

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
Quezon City

June 18, 2019

REVENUE MEMORANDUM ORDER NO. 31-2019

SUBJECT : Revised Policies, Guidelines and Procedures in the Establishment/ Revision of Schedule of Zonal Values of Real Properties within the Jurisdiction of Revenue District Offices and for other purposes in Relation to Sec. 6E of R.A. 10963 otherwise known as the “Tax Reform for Acceleration and Inclusion” (TRAIN) Law.

TO : All Internal Revenue Officers, Employees and Others Concerned

I. BACKGROUND

Pursuant to Section 6 (E) of the National Internal Revenue Code (NIRC) of 1997, the Commissioner of Internal Revenue (CIR) has the power and authority to determine and prescribe the fair market values of real properties, which are commonly known as zonal values. With the passage of Republic Act 10963, otherwise known as TRAIN Law, this power of the CIR to prescribe the zonal values had been amended and read as follows:

“Section 4. Section 6 of the NIRC, as amended, is hereby further amended to read as follows:

Sec. 6. Power of the Commissioner to Make Assessments and Prescribe Additional Requirements for Tax Administration and Enforcement.

x x x

(E) Authority of the Commissioner to Prescribe Real Property Values. – The Commissioner is hereby authorized to divide the Philippines into different zones or areas and shall, upon mandatory consultation with competent appraisers both from the private and public sectors, and with prior notice to affected taxpayers, determine the fair market value of real properties located in each zone or area, subject to automatic adjustment once every three (3) years through rules and regulations issued by the Secretary of Finance based on the current Philippine valuation standards: Provided, that no adjustment in zonal valuation shall be valid unless published in a newspaper of general circulation in the province, city or municipality concerned, or in the absence thereof, shall be posted in the provincial capitol, city or municipal hall and in two (2) other conspicuous public places therein: Provided, further, that the basis of any valuation, including the records of consultations done, shall be public records open to the inquiry of any taxpayer. For purposes of computing any internal revenue tax, the value of the property shall be, whichever is the higher of:

- 1. the fair market value as determined by the Commissioner; or*
- 2. the fair market value as shown in the schedule of values of the Provincial and City Assessors.*

II. OBJECTIVES

This Order is hereby issued to:

1. Provide new policies, guidelines and procedures in the establishment/ revision of the Schedule of Zonal Values of real properties;
2. Define the responsibilities, accountabilities and roles of the following:
 - a) Regional Directors (RDs) and Revenue District Officers (RDOs) on the automatic revision of the schedule of zonal values; and
 - b) Assessment Performance Monitoring Division (APMD) in monitoring the automatic revision of the schedule of zonal values by RDs and RDOs;
3. Define the roles of the Assessment Performance Monitoring Division (APMD) of the Bureau of Internal Revenue (BIR) National Office in monitoring the automatic revision of the Schedule of Zonal Values once every three (3) years by the RDs and RDOs; and
4. Provide the procedures and guidelines in the updating of the Schedule of Zonal Values of Real Properties.

III. COMPOSITION OF COMMITTEES

1. For Revenue Regional Offices, the Committees on Real Property Valuation, as created pursuant to Department Order No. 6-2010 dated March 12, 2010, are comprised of the following:

A. Executive Committee on Real Property Valuation (ECRPV)

Chairman : Regional Director, BIR

Members : Regional Director, Bureau of Local Government Finance (BLGF)

: Regional Director, Housing and Land Use Regulatory Board (HLURB)

: Two (2) licensed and competent appraisers from a reputable association/organization of realty appraisers.

Consultants : Administrator, Land Registration Authority (LRA)

: Executive Director, National Tax Research Center (NTRC)

: Administrator, National Mapping and Resource Information Authority (NMRIA)

: General Manager, National Housing Authority (NHA)

B. Technical Committee on Real Property Valuation (TCRPV)

- Chairman : Assistant Regional Director, BIR
- Members : Representative, HLURB
 - : Provincial / City Assessor
 - : Two (2) licensed and competent appraisers from a reputable association/organization of realty appraisers
- Consultants : Representatives from:
 - LRA
 - NTRC
 - NMRIA
 - NHA

2. For Revenue District Offices, the Sub-Technical Committee on Real Property Valuation (STCRPV) is comprised of:

- Chairman : Revenue District Officer (RDO), BIR
- Vice-Chairman : Assistant Revenue District Officer (ARDO), BIR
- Members : Municipal/ City Assessor
 - : Local Development Officer (Office of the Mayor)
 - : Two (2) licensed and competent appraisers from a reputable association/organization of realty appraisers

3. The Secretariat created by each Regional Office, which will provide support and assistance to the TCRPV is comprised of;

TCRPV Secretariat are composed of:

- Head : Assistant Chief, Legal Division
 - : Client Support Unit Head
- Co-Head : Assistant Chief, Assessment Division
- Members : Staff, Assessment Division
 - : Staff, Document Processing Division
 - : Staff, Collection Division
 - : Staff, Legal Division
 - : Planning Officers
 - : Revenue Officers
 - : Computer Maintenance Tech

IV. POLICIES AND GUIDELINES

1. The determination of recommended market values shall be based on the following:

- a. Rules and Regulations issued by the Secretary of Department of Finance based on the current Philippine Valuation Standards;
- b. Acceptable methods of appraisal of real properties;
- c. Records of most recent actual sales/transfers/exchanges of properties appearing in documents filed in public offices, e.g. BIR, Land Registration Authority, etc.;

- d. Private records of banks, realtors and appraisers in the locality;
- e. Records of provincial/city/municipal assessors; and
- f. Other procedures and methods of appraisal.

2. The schedule of recommended zonal values shall contain the following:

- a. The three (3) recommended values from the BIR, the private appraisers and the provincial/city/municipal assessor; and
- b. The final recommended value, which is the average of the two (2) highest recommended values.

In case there is no available private appraiser in the locality and/or in case of failure of any or all of the members of the STCRPV to attend the meetings called for and/or submit their respective recommended market values as requested within ten (10) calendar days from the date of the concluding meeting of the STCRPV, the Chairman of the STCRPV shall:

- i. Execute an "Affidavit" to that effect;
- ii. Proceed with the establishment/revision of the schedule of zonal values based on the average of the two (2) highest recommended values or best data/documents available; and
- iii. Submit to the TCRPV the Schedule of Zonal Values together with copies of letters of invitation with waiver duly received by the members (Annex "A"), Affidavit, Maps, Minutes of Meeting, and all other documents relative to the establishment/revision of zonal values.

3. In the preparation of the Schedule of Zonal Values, the concerned RDO shall ensure that the following rules must be observed:

- a) A justification on why the final recommended value is lower than the previous value should be stated on the pages where the change was made;
- b) A justification on why the previously valued Streets, Subdivisions, Condominiums and Townhouses do not have recommended values should be stated on the pages where the change was made;
- c) A justification should be stated on why some barangays, especially in the provinces, have one (1) land classification [either Residential Regular (RR) or Other Agricultural Lands (A50) only] should be stated on the pages where the change was made;
- d) The vicinities for identified streets must be clearly defined;
- e) The land classification codes must conform with the revised standard classification codes as listed on Annex "B";
- f) The recommended values for the following classifications shall be:
 - f.1 RR and Commercial Regular (CR) in the interior areas must be lower than the values for those in the main roads;

- f.2 RR must be lower than the values for CR, Institutional (X) or Industrial (I);
 - f.3 Residential Condominium (RC) must be lower than the value of Commercial Condominium (CC) unit of the same condominium building
 - f.4 All Other Condominiums must be lower than the values for identified condominiums;
 - f.5 All Other Townhouses must be lower than the values for identified townhouses;
 - f.6 All Other Streets must be lower than the values for identified streets;
 - f.7 Unirrigated rice land (A2) or upland (A3) must be lower than the values of irrigated rice land (A1);
 - f.8 A50 must be lower than the values for identified agricultural lands;
 - f.9 Swamp (A7), Sandy/Stony (A41) and Mountainous/Hilly Areas (A49) must be lower than the values for crops producing agricultural lands (e.g. Riceland Irrigated (A1), Riceland Unirrigated (A2), Coco land (A4), Abaca land A11, etc.);
 - g) Beaches (A39) and Resorts (A40), if applicable, must have recommended values;
 - h) There must be recommended values for Parking Slots, laundry/drying area and storage room, if any, of each identified condominiums/all other condominiums; and
 - i) All notations/justifications must appear below every page where the correction was made.
4. The schedule of recommended zonal values, duly signed by the Chairman/Vice-Chairman and members of the STCRPV, shall be submitted to the TCRPV not later than sixty (60) calendar days from the date of the concluding meeting of the STCRPV;
 5. The TCRPV shall review the submitted schedule of recommended zonal values and return the same to STCRPV within thirty (30) calendar days from the submission of the recommended zonal values;
 6. The RDO concerned shall present in the public hearing the schedule of recommended zonal values duly reviewed by the TCRPV of the respective Regional Office;
 7. The ECRPV and TCRPV shall attend the public hearing as scheduled by the STCRPV to witness and answer verbal protests, queries and clarifications during the public hearing;
 8. The schedule of corrected values after public hearing together with the minutes of public hearing, pictures, attendance sheet, notices of public hearing and all other documents relative to the conduct of public hearing shall be submitted by the RDO to the TCRPV within thirty (30) calendar days from the date of the public hearing;

9. All members of TCRPV shall approve the finalized schedule of zonal values by affixing his/ her signature on the said schedule within thirty (30) calendar days upon receipt, otherwise, any member who fails to affix his/her signature shall be deemed to have concurred with and approved the decision of the majority;
10. The ECRPV shall recommend approval by affixing their signatures on the Indorsement of the finalized Schedule of Zonal Values prepared by the STCRPV and reviewed by the TCRPV within fifteen (15) calendar days upon receipt;
11. The ECRPV shall submit the duly approved schedule of zonal values to OCIR for signature and for approval of Secretary of Department of Finance;
12. In case of any error or mistake in the content of publication, the RDO shall prepare and submit a request for publication of Erratum to APMD of BIR National Office which shall process such request; and
13. All subsequent revisions of the Schedule of Zonal Values must be automatically adjusted once every three (3) years after the latest revision.

V. PROCEDURES

A. The STCRPV shall:

1. Identify and secure lists of all streets with respective vicinities of all the barangays comprising the cities/ municipalities within his jurisdiction;
2. Secure a certification for the City/Municipal Assessor on the updated identified streets and vicinities, if any, and city/municipality district maps identifying the boundaries of each barangay within its jurisdiction;
3. Secure a list of all condominiums and townhouses [ownership of which is covered by a Condominium Certificate of Title (CCT)], including condominiums and townhouses that are currently under construction for which the developers/owners have already been granted an Authority to Pre-sell the property/ies by the HUDCC/HLURB, within his area of jurisdiction;
4. Prepare/Send letters of invitation (Annex "A") to all members of the STCRPV, and make sure that the invitations are duly received by the addressee (received copies of the invitation letters shall form part of the docket to be submitted to the TCRPV. These invitations should stipulate that in case of failure of any member(s) to attend the meetings and/or submit the recommended values will mean concurrence with the final values as recommended by the other members;
5. Conduct meetings/deliberations and request each member to submit their respective recommended values of real properties by zones/barangays/streets following the revised classification codes as shown in Annex "B" hereof;
6. In case of deviation of sub-classification of lands, the criteria and definition of terms of each sub-classification should be indicated and included in the submitted schedules;
7. Prepare the Schedule of Zonal Values following the format in Annex "C" hereof showing the final recommended value, which is the average of the two (2) highest recommended values or best data/documents available (all STCRPV members must be provided with Annex "C" format);

8. Prepare an "Affidavit" in case there is no available private appraiser in the locality and/or upon failure of any or all of the members of the STCRPV to attend the meetings called for and/or submit their respective recommended market values as requested within five (5) calendar days from the date of the concluding meeting of the STCRPV;
9. Submit two (2) copies of the Schedule of Zonal Values duly signed by the members of the STCRPV together with copies of letters of invitation (Annex "A") duly received by the members, Affidavit, Maps, Minutes of Meeting and all other documents relative to the establishment/revision of zonal values to the Chairman, TCRPV within thirty (30) calendar days from the date of the concluding meeting of the STCRPV;
10. Receive and reply to the comments and observations found by the TCRPV upon review of the Schedule of Zonal Values within fifteen (15) calendar days from receipt thereof;
11. Receive notice/advice from the TCRPV that the Schedule of Zonal Values is ready for presentation to a public hearing;
12. Coordinate with the TCRPV when to schedule the conduct of public hearing;
13. Prepare notices/posters/advertisements and publication in a newspaper of general circulation in the locality within thirty (30) calendar days by indicating when and where the conduct of public hearing shall be made;
14. Conduct a public hearing on the scheduled date;
 - a. A public hearing shall be conducted/held with the following in attendance: (a) Assistant Regional Director, (b) Chairman, Vice-Chairman and members of the STCRPV; and (c) members of the TCRPV and representatives of the TCRPV's secretariat;
 - b. The public hearing shall be given wide publicity in newspapers of general circulation, radio and television; and
 - c. The RDO concerned shall likewise disseminate the information by preparing notices of the hearing to be posted in strategic places and letters of invitation shall be sent to local officials, associations of developers/realtors/appraisers and other civic organizations.
 - d. In the municipalities where a public hearing is not feasible, the RDO concerned shall seek first the approval of the Commissioner of Internal Revenue, stating therein, the reason why they cannot conduct the same. Upon approval, notice to the public regarding the recommended zonal values shall still be made through the Municipal and Barangay Officials thereat, by posting the said proposed zonal values in public places within the municipality for thirty (30) calendar days and/or weekly publication in local newspapers of general circulation for three (3) consecutive weeks. If no comment/objection is received within the said period, the Schedule of Zonal Values shall be forwarded to the TCRPV.
15. Summarize and incorporate all issues raised received during and within ten (10) calendar days from the date of public hearing;
16. Prepare a corrected schedule of recommended zonal values taking into consideration all the issues/concerned received during and within ten (10) calendar days from the date of public hearing;

17. Submit to the TCRPV after public hearing the schedule of corrected values together with the Indorsement Letter signed by the STCRPV Chairman within thirty (30) calendar days from the date of the public hearing together with the minutes of public hearing, pictures, attendance sheet, notices of public hearing and all other documents relative to the conduct of public hearing; and
18. Receive from APMD the newly approved Schedule of Zonal Values and the newspaper where it was published.

B. The TCRPV shall:

1. Review and evaluate the schedule of recommended zonal values before public hearing;
2. Review the finalized Schedule of Zonal Values after public hearing, and recommend approval by affixing signatures of the majority of the members of the TCRPV on each and every page of the final schedule (see Annex "D" for the format); and
3. Submit the finalized Schedule of Zonal Values to the ECRPV within thirty (30) days from the receipt of the recommended revision by the STCRPV together with Certain Guidelines in the Implementation of Zonal Valuation of Real Properties (see Annex "E").

C. The ECRPV shall:

1. Study and analyze the finalized Schedule of Zonal Values of real properties prepared by the STCRPV and reviewed by the TCRPV;
2. Recommend approval by affixing signatures of the majority of the members of the ECRPV on the Indorsement of the finalized Schedule of Zonal Values; and
3. Transmit to the Office of the Commissioner (OCIR) the duly signed Schedule of Zonal Values for endorsement and final approval of the Secretary of Finance within fifteen (15) days from the receipt of recommended schedule of zonal values by the TCRPV.

D. The OCIR shall:

1. Receive the Schedule of Zonal Values duly signed by majority of the members of the ECRPV; and
2. Endorse the Schedule of Zonal Values to the Department of Finance for the final approval of the Secretary.

E. The Procurement Division shall:

Cause the publication of the newly approved Schedules of Zonal Values in the Official Gazette or in any newspaper of general circulation, **as amended by Sec. 9, Chapter 2, Book VII of Executive Order No. 292, otherwise known as the Administrative Code of 1987.**

F. The APMD shall:

1. Remind all RDOs due for revision to start updating the schedule of zonal values through call-up letters;
2. Review schedule of zonal values as directed by the OCIR;
3. Prepare the Memorandum and Purchase Request that shall be forwarded to the ACIR, Assessment and Administrative Service for signature;
4. Forward the soft and hard copies of newly approved Schedule of Zonal Values to the Procurement Division for publication;
5. Transmit to the RDO copies of newly approved Schedule of Zonal Values and the newspaper where it was published;
6. Upload the newly approved Schedule of Zonal Values one (1) day before the effectivity date to the BIR Portal/Website.

VI. EFFECTIVITY OF THE NEWLY APPROVED SCHEDULE OF ZONAL VALUES

The newly approved Schedule of Zonal Values of real properties shall be published in the Official Gazette or in any newspaper of general circulation and shall take effect fifteen (15) days from the date of publication.

VII. REPEALING CLAUSE

This Order supersedes RMO No. 41-2010 and OPM-AS-APMD 2017-02-06, and all other issuances or portions thereof not consistent with the provisions of this Order are likewise repealed or amended accordingly.

VIII. EFFECTIVITY

This Order shall take effect immediately.

(Original Signed)
CAESAR R. DULAY
Commissioner of Internal Revenue

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