

# [ Commonwealth Act No. 470, June 16, 1939 ]

## ASSESSMENT LAW

*Be it enacted by the National Assembly of the Act:*

### PRELIMINARY ARTICLE - Title of Act

SEC. 1. Title of this Act. — This Act shall be known as the Assessment Law.

### ARTICLE I - General Provisions

SEC. 2. Incidence of real property tax. — Except in chartered cities, there shall be levied, assessed, and collected, an annual ad valorem tax on real property, including land, buildings, machinery, and other improvements not hereinafter specifically exempted.

SEC. 3. Property exempt from tax. — The exemptions shall be as follows:

(a) Property owned by the United States of America, the Commonwealth of the Philippines, any province, city, municipality or municipal district.

(b) Cemeteries or burial grounds.

(c) Churches and parsonages or convents appurtenant thereto, and all lands, buildings, and improvements used exclusively for religious, charitable, scientific, or educational purposes.

(d) When the entire assessed valuation of real property in any one municipality or municipal district belonging to a single owner is not in excess of one hundred pesos, or when the assessed valuation of a house, used as residence of the owner thereof, together with the lot on which the same is built, does not exceed three hundred pesos and such owner has no other property, the tax thereon shall not be collected, nor shall the tax be collected on a dwelling house built on the field, nor on an adjacent orchard, if any, as improvement, if the assessed value of each assessed separately, is not in excess of one hundred pesos, though in any event of the property shall be valued for the purposes of assessment and record shall be kept thereof as in other cases.

(e) Land held by a homesteader under an application filed in accordance with law prior to the approval by the Director of lands of the final evidence as required by law; but this exemption does not extend to buildings and improvements thereon the title to which is not in the Government.

(f) Machinery, which term shall embrace machines, mechanical contrivances, instruments, appliances, and apparatus attached to the real estate, used for industrial agricultural or manufacturing purposes, during the first five years of the operation of the machinery.

(g) Fruit trees and bamboo plants, except where the land upon which they grow is planted principally in such growth.

(h) Until December thirty-first, nineteen hundred thirty-nine, land not exceeding one hundred hectares used for airports or landing fields open to all aircraft operations, either free of charge or upon the payment of a nominal charge, together with such improvements thereon as are used exclusively for aeronautical purposes, when such airports are necessary facilities for air commerce. The airports or landing files herein exempted from taxation shall revert to their original taxation status upon the certification of the Secretary of Public Works and Communications that they are no longer necessary or suitable facilities for air commerce.

The provisions hereof notwithstanding, depreciation allowance shall be made for machinery mentioned in section three (f) equivalent to an amount not exceeding ten per centum of its value for its year of use.

SEC. 4. Principle governing valuation and assessments. — All real property subject to taxation under the provisions of this Act shall be valued and assessed for taxation at its true and full value in accordance with the schedule of values in force in the municipality or municipal district wherein it is situated. As far as property applicable such schedule shall be controlling; but when the property to be assessed is of a kind not classified in the schedule or of a kind for which a value is not therein fixed, it shall be assessed at its full and true value, independently of such schedule.

SEC. 5. Division of proceeds of real property tax between provinces and municipalities or municipal districts. — The proceeds of the real property tax shall be applied to the use and benefited the respective provinces and municipalities or municipal districts wherein the property liable to such tax is situated. The share of a province in said tax shall be levied by the provincial board thereof whose duty it shall be, on or before the fifteen day of December of each year, to fix by resolution a uniform rate of taxation for the succeeding year, which shall be not less than one-eighth nor more than four-eighths of one per centum.

The share of a municipality or municipal district shall in the same manner be levied by ordinance of the municipal or municipal district council and it shall be not less than two eighths nor more than four-eighths of one per centum.

In municipalities or municipal districts wherein, on the date of the approval of this Act, the municipal rate is in excess of four-eighths of one per centum, the existing rate shall remain in force until reduced by ordinance.

In the Mountain Province, the municipal share is hereby levied at four eighths of one per centum and the share of the province may, in the discretion of the provincial board be levied by resolution in an amount not less than two-eighths nor more than four-eighths of one per centum: Provided, That the municipal share may be changed by ordinance to not less than two-eighths nor more than four-eighths of one per centum.

The resolution of the Provincial Board and the municipal ordinance fixing the rate of real property tax shall remain in force for succeeding years unless said resolution or ordinance is amended on or before the fifteenth day of December of the year next preceding the one in which such amendment is to take effect: Provided, That any reduction in the rates of real property tax shall be subject to the approval of the Secretary of Finance.

SEC. 6. Special application of portions of proceeds of tax. — The gross proceeds of the first one-eighth of one per centum levied or imposed for provincial purposes shall accrue, in a regularly organized province, exclusively to its road and bridge fund, and in a specially organized province, exclusively to its road and public works fund: Provided, That the proceeds of said first one-eighths of one per centum levied or imposed for provincial purposes and collected in municipalities, municipal districts, barrios, and sitios situated on islands not benefited by the construction and maintenance of roads maintained with provincial funds, shall hereafter be applied to school purposes or for the construction and maintenance of local roads or any other local improvements, as the municipal council or municipal district council concerned may determine. The gross proceeds of the remaining three-eighths of one per centum or any part thereof, levied for provincial purposes, shall accrue to the general fund of the province.

The gross proceeds of the first two-eighths of one per centum levied or imposed for municipal purposes shall accrue exclusively to the school fund of the municipality or municipal district. The gross proceeds of the remaining two-eighths of one per centum, or any part thereof, levied for municipal purposes, shall accrue to the general fund of the municipality or municipal district.

In the case of the Mountain Province, the gross proceeds of the four-eighths of one per centum hereinabove levied for municipal or municipal district purposes shall accrue to the municipal general fund. The gross proceeds of the four-eighths of one per centum, or any part thereof, levied or imposed for provincial purposes, shall accrue to the general fund of the province.

## ARTICLE II - The Provincial Assessor and his Powers

SEC. 7. Provincial assessor, his deputy, appointment and powers. — There shall be in each province a provincial assessor who shall be appointed by the President of the Philippines with the consent of the Commission on Appointments of the National Assembly and whose salary shall not exceed the following schedule: First-class province, three thousand pesos; second class, two thousand four hundred; third class, two thousand forty; fourth class, one thousand eight hundred; and fifth class, one thousand two hundred. The present incumbents shall continue in their positions unless otherwise changed by the President within one year after the approval of this Act. Subject to the approval of the Secretary of Finance, the provincial assessor shall appoint the deputy assessors and other employees in his office whose number and salaries shall be fixed by the provincial board in accordance with law.

The Government officer or employee now discharging the duties of an assessor or deputy assessor shall continue to discharge such duties with his present additional compensation until his successor is appointed and duly qualified.

The oath of office of a provincial assessor and deputy assessor shall contain a statement to the effect that the affiant will appraise the real property subject to taxation in the province at its true value in money, as required by law.

The provincial assessor shall be the officer in charge of assessment in the province. In the performance of his duties, he shall be authorized, from time to time, as occasion may require:

- (a) To establish a systematic method of assessment.
- (b) To prepare a map showing graphically all property subject to the tax in his province and gather all data concerning the same.
- (c) To keep a record of all transfers of land, leases and mortgages of real property, rentals, insurance, and cost of construction of buildings and other improvements on land for assessment purposes.
- (d) To receive proper declarations of property not previously declared by the owner, or to make official declarations therefor, as the case may require.
- (e) To fix the value of real property not previously assessed and to assess the same for taxation according to law.
- (f) To cancel the declaration of an original owner of property which has changed ownership and to substitute therefor the new declaration in the name of the new owner.
- (g) To cancel, in case more than one declaration of the same property is received, all except the one properly made; but if any declarant shall object to the cancellation of his declaration, such declaration shall not be cancelled but the fact shall be noted thereon and in the proper book of record, and similar notation shall be made on the duplicate declaration. In this case, preference shall be given to the declaration of the person who has the best title to the property, or, in default thereof, to the person who has possession of the property.
- (h) To cancel, raise, or lower, as the case may require, the assessment of any parcel or item of real property in any municipality or municipal district or of the property of any owner or owners therein whenever it appears that the existing assessment, whether originally proper or not, does not conform to the requirements of law: Provided, however, That the assessment of real property shall not be increased within two years from its last assessment in the absence of new improvement increasing the value of said property.

In the exercise of this power, the provincial assessor shall eliminate from the list of taxable property all property which, being exempt, has been improperly included in the same; he shall decrease the assessment where property previously assessed has suffered a permanent loss of value by reason of storm, flood, fire, or other casualty; and shall increase the assessment where taxable improvements have been made upon property subsequent to the last previous assessment.

- (i) To issue certified copies of the declarations of real property and of all other records relative to the assessment of said real property, charging a sum of not less than ten nor more than twenty centavos for each one hundred words, including the certificate, in the discretion of the provincial board, the proceeds whereof shall be paid into the provincial treasury.

SEC. 8. Preparation of schedules of values by the assessor. — Before any general assessment revision is made in a province or any municipality or municipal district thereof, the provincial assessor shall prepare, in such form and detail as shall be

prescribed by the Secretary of Finance, a general schedule of the values of the different classes of real property in each municipality or municipal district of the province, which shall be submitted to the Secretary of Finance, who shall approve, disapprove or modify the same, or any part thereof. Said schedule shall, upon final action by the Secretary of Finance, be the basis of valuations for assessment.

SEC. 9. General revision of values of property subject to tax. — When so directed by the Secretary of Finance, or by the provincial board with the approval of the Secretary of Finance, the provincial assessor shall make a general revision of real property values in his province or in any municipality or municipal district thereof, and shall make a new assessment or revised assessment thereof according to law. A general assessment revision shall not be made more frequently than once in two years. All expenses in connection with a general revision of assessments shall be prorated among the various provincial and municipal funds concerned in the same proportion as the real property tax accrues to said funds during the year in which the expenses are incurred.

SEC. 10. Certification of revised values to the secretary of finance. — When the provincial assessor shall finish a general revision of the assessments for any municipality or municipal district, he shall so certify to the Secretary of Finance, and the assessment shall become effective and taxes shall accrue and be payable thereunder commencing with the year next ensuing.

SEC. 11. Amending schedules of values. — For the correction of errors or inequalities in any schedule of values, the Secretary of Finance may, at any time, require the provincial assessor to prepare an amendment designed to remedy such errors or inequalities. Such amendments shall be subject to the same conditions as to preparation and modification as general schedules.

SEC. 12. Declaration to be prepared by owner of real property. — It shall be the duty of every owner of real property within a municipality or municipal district or his duly authorized representative, to prepare, or cause to be prepared, and submit to the provincial assessor a declaration of said property stating the value of each parcel thereof which he owns within the municipality or municipal district. Such declaration shall contain a description of the property sufficient in detail to enable the provincial assessor to identify the same.

It shall also be the duty of any person acquiring at any time real property in any municipality or municipal district or making any improvement on real property belonging to him, to prepare and submit to the provincial assessor, within sixty days after the acquisition of such property or the completion of the improvement, a declaration containing the value of the real property so acquired or of the improvement made. The property and improvement must be so described as to enable the provincial assessor to identify the same on examination.

He shall subscribe the declaration and verify the same on oath free of charge, before the municipal treasurer or before the provincial assessor, or if not conveniently accessible to one of these, before the municipal mayor or any other person authorized to administer oaths.

SEC. 13. Assessment of property subject to back taxes. — Real property declared for the first time shall have back taxes assessed against it for the period during