



## FOUNDATION FOR ECONOMIC FREEDOM, INC.

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### FEF STATEMENT ON PASSING THE REAL PROPERTY VALUATION AND ASSESSMENT REFORM ACT IN THE 19<sup>TH</sup> CONGRESS

We, the Foundation for Economic Freedom, reiterate our strong support to the proposed Real Property Valuation and Assessment Reform Act (RPVARA), with the following salient features:

1. Adoption of a uniform valuation standard based on international valuation practices;
2. Establishment of a single valuation base for taxation and for other purposes;
3. Establishment of a comprehensive database to support real property valuation functions;
4. Centralization of the approval of the Schedule of Market Values (SMVs); and
5. Strengthening of the valuation functions of the Bureau of Local Government Finance.

The proposed reform will widen the tax base for property taxes that will bring in additional revenues for both the national and local government units (LGUs), without imposing new or additional taxes.

Real property tax contributes less than 30% to LGU revenues due to outdated property values. This hinders growth in tax collections. Around 70% of LGUs have outdated property valuation.

Lack of uniform standards in determining the cost and value of real properties have led to confusion, causing distorted land values. An updated and credible benchmark for valuation will protect property owners from being deprived of the full benefits that can be derived from their property. Better valuation also means better selling price, rental fees, and collateral value.

Valuation will be determined by the market thru professional appraisers, while the tax rates and assessment levels will be set thru an ordinance by the LGU thru its Sanggunian. The LGUs will retain their autonomy to modify tax rates and assessment levels, taking into account the current level of development in their locality and comparing it with other LGUs. This will enable them to be more responsive to the needs of their constituents.



**FOUNDATION FOR ECONOMIC FREEDOM, INC.**

We laud the efforts of Senator Win Gatchalian, Chairman of the Senate Committee on Ways and Means, for leading the discussions on this crucial reform, with the support of the Chairman of the Committee on Local Government, Senator JV Ejercito, and the Chairman of the Committee on Finance, Senator Sonny Angara. We urge the rest of the Senate to pass this important piece of legislation.

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