technology, software-enabled valuation systems, and

computerized records management. The schedule of market values are required to be updated every three (3) years and consequently penalizes assessors for non-compliance with the periodic updates.

The RPVARA also offers tax amnesty on the penalties, surcharges, and interests on unpaid real property taxes and special levy taxes to delinquent taxpayers who may avail of one-time payment or installment payment within two (2) years from the effectivity of the Act. However, the amnesty shall not apply to the following: (a) real properties disposed at a public auction to satisfy real property tax delinquencies; (b) real properties with delinquencies which are being paid pursuant to a compromise agreement; and (c) real properties involved in pending court cases for real property tax delinquencies.

Its enactment is a positive development in the government's initiative in developing confidence in valuation system by ensuring transparency and efficiency in real property transactions and strengthening the fiscal autonomy of the local government units through enhanced revenue-generating capacity.

You may access a copy of the RPVARA [here](#).

NOTE: The Department of Finance (DOF) is tasked to issue the implementing rules and regulations (IRR) to operationalize the RPVARA. As of date, the IRR has yet to be issued.

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