



Republic of the Philippines  
**DEPARTMENT OF FINANCE**

**DOF-LOCAL FINANCE CIRCULAR NO. 1-98**

December 15, 1998

- SUBJECT** : Duties and Functions of Local Assessors in the Reclassification of Lands from "Agricultural" to "Non-agricultural" Uses
- TO** : All Regional Directors, Bureau of Local Government Finance (BLGF); District Assessors of Metropolitan Manila; Provincial, City and Municipal Assessors; and Others Concerned

The current economic and industrialization trends and the apparent demand for housing and dwelling units by a growing population underscore the need to convert raw lands and even agricultural lands into economic zones, factory and plant sites, as well as subdivisions and residential areas. Evidently, even some agricultural lands covered by the Comprehensive Agrarian Reform Program or CARP need to be converted into non-agricultural uses.

For this purpose the governing provisions of the law are:

1. The Comprehensive Agrarian Reform Law (R.A. No. 6657), which under Title XI, Book IV, E.O. No. 292, series of 1987, the Department of Agrarian Reform (DAR) was tasked to implement with authority to approve or disapprove conversion of agricultural lands to non-agricultural uses.
2. Section 20 of R.A. No. 7160, otherwise known as the Local Government Code of 1991, which provides:

"SECTION 20. Reclassification of Lands. — (a) A city or municipality may, through an ordinance passed by the sanggunian after conducting public hearings for the purpose, authorize the reclassification of agricultural lands and provide for the manner of their utilization or disposition in the following cases: (1) when the land ceases to be economically feasible and sound for agricultural purposes as determined by the Department of Agriculture or (2) where the land shall have substantially greater economic value for residential, commercial, or industrial purposes, as determined by the sanggunian concerned: Provided, That such reclassification shall be limited to the following percentage of the total agricultural land area at the time of the passage of the ordinance."

"(1) For highly urbanized and independent component cities, fifteen percent (15%);

"(2) For component cities and first to third class municipalities, ten percent (10%); and

"(3) For fourth to sixth class municipalities, five percent (5%): Provided, further, That agricultural land distributed to agrarian reform beneficiaries pursuant to Republic Act Numbered Sixty-six hundred fifty-seven (R.A. No. 6657),

otherwise known as 'The Comprehensive Agrarian Reform Law,' shall not be affected by the said reclassification and the conversion of such lands into other purposes shall be governed by Section 65 of said Act.

- "(b) The President may, when public interest so requires and upon recommendation of the National Economic and Development Authority, authorize a city or municipality to reclassify lands in excess of the limits set in the next preceding paragraph.
- "(c) The local government units shall, in conformity with existing laws, continue to prepare their respective comprehensive land use plans enacted through zoning ordinances which shall be the primary and dominant bases for the future use of land resources: Provided, That the requirements for food production, human settlements, and industrial expansion shall be taken into consideration in the preparation of such plans.
- "(d) Where approval by a national agency is required for reclassification, such approval shall not be unreasonably withheld. Failure to act on a proper and complete application for reclassification within three (3) months from receipt of the same shall be deemed as approved thereof."
- "(e) Nothing in this Section shall be construed as repealing, amending, or modifying in any manner the provisions of R.A. No. 6657."

In view of the foregoing provisions of law, the following guidelines for the reclassification of lands are hereby prescribed:

- a) In the case of Non-agricultural Lands: — The local ordinances enacted pursuant to the abovequoted Section 20 of R.A. No. 7160 should be enforced immediately and automatically by the assessor concerned without the need for the owner(s) or anyone having legal interest in the affected property or properties to make or file any request for such reclassification.
- b) In the case of Agricultural Lands: — (1) Approval of the land conversion by the Department of Agrarian Reform (DAR) is necessary for the immediate and automatic reclassification even if the Local Government Unit (LGU) has enacted a Zoning Ordinance reclassifying such agricultural lands into other uses.
  - (2) In the case where the local zoning ordinance has been duly enacted and no further DAR approval is required, the reclassification of such agricultural lands shall likewise be effected immediately and automatically by the assessor concerned as soon as appropriate notice of the reclassification of the Sanggunian; and certification from DAR tat approval is no longer necessary, are officially presented/ received by his Office.
  - (3) The provincial or municipal assessor may be called upon by the Sangguniang Panlungsod or the Sangguniang Bayan to testify on the present, actual use of the land and its potential for substantially greater economic value for other purposes. To this end, the concerned local assessor shall incorporate in the tax mapping and real property identification and accounting systems a systematic method by which the following agricultural lands may be readily identified, to wit:

- a. all irrigated lands where water is available to support rice and other crop production;
- b. all previously irrigated lands which, for whatever reason, is no longer accessed by a viable irrigation system or do not have sufficient sources of water for rice and other crop production but are within areas programmed for irrigation facility rehabilitation by the Department of Agriculture (DA) and the National Irrigation Administration (NIA); and
- c. all irrigable lands already covered by irrigation projects with firm funding commitments at the time of the application for land use conversion.

The concerned assessor shall maintain close coordination with the DA and the NIA and secure a copy of the short- and medium-term official irrigation infrastructure development plans of said agencies for his area of responsibility to ensure the completion of a comprehensive and precise listing of the above described agricultural lands within six (6) months from issuance hereof. All concerned assessors shall submit to the local sanggunian and to the BLGF Regional Office a report of compliance with this directive at the end of the said period and shall regularly, at least on an annual basis or as may be required in the exigency of the service, update the list of non-convertible agricultural lands within their respective territorial jurisdictions, informing the local sanggunian and the BLGF Regional Office of all amendments or revisions thereof.

Upon completion of the list, the concerned local assessor shall issue within three (3) working days from payment of reasonable service fees to the treasurer by, and receipt of a written request from any interested party, a certification that he has conducted or caused to be conducted an ocular inspection of a given parcel of land or area within his territorial jurisdiction and that, on the basis of his findings, the property or area is or is not included in the list of non-convertible agricultural lands.

All BLGF Regional Directors are hereby instructed to ensure full compliance with the time limits fixed herein and to take or initiate the necessary punitive action against any infraction hereof.

However, in case there is a conflict between the LGU and the DAR as in O.P. Case No. 96-C-6424, dated March 29, 1996 of the Office of the President (OP), the controversy should be elevated to the OP for resolution.

Accordingly, the following Standard Operating Procedure (SOP) should be strictly observed by all assessors concerned:

(A) In the case of cities: —

City Assessor shall, within three (3) days from the presentation/ receipt of the notice of conversion by DAR or the local zoning ordinance:

- (1) conduct ocular inspection of the affected real properties;
- (2) verify the validity or propriety of the DAR conversion approval and/or the extent and coverage of the local zoning ordinance;
- (3) enter in the Journals or Records of Assessment the purported reclassification;
- (4) prepare and approve the revised Field Appraisal and Assessment Sheet (FAAS) or Field Sheet, as the case may be;

- (5) issue the corresponding tax due declaration;
- (6) update such other assessment records bearing the classification of the property, as the:
  - (a) Ownership Record Cards (or form)
  - (b) Tax Map Control Roll
  - (c) Assessment/ Tax Roll
- (7) Accomplish part "(A)" of the Real Property Tax Order of Payment (RPTOP) covering the reclassified land specifically indicating that the revised assessment thereof takes effect the quarter next following the reclassification, pursuant to Section 221 of R.A. No. 7160.

(B) In the case of municipalities: —

Municipal Assessors shall, likewise, within three (3) days from the presentation/ receipt of the notice of conversion by DAR or the local zoning ordinance:

- (1) conduct ocular inspection of the affected real properties;
- (2) verify the validity or propriety of the DAR conversion approval and/or the extent and coverage of the local zoning ordinance;
- (3) enter in the Journals or the Assessment Records, the purported reclassification;
- (4) prepare the Field Appraisal and Assessment Sheet (FAAS) and the corresponding Tax Declaration bearing the Offices' recommendation to the Provincial Assessor for his approval;
- (5) update such other assessment forms bearing the property classification as the:
  - (a) Ownership Record Cards (or form)
  - (b) Tax Map Control Roll
  - (c) Assessment/ Tax Roll
- (6) prepare/ accomplish part A of the Real Property Tax Order of Payment (RPTOP) covering the reclassified land specifically indicating that the revised assessment thereof takes effect the quarter next following the reclassification, pursuant to Section 221 of R.A. No. 7160. cda

(C) In the case of provinces. — The Provincial Assessor shall review the revised FAAS and Tax Declaration prepared by the Municipal Assessor in accordance with the above instructions and, if the same are found to be in order, approve the same. Thereupon, the Provincial Assessor shall, likewise, cause the updating of the other assessment records mentioned above which are maintained in his Office.

Henceforth, all assessment records shall, in line with the foregoing instructions, be reviewed in order to determine whether or not there are inconsistencies with existing and/or previously issued

DAR conversion approval, or enacted zoning ordinances of the sanggunians, in which case, correction thereof should be made within the next quarter upon dissemination of copies hereof by the BLGF Regional Directors and the District Assessors of Metropolitan Manila Area within five (5) days from their receipt of this Circular, who shall see to it that the instructions embodied herein are religiously complied with.

For this purpose, the said Regional Directors and District Assessors are hereby required to submit to the BLGF Central Office a monthly progress report concerning the activities of the Provincial, City and Municipal Assessors in their respective jurisdictions relative to the foregoing instructions.

The initial report shall indicate information such as:

- (1) the dates this circular has been received and disseminated to local assessors;
- (2) the manner by which the Regional Office or the District Assessors monitored compliance hereof by the assessors concerned; and
- (3) the accomplishment report per LGU.

This Circular is being issued in response to reports received in this Department that some Provincial, City and Municipal Assessors reclassify lands from "agricultural" to "non-agricultural" uses only upon receipt of monetary and other material considerations. This issuance, likewise, intends to remind all concerned that such alleged malpractice is in violation of R.A. No. 3019, the Anti-Graft and Corrupt Practices Act.

All BLGF Regional Directors and District Assessors of Metropolitan Manila Area are hereby instructed to disseminate the contents of this Circular to all Provincial, City and Municipal Assessors within their respective jurisdictions for strict compliance.

(SGD.) **ROBERTO F. DE OCAMPO**  
Secretary