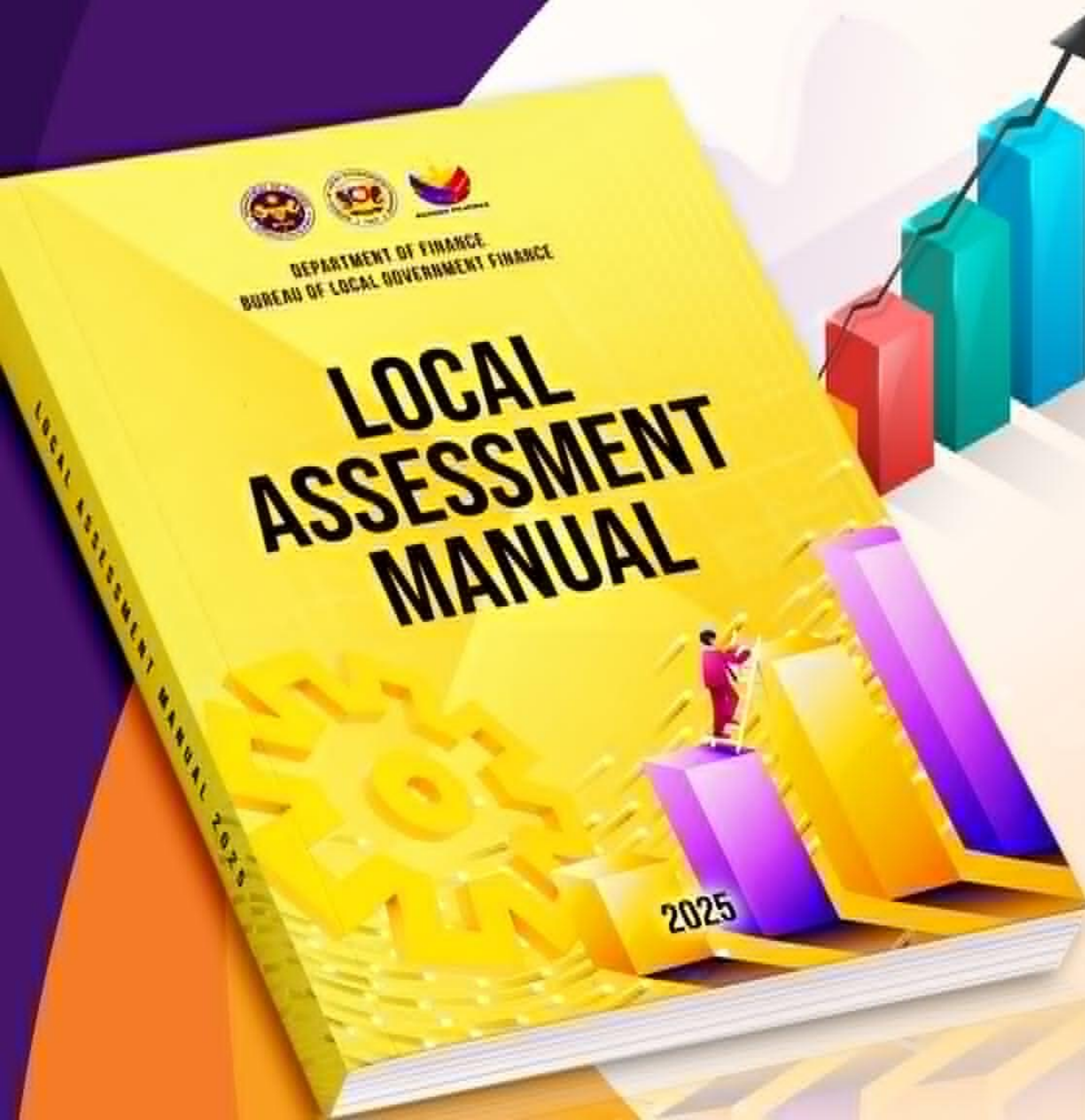




ROLLOUT TRAINING ON THE **LOCAL ASSESSMENT MANUAL (LAM)**

August 03–06, 2026
Cheq Seafoods Dampa, Balmores Street, Brgy. Sto. Niño
City of Koronadal

BOOK III

FUNDAMENTALS OF APPRAISAL AND ASSESSMENT



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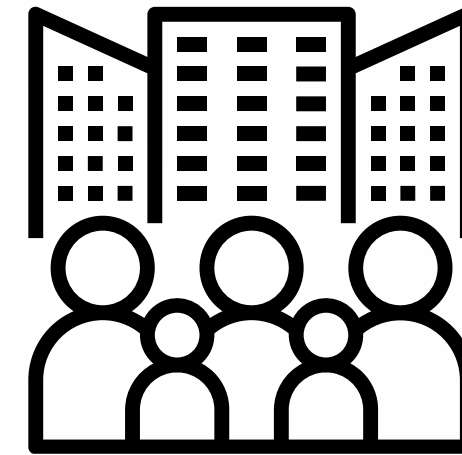
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Decoding Property Value



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CHAPTER I: APPRAISAL AND ASSESSMENT PRINCIPLES

This chapter introduces the fundamental principles of property appraisal and assessment, covering key economic concepts, market value drivers, and valuation approaches.



Chapter I: Appraisal and Assessment Principles

Section 1: Fundamental Principles

A. Real property shall be appraised at its **current and market value**.

In **Sesbreño vs. Central Board of Assessment Appeals, 270 SCRA 360, G.R. No. 106588 March 24, 1997**, petitioner insisted that respondent CBAA should have computed the assessed value of the property based on its market value based on Section 3 of PD No. 464. The Supreme Court rejected petitioner's contention and held that the cited provision merely defined "market value." It did not in any way direct that the market value as defined therein should be used as basis in determining the value of a property for purposes of real property taxation.



Chapter I: Appraisal and Assessment Principles

Section 1: Fundamental Principles

B. Real property shall be classified for assessment purposes on the **basis of its actual use.**

In Metropolitan Waterworks and Sewerage System (MWSS) vs. Central Board of Assessment Appeals, G.R. No. 215955, January 27, 2021, the Supreme Court held that real property shall be classified for assessment purposes on the basis of its actual use. MWSS is not liable to the local government of Pasay City for real property taxes.



Chapter I: Appraisal and Assessment Principles

Section 1: Fundamental Principles

C. Real property shall be assessed on the basis of a **uniform classification** within each LGU, who has the **mandate** to impose the real property tax.

In the case of ***Sta. Lucia Realty & Development, Inc. vs. City of Pasig***, 652 **SCRA 44, G.R. No. 166838, June 15, 2011** the Supreme Court emphasized that while LGUs are authorized under several laws to appraise properties falling under their respective territorial jurisdictions at current and fair market value and to collect real estate tax on such properties...



Chapter I: Appraisal and Assessment Principles

Section 1: Fundamental Principles

D. The appraisal and assessment of real property shall be **equitable**. When the value is determined for a certain property with an identified classification, the same shall be applied to a similar property, with the same tax base.

In the case of **Reyes vs. Almanzor, 196 SCRA 322, G.R. Nos. 49839-46, April 26, 1991**, illustrates the application of the principles of equitability and arbitrariness, as applied to the selection of a method of assessment...



Section 2: Economic Principles Relating to the Market Value

Economic principles are widely recognized as directly influencing the concept of market value. It is crucial to note that each of these principles is rarely, if ever, considered in isolation. Instead, they are analysed in an interconnected manner, mutually reinforcing and complementing one another, thereby shaping the holistic understanding of market dynamics.

Chapter I: Appraisal and Assessment Principles

Section 2: Economic Principles Relating to the Market Value



Principle of **Supply and Demand**

Chapter I: Appraisal and Assessment Principles

Section 2: Economic Principles Relating to the Market Value



Principle of **Highest and Best Use**

Chapter I: Appraisal and Assessment Principles

Section 2: Economic Principles Relating to the Market Value



Principle of **Substitution**

Chapter I: Appraisal and Assessment Principles

Section 2: Economic Principles Relating to the Market Value



Principle of **Contribution**

Chapter I: Appraisal and Assessment Principles

Section 2: Economic Principles Relating to the Market Value



Principle of **Completion**

Chapter I: Appraisal and Assessment Principles

Section 2: Economic Principles Relating to the Market Value



Principle of **Increasing and Decreasing Return**

Chapter I: Appraisal and Assessment Principles

Section 2: Economic Principles Relating to the Market Value



Principle of **Balance**

Chapter I: Appraisal and Assessment Principles

Section 2: Economic Principles Relating to the Market Value



Principle of **Change**

Chapter I: Appraisal and Assessment Principles

Section 2: Economic Principles Relating to the Market Value



Principle of **Anticipation**



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Chapter I: Appraisal and Assessment Principles

Section 2: Economic Principles Relating to the Market Value



Principle of **Conformity**

Chapter I: Appraisal and Assessment Principles

Section 2: Economic Principles Relating to the Market Value



Principle of **Utility**

Section 3: Approaches to Value

This chapter discusses the three (3) Approaches in the valuation of real properties, namely:

- (i) Market Approach; and
- (ii) Income Approach; and
- (iii) Cost Approach

A. Market Approach

It is an appraisal procedure where the market value estimate is predicated upon prices paid in actual market transactions and current listings. It is a process of analyzing the sales of similarly sold properties (sold at or around the relevant date) in order to derive an indicator of the most probable sale prices of the property being appraised.

B. Cost Approach (Reproduction/Replacement Cost (RRC) Approach)

It is a factual approach used exclusively in appraising man-made improvements such as buildings and other structures. This approach depends on guides and standards, based on data materials and labor costs.

Chapter I: Appraisal and Assessment Principles

Section 3: Approaches to Value

The following methodology and factors may be a consideration in the Cost Approach:

- **Reproduction/Replacement Cost**

- a. Quantity Survey Method
- b. Unit-in-Place Method
- c. Index Method
- d. Comparative Method



Chapter I: Appraisal and Assessment Principles

Section 3: Approaches to Value

- **Depreciated Replacement Cost**

Depreciation and/or Obsolescence

Economic (or environmental) obsolescence is the loss in value resulting from influencing factors that are external to the property. It may be a result from number of causes, such as changes in the local economy, including shifting property use pattern, legal developments, and the encroachment of objectionable influences.

Establish Depreciation Rate

Depreciation Rate Formula

$$\text{Depreciation Rate} = \frac{\text{Number of Years Used}}{\text{Estimated Economic Life of the Building and Other Structures}}$$



C. Income Capitalization Approach

It is based on the theory that the value of an income-producing property is no more than the return derived from it.

The capitalized value of the income represents the present value of the property.

Section 4: Forces Influencing Value

There are several factors that influence value. In conceptual terms, these can be brought together in four broad categories. They all interact with each other and affect the value of all parcels of land.

Chapter I: Appraisal and Assessment Principles

Section 4: Forces Influencing Value

SOCIAL

- Population growth and decline
- Shift in population density
- Changes in family size
- Attitudes toward education and social activities
- Attitudes toward architectural design and utility
- Other factors emerging from human social instincts, Ideas and yearnings.



Chapter I: Appraisal and Assessment Principles

Section 4: Forces Influencing Value

ECONOMIC

- Natural resources; quantity, quality, location, rate of depletion
- Commercial and industrial trends
- Employment trends and wage levels
- Availability of money and credit
- Price level interest rates, tax burdens
- Other factors affecting purchasing power



Chapter I: Appraisal and Assessment Principles

Section 4: Forces Influencing Value

GOVERNMENT OR POLITICAL

- Zoning Laws
- Building Codes
- Police and fire regulations
- Rent controls, special use permits, credit control
- Government sponsored housing and guaranteed mortgage loans
- Monetary policies, including taxation, affecting free use of real estate



Chapter I: Appraisal and Assessment Principles

Section 4: Forces Influencing Value

PHYSICAL OR ENVIRONMENTAL

- Climate
- Soil fertility
- Mineral resources
- Community factors – transportation, proximity of schools, churches, parks and recreation areas.
- Flood control and soil conservation
- Soil characteristics (subsoil)



CHAPTER II: APPRAISAL OF REAL PROPERTY

This chapter delves into the appraisal of real property, focusing on essential techniques and other considerations. It discusses the appraisal process, adjustment factors, and specific considerations related to properties declared for the first time.



Section 5: Appraisal of Real Property

Real property such as land, building, machinery, other land improvements and structures, shall be appraised according to the **Schedule of Market Values (SMV)**.

Chapter II: Appraisal of Real Property

Section 5: Appraisal of Real Property

A. Land

1. Determine the Market Value of the land by multiplying the area with the unit value in the approved SMV.



Chapter II: Appraisal of Real Property

Section 5: Appraisal of Real Property

Determination of Market Value (Land)

$$\text{Market Value (MV)} = \text{Unit Value} \times \text{Lot Area}$$

Determination of Market Value (Land Improvements)

$$\text{MV} = (\text{Unit Value} \times \text{Lot Area}) + \text{Value of the Land Improvement}$$

Determination of Adjusted Market Value

$$\text{Adjusted MV} = \text{MV} \pm (\text{MV} \times \text{Adjustment Factor})$$



Chapter II: Appraisal of Real Property

Section 5: Appraisal of Real Property

A. Land

1. Appraise and classify the land based on the actual use.
2. Appraise vacant lands based on the predominant utilization in the area.



Chapter II: Appraisal of Real Property

Section 5: Appraisal of Real Property

B. Building

1. The appraisal of buildings and other structures shall be in accordance with the **Base Unit Construction Cost (BUCC)**, which is an integral part of the SMV.
2. The **BUCC** is a valuable tool for Assessors in the valuation of buildings and other improvements to a real property.
3. The **BUCC** should conform with structural types and other amenities in accordance with **Section 401 of R.A. No. 1096**, or the “**National Building Code of the Philippines**.”
4. In the appraisal of buildings, consideration should also be given to the **extra items, provided under the approved SMV** by using the *formula*.



Chapter II: Appraisal of Real Property

Section 5: Appraisal of Real Property

Determination of Market Value (Building) – BUCC Method

$$\text{Market Value} = \text{Floor Area} \times \text{BUCC}$$

Determination of Value of Extra Items (Building)

$$\text{Market Value} = (\text{Floor Area} \times \text{BUCC}) + \text{Value of Extra Item}$$



Chapter II: Appraisal of Real Property

Section 5: Appraisal of Real Property

5. Buildings and other structures **not found** in the approved SMV, **shall be appraised based on its construction cost.**
6. Buildings shall be depreciated in accordance with the **depreciation rate table in the approved SMV.**
7. The development of the BUCC shall be detailed in the **Mass Appraisal Guidebook (MAG).**



Chapter II: Appraisal of Real Property

Section 5: Appraisal of Real Property

C. Machinery

1. Shall be appraised on the basis of its acquisition cost.

a . For imported machinery:

Determination of Market Value (Imported Machinery) – Reproduction/ Replacement Cost

$$\text{MV/RRC} = \text{Acquisition Cost} \times \frac{\text{Ex Rate V}}{\text{Ex Rate A}} \times \text{PI of Origin country}$$

Where:

Acquisition Cost = Cost of Machinery, Insurance and Freight

Ex Rate V = Exchange Rate on the Date Valuation

Ex Rate A = Exchange Rate on the Date Acquisition

Price Index = International Price or Trending Factor



Chapter II: Appraisal of Real Property

Section 5: Appraisal of Real Property

Determination of Market Value (Imported Machinery) – Depreciated Replacement Cost

$$\text{MV DRC} = \text{Acquisition Cost} \times \frac{\text{Ex Rate } V}{\text{Ex Rate } A} \times \text{PI of Origin country} \times \frac{EL - N}{EL}$$

Where:

Acquisition Cost = Cost of Machinery, Insurance and Freight

Ex Rate V = Exchange Rate on the Date Valuation

Ex Rate A = Exchange Rate on the Date Acquisition

Price Index = International Price or Trending Factor

EL = Economic Life

N = Number of Years in Used



Chapter II: Appraisal of Real Property

Section 5: Appraisal of Real Property

b. For locally manufactured machinery:

Determination of Market Value (Locally - Manufactured Machinery) – Reproduction/Replacement Cost

$$\text{MV RRC} = \text{Acquisition Cost} \times \text{PI}$$

Where:

Acquisition Cost = Cost of Machinery, Insurance

Freight Price Index = Local Price or Trending Factor



Chapter II: Appraisal of Real Property

Section 5: Appraisal of Real Property

b. For locally manufactured machinery:

Determination of Market Value (Locally - Manufactured Machinery) – Depreciated Replacement Cost

$$\text{MV DRC} = \text{Acquisition Cost} \times \text{PI} \times \frac{EL - N}{EL}$$

Where:

DRC = Depreciated Replacement Cost

Acquisition Cost = Cost of Machinery, Insurance and Freight

PI = Local Price or Trending Factor

EL = Economic Life

N = Number of Years in Used



Depreciation of Machinery

In all other cases, the cost in foreign currency of imported machinery shall be converted to peso equivalent based on exchange rates fixed by the Bangko Sentral ng Pilipinas at the time of acquisition and apply a depreciation allowance of not exceeding five percent (5%) per year.

Chapter II: Appraisal of Real Property

Section 5: Appraisal of Real Property

In cases where the depreciation rate is less than five percent (5%), use the formula as provided below.

Computation of Depreciation of Machinery (Rate < 5%)

$$\text{Depreciation} = \text{RRC} \times \frac{EL - REL}{EL}$$

Where:

RRC = Reproduction/Replacement Cost

EL = Economic Life

REL = Remaining Economic Life



Chapter II: Appraisal of Real Property

Section 5: Appraisal of Real Property

2. The appraisal of machinery shall include expenses on transport, installations, tariffs, handling, and other miscellaneous expenses.

For purposes of assessment, a **depreciation allowance** shall be made for machinery at a rate **not exceeding five percent (5%)** of its original cost or its replacement or reproduction cost, as the case may be, for each year of use. However, the **remaining value** for all kinds of machinery shall be fixed at not less than **twenty percent (20%)** of such original, replacement, or reproduction cost for so long as the machinery is useful and in operation (Sec. 225, LGC).

Application of Remaining Value
Remaining Value $\geq$ 20% of the RDC



D. Other Land Improvements and Structures

- Land improvements are enhancements that improve or increase the value of land with the specific exclusion of buildings and other structures. Land improvements shall not be issued separate TDs.
- Other structures shall be considered as such if they are constructed separately from the core building. Other structures that are not found in the approved SMV shall be appraised independently.

Chapter II: Appraisal of Real Property

Section 5: Appraisal of Real Property

E. Extra Items

1. Extra items introduced in the building shall be added to the value of the building to derive the total market value of the building.

Application of Remaining Value

$$\text{Market Value} = (\text{Floor Area} \times \text{BUCC}) + \text{Value of Extra Item}$$



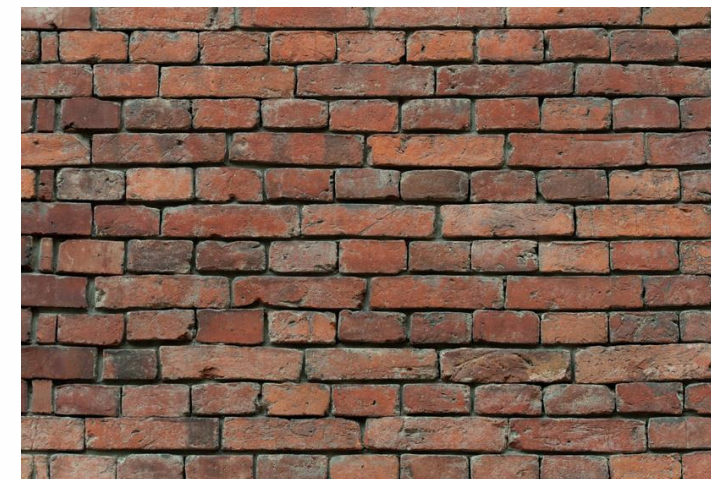
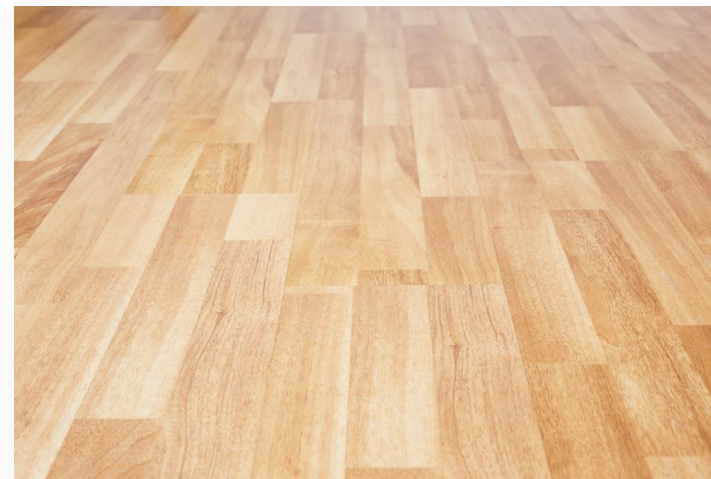
Chapter II: Appraisal of Real Property

Section 5: Appraisal of Real Property

E. Extra Items

2. The following, but not limited to, shall be considered as extra items:

- Carport
- Balcony
- Porch
- Deck Roof
- Basement
- Terrace
- Floor/Wall Finishes
- Mezzanine
- Garage
- Special Panels



Chapter II: Appraisal of Real Property

Section 6: Adjustment Factors

1. Corner Lots

Shall be valued with percentage increment as determined by the Assessor and shall be incorporated in the approved SMV, provided that the lot along the street with the highest value will be considered for the computation of the base market value. An alley should not be considered as a basis for value adjustment.



Chapter II: Appraisal of Real Property

Section 6: Adjustment Factors

2. Depth Influence and Stripping

The standard depth and its corresponding decrease in value may be established after careful study of various lot depths and values in the locality. It is recognized that the value of lots tends to diminish as it extends from the street frontage to the rear. The nearest portion of strip to the street has the highest value and the value of each successive parallel strip across a given lot decreases as the distance to the street increases. Stripping should be applied where the length of the land exceeds the established depth for residential area, as determined by the Assessor and indicated in the SMV.



Chapter II: Appraisal of Real Property

Section 6: Adjustment Factors

3. Triangular lots and irregular lots are appraised just like other lots in the locality

- Appraise using highest and best use or most probable use.
- Reduction in value due to shape will also be influenced by the size of the parcel.
- Adjustment should be made in view of the economic deprivation on the use of the irregular lots.

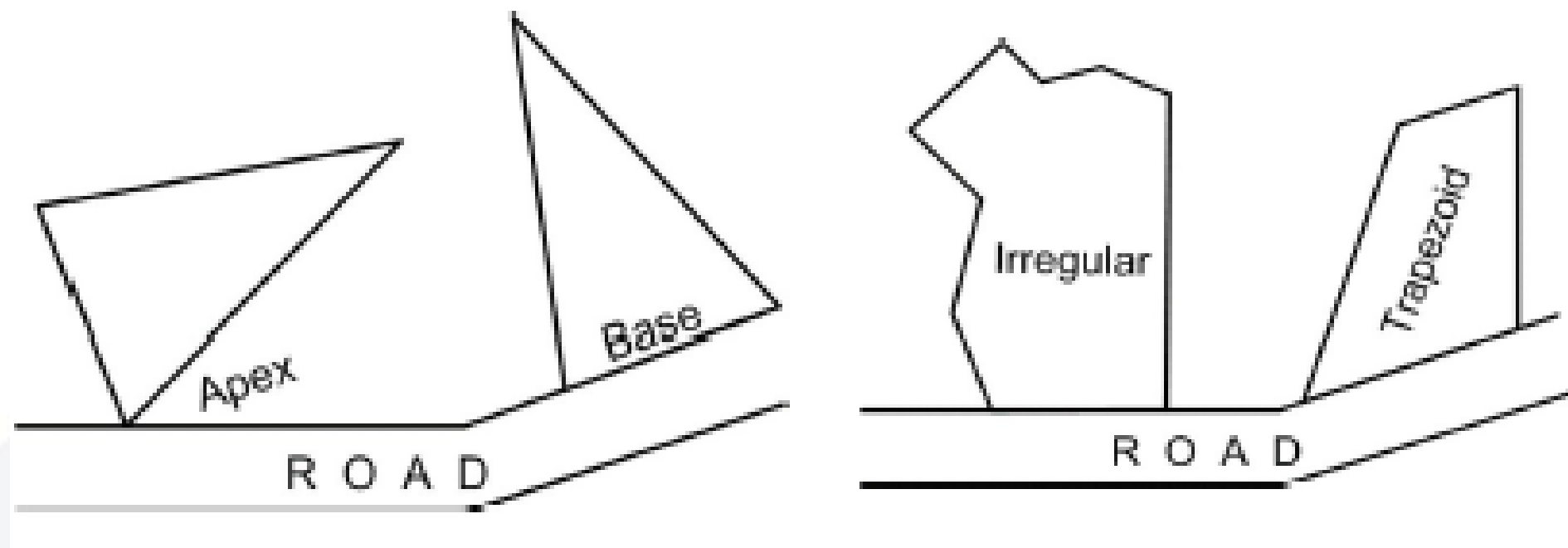


Illustration of Triangular and Irregular Lots

Chapter II: Appraisal of Real Property

Section 6: Adjustment Factors

4. Adjustment in Value for Agricultural Land

The valuation for Agricultural Land shall consider the adjustments below.

A. Types of Roads

Types of Road	% Adjustment
Provincial or National Road	
All-Weather Roads	
Dirt Road	
Road with No Outlet	



Chapter II: Appraisal of Real Property

Section 6: Adjustment Factors

B. Location

Distance to (in Kms.)	All-Weather Road (%)	Local Trading Center (Poblacion) (%)
0 to 1		
Over 1 to 3		
Over 3 to 6		
Over 6 to 9		
Over 9		

Chapter II: Appraisal of Real Property

Section 7: Properties Declared for the First Time

A. Appraisal

- 1.For Land** – the applicable SMV in force during the corresponding period shall be the basis of appraisal.
- 2.For Building and Other Structure** – the applicable current BUCC shall be used.
- 3.For Machinery** – the acquisition cost, including the cost of freight, insurance, bank and other charges, brokerage, arrastre and handling, duties and taxes, plus cost of inland transportation, handling, and installation charges at the present site, shall be the basis of appraisal.



Chapter II: Appraisal of Real Property

Section 7: Properties Declared for the First Time

B. Appraisal of Property Subject to Back Taxes

Appraisal of real property declared for the first time shall be listed, classified, and valued based on the SMV (either for land or building), and shall be subject to back taxes (if applicable) of not exceeding **ten (10) years** from the year of initial assessment. The SMVs applicable for the corresponding periods shall be controlling.



CHAPTER III: ASSESSMENT OF REAL PROPERTY

This chapter focuses on the assessment of real property, covering key aspects of the process, actual use of real property serves as the basis for assessment, the rates of assessment levels, and the various situations in which assessments or reassessments are conducted.



Chapter III: Assessment of Real Property

Section 8: Appraisal of Real Property

The assessment of real property is the process of determining the value of a property or portion thereof that is subject to the payment of real property tax (RPT). That proportion is known as the **Assessed Value**.

The LGC prescribes the maximum assessment levels to be applied to all classes of land, including buildings and machinery. The Sanggunian concerned may, by Ordinance, reduce assessment levels. However, the Sanggunian may not exceed the maximum levels prescribed under the LGC. The formula below is provided for computing the taxable value.

Determination of Assessed Value of Real Property

$$\text{Assessed Value} = \text{Market Value} \times \text{Assessment Level}$$



Section 9: Actual Use of Real Property as Basis for Assessment

Real property shall be classified, valued, and assessed on the basis of its actual use regardless of where located, whoever owns it, and whoever uses it. Actual use, however, shall be determined by the **principal and predominant utility** of the property.

Chapter III: Assessment of Real Property

Section 10: Rates of Assessment Level

The assessment levels to be applied to the market value of real property to determine the assessed value shall be fixed by an Ordinance of the Sanggunian and shall not exceed the following maximum levels of assessment:

A. On Lands

Class	Maximum Assessment Levels
Residential	20%
Agricultural	40%
Commercial	50%
Industrial	50%
Mineral	50%
Timberland	20%



Chapter III: Assessment of Real Property

Section 10: Rates of Assessment Level

B. On Buildings and Other Structures

1. Residential

Market Value		Assessment Levels
Over	Not Over	
	Php 175,000.00	0%
Php 175,000.00	300,000.00	10%
300,000.00	500,000.00	20%
500,000.00	750,000.00	25%
750,000.00	1,000,000.00	30%
1,000,000.00	2,000,000.00	35%
2,000,000.00	5,000,000.00	40%
5,000,000.00	10,000,000.00	50%
10,000,000.00		60%



Chapter III: Assessment of Real Property

Section 10: Rates of Assessment Level

B. On Buildings and Other Structures

2. Agricultural

Market Value		Assessment Levels
Over	Not Over	
	300,000.00	25%
300,000.00	500,000.00	30%
500,000.00	750,000.00	35%
750,000.00	1,000,000.00	40%
1,000,000.00	2,000,000.00	45%
2,000,000.00		50%

Chapter III: Assessment of Real Property

Section 10: Rates of Assessment Level

B. On Buildings and Other Structures

3. Commercial/Industrial

Market Value		Assessment Levels
Over	Not Over	
	300,000.00	30%
300,000.00	500,000.00	35%
500,000.00	750,000.00	40%
750,000.00	1,000,000.00	50%
1,000,000.00	2,000,000.00	60%
2,000,000.00	5,000,000.00	70%
5,000,000.00	10,000,000.00	75%
10,000,000.00		80%



Chapter III: Assessment of Real Property

Section 10: Rates of Assessment Level

B. On Buildings and Other Structures

4. Timber Land

Market Value		Assessment Levels
Over	Not Over	
	300,000.00	45%
300,000.00	500,000.00	50%
500,000.00	750,000.00	55%
750,000.00	1,000,000.00	60%
1,000,000.00	2,000,000.00	65%
2,000,000.00	5,000,000.00	70%
5,000,000.00	10,000,000.00	50%
10,000,000.00		60%



Chapter III: Assessment of Real Property

Section 10: Rates of Assessment Level

B. On Buildings and Other Structures

5. On Machinery

Class	Assessment Levels
Residential	40%
Agricultural	50%
Commercial	80%
Industrial	80%

Chapter III: Assessment of Real Property

Section 10: Rates of Assessment Level

B. On Buildings and Other Structures

6. On Special Classes

Actual Use	Assessment Levels
Cultural	15%
Scientific	15%
Hospital	15%
Local water districts	10%
Government-owned or controlled corporations engaged in the supply and distribution of water and/or generation and transmission of electric power	10%

Section 11: Cases When Assessment Are Made

Assessment shall be made in the following cases:

- Real properties declared for the first time and newly discovered real properties.
- General revision of classifications and assessments; and
- Request made by the property owner.

Chapter III: Assessment of Real Property

Section 12: Cases When Reassessment Are Made

Reassessment shall be made in the following cases:

- Partial or total destruction of the property;
- Any great and sudden inflation or deflation of real property values;
- Change in actual use;
- Change in area;
- Change in ownership;
- Physical change in the property;
- Gross illegality;
- Creation, merger or dissolution of LGUs; and
- Transfer of territories to another LGU by law or by court order.



Chapter III: Assessment of Real Property

Section 12: Cases When Reassessment Are Made

However, the general revision of property assessments shall be strictly **conducted every three (3) years.** Assessors shall update their respective SMVs within two (2) years from July 5, 2024 and update them every three (3) years, pursuant to R.A. No. 12001, or the RPVARA. The exceptions are (1) new improvements substantially increasing the value of said property, or (2) of any change in its actual use.



Chapter III: Assessment of Real Property

Section 13: Effectivity of Assessment or Reassessment

All assessments or reassessments made after the first (1st) day of January of any year **shall take effect on the first (1st) day of January of the succeeding year**. However, the reassessment of real property due to its partial or total destruction, or due to a major change in its actual use, or due to any great and sudden inflation or deflation of real property values, or due to the gross illegality of the assessment when made or to any other abnormal cause, shall be made within ninety (90) days from the date any such cause or causes occurred. The reassessment shall then **take effect at the beginning of the quarter next following the reassessment**.

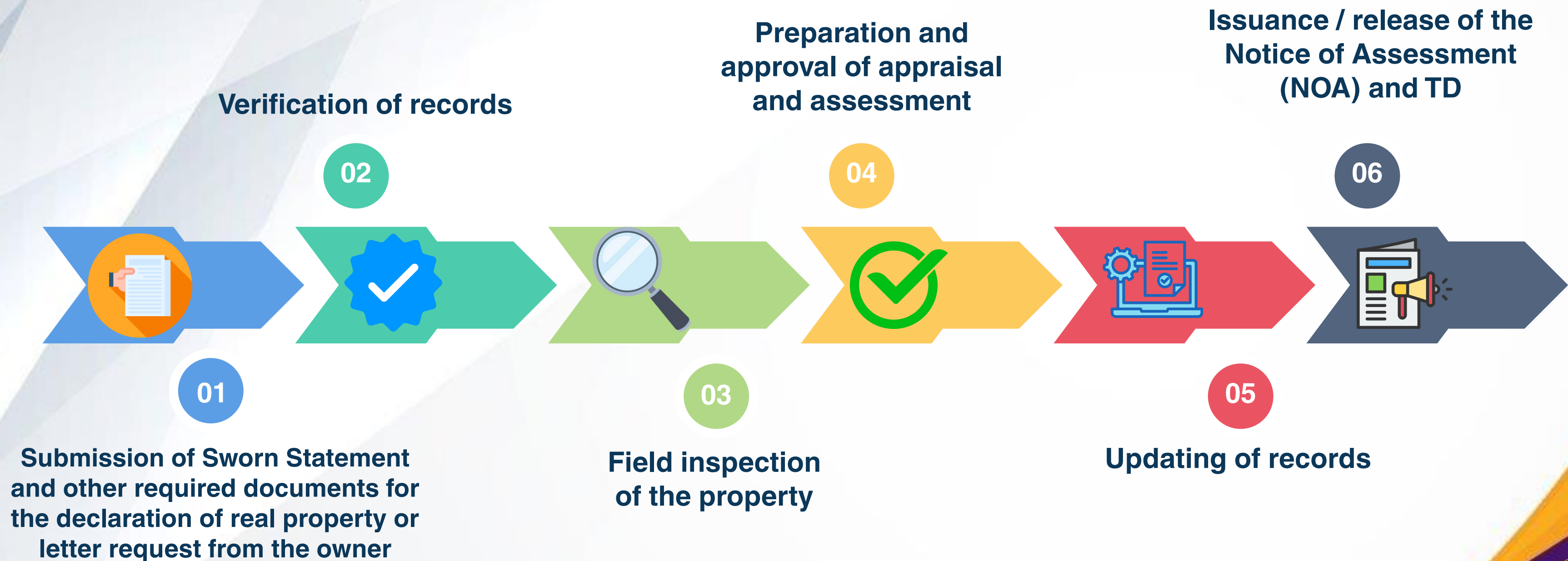


Chapter III: Assessment of Real Property

Section 14: Issuance of Tax Declaration (TD)

A. Process

1. Voluntary Declaration



Chapter III: Assessment of Real Property

A. Process

Section 14: Issuance of Tax Declaration (TD)

1. Discovery

- a. Declaration by the Assessor
- b. Issuance of summons by the Assessor to the property owner (15-day notice, with another 15-day notice, should property owner fail to comply with the 1st summons)
- c. Verification of records
- d. Coordination with other local and national government agencies to gather relevant documents and information in case the property owner fails to comply with the summons
- e. Field inspection of the property
- f. Preparation and approval of appraisal and assessment
- g. Updating of records
- h. Issuance/release of the NOA and TD



Chapter III: Assessment of Real Property

Section 14: Issuance of Tax Declaration (TD)

B. Requirements

1. Land

a. Declared for the First Time :

Titled Property:

- Request Letter or Request Form for declaration of real property
- Sworn Statement declaring the Market Value of Real Property
- Certified True Copy of the Title
- Approved Survey Plan by DENR
- Special Power of Attorney (SPA) if declaration is made by duly authorized representative
- Government issued identification card of the owner and the authorized representative
- Other requirements as may be imposed by the LGU thru a duly enacted Ordinance or as may be provided in the approved Citizen's Charter



Chapter III: Assessment of Real Property

Section 14: Issuance of Tax Declaration (TD)

a. Declared for the First Time :

Untitled Property:

- Request Letter or Request Form for declaration of real property
- Contracts/Grant issued by the proper government agency, if applicable
- Approved Survey Plan by DENR
- Certification that the land is within the A&D area
- A certification from the barangay captain that the declarant is the present possessor and possessor of the land and the certification of the adjoining owners duly sworn to by the barangay captain and/or the municipal mayor
- Certification from the NCIP, if applicable
- SPA, if declaration is made by duly authorized representative
- Government issued identification card of the owner and the authorized representative
- Other requirements as may be imposed by the LGU thru a duly enacted Ordinance or as may be provided in the approved Citizen's Charter



Chapter III: Assessment of Real Property

Section 14: Issuance of Tax Declaration (TD)

b. Transfer of Declaration:

Titled Property

- Request Letter or Request Form for transfer of declaration of real property
- Sworn Statement declaring the Market Value of Real Property
- Certified True Copy of the Title
- Approved Survey plan by DENR
- Special Power of Attorney (SPA), if declaration is made by duly authorized representative
- Government issued identification card of the owner and the authorized representative
- Other requirements as may be imposed by the LGU thru a duly enacted Ordinance or as may be provided in the approved Citizen's Charter



Chapter III: Assessment of Real Property

Section 14: Issuance of Tax Declaration (TD)

b. Transfer of Declaration:

Untitled Property

- Request Letter or Request Form for declaration of real property
- Notarized copy of the deed of conveyance duly registered with the ROD
- eCAR
- Certification from the DENR stating that the land is within the A&D area
- Certification from the NCIP, if applicable
- SPA, if declaration is made by duly authorized representative
- Government issued identification card of the owner and the authorized representative
- Other requirements as may be imposed by the LGU thru a duly enacted Ordinance or as may be provided in the approved Citizen's Charter



Chapter III: Assessment of Real Property

Section 14: Issuance of Tax Declaration (TD)

c. Subdivision and/or Consolidation

- Request Letter or Request Form for subdivision or consolidation of declared real property
- Sworn Statement declaring the Market Value of Real Property
- Electronic copy of the subdivided and/or consolidated Titles, certified by the ROD
- If subdivision and /or consolidation is with Transfer:
 - Notarized copy of the deed of conveyance/ deed of partition as the case may be duly registered with the ROD
 - eCAR
 - Transfer Tax Receipt except for transactions pursuant to R.A. No. 6657
- In case of untitled land, proof of receipt by the Registry of Deeds of the Requirement Nos. I to IV
- SPA if declaration is made by duly authorized representative
- Government issued identification card by the owner and authorized representative
- Other requirements as may be imposed by the LGU thru a duly enacted Ordinance or as may be provided in the approved Citizen's Charter



Chapter III: Assessment of Real Property

Section 14: Issuance of Tax Declaration (TD)

B. Requirements

2. Building

Declared for the First Time

- Request Letter or Request Form for declaration of real property
- Sworn Statement declaring the Market Value of Real Property
- Copy of approved building permit, building plan
- Certificate of Completion or Certificate of Occupancy permit
- SPA, if declaration is made by duly authorized representative
- Government-issued identification card of the owner and the authorized representative
- Other requirements as may be imposed by the LGU through a duly enacted Ordinance or as may be provided in the approved Citizen's Charter



Chapter III: Assessment of Real Property

Section 14: Issuance of Tax Declaration (TD)

B. Requirements

2. Building

Transfer of Declaration

- Request Letter or Request Form for declaration of real property
- Sworn Statement declaring the Market Value of Real Property
- Notarized copy of the deed of conveyance duly registered with the ROD
- SPA, if declaration is made by duly authorized representative
- Government-issued identification card of the owner and the authorized representative
- Other requirements as may be imposed by the LGU through a duly enacted Ordinance or as may be provided in the approved Citizen's Charter



Chapter III: Assessment of Real Property

Section 14: Issuance of Tax Declaration (TD)

B. Requirements

3.Machinery

Declared for the First Time

- Request Letter or Request Form for declaration of real property
- Sworn Statement declaring the Market Value of Real Property
- Copy of receipts or invoices, including cost of transport, handling, installation, arrastre, custom duties and taxes, insurance
- SPA, if declaration is made by duly authorized representative
- Government-issued identification card of the owner and the authorized representative
- Other requirements as may be imposed by the LGU through a duly enacted Ordinance or as may be provided in the approved Citizen's Charter



Chapter III: Assessment of Real Property

Section 14: Issuance of Tax Declaration (TD)

3. Machinery

Transfer of Declaration

- Request Letter or Request Form for declaration of real property
- Sworn Statement declaring the Market Value of Real Property
- Notarized copy of the deed of conveyance
- SPA, if declaration is made by duly authorized representative
- Government-issued identification card of the owner and the authorized representative
- Other requirements as may be imposed by the LGU through a duly enacted Ordinance or as may be provided in the approved Citizen's Charter



Chapter III: Assessment of Real Property

Section 15: Cancellation of the Tax Declaration

It covers instances where cancellation may be warranted, the effective date of such cancellations, the procedural steps to follow, and the necessary requirements to initiate this process.

A. Instances where Cancellation of Tax Declaration may be made:

1. By the Action of the Assessor

- General revision of property classification and assessment
- Change in actual use of real property
- Inflation or deflation of real property values
- Illegality of the assessment when made or to any other abnormal cause
- Court Order



Chapter III: Assessment of Real Property

Section 15: Cancellation of the Tax Declaration

A. Instances where Cancellation of Tax Declaration may be made:

2. Upon Request by the Declarant

- Request made by the person in whose name the property is declared under Section 220 of the LGC.
- Transfer, subdivision and/or consolidation of ownership of real property
- Introduction of improvements that substantially increased the value of the real property
- Circumstances that substantially decreased the value of the real property, such as partial or total destruction

Cancellation shall only apply in cases where there are no adverse claims that are pending resolution with a competent court of jurisdiction.



Chapter III: Assessment of Real Property

Section 15: Cancellation of the Tax Declaration

B. Effectivity of Cancellation

- Cancellations due to **new or revised assessment** after the first (1st) day of January of any year shall take effect on the first (1st) day of January of the succeeding year; and
- Cancellation due to **new or revised assessment of real property due to its partial or total destruction, or to a major change in its actual use, or to any great and sudden inflation or deflation of real property values, or to the gross illegality of the assessment when made or to any other abnormal cause** shall take effect at the beginning of the quarter next following the reassessment.



Chapter III: Assessment of Real Property

Section 15: Cancellation of the Tax Declaration

C. Process

- Submission of letter request or request form for cancellation of the declaration
- Verification of records
- Field inspection of the property
- Updating of records Issuance of Notice of Cancellation in instances of motu proprio cancellation by the assessor to notify the previous declarant and other persons with legal interest



Chapter III: Assessment of Real Property

Section 15: Cancellation of the Tax Declaration

D. Requirements

- Letter Request or Request Form
- Copy of Tax Declaration
- Copy of Tax Declaration
- Supporting documentation, such but not limited to:
 - Deed of Conveyance
 - Demolition Permit, if applicable
 - Photograph of the property
 - Court Order
 - Fire Incident Investigation Report
 - Certification from the Disaster Risk Reduction and Management Office (DRRMO)
- SPA, if declaration is made by duly authorized representative
- Government-issued identification card of the owner and the authorized representative
- Other requirements as may be imposed by the LGU through a duly enacted Ordinance or as may be provided in the approved Citizen's Charter



CHAPTER IV: CONDOMINIUM

This chapter discusses the assignment of Property Identification Numbers (PINs) to condominiums and their assessment and appraisal.



Chapter IV: Condominium

Section 16: Assignment of PIN for Condominiums

A. PIN for Condominium Buildings: **000-00-0000-000-00-3000-X00-000**

a.Components 1 – 5: Land PIN

b.Component 6: Building/tower index number

c.Component 7: Condominium floor number; Basement floors shall have a prefix “B”; and unit’s floors shall have a prefix “F”.

d.Component 8: Condominium unit index number.

The index number for a condominium building is a four-digit number starting with prefix “3” added to the PIN of the Land.



Chapter IV: Condominium

Section 16: Assignment of PIN for Condominiums

A. PIN for Condominium Buildings: **000-00-0000-000-00-3000-X00-000**

Note: *In case a condominium floor levels and units exceed the three (3) digit limit, the assessor has the option to increase the number of digits to accommodate the maximum floors and units in the condominium building, but such increase in digits shall be made uniform for the whole of the LGU.*

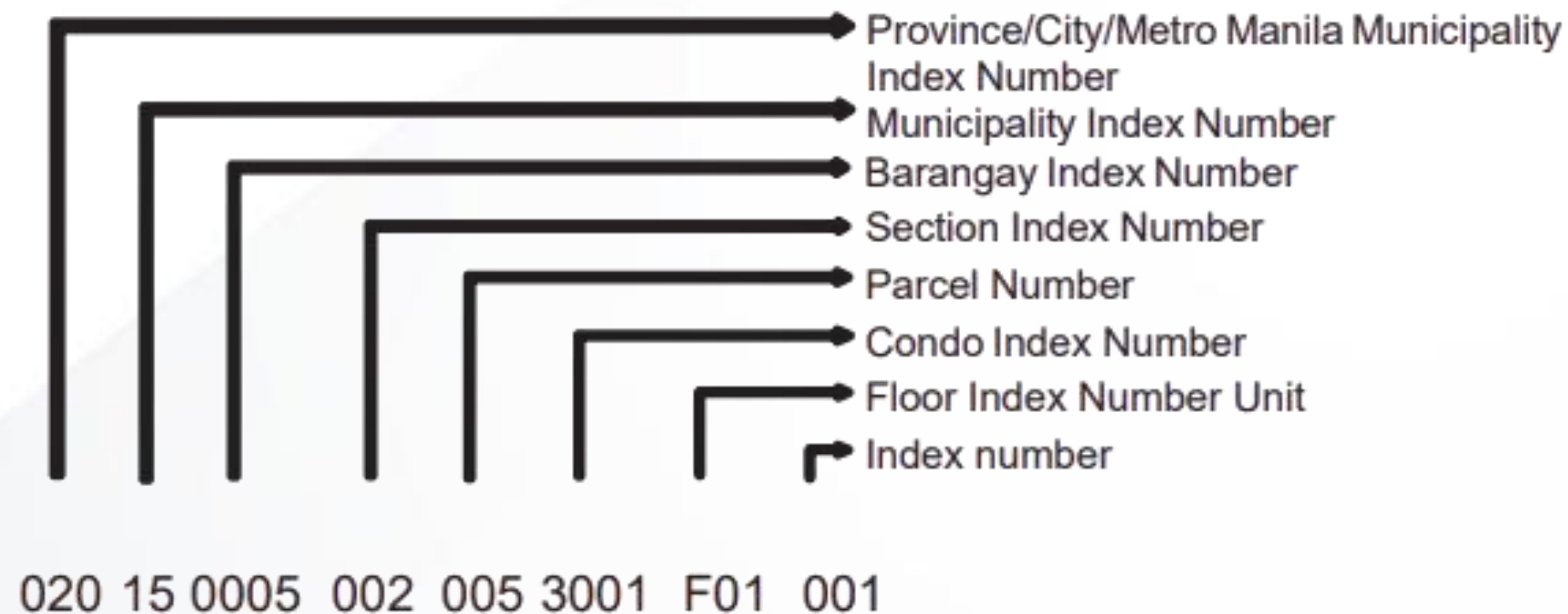


Chapter IV: Condominium

Section 16: Assignment of PIN for Condominiums

A. PIN for Condominium Buildings: 000-00-0000-000-00-3000-X00-000

The PIN for condominium unit located on the ground floor of a condominium building of lot (05), Section (002) of Barangay (0005) at the municipality (15) in the province of (020) is:

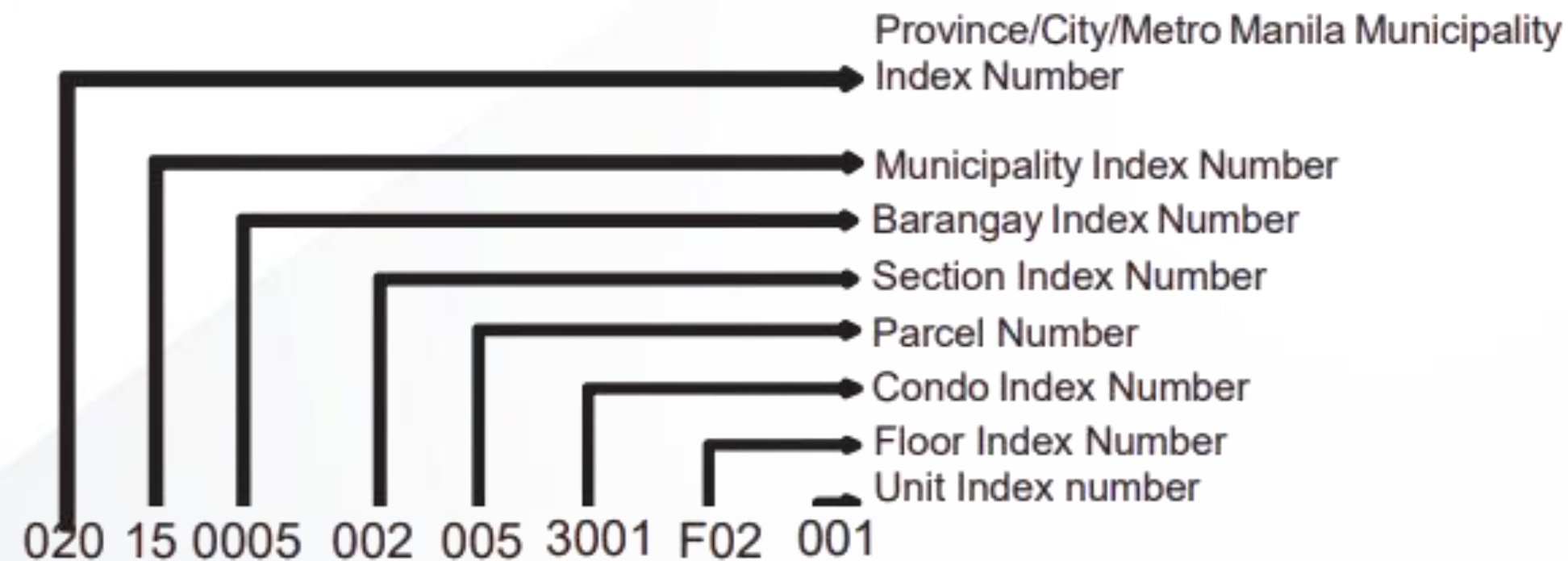


Chapter IV: Condominium

Section 16: Assignment of PIN for Condominiums

A. PIN for Condominium Buildings: 000-00-0000-000-00-3000-X00-000

The PIN for condominium unit located on the 2nd floor of a condominium building of lot (05), Section (002) of Barangay (0005) at the municipality (15) in the province of (020) is:

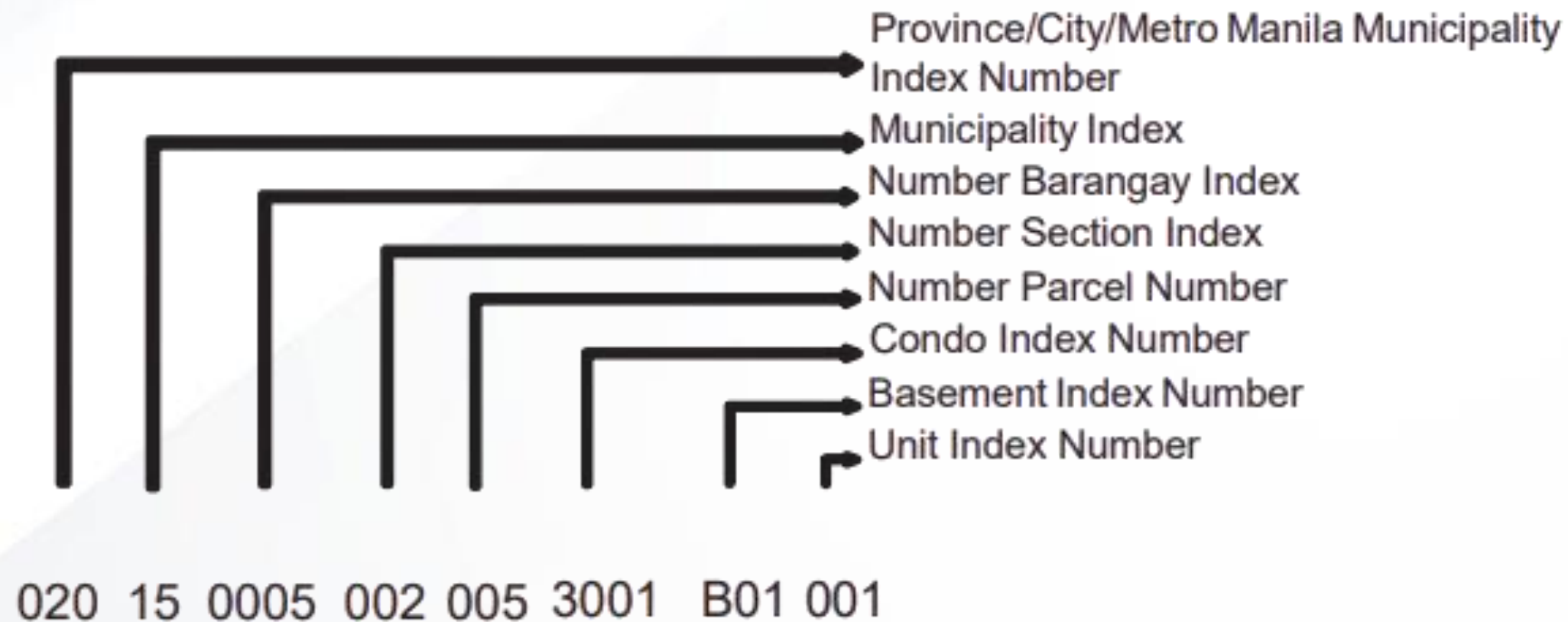


Chapter IV: Condominium

Section 1: Assignment of PIN for Condominiums

A. PIN for Condominium Buildings: 000-00-0000-000-00-3000-X00-000

The PIN for condominium unit located in the basement of a condominium building on the same land reference is:

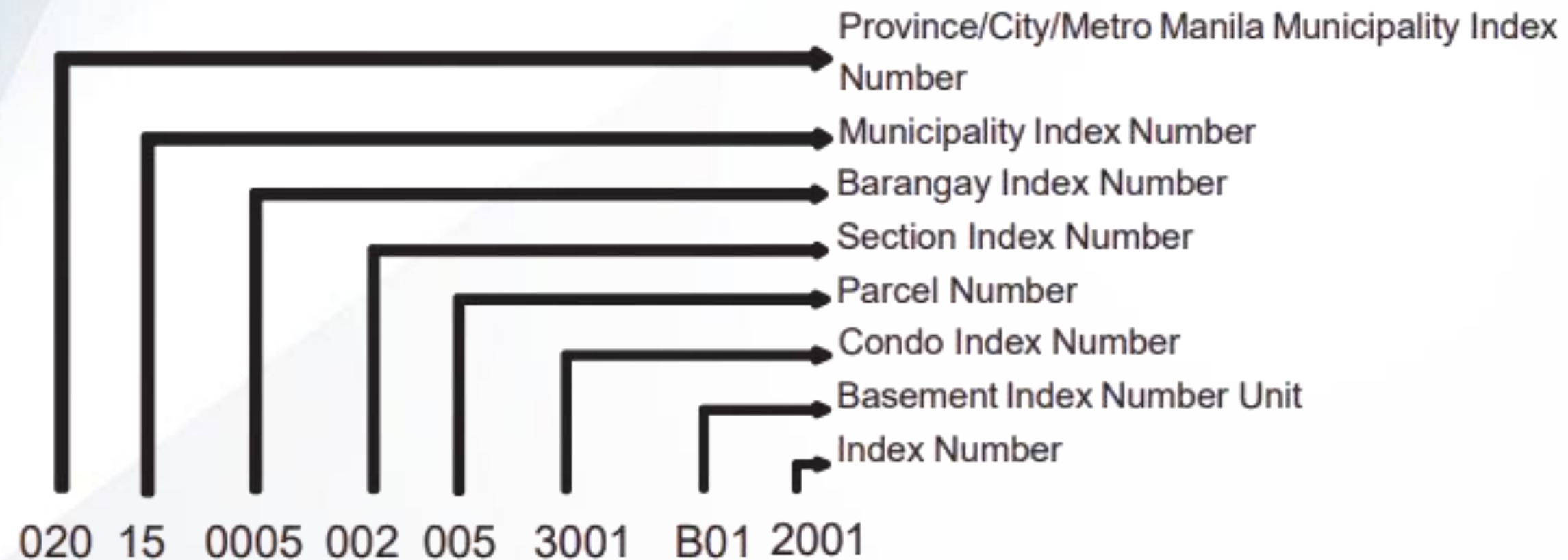


Chapter IV: Condominium

Section 16: Assignment of PIN for Condominiums

B. The PIN for Machinery in a Condominium

The PIN for Machinery in a condominium of lot (05), Section (002) of Barangay (0005) at the municipality (15) in the province of (020) is:



Chapter IV: Condominium

Section 16: Assignment of PIN for Condominiums

C. The PIN for Leasing Properties

a. Clusters 1 – 5: Land PIN

a. Cluster 6: Building counter with postfix “1”

a. Cluster 7: Mall floor number; Basement floors shall have a prefix “B”; Parking floors shall have a prefix “P”; The mezzanine shall have a prefix “M”; and unit’s floors shall have a prefix “F”.

a. Cluster 8: Leasing property unit number

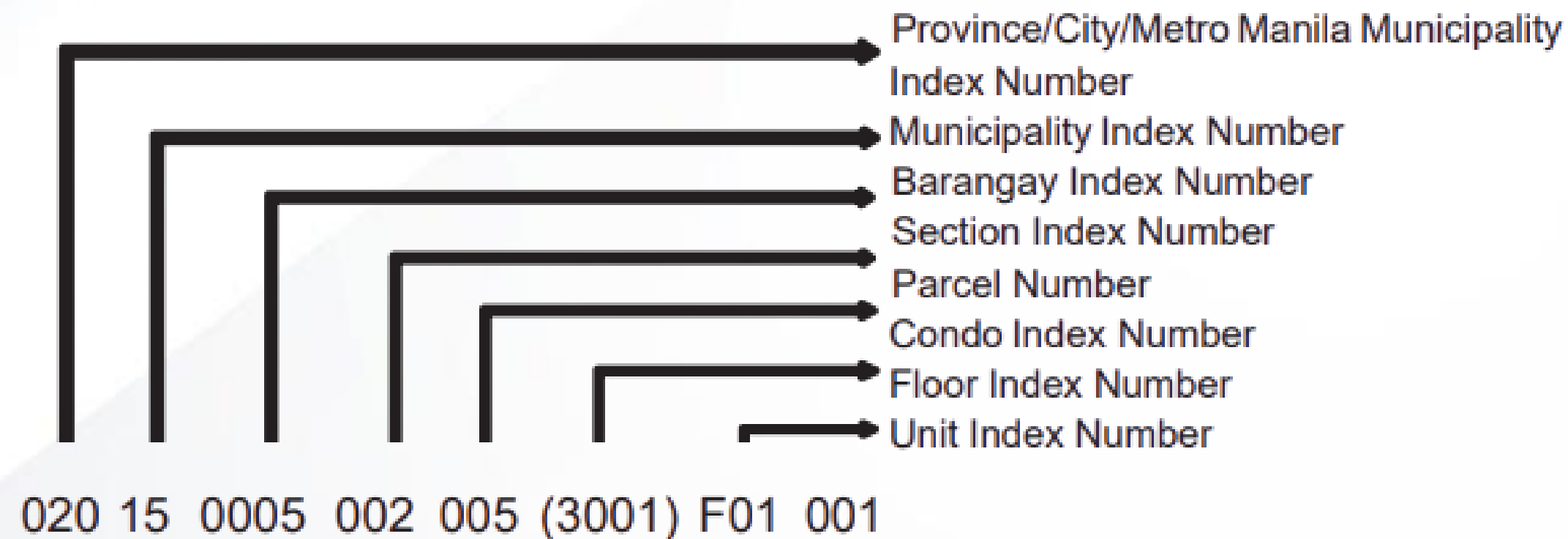


Chapter IV: Condominium

Section 16: Assignment of PIN for Condominiums

C. The PIN for Leasing Properties

The PIN for leasing property (improvement) located at the first floor of a condominium of lot (05) of Section (002) of Barangay (0005) at Municipality (15) in the province (020) is:

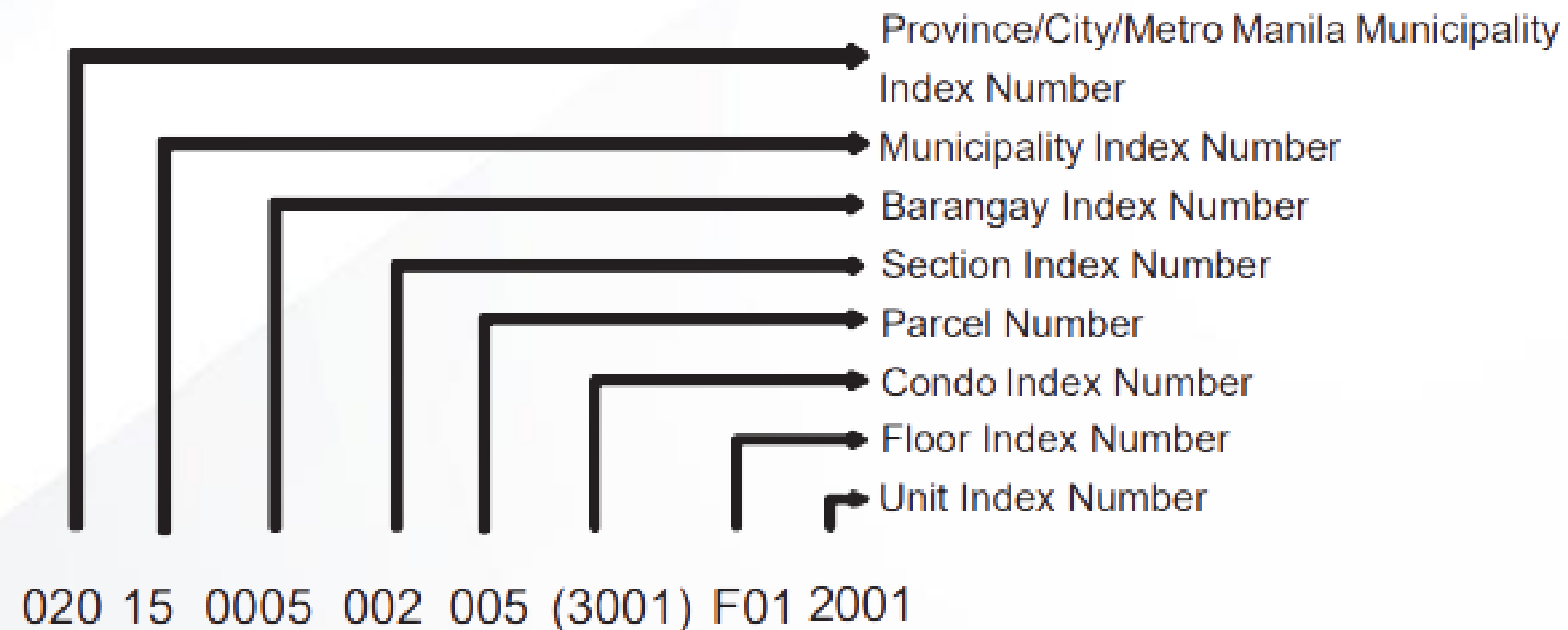


Chapter IV: Condominium

Section 16: Assignment of PIN for Condominiums

C. The PIN for Leasing Properties

The PIN for Machinery in the leasing property (improvement) located at the ground floor of a condominium of lot (05) of Section (002) of Barangay (0005) at Municipality (15) in the province (020) is:



Chapter IV: Condominium

Section 17: Appraisal of Condominiums

The three standard approaches to value may be used in estimating the value of a condominium: **Cost Approach**, **Income Approach**, and **Market Approach**.

Declared in the name of Owner	Declared in the name of Developer/Condo Corp/Association
Condominium Unit: Juridical or Natural Person	Common Areas: Corridors, Lobby, Stairs, etc.
Each type of unit have the same SBUCC (Studio, One-Bedroom, Two-Bedroom)	Capital Equipment: Machinery, Elevators, Water Pumps, Tanks
Improvements: Extra Items	Unsold Parking Spaces

CHAPTER V: EXEMPTIONS FROM REAL PROPERTY TAX

This chapter discusses various exemptions from RPT, and the requirements for proving exemption



Chapter V: Exemptions from Real Property Tax

Section 18: Exemptions Under the Local Government Code

1. Real property owned by the Republic of the Philippines or any of its political subdivisions, except when the beneficial use thereof has been granted, for consideration or otherwise, to a taxable person (Sec. 234(a), LGC)

In the case of **City of Pasig vs. Republic, 656 SCRA 271, G.R. No. 185023 August 24, 2011**, the Supreme Court ruled that only those portions of the properties leased to taxable entities are subject to real estate tax for the period of such leases. Pasig City must, therefore, issue to respondent new real property tax assessments covering the portions of the properties leased to taxable entities. As the Court held, Section 234(a) of the LGC states that properties owned by the Republic of the Philippines are exempt from real property tax “except when the beneficial use thereof has been granted, for consideration or otherwise, to a taxable person.”



Chapter V: Exemptions from Real Property Tax

Section 18: Exemptions Under the Local Government Code

2. Charitable institutions, churches, parsonages or convents appurtenant thereto, mosques, nonprofit or religious cemeteries and all lands, buildings, and improvements **actually, directly, and exclusively used** for religious, charitable or educational purposes (Sec. 234(b), LGC)

To enjoy exemption from RPT, the property of the religious institution must be actually, directly and exclusively used for religious purposes. For the exemption of “lands, buildings, and improvements,” they should not only be “exclusively” but also “actually” and “directly” used for religious or charitable purposes **(Province of Abra vs. Hernando, 107 SCRA 104, No. L-49336 August 31, 1981).**



Chapter V: Exemptions from Real Property Tax

Section 18: Exemptions Under the Local Government Code

3. All machineries and equipment that are **actually, directly and exclusively used** by local water districts and government-owned or -controlled corporations engaged in the supply and distribution of water and/or generation and transmission of electric power (Sec. 234(c), LGC)

... a machinery that is not permanently attached to real estate is not subject to the RPT if it is not an essential and principal element of an industry, work, or activity. It should be noted that only machineries permanently attached to land and buildings, actually, directly and exclusively used for religious, charitable or educational purposes are subject to the RPT **(BLGF Letter Re: Real Property Tax (RPT) Exemption of Air-Conditioning Units and Generator Sets, April 12, 2021).**



Chapter V: Exemptions from Real Property Tax

Section 18: Exemptions Under the Local Government Code

4. All real property owned by **duly registered cooperatives** as provided for under R.A. No. 6938, or the “Cooperative Code of the Philippines” (Sec. 234(d), LGC)

The LGC is very clear as to the grant of exemption to the cooperatives duly registered with the Cooperative Development Authority (CDA). The CDA is the government agency, which is in charge of registration and regulation of cooperatives. However, the said provisions should be read in conjunction with R.A. No. 9520, otherwise known as the Philippine Cooperative Code of 2008, Articles 60 and 61 of which qualify transactions of cooperatives that are considered exempt from the payment of RPT, xxx... **(BLGF Letter Re: Exemption of Properties Owned by Cooperatives for the Payment of Real Property Taxes, February 15, 2023).**



Chapter V: Exemptions from Real Property Tax

Section 18: Exemptions Under the Local Government Code

5. Machinery and equipment used for **pollution control and environmental protection**. (Section 234(e), LGC).

The Supreme Court upheld the findings of the CBAA in **Benguet Corp. vs. Central Board of Assessment Appeals, 218 SCRA 271, G.R. No. 106041, January 29, 1993**, that although the dam was partly used as an anti-pollution device, the request for tax exemption could not be granted in the absence of a law authorizing the same.

Likewise, the Supreme Court held in **Provincial Assessor of Marinduque vs. Court of Appeals, 587 SCRA 285, G.R. No. 170532, April 30, 2009** that the exemption granted under Sec. 234(e) of the LGC to machinery and equipment used for pollution control and environmental protection is based on usage. The term usage means direct, immediate and actual application of the property itself to the exempting purpose.



Chapter V: Exemptions from Real Property Tax

Section 19: Specific and Other Exemptions

1. Exemption from Idle Land Tax

A province or city or a municipality within the Metropolitan Manila Area may exempt idle lands from the additional levy by reason of force majeure, civil disturbance, natural calamity or any cause or circumstance which physically or legally prevents the owner of the property or person having legal interest therein from improving, utilizing or cultivating the same (Section 238, LGC).

Agricultural lands used for grazing purposes shall not be considered idle lands (Section 237(a), LGC), as determined by the assessor pursuant to DAR Administrative Order No. 01, s.2004.



Chapter V: Exemptions from Real Property Tax

Section 19: Specific and Other Exemptions

2. Exemption from Structures Used for Storage of Farm Inputs and Outputs

LGUs shall exempt structures, buildings, and warehouses utilized for the storage of farm inputs and outputs from real property tax. However, the assessed value of the property should not exceed three million pesos (Php 3,000,000.00) (Section 12 (b), 11R.A.32)



Chapter V: Exemptions from Real Property Tax

Section 19: Specific and Other Exemptions

3. Exemption from Pollution Control Devices of Mining Companies

Pollution Devices acquired, constructed or installed by contractors shall not be considered as improvements on the land or building where they are placed, and shall not be subject to real property and other taxes or assessments. However, payment of mine waste and tailings fees is not exempted. (Section 92, R.A. No. 7942)



Chapter V: Exemptions from Real Property Tax

Section 19: Specific and Other Exemptions

4. Exemption from Assets of GSIS and SSS

It is hereby declared to be the policy of the State that the actuarial solvency of the funds of the GSIS shall be preserved and maintained at all times and that contribution rates necessary to sustain the benefits under **R.A. No. 8291, or the “Government Service Insurance System Act of 1997”** shall be kept as low as possible in order not to burden the members of the GSIS and their employers.

The SSS and all its assets and properties, all contributions collected and all accruals thereto and income from investment earnings therefrom as well as all supplied, equipment, papers or documents shall be exempt from any tax, assessment, fee, charge, or customs or import duty; and all benefit payments made by SSS shall likewise be exempt from all kinds of taxes, fees or charges, and shall not be liable to attachments, garnishments, levy or seizure by or under any legal or equitable process whatsoever, either before or after receipt by the person or persons entitled thereto, except to pay any debt of the member to the SSS.



Chapter V: Exemptions from Real Property Tax

Section 19: Specific and Other Exemptions

5. Registered Export Business Enterprises

Lands of export enterprises registered with an Investment Promotion Agency (excluding service enterprises as determined by the Fiscal Incentives Review Board) granted with five percent (5%) Special Corporate Income Tax, shall be exempted from the RPT (Section 294(b), NIRC of 1997, as amended).



Chapter V: Exemptions from Real Property Tax

Section 19: Specific and Other Exemptions

6. Exemption related to Vienna Convention on Diplomatic Relations

Article 23(1) of the Vienna Convention on Diplomatic relations provide:

- The sending State and the head of the mission shall be exempt from all national, regional or municipal dues and taxes in respect of the premises of the mission, whether owned or leased, other than such as represent payment for specific services rendered.
- The exemption from taxation shall not apply to such dues and taxes payable under the law of the receiving state by persons contracting with the sending or the head of mission.



Chapter V: Exemptions from Real Property Tax

Section 19: Specific and Other Exemptions

7. Ancestral Lands of Indigenous Peoples

All lands certified to be ancestral domains by the National Commission on Indigenous Peoples (NCIP) pursuant to the provisions of R.A. No. 8371, or the **“Indigenous Peoples Rights Act,”** provided that such lands are covered by Certificate of Ancestral Domain Title. Except such portions of the ancestral domain as are actually used for large-scale agriculture, commercial forest plantation and residential purposes, shall be exempt from the real property tax (Sec. 60, R.A. No. 8371).



Chapter V: Exemptions from Real Property Tax

Section 19: Specific and Other Exemptions

8. National Integrated Protected Areas

Protected areas covered by the Expanded National Integrated Protected Areas System are exempt from real property tax (Section 26, R.A. No. 11038).

9. National Food Authority (NFA)

Any property owned by the NFA, a government instrumentality, are considered exempt without evidence that their beneficial use belongs to a taxable person.



Chapter V: Exemptions from Real Property Tax

Section 20: Proof of Exemption from Real Property Taxation

Every person by or for whom real property is declared, who shall claim tax exemption for such property under this Title **shall file with the Provincial, City or Municipal Assessor within thirty (30) days from the date of the declaration of real property** sufficient documentary evidence in support of such claim including corporate charters, title of ownership, of incorporation, bylaws, contracts, affidavits, certifications and mortgage deeds, and similar documents. If the required evidence is not submitted within the period, the property shall be listed as taxable in the Assessment Roll. However, if the property shall be proven to be tax exempt, the same shall be dropped from the AR (Section 206, LGC).



Chapter V: Exemptions from Real Property Tax

Section 21: Withdrawal of Exemption

Except as provided under the LGC, any exemption from payment of real property tax previously granted to, or presently enjoyed by, all persons, whether natural or juridical, including all government-owned or -controlled corporations have been withdrawn upon the effectivity of the LGC.



CHAPTER VI: ASSESSMENT APPEALS

This chapter discusses assessment appeals, covering the organization, powers, duties, and functions of the Local Board of Assessment Appeals (LBAA), conditions for filing an appeal and the LBAA's jurisdiction, specification on who may appeal to the LBAA and the requirement for the Assessor to attend all Board sessions.



Chapter VI: Assessment Appeals

Section 22: Organization, Power, Duties, and Functions of the Local Board of Assessment Appeals (LBAA)

- The Board of Assessment Appeals of the province or city shall be **composed of the Registrar of Deeds, as Chairman, the provincial or city prosecutor and the provincial, or city engineer as members**, who shall serve as such in an ex officio capacity without additional compensation.
- The **chairman** of the Board shall have the power to designate any employee of the province or city to serve as secretary to the Board also without additional compensation.



Chapter VI: Assessment Appeals

Section 22: Organization, Power, Duties, and Functions of the Local Board of Assessment Appeals (LBAA)

- The **chairman and members** of the Board of Assessment Appeals of the province or city shall assume their respective positions without need of further appointment or special designation immediately upon effectivity of the LGC. They shall take an oath or affirmation of office in the prescribed form.



Chapter VI: Assessment Appeals

Section 22: Organization, Power, Duties, and Functions of the Local Board of Assessment Appeals (LBAA)

- In provinces and cities without a provincial or city engineer, **the district engineer shall serve as member** of the Board. In the absence of the Registrar of Deeds, or the provincial or city prosecutor, or the provincial or city engineer, or the district engineer, the persons performing their duties, whether in an acting capacity or as a duly designated officer-in-charge, shall automatically become the chairman or member, respectively, of the said Board, as the case maybe (Section 227, LGC).



Chapter VI: Assessment Appeals

Section 23: Conditions for Filing an Appeal

No protest or appeal shall be entertained unless the taxpayer first pays the real property tax. There shall be annotated on the tax receipts the word **“PAID UNDER PROTEST”**. However, in cases where the delinquency is equivalent to one hundred percent (100%) of the tax paid in previous years, the taxpayer may opt, in lieu of cash, to post a surety of the RPT, which is the subject of the appeal. An additional condition is that the remaining fifty percent (50%) shall be paid and shall be distributed in accordance with the provisions of the IRR of the LGC.



Chapter VI: Assessment Appeals

Section 24: Jurisdiction of the LBAA

The LBAA has original jurisdiction to hear and decide appeals of owners/administrators of real property from the actions of the Provincial, City or Municipal Assessors and/or Treasurers in their denial to their appeal and from the actions of the Provincial, City or Municipal Treasurers in the collection of RPT, special levies, or other RPTs under the LGC.



Chapter VI: Assessment Appeals

Section 25: Who May Appeal to the LBAA

Any owner or person having legal interest in the subject property, may appeal to the LBAA of the province or city, or municipality within the Metropolitan Manila Area, where the subject property is situated:

1. who is not satisfied with the action of the Assessor in the assessment of their property, or
2. who is not satisfied with the action or inaction of the Local Treasurer on his claim for refund or credit of taxes paid under protest, or
3. who is not satisfied with the action or inaction of the Local Treasurer on their claim for refund or credit of taxes paid but found to be illegal or erroneous by competent authority.



Chapter VI: Assessment Appeals

Section 26: Assessor to Attend All Sessions of the LBAA

The **Assessor** of the province, city or municipality shall attend, personally or through an authorized representative, all sessions of the LBAA whenever their assessment or tax payment is the subject of the appeal, and present or submit any information or record in their possession as may be required by the Board.



Chapter VI: Assessment Appeals

Section 27: Who May Appeal to the CBAA

The aggrieved party, be it the property owner, Assessor or Local Treasurer who is not satisfied with the decision of the LBAA may appeal to the CBAA.

Section 28: Jurisdiction of the CBAA

The CBAA had exclusive jurisdiction to hear and decide all appeals from the decisions, resolutions, and final orders of the LBAAs.





THANK YOU
AND HAVE A PRODUCTIVE
WEEK!



Department of Finance | **BUREAU OF LOCAL GOVERNMENT FINANCE**

