REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

April 23, 2010

REVENUE MEMORANDUM ORDER NO. 41-2010

SUBJECT : Revised Policies, Guidelines and Procedures in the Establishment/Revision of Schedule Zonal Values of Real Properties Within the Jurisdiction of the Revenue District Offices and for Other Purposes.

TO : All Internal Revenue Officers and Others Concerned.

I. BACKGROUND

The power to prescribe real property values is vested on the Commissioner in accordance with the provisions of Section 6 of the National Internal Revenue Code of 1997, as amended, to wit:

> **Sec.6. Power of the Commissioner to Make Assessments and Prescribe Additional Requirements for Tax Administration and Enforcement. –**
>
> (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 consultation with competent appraisers both from the private and public sectors, determine the fair market value of real properties located in each zone or area. 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 issued to:

1. Revise the policies, guidelines and procedures prescribed under Revenue Memorandum Order Nos. 56-89 and 56-94 relative to the establishment/revision of the Schedule of Zonal Values of real properties;

2. Empower the Regional Directors and Revenue District Officers giving them full responsibility and accountability.

3. Decentralize the functions of the Asset Valuation Division with respect to revision/updating of the Schedule of Zonal Values including protests, appeals, clarifications, etc. relative thereto;

4. Fast track revision of the Schedule of Zonal Values of real properties nationwide;

5. To enhance collection of revenues.

III. POLICIES AND GUIDELINES

1. Each Revenue Regional Office shall create the following Committees on Real Property Valuation (pursuant to Department Order No. 6-2010 dated March 12, 2010), to wit:

   A. Executive Committee on Real Property Valuation (ECRPV)

Chairman	:	Regional Director Bureau of Internal Revenue (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
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. Each Revenue District Office shall have a Sub-Technical Committee on Real Property Valuation (STCRPV) which shall be composed of:

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

3. Each Regional Office shall create a Secretariat to support the TCRPV and ECRPV;

4. The determination of recommended market values shall be based on -

   a. Acceptable methods of appraisal of real properties;

   b. Records of most recent actual sales/transfers/exchanges of properties appearing in documents filed in public offices, e.g., BIR, Land Registration Commission, etc.;

   c. Private records of banks, realtors, appraisers in the locality;

   d. Records of provincial/city/municipal assessors; and

   e. Other procedures and methods of appraisal.

5. 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.

6. In the preparation of the Schedule of Zonal Values, the RDO concerned shall make sure that the following Common Errors are eliminated, to wit:

   a. No justification why final recommended values are lower than the previous values;
   b. No justification why previously valued streets do not have recommended values;
   c. Recommended value for "RR" is the same as or higher than "CR", "X" or "I";
   d. Recommended value for All Other Streets is higher than identified streets;
   e. No recommended values for "RR" and "CR" in the interior areas;
   f. Vicinities for identified streets are not clearly defined;
   g. Providing only one (1) land classification (either RR or A50 only) in some barangays especially in the provinces;
   h. Using land classification codes (e.g. CL, RL, A) not among the standard classification codes (Annex "C");
   i. Recommended value for "A2" (unirrigated riceland) or A3 (upland) is higher than "A1" (irrigated riceland);
   j. Recommended value for A50 (Other Agricultural Lands) is higher than the identified agricultural lands;
   k. No recommended values for "A39" (beaches) and "A40" (resorts);
   l. Recommended values for "A7" (Swamp), "A41" (Sandy/Stony) and "A49" (Mountainous/Hilly Areas) are higher than the values for crops producing agricultural lands (e.g. A1, A2, A4, A11, etc.);
   m. Providing same set of values for agricultural lots in all barangays even for remote or mountainous barangays.
   n. Providing same value for Residential (RC) and Commercial (CC) units of the same condominium building;
   o. Recommended values for All Other Condominiums are higher than the values for identified condominiums;
   p. Recommended values for All Other Condominiums are the same for All Other Townhouses;
   q. Recommended value for All Other Townhouses is higher than the values for identified townhouses;
   r. No recommended value for parking slots of each identified condominiums/all other condominiums;

7. The schedule of recommended zonal values, duly signed by the Chairman/Vice-Chairman and members of the STCRPV (except in cases mentioned in the preceding number hereof), must be submitted to the TCRPV not later than sixty (60) calendar days from the date of the concluding meeting of the STCRPV.

8. The RDO concerned shall present in the public hearing the schedule of recommended zonal values after it was thoroughly reviewed by the TCRPV of the respective Regional Office;

9. The RDO shall submit the schedule of corrected values after public hearing to the TCRPV 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.

10. All subsequent revisions of the Schedule of Zonal Values must be made three (3) years after the latest revision.

IV. PROCEDURES

A. The RDO/ARDO, as Chairman/Vice-Chairman of the STCRPV, shall:

1. Identify and secure lists of all barangays comprising the cities/municipalities within his jurisdiction;

2. Secure city/municipality district maps identifying the boundaries of each barangay within his 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 which 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 with all the members of the STCRPV and request each member to submit their respective recommended values of real properties by zones/barangays/streets following the classification codes shown in Annex "B" hereof;

6. 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);

7. 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 ten (10) calendar days from the date of the concluding meeting of the STCRPV;

8. 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 with waiver (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 sixty (60) calendar days from the date of the concluding meeting of the STCRPV;

9. Receive and reply to the comments and observations found by the TCRPV upon review of the Schedule of Zonal Values within twenty (20) calendar days from receipt thereof;

10. Receive notice/advice from the TCRPV that the Schedule of Zonal Values is ready for presentation to a public hearing;

11. Coordinate with the TCRPV when to schedule the conduct of public hearing;

12. Prepare notices/posters/advertisements and publication in the newspaper of general circulation within the locality when and where the conduct of public hearing shall be made;

13. Conduct the public hearing on the scheduled date;

14. Summarize and incorporate all issues raised received during and within ten (10) calendar days from the date of public hearing;

15. 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;

16. Submit to the TCRPV the schedule of corrected values after public hearing 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;

17. Receive from the Procurement Division the newly approved Schedule of Zonal Values and the newspaper where it was published;

18. Upload the newly approved Schedule of Zonal Values to the BIR Portal / Web.

B. The TCRPV shall:

1. Review and evaluate the schedule of recommended zonal values before public hearing;

2. Attend public hearing to witness and answer verbal protests, queries and clarifications during the public hearing;

3. Review the finalized Schedule of Zonal Values after public hearing and recommend approval by affixing initials on each and every page of the final schedule;

4. Recommend to the ECRPV approval of the finalized Schedule of Zonal Values.

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 signature on the finalized Schedule of Zonal Values;

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.

D. The OCIR shall:

1. Receive the Schedule of Zonal Values duly signed by all the members of the ECRPV;

2. Endorse the Schedule of Zonal Values to the Department of Finance for the final approval of the Secretary.

E. The Procurement Division shall:

1. Cause the publication of the newly approved Schedule of Zonal Values in the Official Gazette or in any newspaper of general circulation;

2. Transmit to the RDO copies of newly approved Schedule of Zonal Values and the newspaper where it was published.

V. Public Hearing/Notice to the Public

1. Public Hearing. -

a. A public hearing shall be held with the following in attendance: (a) Assistant Regional Director, (b) Chairman, Vice-Chairman and members of the STCRPV, (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;

c. The RDO concerned shall likewise disseminate the information by preparing notices of the hearing to be posted in strategic places and local officials, associations of developers/realtors/appraisers and other civic organizations shall be sent letters of invitations.

2. Notice to the Public –

In the municipalities where a public hearing is not feasible, notice to the public regarding the recommended zonal values shall instead 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.

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 after fifteen (15) calendar days following the date of publication.

VII. **Transitory Provision**

All RDOs whose Schedule of Zonal Values has not yet been revised as of December 31, 2006 must submit the revised schedule duly signed by all the members of the ECRPV not later than June 30, 2010.

VIII. REPEALING CLAUSE

This Order supersedes RMO Nos. 56-89 and 56-94.

IX. EFFECTIVITY

This Order shall take effect immediately.

(Original Signed)
JOEL L. TAN-TORRES
Commissioner of Internal Revenue

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