



Republic of the Philippines
Department of Finance
BUREAU OF LOCAL GOVERNMENT FINANCE

Region IV-A (CALABARZON)
3rd Flr. Marcelita Bldg., National Highway
Brgy. Real, Calamba City

REGIONAL MEMORANDUM CIRCULAR NO. 03-II
February 24, 2011

To: : All Provincial, City and Municipal Assessors and Treasurers of this Region

Subject: : Joint Memorandum circular (JMC) No. 2010-001 (Enjoining All Concerned LGUs to Revise SMVs and to Conduct the General Revision of Property Assessments) and JMC No. 21010-002 (Specifying the Guidelines in the Imposition of an ad valorem Tax on Idle Lands)

For the information, guidance and compliance of all concerned, attached are copies of Joint Memorandum Circular (JMC) No. 2010-001 and Joint Memorandum Circular (JMC) No. 2010-002 of the Secretaries of the Department of Finance (DOF) and the Department of the Interior and Local Government (DILG), enjoining all concerned local government units (LGUs) to revise their Schedule of Market Values (SMVs) and to conduct the general revision of property assessments in their respective jurisdictions; and JMC No. 2010-002 to provide the guidelines on the imposition of *ad valorem tax on idle lands*.

The Provincial Assessors and Treasurers are hereby instructed to disseminate copies of JMC No. 2010-001 and JMC 2010-002 to the Municipal Assessors and Treasurers within their respective jurisdictions soonest.

Likewise, further instructions is hereby given to the assessors and treasurers concerned to furnish copies of the said circulars to their respective local chief executives and local sanggunian members for their information.

For strict compliance.


EDUARDO L. DEL ROSARIO
Regional Director



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BUREAU OF LOCAL GOVERNMENT FINANCE
DEPARTMENT OF FINANCE
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CERTIFIED TRUE COPY

Jan Dec 2, 2010

BLGF MEMORANDUM CIRCULAR NO. 17-2010
November 30, 2010

To: All BLGF Regional Directors, Provincial, City, and Municipal Assessors; Provincial, City, and Municipal Treasurers; Local Assessors of Metro Manila, Local Treasurers of Metro Manila; and All Others Concerned

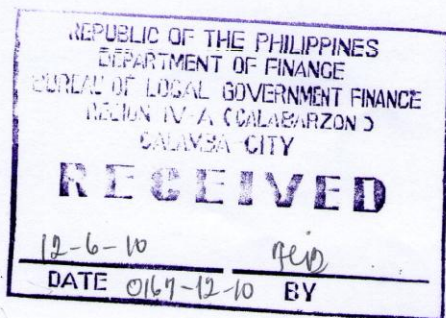
Subject: Joint Memorandum Circular (JMC) No. 2010-001 (Enjoining All Concerned LGUs to Revise SMVs and to Conduct the General Revision of Property Assessments) and JMC No. 2010-002 (Specifying the Guidelines in the Imposition of an *ad valorem* Tax on Idle Lands)

For the information, guidance and compliance of all concerned are the hereto attached Joint Memorandum Circular (JMC) No. 2010-001 and Joint Memorandum Circular (JMC) No. 2010-002 signed by the Secretaries of the Department of Finance (DOF) and the Department of the Interior and Local Government (DILG).

Committed to enhance local government revenues from real property, the DOF and the DILG issued JMC No. 2010-001 to enjoin all concerned local government units (LGUs) to revise their Schedules of Market Values (SMVs) and to conduct the general revision of property assessments in their respective jurisdictions, and JMC No. 2010-002 to provide the guidelines on the imposition of *ad valorem* tax on idle lands.

In view of the foregoing, all Regional Directors of this Bureau are instructed to disseminate copies of JMC No. 2010-001 and JMC No. 2010-002 to all LGUs, assessors and treasurers in their respective jurisdictions within December 2010.

For strict compliance.



M.P.R. Montesa
M.P.R. MONTESA, CESO III

CERTIFIED TRUE COPY

Jan 2, 2010



Republic of the Philippines
DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT
DEPARTMENT OF FINANCE

October 20, 2010



By: *[Signature]*
Date: *10/27/10*
Time: *11:40 AM*
010-1027 004

JOINT MEMORANDUM CIRCULAR NO. 2010-01

To : All Provincial Governors, City Mayors, Municipal Mayor of Pateros, Presiding Officers and Members of the Sangguniang Panlalawigan/Panlungsod; Presiding Officer and Members of the Sangguniang Bayan of Pateros; DILG and DOF-BLGF Regional Directors and All Others Concerned

Subject : Enjoining All Provinces, Cities and the Municipality of Pateros, Metro Manila to Prepare the Schedule of Market Values (SMVs) of Real Property and to Conduct the General Revision of Property Assessments in their Respective Jurisdictions

WHEREAS, real property tax is a major source of revenues of the LGUs, which accounts for 35 percent of locally sourced revenues;

WHEREAS, Section 201 of the Local Government Code (LGC) of 1991 provides that all real property whether taxable or exempt shall be appraised at the current and fair market value prevailing in the locality where the property is situated;

WHEREAS, Section 212 of the Local Government Code of 1991 provides that before any general revision of property assessment is made, there shall be prepared a schedule of fair market values by the provincial, city or municipal assessors of the municipalities within Metro Manila Area for different classes of real property situated in their respective local government units, for enactment by an ordinance of the Sanggunian concerned;

WHEREAS, Section 219 of the Local Government Code of 1991 provides that the provincial, city or municipal assessors of the municipalities within Metro Manila Area shall undertake a general revision of real property assessments within two (2) years after the effectivity of the Local Government Code and every three (3) years thereafter;

WHEREAS, the compliance of LGUs in the conduct of the general revision of SMV for the year 2008 (6th General Revision) accounts for only 28 percent for provinces and 22 percent for cities;

WHEREAS, the Department of Finance (DOF) is mandated to promulgate necessary rules and regulations for the classification, appraisal, and assessment of real property pursuant to the Local Government Code;

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WHEREAS, the DOF issued Local Assessment Regulation No. 1-92 on 6 October 1992, prescribing the rules and procedures relative to the conduct of general revisions of real property assessments, pursuant to Sections 201 and 219 of the LGC;

WHEREAS, Section 4 of DOF Department Order No. 37-09 of October 19, 2009 prescribing the Philippine Valuation Standards (1st Edition) - Adoption of the IVSC Valuation Standards under Philippine Setting, provides that for purposes of valuations for real property taxation the section entitled Mass Appraisal for Property Taxation (GN 13) shall be complied with;

WHEREAS, DOF Department Order No. 2010-10 issued on April 28, 2010 prescribing the "Mass Appraisal Guidebook: A Supplement to the Manual on Real Property Appraisal and Assessment Operations" shall be complied with;

WHEREAS, the DOF is responsible for the supervision of the revenue operations of all local government units (LGUs), and in ensuring the implementation of necessary policies and measures on local revenue administration, pursuant to the Executive Order (EO) No. 292, otherwise known as the Administrative Code of 1987;

WHEREAS, the Department of the Interior and Local Government (DILG) is in charge of the supervision of the LGUs and on the promotion of local autonomy and monitoring their compliance thereof, and in establishing and prescribing plans, policies, programs and projects to strengthen the administrative, technical, and fiscal capabilities of the LGUs, as provided for by EO No. 292;

WHEREFORE, all concerned are hereby enjoined to, as much as practicable, do the following, to wit:

1. All Local Chief Executives

- a. To require their respective Provincial/City Assessors, and the Municipal Assessor of Pateros, to prepare an updated SMV and cause the drafting of an appropriate ordinance for consideration of the Sanggunian.

2. All Provincial/City Assessors and the Municipal Assessor of Pateros

- a. Prior to the preparation of the SMV, require all owners/administrators of real property to file a sworn statement declaring the true value of their property/ies, including the improvements therein, whether previously declared or undeclared, taxable or exempt, pursuant to Section 202 of the LGC;
- b. To prepare, in coordination with the Municipal Assessors, in the case of the Provincial Assessor, the SMV pursuant to Section 212 of the LGC as basis for the conduct of a general revision of real property assessments every three (3) years, and submit the same to the concerned Sangguniang Panlalawigan/Panlungsod for approval;
- c. To conduct the general revision of real property assessments pursuant to Section 219 of the LGC.

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3. All Presiding Officers/Members of Sanggunians

- a. To calendar, deliberate and cause the passage of an Ordinance incorporating therein the proposed updated SMVs prepared by the Provincial/City Assessors and the Municipal Assessor of Pateros; and
- b. To appropriate funds for the conduct of the General Revision of Real Property Assessments.

Likewise, all DILG and DOF-BLGF Regional Directors are hereby directed to design and adopt appropriate collaborative mechanisms between the two (2) agencies to ensure compliance of LGUs with this Circular, to include among others:

1. DOF-BLGF Central Office/Regional Directors

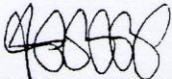
- a. To exercise close supervision over the Provincial/City Assessors, and the Municipal Assessor of Pateros;
- b. To initiate activities at the local levels to fast-track the preparation of updated SMVs of LGUs; and
- c. To provide technical assistance in the preparation of the Schedule of Market Values of LGUs.

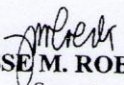
2. DILG Regional Directors

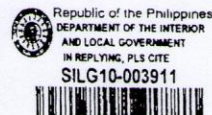
- a. To coordinate closely with the LGUs, thru their respective field officers assigned at the various levels of LGUs, in apprising the concerned local officials relative to the preparation of updated SMVs; and
- b. To cause the dissemination of this Circular to all LGUs within their respective territorial jurisdictions.

Further, ALL DILG REGIONAL DIRECTORS and DOF-BLGF REGIONAL DIRECTORS are hereby directed to monitor jointly the initiatives undertaken and the progress of preparation of the updated SMVs of LGUs in their respective jurisdictions, and to submit a corresponding joint report to the undersigned, as much as practicable, within three (3) months from the issuance of this Circular.

For compliance.


CESAR V. PURISIMA
Secretary
DOF


JESSE M. ROBREDO
Secretary
DILG



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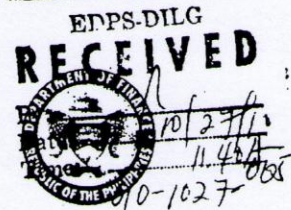
Copy *Dec 2, 2010*



Republic of the Philippines
DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT
DEPARTMENT OF FINANCE

October 20, 2010

JOINT MEMORANDUM CIRCULAR NO. 2010-02



To : All Provincial Governors, City and Municipal Mayors,
Provincial, City and Municipal Treasurers and Assessors,
Regional Directors of the Bureau of Government Finance and
DILG and Others Concerned

Subject : Guidelines in the Imposition of An "Additional Ad Valorem
Tax on Idle Lands" and Other Related Provisions of the
Local Government Code (LGC) of 1991, By Provinces, Cities
and Municipality Within Metro Manila Area

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With reference to Section 236 of Republic Act No. 7160, otherwise known as the "Local Government Code (LGC) of 1991, providing that *"A province or city, or municipality within Metropolitan Manila Area (MMA), may levy on annual tax on idle lands at the rate not exceeding five percent (5%) of the assessed value of the property which shall be in addition to the basic real property tax"*, provinces, cities and municipalities within the MMA are hereby enjoined to observe the proper implementation of the said provision.

1.0 LEGAL BASES:

Section 236 of RA 7160 provides "Additional Ad Valorem Tax on Idle Lands at the rate not exceeding five percent (5%) of the assessed value of the property which shall be in addition to the basic real property tax".

Section 239 of RA 7160 provides that "The provincial, city or municipal assessor shall make and keep an updated record of all idle lands located within his area of jurisdiction. For purposes of collection, the provincial, city or municipal assessor shall furnish a copy thereof to the provincial or city treasurer who shall notify, on the basis of such record, the owner of the property or person having legal interest therein of the imposition of the additional tax".

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2.0 PURPOSE:

In general, this circular is issued to provide guidelines to LGUs in the implementation of Section 236 of the LGC and other related provisions.

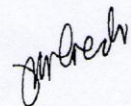
The specific objectives are as follows:

- 2.1 To generate more revenues for the local government units (LGUs).
- 2.2 To enhance local economic development at the local levels through maximization of the idle lands for productive use.
- 2.3 To clarify the roles and responsibilities of the National Government Agencies involved in the implementation of this Circular.

3.0 DEFINITION OF TERMS:

When used in this Circular, the terms:

- 3.1 *Agricultural lands* are land devoted principally to the planting of trees, raising of crops, livestock and poultry, dairying, salt making, inland fishery and similar aqua-cultural activities and is not classified as mineral, timber, residential, commercial or industrial land. (Section 131, LGC)
- 3.2 *Actual Use* refers to the purpose for which the property is principally or predominantly utilized by the person in possession thereof. (Section 131, LGC)
- 3.3 *Ad Valorem Tax* is a levy on real property determined on the basis of a fixed proportion of the value of the property. (Section 131, LGC)
- 3.4 *Assessed Value* is the fair market value of the real property multiplied by the assessment level. It is synonymous to taxable value. (Section 131, LGC)
- 3.5 *Market Value* is the price agreed upon by the buyer and seller in the open market in the usual and ordinary course of legal trade and competition; the price and value of the article established or shown by sale, public or private, in the ordinary way of business; the fair value of property is between one who desires to purchase and one who desires to sell; the current price; the general or ordinary price for which property may be sold in that locality. (Definition of Terms, Manual on Real Property Appraisal and Assessment Operations, DOF, 2006)



4.0 COVERAGE

Section 237 of the LGC is quoted as follows:

"Section 237. Idle Lands Coverage. – For purposes of real property taxation, idle lands shall include the following:

- (a) Agricultural lands, more than one (1) hectare in area, suitable for cultivation, dairying, inland fishery, and other agricultural uses, one-half (1/2) of which remain uncultivated or unimproved by the owner of the property or person having legal interest therein. Agricultural lands planted to permanent or perennial crops with at least fifty (50) trees to a hectare shall not be considered idle lands. Lands actually used for grazing purposes shall likewise not be considered idle lands.
- (b) Lands, other than agricultural, located in a city or municipality, more than one thousand (1,000) square meters in area one-half (1/2) of which remain unutilized or unimproved by the owner of the property or person having legal interest therein.
- © Regardless of the land area, this likewise apply to residential lots in subdivisions duly approved by proper authorities, the ownership of which has been transferred to individual owners, who shall be liable for the additional tax: Provided, however, that individual lots of such subdivisions, the ownership of which has not been transferred to the buyer shall be considered as part of the subdivision, and shall be subject to the additional tax payable by subdivision owner or operator".

5.0 PROCEEDS OF THE TAX ON IDLE LANDS

The proceeds of the additional real property tax on Idle Lands shall accrue to the respective general fund of the province or city where the land is located. In the case of municipality within the Metropolitan Manila Area, the proceeds shall accrue equally to the Metropolitan Manila Authority and the municipality where the land is located (Section 273 of the LGC).

6.0 EXEMPTION FROM THE LEVY OF THE ADDITIONAL AD VALOREM TAX ON IDLE LANDS

Owners of idle lands shall be exempted from payment of the additional levy by reason of force majeure, civil disturbance, natural calamity, or any cause or circumstances which physically or legally prevent the owners of property or person having legal interest therein from improving, utilizing or cultivating the same.



7.0 ENACTMENT OF THE NECESSARY ENABLING ORDINANCE OR REVENUE MEASURE

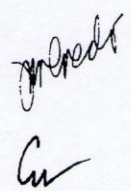
In the implementation hereof, there is a need for the enactment of an enabling ordinance by the local sanggunian concerned in accordance with pertinent provisions of the Code, specifically Sections 187, 188 and 189, quoted as follows:

Sec. 187. *Procedure for Approval and Effectivity of Tax Ordinances and Revenue Measures: Mandatory Public Hearings.* The procedure for approval of local tax ordinances and revenue measures shall be in accordance with the provisions of this Code: Provided, That public hearings shall be conducted for the purpose prior to the enactment thereof: Provided, further, That any question on the constitutionality or legality of tax ordinances or revenue measures may be raised on appeal within thirty (30) days from the effectivity thereof to the Secretary of Justice who shall render a decision within sixty (60) days from the date of receipt of the appeal: Provided, however, that such appeal shall not have the effect of suspending the effectivity of the ordinance and the accrual and payment of the tax, fee, or charge levied therein: Provided, finally, That within thirty (30) days after receipt of the decision or the lapse of the sixty-day period without the Secretary of Justice acting upon the appeal, the aggrieved party may file appropriate proceedings with a court of competent jurisdiction.

Sec. 188 *Publication of Tax Ordinances and revenue Measures-* Within ten (10) days after their approval, certified true copies of all provincial, city, and municipal tax ordinances or revenue measures shall be published in full for three (3) consecutive days in a newspaper of local circulation: Provided, however, That in provinces, cities and municipalities where there are no newspapers of local circulation, the same may be posted in at least two (2) conspicuous and publicly accessible places.

Sec. 189. *Furnishing of Copies of Tax Ordinances and Revenue Measures -* Copies of all provincial, city, and municipal and barangay tax ordinances and revenue measures shall be furnished the respective local treasurers for public dissemination.

Premises considered, local sanggunians of local government units concerned whose existing local tax ordinances or revenue codes do not include the levy of additional ad valorem tax on idle lands, are enjoined to enact an appropriate ordinance for the proper implementation of said provision.



8.0 ROLES AND RESPONSIBILITIES:

The following National Government Agencies shall endeavour to establish and share among themselves an information on idle lands and maintain an updated database in the implementation of this Circular.

8.1 Department of Finance- Bureau of Local Government Finance (BLGF)

8.1.1 Receive and validate LGUs' reports on Additional Ad Valorem Tax on Idle Lands proceeds

8.1.3 Provide necessary technical assistance to LGUs.

8.2 Department of the Interior and Local Government

8.2.1 Disseminate this Circular to all LGUs.

8.2.4 Monitor compliance of this Circular

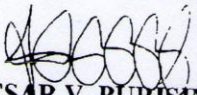
In this regard, both the DILG and the DOF shall establish their respective mode of monitoring the enactment of an enabling ordinance or revenue code pursuant to the aforecited provisions of the Code and the implementation thereof through the office of the sanggunian concerned, in case of the DILG and through the offices of the local treasurers and assessors, in the case of eh DOF.

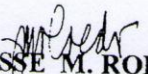
9.0 REPEALING CLAUSE:

All issuances, circulars, orders, and memoranda, part or parts of which are inconsistent with any of the provisions of this Circular are hereby repealed or modified accordingly.

10.0 EFFECTIVITY CLAUSE:

This Circular will take effect immediately.


CESAR V. PURISIMA
Secretary, DOF


JESSE M. ROBREDO
Secretary, DILG

