

RECENT LEGISLATION

THE ASSESSMENT LAW

(COMMONWEALTH ACT No. 470)

Be it enacted by the National Assembly of the Philippines:

PRELIMINARY ARTICLE.— *Title of Act*

SECTION 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 real 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 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 to 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 fields 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 each 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 properly applicable such schedule shall be controlling; but where 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 benefit of 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 fifteenth 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 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-eighth 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 taxa-

tion 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 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 which it would have been liable if assessed from the first in proper course but in no case for more than four years prior to the year of the initial assessment.

If said taxes are paid before the expiration of the tax-collection period next ensuing, no penalty for delinquency shall be imposed, but if they be not so paid the property shall be subject to all the penalties to which it would have been liable had it originally become delinquent after assessment in usual course.

SEC. 14. *Declaration made by assessor for owner.*—When real property is found in any municipality or municipal district the owner of which refuses or fails to make the required declaration, the provincial assessor shall himself declare the property in the name of the defaulting owner, if known, or as against an unknown owner, as the case may be, and shall assess the property for taxation accordingly.

No oath shall be required to a declaration thus made by the provincial assessor.

SEC. 15. *Authority of assessor and deputy assessor to take evidence.*—For the purpose of obtaining information on which to base the correct assessment of any real property, the provincial asses-

sor or his deputy may summon witnesses, administer oaths, and take depositions concerning the property, its amount, nature or value.

SEC. 16. *Notification of increased assessment.* — When real property is assessed at a value greater than that stated in the declaration of the owner, or where an existing assessment is increased to an amount in excess of that so stated, the provincial assessor shall immediately give written notice of such assessment or increased assessment to the owner, or in his absence, to his authorized agent in the Philippines, or if there be none such, to the occupant in possession, if any. This notice may be delivered personally or may be mailed to the last known address of the person to be served.

Written notice shall also be given in like manner to the owner, or his agent, if known, or to the occupant, if such there be, of the valuation placed on property newly declared.

SEC. 17. *Appeal by owner to the Board of Tax Appeals.*—Any owner who is not satisfied with the action of a provincial assessor in the assessment of his property may, within sixty days from the date of receipt by him of the written notice of assessment as provided in section sixteen hereof, appeal to the Board of Tax Appeals, which is created in each province, by filing with it or with the municipal treasurer of the municipality where the property assessed is situated who is duly bound to transmit it to the Board of Tax Appeals, a petition to that effect stating the grounds of his appeal.

The Board of Tax Appeals shall be composed of five members to be appointed by the President of the Philippines with the con-

sent of the Commission on Appointments of the National Assembly. Three members of the Board shall be selected from among government officials in the province, other than those in charge of assessment, and they shall serve without additional compensation. The other two members shall be selected from among property owners in the province, and they shall each receive a compensation of five pesos for each day of session actually attended, plus actual traveling expenses from his usual place of residence and return. The chairman of the Board shall be designated in the appointment and he shall have the power to designate a deputy assessor to serve as the secretary of the Board without additional compensation. The chairman and members of the Board of Tax Appeals shall hold office at the pleasure of the Secretary of Finance.

The Board shall hold such number of sessions as may be authorized by the Secretary of Finance.

All expenses of the Board shall be charged against the general fund of the province.

The members of the Board shall each take the following oath:

"I, _____ of _____ having been appointed to the position of _____ hereby solemnly swear that I will well and faithfully discharge to the best of my ability the duties of my present position and of all others I may hereafter hold under the Commonwealth of the Philippines; that I will support and defend the Constitution of the Philippines; and that I will obey the laws, legal orders, and decrees promulgated by the duly constituted authorities of the Commonwealth of the Philippines; and that I will well and truly hear and

determine all matters and issues between taxpayers and the provincial assessor submitted for my decision; and I hereby declare that I recognize and accept the supreme authority of the United States of America in the Philippines, and will maintain true faith and allegiance thereto; and that I impose this obligation upon myself voluntarily, without mental reservation or purpose of evasion.

So help me God.

(Signature)

Subscribed and sworn to before me this _____ day of _____, A. D., _____ at _____, Philippines.

(Signature of officer administering oath)

SEC. 18. *Action by the Board of Tax Appeals.*—The Board of Tax Appeals shall take action upon the complaint within ninety days from the receipt thereof; and if such action be favorable to the taxpayer the provincial assessor shall be so notified and may thereupon amend the assessment accordingly. If, however, the provincial assessor be not satisfied with the decision of the Board of Tax Appeals, he may, within twenty days after receipt of notice of the decision of the Board, appeal to the Secretary of Finance by filing with the secretary of the Board a notice to that effect. Within ten days after receipt of such notice, the secretary of the Board shall forward all the papers of the case to the Secretary of Finance whose decision in the matter shall be final.

If the taxpayer is not satisfied with the decision of the Board of Tax Appeals, he may likewise appeal to the Secretary of Finance in the same manner as above provided.

Any assessment changed by the Board of Tax Appeals and acquiesced in by the parties shall be certified to the provincial treasurer.

SEC. 19. *Review by Board of Tax Appeals.*—The Board of Tax Appeals shall have the power to review, on its own motion, assessments found to be unjust, erroneous or unlawful or not in accordance with the provisions of section four of this Act, and any reassessment thus made shall be appealable to the Secretary of Finance as provided in the preceding section.

SEC. 20. *Evidence in assessment proceedings.*—In the exercise of their appellate and supervisory powers on assessments, the Secretary of Finance and the Board of Tax Appeals may receive, take, and consider not only the evidence on which the officers in charge of the assessment have acted, but other pertinent evidence, in the form of either oral testimony or affidavits or depositions.

ARTICLE III.—*Payment of the Real Property Tax*

SEC. 21. *Date of accrual of tax; tax and penalties to constitute a lien on the property.*—The real property tax for any year shall become due and payable on the first of January and from the same date said tax and all penalties subsequently accruing thereto shall constitute a lien upon the property subject to such tax.

Said lien shall be superior to all other liens, mortgages, or incumbrances of any kind whatsoever, shall be enforceable against the property whether in the possession of the delinquent or any subsequent owner or possessor, and shall be removable only by the payment of the delinquent taxes and penalties.

SEC. 22. *Notice of time for collection of tax.*—The provincial treasurer shall cause notice of the periods during which the real property tax may be paid in each municipality or municipal district to be posted not later than the thirty-first day of January of each year at the main entrance of the provincial building and of all municipal buildings and in a public and conspicuous place in each barrio, and published in the newspaper or by crier.

SEC. 23. *Payment of the real property tax in installments.*—The real property tax may, in the discretion of the taxpayer, be paid in two installments as the provincial board may by resolution determine not later than the fifth day of January of the year during which such resolution is to take effect for the first time: *Provided*, That the last day of the first and second installment periods shall not be later than May thirty-first and November thirtieth of each year, respectively. Any change in the period and amount of installments made after January fifth shall take effect in the next ensuing year.

Any person who shall on the last day of any period established for the payment of the real property tax be in the municipal building, ready and prepared to pay but is unable to do so because of the great number of taxpayers, shall be given a suitable card entitling him to pay the tax without penalty on the day next following.

SEC. 24. *Part of payment of tax.*—When the property owner cannot pay the total of the tax due, he may make a partial payment on one parcel or more, or for part of any of them.

SEC. 25. *Payment under protest.*—When a taxpayer desires for

any reason to pay his tax under protest, such protest shall be annotated on the tax receipt by writing thereon the words "paid under protest." Verbal protest shall be confirmed in writing with a statement of the ground or grounds therefor, within thirty days. The tax may be paid under protest, and in such case it shall be the duty of the municipal treasurer to annotate the ground or grounds therefor on the receipt.

SEC. 26. *Power of President of the Philippines to postpone term without penalty.*—The President of the Philippines may in his discretion postpone the term for the payment without penalty of the real property tax, or of installments thereof, as the case may be, in any province, municipality, or municipal district, to any period falling within the same calendar year.

ARTICLE IV. — *Delinquency in the Payment of Real Property Tax*

SEC. 28. *Notice of delinquency in the payment of the real property tax.*—Upon the real property tax becoming delinquent, the provincial treasurer shall immediately cause notice of that fact to be posted at the main entrance of the provincial building and of all municipal buildings and in a public and conspicuous place in each barrio of the municipality or municipal district concerned.

Such notice shall specify the date upon which the tax became delinquent, and shall state that personal property is subject to seizure to effect payment. It shall also state that, at any time before the seizure of personal property, payment may be made with penalty in accordance with the next following section, and further,

that unless the tax and penalties be paid before the expiration of the year for which the tax is due, or the tax shall have been judicially set aside, the delinquent real property will be sold at public auction, and that thereafter the full title to the property will be and remain in the purchaser, subject only to the right of the delinquent taxpayer or any other person in his behalf to repurchase the sold property within one year from the date of sale.

SEC. 29. *Penalty for delinquency.*—Failure to pay the real property tax before the expiration of the term for the payment without penalty of the same or installments thereof, shall subject the taxpayer to the payment of a penalty of one *per centum* on the amount of the delinquent tax for each month of delinquency or fraction thereof until the delinquent tax shall be fully paid: *Provided*, That in no case shall the total penalty exceed twelve *per centum* of the delinquent tax.

SEC. 30. *Distrainment of personal property for delinquency.*—After delinquency in the payment of the real property tax has occurred, payment of such tax may be enforced by distraining the personal property of the delinquent person or persons. In such case, the provincial treasurer or his deputy shall issue a duly authenticated certificate, based upon the records of his office, showing the fact of delinquency and the amount of tax and penalty due from such delinquents or each of them. This certificate shall be sufficient warrant for the seizure of any non-exempt personal property belonging to the delinquent or delinquents in question; and such process may be executed by the provincial treasurer, his deputy, or any officer authorized to execute legal process.

SEC. 31. *Personal property exempt from distraint or levy.*—The following property shall be exempt from distraint and from the levy of attachment or execution for delinquency in the payment of the real property tax:

(a) Tools and implements necessarily used by the delinquent taxpayer in his trade or employment.

(b) One horse or cow, or carabao, or other beast of burden, such as the delinquent taxpayer may select, and necessarily used by him in his ordinary occupation.

(c) His necessary clothing, and that of all his family.

(d) Household furniture and utensils necessary for housekeeping, and used for that purpose by the delinquent taxpayer, such as he may select, of a value not exceeding one hundred pesos.

(e) Provisions actually provided for individual or family use sufficient for four months.

(f) The professional libraries of lawyers, judges, clergymen, doctors, school teachers, and music teachers, not exceeding five hundred pesos in value.

(g) One fishing boat and net, not exceeding the total value of one hundred pesos, the property of any fisherman, by the lawful use of which he earns a livelihood.

(h) Any material or article forming part of a house or improvement of any real property.

SEC. 32. *Sale of distrained personal property.*—Property seized upon process under section thirty hereof shall, after due advertisement, be exposed for sale at public auction to the highest bidder, and so much of the same shall be thus sold as may be necessary to satisfy the tax, penalty, and costs of the seizure and sale. The purchaser at such sale shall acquire an indefeasible title to the property.

Advertisement in such cases shall be given by notice stating the time, place and cause of the sale, posted for ten days before the date of the auction at the main entrance of the municipal building and at a public and conspicuous place in the barrio where the property was seized.

The sale shall take place, in the discretion of the provincial treasurer or his deputy, either at the main entrance of the municipal building or at the place where the property was seized. If no satisfactory bid or no bid at all is received in the places mentioned, the distrained property may be sold anywhere in the province at public auction.

SEC. 33. *Return of officer—Disposition of proceeds.*—The officer conducting a sale under the preceding section shall make immediate return of his proceedings and a memorandum thereof shall be entered by the provincial treasurer in his records. Any surplus proceeds resulting from the sale, and any of the property remaining unsold in the hands of the officer, shall be returned to the delinquent taxpayer.

SEC. 34. *Redemption of distrained property.*—The owner of personal property seized for the non-payment of taxes hereunder may redeem the same from the collecting officer at any time after seizure and before sale by tendering to him the amount of the tax, the penalty, and the costs incurred up to the time of tender. The costs to be charged in making such seizure and sale shall only embrace the actual expenses of seizure and preservation of the property pending the sale, and no charge shall be imposed for the services of the collecting officer or his deputy.

SEC. 35. *Advertisement of sale of real property at public auction.*

—After the expiration of the year for which the tax is due, the provincial treasurer shall advertise the sale at public auction of the delinquent real property or so much thereof as may be necessary to satisfy all taxes and penalties due and the costs of sale. Such advertisement shall be made by posting a notice for three consecutive weeks at the main entrances of the provincial building and all municipal buildings in the province, and in a public conspicuous place in the barrio wherein the property is situated, in English, Spanish, and the local dialect commonly used, and, in the discretion of the provincial treasurer, by publishing it once a week for three consecutive weeks in a newspaper of general circulation published in the province, if there be any. Copy of the notice shall be forthwith sent by registered mail or by messenger to the delinquent taxpayer at his residence if known to said treasurer. The notice shall set forth the amount of the taxes and penalties due and the costs of sale, the date and place of the sale, the name of the taxpayer against whom the taxes were assessed and the approximate area, the lot number and the location, stating the street, number, district barrio, municipality and province where the real property to be sold is situated.

SEC. 36. *Sale of real property—Conditions.*—At any time during or before the sale the taxpayer may stay all proceedings by paying the taxes and penalties due on the real property and the costs to the provincial treasurer or his deputy conducting the sale. If he does not do so, the sale shall proceed, which shall be held either at the main entrance of the municipal government building or on the site of the real property to be sold, as

the provincial treasurer or his deputy may determine.

The provincial treasurer or his deputy shall make report of the sale to the provincial board within five days after the sale and shall make the same appear in his records. The purchaser at this sale shall receive from the provincial treasurer or his deputy a certificate setting forth the proceedings had at the sale, a description of the property sold, the name of the purchaser, the price of sale, and the exact amount of the taxes, and penalties due, and the costs of sale.

SEC. 37. *Provincial treasurer may buy real property in behalf of province if no other bidder.*—In case there is no bidder at the public auction of the delinquent real property or if the highest bid is for an amount not sufficient to pay the taxes, penalties and costs, the provincial treasurer may, in his discretion, buy the delinquent real property in the name of the province for the amount of taxes and penalties due thereon, and the costs of sale. Should the provincial treasurer buy the real property in the name of the province, he shall forthwith issue to the provincial board a certificate to the effect that the real property has been sold to the province for the amount of taxes, penalties and costs, and shall make within five days thereafter a return of his proceedings which shall be spread upon the records of his office. The owner of the delinquent real property shall be furnished with a copy of the sale certificate.

SEC. 38. *Repurchase of real property after sale.*—Within the term of one year from the date of the sale, the delinquent taxpayer or any other person in his behalf shall have the right to repurchase the property sold by paying to the

provincial treasurer or his deputy the total amount of taxes and penalties due up to the date of repurchase, the costs of sale and the interest, at the rate of twelve *per centum per annum*, on the purchase price, and such payment shall invalidate the sale certificate issued to the purchaser or to the provincial board and shall entitle the person making the same to a certificate from the provincial treasurer or his deputy, stating that he had repurchased the property, and the provincial treasurer or his deputy, upon surrender by the purchaser of the certificate of sale previously issued to him, shall forthwith return to the latter the entire sum paid by him plus the interest at twelve *per centum per annum* herein provided for, and said property shall thereafter be free from the lien of said taxes and penalties.

SEC. 39. *Possession and usufruct of real property within one year from date of sale.*—After the sale and before repurchase, or before the expiration of the term of one year hereinabove fixed for such repurchase, the real property shall remain in the possession of the delinquent taxpayer who shall have the right to the usufruct thereof.

SEC. 40. *Issuance of final bill of sale.*—In case the delinquent taxpayer does not repurchase the property sold as herein provided within the period of one year from the date of the sale, the provincial treasurer shall make an instrument sufficient in form and effect to convey to the purchaser the property purchased by him, or to the province, as the case may be, free from any encumbrance whatsoever, and the said instrument shall succinctly set forth all proceedings upon which the validity of the sale depends. Any balance of the proceeds of the sale left after deducting the amount of the taxes and

penalties due, and the costs, shall be returned to the original owner or his representative.

SEC. 41. *Disposition of proceeds.*—The proceeds of all delinquent taxes and penalties, with the income derived from the use, lease, or other disposition of the real property bought by the province at a tax sale in accordance with the provisions of this Act, and the proceeds of the repurchase or sale of the delinquent real property, shall accrue to the provincial and municipal governments in the same manner and proportion as if the tax or taxes had been paid in regular course.

ARTICLE V.—*Special Assessment*

SEC. 42. *Power of the municipal council to levy special assessments for certain purposes.*—In addition to the powers conferred by existing law, the municipal council may, by ordinance duly approved, provide for the levying and collection, by special assessments of the lands comprised within the municipality or section thereof specially benefited, a part not exceeding sixty *per centum* of the cost of laying out, opening, constructing, straightening, widening, extending, grading, paving, curbing, walling, deepening, or otherwise establishing, repairing, enlarging, or improving public avenues, roads, streets, alleys, sidewalks, parks, plazas, bridges, landing places, wharves, piers, docks, levees, reservoirs, waterworks, water mains, water courses, esteros, canals, drains, and sewers, including the cost of acquiring the necessary land, as hereinafter provided. Within the meaning of this section all lands comprised within the district benefited, except lands owned by the United States of America, the Commonwealth of the Philippines, any province,

municipality, or other political subdivision of the Philippines, shall be subject to the payment of the special assessment, apportioned, computed, and assessed according to the valuation of such lands as shown by the books of the provincial assessor, or its present value as fixed by said officer in the first instance if the property does not appear of record in his books.

SEC. 43. *Ordinance levying special assessment.*—The ordinance providing for the levying and collection of a special assessment shall describe with reasonable accuracy the nature, extent, and location of the work to be undertaken; the probable cost of the work; the percentage of the cost to be defrayed by special assessment; the district subject to the payment of the percentage of the cost of the proposed work so established, the limits whereof shall be stated by monuments and lines, and the number of annual installments, which shall not be less than five nor more than ten, in which said special assessment shall be payable without interest. The municipal council shall not be obliged to establish a uniform percentage for all lands subject to the payment of the tax for the entire district, but it may fix different rates for different parts or sections thereof, according as to whether such land is more or less benefited by the proposed work.

The district engineer shall make the plans, specifications, and estimates of the proposed work.

SEC. 44. *Publication of proposed ordinance levying special assessment.*—The proposed special assessment ordinance shall be published, with a list of the owners of the lands affected thereby, once a week for four consecutive weeks in any newspaper published in the locality, one in English, one in

Spanish, and one in the local dialect, if there be any, and in default of local papers, in any newspaper of general circulation in the municipality. The said ordinance in English, Spanish, and the local dialect, shall also be posted in places where public notices are generally posted in the municipality and places affected by said improvement, and shall also be published once a week during four consecutive weeks by crier.

The municipal secretary shall, on application, furnish a copy of the proposed ordinance to each landowner affected, or his agent, and shall, if possible, send to all a copy of said proposed ordinance by ordinary mail or otherwise.

SEC. 45. *Protest against special assessment.*—Not later than thirty days after the last publication of the ordinance and list of land owners included in the zone subject to special assessment, a protest may be submitted to the municipal council signed by a majority of the land owners affected representing more than one-half of the total assessed value of said lands, setting forth the addresses of the signers and arguments in support of their objection or protest against the improvement to be made or against the special assessment established in the ordinance. If no protest is filed within the time and under the conditions above specified, the municipal ordinance shall become final and effective in all its points after its approval by the municipal council.

SEC. 46. *Hearing of protest.*—The municipal council shall designate a date and place for the hearing of the protest filed in accordance with the next preceding section and shall give reasonable time to all protestants who have given their addresses and to all land owners affected by any protest or

protests, and shall order the publication once a week, during two consecutive weeks, in any newspaper of the locality, if there be one, or, in default thereof, in any newspaper of general circulation in the municipality, of a notice in English or Spanish or the local dialect, of the place and date of the hearing to be held. Said notice shall likewise be posted in the places where public notices are usually posted in each municipality and place affected by said improvement. After the proper hearing, the council shall render its decision confirming modifying, or revoking its ordinance, and shall send notice of its decision to all interested parties who have given their addresses, and shall order the publication of such decision, together with a list of the owners of the parcels of land affected by the special assessment, three times weekly, for two consecutive weeks, in the manner hereinabove specified. The decision shall become final if before the expiration of thirty days from the date of its last publication no appeal is filed with the provincial board against the proposed improvement or against the special assessment, signed by at least a majority of the landowners included in the special assessment zone representing more than one-half of the total assessed value of the lands affected. The appellant or appellants shall immediately give the municipal council a written notice of the appeal.

SEC. 47. *Decision of the appeal.*—If an appeal is taken from the decision of the municipal council the manner provided for in the next preceding section, said council shall forward to the provincial board an excerpt from the minutes of said council relative to the proposed improvement and all other

documents in connection therewith, within ten days after receipt of the notice of appeal. The provincial boards shall designate the place and set a date which shall be within thirty days following receipt by the board of the documents from the municipal council, for the hearing of the appeal, giving both parties notice thereof. During the hearing of the appeal, the municipal council shall be represented and heard, and the provincial board shall examine *de novo* all points involved in the protest filed, and its decision thereon shall be final.

SEC. 48. *Fixing of amount of special assessment.*—Upon the approval of the ordinance, the provincial treasurer shall forthwith proceed to determine the annual amount of special tax assessed against each parcel of land comprised within the district specially benefited, and shall send to each land owner a written notice thereof by ordinary mail. If upon completion of the work it should appear that the cost thereof is smaller or greater than the estimated cost of the work, the provincial treasurer shall without delay proceed to correct the assessment by increasing or decreasing, as the case may be, the special tax on each parcel of land affected, for the balance of the unpaid annual installments. If all annual installments have already been paid, the provincial treasurer shall fix the amount of credit to be allowed to, or the additional special tax to be levied upon, the land, as the case may be. In all cases, he shall give notice of such rectifications to the parties interested.

SEC. 49. *Payment of special assessments.*—All sums due from any land owner or owners in consequence of any provision adopted pursuant to this article shall be

payable to the provincial treasurer in the same manner as the annual ordinary tax levied upon real property, in accordance with the provisions of the preceding sections, and shall be subject to the same penalties for delinquency and be enforced by the same means as said annual ordinary tax; and all said sums together with any of said penalties shall, from the dates on which they were assessed, constitute special liens upon the land concerned, and shall have preference over other liens there may be on said land, with the sole exception of the lien for nonpayment of the ordinary real property tax.

ARTICLE VI.—*Miscellaneous Provisions*

SEC. 50. *Collection of the real property tax through the courts.*—The delinquent real property tax shall constitute a lawful indebtedness of the taxpayer to the province and may be enforced by civil action in any court of competent jurisdiction. This remedy shall be in addition to all other remedies provided by law.

SEC. 51. *Repayment of excessive collections.*—When it appears that an assessment of real property was erroneous and unjust when made and the same is reduced because of such error or injustice, and not by reason of damage incurred or deterioration suffered by such property subsequent to the date of original assessment, the taxpayer shall be entitled to the proper refund for taxes and penalties paid by him for not more than three years.

Timely notice shall be given by the provincial treasurer to every taxpayer whose assessment is so reduced and he shall be furnished a certificate showing the amount of refund to which he is entitled for payments already made.

If no taxes shall have been paid upon the original assessment the taxpayer shall pay the proper tax upon the reduced assessment, with its incident penalty.

SEC. 52. *Remission of tax by provincial board.*—In case of a general failure of crops or great decrease in the price of products, or similar widespread disaster in any municipality or municipalities of a province, the provincial board of the same, by resolution passed prior to the first of January of any year, may remit, wholly or partially, the real property tax or the penalties thereon for the succeeding year in the municipality or municipalities affected by the disaster; but a resolution so disposing must clearly state the reasons for such remission and shall not take effect until approved by the Secretary of Finance.

SEC. 53. *Remission or reduction of tax by the President of the Philippines.*—The President of the Philippines may, in his discretion, remit or reduce the real property tax for any year in any municipality or province if he deems that the public interest so requires.

In case of failure of any crop or great decrease in the price of any product in any municipality, the President of the Philippines may, in his discretion, likewise reduce the tax for any year on the lands and improvements affected: *Provided*, That pending the new assessment in any province as provided for in this Act, the assessed value of all permanent plants and/or trees on any taxable real property in said province is hereby reduced by fifty *per centum* beginning January first, nineteen hundred and forty, until the first day of January of the year following the completion of the reassessment of real property in said province.

SEC. 54. *Restrictions upon power of court to impeach tax.*—No court shall entertain any suit assailing the validity of a tax assessed under this Act until the taxpayer shall have paid, under protest, the taxes assessed against him, nor shall any court declare any tax invalid by reason of irregularities or informalities in the proceedings of the officers charged with the assessment or collection of the taxes, or of a failure to perform their duties within the time herein specified for their performance, unless such irregularities, informalities, or failure shall have impaired the substantial rights of the taxpayer; nor shall any court declare any tax assessed under the provisions of this Act invalid except upon condition that the taxpayer shall pay the just amount of his tax as determined by the court in the pending proceeding.

SEC. 55. *Restriction upon power of court to impeach sale.*—No court shall entertain any suit assailing the validity of a sale made under the provisions of this Act until the taxpayer shall have paid into court the taxes and penalties due thereon and the costs of sale. If the judgment in such suit be in favor of the taxpayer, the money so paid into court shall be applied to the satisfaction of such taxes, penalties, and costs; otherwise, it shall be returned to him after the deduction of any court costs chargeable to him in the cause.

SEC. 56. *Duty of officers to assist provincial assessor.*—It shall be the duty of the municipal mayor, secretary, and treasurer and of all officers and employees of the provincial and municipal governments to render all necessary assistance to the provincial assessor. Likewise, it shall be the duty of registers of deeds and notaries public to furnish provincial assessors

copies of all contracts conveying, leasing, or mortgaging real property received by, or acknowledged before them. Insurance companies, whenever requested, shall furnish in each particular case to the provincial assessor copies of any contract or policy of insurance on buildings, structures and improvements insured by them which may be necessary for the proper assessment thereof.

SEC. 57. *Promulgation of rules by the Secretary of Finance.*—The Secretary of Finance shall promulgate rules and prescribe the blank forms to be used and the procedure to be followed in carrying out the provisions of this Act.

SEC. 58. *Fees in court actions.*—All court actions criminal or civil, instituted by the provincial treasurer or the provincial assessor under the provisions of this Act shall be exempt from the payment of court and sheriff's fees.

ARTICLE VII.—*Penal Provisions*

SEC. 59. *Omission of property from tax lists by officer.*—Any officer charged with the duty of assessing real property, who shall willfully fail to assess, or shall omit from the tax lists, any real property which he knows to be lawfully taxable, shall be punished by a fine not exceeding one thousand pesos, or imprisonment not exceeding two years, or both.

SEC. 60. *Government agents delaying filing of declaration of property and assessment appeals.*—Any Government official who shall intentionally and deliberately delay the filing of a real property tax declaration or any transfer on the assessment books of the assessor, or the filing of any appeal against an assessment, shall, upon conviction, be punished by a fine of not more than five hundred pesos or by imprison-

ment for not more than one year, or both, in the discretion of the court.

ARTICLE VIII.—*Transitory Provisions*

SEC. 61. All forfeitures and tax delinquencies existing before this Act takes effect shall be governed by the provisions of law then in force.

ARTICLE IX.—*Repealing Clause*

SEC. 62. Act Numbered Thirty-nine hundred and ninety-

five, as amended by Acts Numbered Four thousand and sixty-one and Four thousand two hundred and twenty-two, sections twenty-three hundred and ninety-three to twenty-four hundred and three, inclusive, of the Administrative Code, and all acts or parts of acts inconsistent with the provisions of this Act, are hereby repealed.

SEC. 63. This Act shall take effect on January first nineteen hundred and forty.

Approved, June 16, 1939.

COURTESY

“COURTESY begets courtesy; it is a passport to popularity. The way in which things are done is often more important than the things themselves.”—
REV. J. E. C. WELDON.

