



Republic of the Philippines
CITY OF MANDAUE
Sangguniang Panlungsod

Eighth SP

77th

Session

**EXCERPT FROM THE JOURNAL OF THE 9th SPECIAL SESSION
HELD BY THE SANGGUNIANG PANLUNGSOD IN ITS HALL OF
FAME ON DEC. 24, 1999**

PRESENT:

Hon. Amadeo V. Seno, Jr.	Vice Mayor/Pres. Offr.
Hon. Glenn O. Bercede	Pro Tempore President
Hon. Alfonso L. Albaño	Majority Floorleader
Hon. Elmer V. Cabahug	Minority Floorleader
Hon. Carlo Pontico C. Fortuna	Member
Hon. Rosita S. Benabaye	Member
Hon. Wenceslao O. Gakit	Member
Hon. Raul Y. Cabahug	Member
Hon. Dionisio A. Ceniza	Member
Hon. Allan V. Borbajo	Member
Hon. Jovita Tuela O. Mangubat	Pres. Mandaue A. B. C.
Hon. Maureen O. Librando	Pres. Mandaue S. K. F.

ABSENT:

N o n e

**ORDN. # 99/052 ENACTING THE REVISED REAL PROPERTY
TAX CODE OF THE CITY OF MANDAUE**

The **EIGHTH SANGGUNIANG PANLUNGSOD** of **MANDAUE CITY**, with members in session duly assembled, hereby **ORDAINS** that:

TITLE I. – GENERAL PROVISIONS

SECTION 1. Name of Code. – This ordinance shall be known as the **Revised Real Property Tax Code** of the City of Mandaue.

SECTION 2. Scope of Application. – Subject to the provisions of pertinent laws in force or which may hereafter be promulgated, this



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Ordinance shall govern the levy, assessment, imposition, collection and payment of realty taxes and prescribe administrative fines and penalties for violation thereof within the territorial jurisdiction of the City of Mandaue.

SECTION 3. *Purpose.* – In as much as the current ordinance governing real property taxation of the City, enacted in the year 1974 as amended, was mainly based on the local tax code promulgated under P.D. 231 as amended by P.D. 426 and is now affected by the provisions of the Local Government Code of 1991, and in order to consolidate all the amendments and update the City's provision on real property taxation there arises a need to revise the existing ordinance in accordance with the implementation pertinent to the administration on real property taxation of the City of Mandaue.

SECTION 4. *Fundamental Principles.* – The appraisal assessment, levy and collection of real property tax shall be governed by the following fundamental principles:

- a) Real property shall be appraised at its current and fair market value.
- b) Real property shall be classified for assessment purposes on the basis of its actual use.
- c) Real property shall be assessed on the basis of a uniform classification within each local government unit.
- d) The appraisal, assessment, levy and collection of real property tax shall not be let to any private person.
- e) The appraisal and assessment of real property shall be equitable.

SECTION 5. *Definition of Terms.* – Whenever used in this Code, the following terms shall mean:

- a) *Acquisition Cost* (for newly-acquired machinery not yet depreciated and appraised within the year of its purchase)– refers to the actual code of the machinery to its present owner plus the cost of transportation, handling and installation at the present site;
- b) *Actual use* – refers to the purpose for which the property is principally or predominantly utilized by the person in possession thereof;

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- c) *Ad Valorem Tax*. – is a levy on real property determined on the basis of a fixed proportion of the value of the property;
- d) *Agricultural land* – is land devoted principally to the planting of trees, raising of crops, livestock and poultry, dairying, salting, inland fishing and similar aquacultural activities and is not classified as mineral, timber, residential, commercial or industrial land;
- e) *Appraisal* – is the act or process of determining the value of property as of a specific date for a specific purpose;
- f) *Assessment* – is the act or process of determining the value of a property, or proportion thereof subject to tax, including the discovery, listing, classification, and appraisal of properties;
- g) *Assessment Level* – is the percentage applied to the fair market value to determine the taxable value of the property;
- h) *Assessed value* – is the fair market value of the real property multiplied by the assessment level. It is synonymous to taxable value;
- i) *Commercial Land* – is the land devoted principally for the object of profit and is not classified as agricultural, industrial, mineral, timber, or residential land;
- j) *Depreciated Value* – is the value remaining after deducting depreciation from the acquisition cost;
- k) *Economic Life* – is the estimated period over which it is anticipated that a machinery or equipment may be profitably utilized;
- l) *Fair Market Value* – is the price at which a property may be sold by a seller who is not compelled to sell and bought by a buyer who is not compelled to buy;
- m) *Improvement* – is a valuable addition made to a property or an amelioration in its condition, which is intended to enhance its value, beauty or utility or to adapt it for new or further purposes, amounting to more than a mere repair or replacement of parts involving capital expenditures and labor and normally requiring a building permit;
- n) *Industrial land* – is land devoted principally to industrial activity as capital investment and is not classified as agricultural, commercial, timber, mineral, or residential land;

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o) *Machinery* – embraces machines, equipment, mechanical contrivances, instrument, appliances or apparatus, which may or may not be attached, permanently or temporarily to the real property.

Physical facilities for production, installation and appurtenant service facilities, those which are mobile, self-powered or self propelled and those not permanently attached to the real property shall be classified as real property provided that:

1. They are actually, directly and exclusively used to meet the needs of the particular industry, business, or activity; and
2. By their very nature and purpose are designed for, or necessary to manufacturing, mining, logging, commercial, industrial, or agricultural purposes.

Machinery which are of general purpose use including but not limited to office equipment, typewriters, telephone, equipment, breakable or easily damaged containers (glass or cartons), microcomputers, facsimile machines, telex machines, cash dispensers, furniture and fixtures, freezers, refrigerators, display cases of racks, fruit juice or beverage automatic dispensing machines which are not directly and exclusively used to meet the needs of a particular industry, business or activity shall not be considered within the definition of machinery under this ordinance.

Residential machinery shall include machines, equipment, appliances or apparatus permanently attached to residential land and improvements or those immovable by destination.

- p) *Mineral lands* – are lands in which minerals, metallic or non-metallic, exist in sufficient quantity or grade to justify the necessary expenditures to extract and utilize such materials;
- q) *Reassessment* – is the assigning of new assessed value to property particularly real estate, as the result of general, partial, or individual reappraisal of the property;
- r) *Remaining Economic Life* – is the period of time expressed in years from the date of appraisal to the date when the machinery becomes valueless;

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- s) *Remaining Value* – is the value corresponding to the remaining useful life of the machinery;
 - t) *Replacement or Reproduction Cost* – is the cost that would be incurred on the basis of current prices in acquiring an equally desirable property, or the cost of reproducing a new replica of the property, on the basis of current prices with the same or closely similar materials; and
 - u) *Residential Land* – is land principally devoted to habitation.

SECTION 6. *Administration of Real Property Tax.* – The City through the Office of the City Treasurer and in coordination with the Office of the City Assessor, shall be primarily responsible for the proper, efficient and effective administration of the real property tax subject to the rules and regulations governing the classification, appraisal and assessment of the real property, issued by the Department of Finance who shall have authority to review and examine on a continuing basis property, assessment, and real property tax records to ensure the proper implementation of this rule and determine compliance with applicable laws, rules and regulations.

Title II. – APPRAISAL AND ASSESSMENT OF REAL PROPERTY

SECTION 7. *Appraisal of Real Property.* – All real property, whether taxable or exempt, shall be appraised at the current and fair market value prevailing in this City.

SECTION 8. *Declaration of Real Property.* – A. *By Owner or Administrator.*

All persons, natural or juridical, or their duly authorized representatives, owning or administering real property, including improvements thereon, within the City of Mandaue shall prepare or cause to be prepared, and file with the City Assessor, a sworn statement declaring the true value of their property or properties, whether previously declared or undeclared, taxable or exempt, which shall be the current and fair market value of the property as determined by the declarant.



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B. By the City Assessor.

The City Assessor shall declare only real property previously undeclared for taxation purposes. In case of real property discovered whose owner or owners are unknown, the same shall also be declared in the name of the unknown owner for record purposes until such time that the true owner comes forth and file the sworn statement of values.

No oath shall be required of any declaration made by the City Assessor.

SECTION 9. Duty of Persons Acquiring Real Property or Making Improvement Thereon and Corresponding Penalties for Non-Compliance. –

- a) All persons, natural or juridical, or their duly authorized representatives, who acquire at any time a parcel or parcels of land within the City of Mandaue shall file with the City Assessor, a sworn statement declaring the true value of subject property within 60 days after the acquisition of such property as evidenced by a duly notarized or final deed of conveyance executed between the contracting parties bearing proof of registration from the Register of Deeds concerned. The 60-day period shall commence on the date of execution of the deed of conveyance.
- b) In the case of houses, buildings, or other improvements acquired or newly constructed which will require building permits, property owners or their authorized representatives shall likewise file a sworn declaration of the true value of the subject house, building, or other improvement within sixty (60) days after:
 1. The date of a duly notarized final deed of sale, contract, or other deed of conveyance covering the subject property executed between the contracting parties;
 2. The date of completion or occupancy of the newly constructed building house, or improvement whichever comes earlier; and
 3. The date of completion or occupancy of any expansion, renovation, or additional structures or improvements made upon any existing building, house, or other real property, whichever comes earlier.

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c) In the case of machinery, the sixty-day period for filing the required sworn declaration of property values shall commence on the date of installation thereof as determined by the City Assessor. For this purpose, the City Assessor may require certification from the building official or other appropriate official in the City of Mandaue.

Property owners and administrators who fails to comply with this section are hereby imposed a fine of P500.00 to be paid to the City Treasurer's Office. The City Assessor is hereby required to post this information in any conspicuous places at their vicinity.

SECTION 10. *Listing of Real Property in the Assessment Rolls.* – The City through the City Assessor shall prepare and maintain an assessment roll of all real properties whether taxable or exempt located within the territorial jurisdiction of Mandaue City and it shall be listed, valued and assessed in the manner provided below:

- A. The owner or administrator or anyone having legal interest in the property.
- B. The estate of the heirs and devisees not necessary designating them individually, in cases of the undivided real property of a deceased owner.
- C. One or more co-owner when the undivided real property other than that owned by a deceased person.
- D. The real properties of a Corporation, Partnership or Association shall be listed, valued and assessed same as that of an individual.
- E. Real properties owned by the Republic of the Philippines, its instrumentalities and political subdivisions, when the beneficial use of which has been granted, for consideration or otherwise, to a taxable person, shall be listed, valued and assessed in the name of the possessor, grantee or of the public entity, if such property has been acquired or held for resale or lease.

SECTION 11. *Proof of Exemption of Real Property From Taxation.* – Every person by or for whom real property is declared, who shall claim tax exemption for such property under this ordinance shall file with the City Assessor within thirty (30) days from the date of the declaration of real

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property sufficient documentary evidence in support of such claim including corporate charters, title of ownership, articles of incorporation, by-laws, contracts, affidavits, certifications and mortgage deeds, and similar documents.

If the required evidence is not submitted within the period herein prescribed, the property shall be listed as taxable in the assessment roll. If the property shall be proven to be tax exempt, the same shall be dropped from the assessment roll.

SECTION 12. *Real Property Identification System.* – All declarations of real property made under the provisions of this ordinance shall be kept and filed under a uniform classification system to be established by the City Assessor pursuant to such guidelines as may be issued by Department of Finance for the purpose.

SECTION 13. *Notification of Transfer of Real Property Ownership.* – Any person natural or juridical who transfers real property ownership to another shall notify the City Assessor within sixty days (60) from the date of such transfer. The notice of transfer shall include the mode of conveyance, the description of property alienated and name & address of the transferee. In addition thereto, the transferor likewise surrenders the tax declaration covering the subject property for cancellation from the assessment records. If, however, the transferor or previous owner still owns property other than the property alienated he shall within the prescribed sixty-day (60) period file with the City Assessor, an amended sworn declaration of the true value of the property or properties he retains.

SECTION 14. *Duty of Registrar of Deeds to Appraise City Assessor of Real Property Listed in Registry.* –

- (a) Within six (6) months from the date of effectivity of this ordinance, and on or before June 30th of every year thereafter, the Registrar of Deeds shall prepare and submit to the City Assessor the abstract of his Registry of Property which include a brief but sufficient description of the real properties entered therein, their present owners, and the date of their most recent transfer or

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alienation accompanied by copies of corresponding deeds of sale, donation, or partition or other forms of alienation.

- (b) Before any document of transfer, alienation, or encumbrance of real property may be registered, the Register of Deeds shall require the presentation of a certificate or clearance issued by the City Treasurer to the effect that all current year and past year basic and additional special education fund real property taxes, and the tax on transfer of real property ownership due on the subject property have been paid in full including interests or penalties due thereon.

Failure to provide such certificate shall be a valid cause for the Register of Deeds to refuse the registration of the document. In the absence of such certification or tax clearance, the registration is null and void.

- (c) The Register of Deeds and notaries public shall furnish the City Assessor with copies of all contracts, selling, transferring, or otherwise conveying, leasing, or mortgaging real property registered by, or acknowledged before them, within thirty (30) days from the date of registration or acknowledgment.

SECTION 15. Duty of Official Issuing Building Permit or Certificate of Registration of Machinery to Transmit Copy to City Assessor. -

- (a) Any person entrusted by law with the issuance of permits for the construction, renovation, addition, repair, or any other permanent improvement on land, or those who are authorized to issue certificates of registration or installation of any machinery, including mechanical contrivances and apparatus attached to or affixed on land or any other real property, shall transmit within thirty (30) days from the date of issuance a copy of such permits or certificates to the City Assessor with monthly summaries of issued permits or certificates within the first ten (10) days of the succeeding month.
- (b) Any official referred to in paragraph (a) hereof shall likewise furnish the City Assessor with copies of the building floor plans and/or certificates of registration or installation of other machineries which may not be permanently or temporarily

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attached to land or another real property but falling under the definition of the term machinery under section 5 of this ordinance and the rules and guidelines issued by Department of Finance.

SECTION 16. *Duty of Geodetic Engineer to Furnish Copy of Plans to City Assessor.* – All persons authorized by law to conduct land surveys and to certify as to the validity of such survey, whether public or private, shall furnish free of charge the City Assessor of the city where the property is located with a white or blue print copy of all the approved original or subdivision plans or maps of surveys they have conducted in this city within thirty (30) days from receipt of such approved plans from Land Management Bureau, Land Registration Authority, or the Housing and Land Use Regulatory Board, as the case may be.

SECTION 17. *General Revision of Assessment and Property Classification, and Preparation of Schedule of Fair Market Values.* – The City shall undertake a general revision of real property assessment and classification within 2 years after the effectivity of this ordinance and every 3 years thereafter. For this purpose, the City Assessor shall prepare the schedule of market values for the different kinds and classes of real properties located within the territorial jurisdiction of the City of Mandaue within one (1) year from the effectivity of this ordinance in accordance with such rules and regulations enunciated under Local Assessment Regulations No. 1-92 dated October 6, 1992, issued by the Department of Finance.

SECTION 18. *Authority of Local Assessors to Take Evidence.* – For the purpose of obtaining information on which to base the market value of any real property, the City Assessor or his deputy may summon the owners of the properties to be affected or persons having legal interest therein and witnesses, administer oaths, and take disposition concerning the property, its ownership, amount, nature, and value.

SECTION 19. *Amendment of Schedule of Fair Market Value.* –

- (a) The City Assessor may recommend to the Sangguniang Panlungsod amendments to correct errors in valuation in the schedule of fair market values. The Sangguniang Panlungsod

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shall, by ordinance, act upon the recommendation within ninety (90) days from receipt thereof.

- (b) The City Assessor may recommend to the Sangguniang Panlungsod amendments to the prevailing schedule of fair market values of the locality to correct errors arising from, or involving, omissions in the subject schedule of any kind or type of real property, on any district or barangay, or any road or street and/or the classification or sub-classification of real property.

SECTION 20. *Classes of Real Property for Assessment Purposes.* – Real property shall be classified by the City Assessor as residential, agricultural, commercial, industrial, mineral, timberland or special. The City shall, through the Sangguniang Panlungsod exercise power to classify lands as such in accordance with the city's zoning ordinances provided that for purposes of assessment, real property shall be classified, valued and assessed on the basis of its actual use regardless of where located, whoever owns it, and whoever uses it.

SECTION 21. *Special Classes of Real Property.* – All lands, buildings and other improvements thereon actually, directly and exclusively used for hospitals, cultural, or scientific purposes, and those owned and used by local water districts, and government owned or controlled corporations rendering essential public services in the supply and distribution of water and generation and transmission of electric power shall be classified as special.

SECTION 22. *Assessment Levels.* –

- a) The assessment levels to be applied to the fair market value of real property in arriving the assessed value for tax purposes on real properties within the territorial jurisdiction of the City shall be at the rates and not exceeding the following:
- 1.) On Lands:

Class	Assessment Level
Residential	20%
Agricultural	40%
Commercial	50%
Industrial	50%
Mineral	50%
Timberland	20%

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2.) On Buildings and Other Structures:

(i) Residential

Fair Market Value		Assessment Level
Over	Not Over	
	P 175,000.00	0%
P 175,000.00	300,000.00	10%
300,000.00	500,000.00	20%
500,000.00	750,000.00	25%
750,000.00	1,000,000.00	30%
1,000,000.00	2,000,000.00	35%
2,000,000.00	5,000,000.00	40%
5,000,000.00	10,000,000.00	50%
10,000,000.00		60%

(ii) Agricultural

Fair Market Value		Assessment Level
Over	Not Over	
	P 300,000.00	25%
P 300,000.00	500,000.00	30%
500,000.00	750,000.00	35%
750,000.00	1,000,000.00	40%
1,000,000.00	2,000,000.00	45%
2,000,000.00		50%

(iii) Commercial or Industrial

Fair Market Value		Assessment Level
Over	Not Over	
	P 300,000.00	30%
P 300,000.00	500,000.00	35%
500,000.00	750,000.00	40%
750,000.00	1,000,000.00	50%
1,000,000.00	2,000,000.00	60%
2,000,000.00	5,000,000.00	70%
5,000,000.00	10,000,000.00	75%
10,000,000.00		80%

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(iv) Timberland

Fair Market Value		Assessment Level
Over	Not Over	
	P 300,000.00	45%
P 300,000.00	500,000.00	50%
500,000.00	750,000.00	55%
750,000.00	1,000,000.00	60%
1,000,000.00	2,000,000.00	65%
2,000,000.00		70%

3.) On Machineries:

Class	Assessment Level
Agricultural	40%
Residential	50%
Commercial	80%
Industrial	80%

4.) On Special Classes: Assessment level for all lands, buildings, machineries and other improvements;

Actual Use	Assessment Level
1. Cultural	15%
2. Scientific	15%
3. Hospital	15%
4. Local Water District	10%
5. Government owned or controlled corporation engaged in the supply and distribution of water and/or generation and transmission of electric power	10%

- b) Pending the enactment of a revised schedule of fair market values and general revision of assessment and property classification, the current schedules of market values used shall serve as the basis of the assessment levels in paragraph (a) to be applied.

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SECTION 23. *Valuation of Real Property.* – In cases where:

- (a) Real property is declared and listed for taxation purposes for the first time;
- (b) There is an ongoing general revision of property classification and assessment; or
- (c) A request is made by the person in whose name the property is declared, the City Assessor or his duly authorized deputy shall, in accordance with the provisions of this ordinance, make a classification, appraisal and assessment of the real property listed and described in the declaration irrespective of any previous assessment or taxpayer's valuation thereon provided that the assessment of real property shall not be increased oftener than once every three (3) years except in case of new improvements substantially increasing the value of said property or of any change in its actual use.

SECTION 24. *Date of Effectivity of Assessment or Reassessment.* –

All assessment or re-assessments made after the first (1st) day of January of any year shall take effect on the first (1st) day of January of the succeeding year provided, however, that the reassessment of real property due to its partial or total destruction, or to a major change in its actual use, or to any great and sudden inflation or deflation of real property values, or to the gross illegality of the assessment when made, or to any other abnormal cause, shall be made within ninety (90) days from the date any such cause or causes occurred, and shall take effect at the beginning of the quarter next following the reassessment.

SECTION 25. *Assessment of Property Subject to Back Taxes.* – Real Property declared for the first time shall be assessed for the taxes for the period during which it would have been liable but in no case for more than ten (10) years prior to the date of initial assessment; Provided, however, that such taxes shall be computed on the basis of the applicable schedule of values in force during the corresponding period covered.

If such taxes are paid on or before the end of the quarter following the date of assessment, no interest for delinquency shall be imposed thereon, otherwise such taxes shall be subject to an interest of 2% per month or a

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fraction thereof from the date of receipt of the assessment until such taxes are fully paid.

SECTION 26. *Notification of New or Revised Assessment.* – When real property is assessed for the first time or when an existing assessment is increased or decreased, the City Assessor shall, within thirty (30) days, give written notice of such new or revised assessment to the person in whose name the property is declared. The notice may be delivered personally or by registered mail or through the assistance of the punong barangay to the last known address of the person to be served.

SECTION 27. *Appraisal and Assessment of Machinery.* –

- (a) The fair market value of brand new machinery shall be the acquisition cost. In all other cases, the fair market value shall be determined by dividing the remaining economic life of the machinery by its estimated economic life and multiplied by the replacement or reproduction cost.
- (b) If the machinery is imported, the acquisition cost include freight, insurance, bank and other charges, brokerage, arrastre and handling, duties and taxes, plus cost of inland transportation, handling and installation charges at the present site. The cost in foreign currency of imported machinery shall be converted to peso cost on the basis of foreign currency exchange rates as fixed by the Central Bank.

SECTION 28 *Depreciation Allowance for Machinery.* – For purposes of assessment, a depreciation allowance shall be made for machinery at a rate not exceeding five percent (5%) of its original cost or its replacement or reproduction cost, as the case may be, for each year of use provided that the remaining value for all kinds of machinery shall be fixed at not less than twenty percent (20%) of such original, replacement, or reproduction cost for so long as the machinery is useful and in operation.

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TITLE III. – ASSESSMENT APPEALS

SECTION 29. *Local Board of Assessment Appeals.* –

- (a) Any property owner or person having legal interest or claim in the property who is not satisfied with the assessment of his property made by the City Assessor pursuant to the provisions of this ordinance may, within sixty (60) days from the date of receipt of the written notice of assessment, appeal to Local Board of Assessment Appeals by filing a petition under oath in the standard form prescribed therefor, together with copies of the tax declaration and such affidavits or documents in support of the appeal.

SECTION 30. *Organization, Powers, Function of the LBAA.* –

- (a) In the determination and resolution of assessment appeals, the City Board of Assessment Appeals shall be composed of the following:
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| Register of Deeds | - | Chairman |
| City Prosecutor | - | Member |
| City Engineer | - | Member |
- (b) The Chairman and Members of the Local Board of Assessments Appeals shall serve in an *Ex Officio* capacity without additional compensation.
- (c) The Chairman of the Board shall have the power to designate any employee of the city, to serve as Secretary of the said Board.
- (d) In the absence of the Register of Deeds, or the Prosecutor, or the City Engineer, the persons performing their duties, whether in an acting capacity or as a duly designated Officer-in-Charge, shall automatically become the Chairman or Member of the said Board, as the case may be.
- (e) The Chairman and Members of the (Local Board of Assessments Appeals) LBAA shall assume their respective positions without need of further appointment or special designation immediately upon effectivity of the ordinance.
- (f) Before the assumption of the official functions or before discharging their duties as Chairman and Members of the LBAA



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they shall take an oath or affirmation of office in the manner herein set forth:

“I _____, after having been appointed to the position of _____, in the city of Mandaue, and now assuming my position as _____ of the Board of Assessment Appeals of the City of Mandaue, hereby solemnly swear that I will faithfully discharge to the best of my ability the duties of this position and of all others that I am holding, or may hereafter hold, under the Republic of the Philippines, and that I will support and defend the Constitution of the Philippines; and that I will obey the laws and legal orders promulgated by the duly constituted authorities of the Republic of the Philippines; and that I will well and truly hear and determine all matters and issues between taxpayers and the City Assessor submitted for my decision, 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 on this _____ day of _____, A.D. _____ at _____ Philippines.

Signature of Officer Administering Oath

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SECTION 31. *Meetings and Expenses of the Local Board of Assessment Appeals.* -

- (a) The Local Board of Assessment Appeals shall meet once a month and as often as may be necessary for the prompt disposition of appealed cases without entitlement to per diem or travelling expenses for their attendance in the Board meeting except when conducting an ocular inspection of real properties whose assessment is under appeal, in which case, such expenses shall be charged against the general fund of the City, as the case may be.
- (b) The Sangguniang Panlungsod shall include in their general appropriations ordinance funds to defray expenses of the Board.

SECTION 32. *Action by the Local Board of Assessment Appeals.* -

- (a) From the date of receipt of an appeal, the Local Board of Assessment Appeals shall, on the basis of substantial evidence of such relevant evidence on record adequately acceptable to support a conclusion, decide such appeal within one hundred twenty days (120) days.
- (b) In the exercise of its appellate jurisdiction, the Board shall have the power to summon witnesses, administer oaths, conduct ocular inspection, take dispositions, and issue *subpoena* and *subpoena duces tecum*. The proceedings of the Board shall be conducted solely for the purpose of ascertaining the facts without necessarily adhering to technical rules applicable in judicial proceedings.
- (c) The Secretary of the Board shall furnish the owner of the property or the person having legal interest therein and the City Assessor with a copy of the decision of the Board. In case the City Assessor concurs with the revision or the assessment, it shall be his duty to notify the owner of the property or the person having legal interest therein of such fact using the form prescribed for the purpose. The owner of the property or the person having legal interest therein or the City Assessor who is not satisfied with the decision of the Board may, within thirty (30) days after receipt of the decision of the Board, appeal to the Central Board of

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Assessment Appeals as provided under Section 229 of R.A. 7160 (Local Government Code of 1991). The decision of the Central Board shall be final and executory.

SECTION 33. *Effect of Appeal on the Payment of Real Property Tax.*
– Appeals on assessment of real property made under the provisions of this ordinance shall, in no case, suspend the collection of the corresponding real property taxes on the property involved as assessed by the City Assessor, without prejudice to subsequent adjustment depending upon the final outcome of the appeal.

TITLE IV. – IMPOSITION/COLLECTION OF REAL PROPERTY TAX

SECTION 34. *Power to Levy Real Property Tax.* – The City of Mandaue through Sangguniang Panlungsod has the power to levy the *ad valorem tax* on real property such as land, buildings, machinery, and other improvements located within the territorial jurisdiction of the City of Mandaue not specifically exempted under this ordinance.

SECTION 35. *Rates of Levy.* – There shall be imposed a basic tax of one point three percent (1.3%) per annum on the assessed value of all real properties except buildings and other structures with fair market values of not exceeding P175,000.00, as determined by the City Assessor, exclusively used by the owner for residential purposes, situated within the territorial limits of the City of Mandaue, which shall accrue on January first of the current year and may be payable in four equal installments in accordance with the following due dates.

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|-----------------------------|---|---------------------------------------|
| 1 st installment | - | on or before March 31, of the year |
| 2 nd installment | - | on or before June 30 of the year |
| 3 rd installment | - | on or before September 30 of the year |
| 4 th installment | - | on or before December 31 of the year |

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SECTION 36. *Imposition of Additional Tax on Real Property for Special Education Fund (SEF).* – There shall be imposed an *Annual Tax* of one (1%) percent on the assessed value of all real properties subject to tax situated within the territorial limits of the City of Mandaue which shall be in addition to the basic Real Property Tax. The proceeds thereof shall exclusively accrue to the Special Education Fund (S.E.F.) and shall be payable in accordance with the schedule provided under Section 35 hereof.

SECTION 37. *Exemption from Payment of Real Property Tax.* –

- (a) All real property owned by the Republic of the Philippines or any of its political subdivisions, except when the beneficial use thereof has been granted, for consideration or otherwise, to a taxable person;
- (b) All charitable institutions, churches, personages, or convents appurtenant thereto including mosque, nonprofit or religious cemeteries and all land, buildings and improvements which are actually, directly and exclusively used for religious, charitable or educational purposes;
- (c) All machineries and equipment that are actually, directly and exclusively used by local water districts and government owned or controlled corporations engaged in the supply and distribution of water and/or generation and transmission of electric power;
- (d) All real property owned by duly registered cooperatives as provided in R.A. 6938; and
- (e) Machinery and equipment exclusively used for pollution control and environment protection.

Except as provided in this ordinance, any exemption from payment of real property tax previously granted to, or presently enjoyed by, all persons whether natural or juridical, including all government owned or controlled corporations are hereby withdrawn upon the effectivity of the Local Government Code.

SECTION 38. *Interest on Unpaid Real Property Tax.* – The taxpayer shall be subjected to the payment of interest on unpaid basic real property

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tax & S.E.F. at the rate of two percent (2%) per month on the unpaid amount or a fraction thereof until the delinquent tax shall have been fully paid, however, that in no case shall the total interest on the unpaid tax or portion thereof exceed thirty six (36) months or seventy two percent (72%).

In case of partial payment made, the payment shall first be applied to prior years delinquency starting from that which year the delinquency first occurred together with interest and penalties. And only after said delinquency are settled may tax payment be credited for the current period.

SECTION 39. *Date of Accrual of Real Property Tax and Government Lien.* – The real property tax for any year shall accrue on the first day of January and from that date it shall constitute a lien on the property which shall be superior to any other lien, mortgage, or encumbrance of any kind whatsoever in favor of any person, irrespective of the owner or possessor thereof, enforceable by administrative or judicial action and shall be extinguished only upon payment of the delinquent tax and the related interests and expenses.

SECTION 40. *Collection of Tax.* – The collection of the real property tax with interest thereon and related expenses, and the enforcement of the remedies provided in this ordinance or any applicable laws, shall be the responsibility of the City Treasurer.

The City Treasurer may deputize the Barangay Treasurer to collect all taxes on real property located in the barangay provided that the Barangay Treasurer is properly bonded for the purposes and provided further that the premium on the bond shall be paid by the city concerned.

SECTION 41. *Additional Ad Valorem Tax on Idle Lands; Coverage.* – Idle lands are hereby levied an annual tax at the rate not exceeding three percent (3%) of the assessed value of the property which shall be in addition to the basic real property tax.

For purposes of real property taxation idle lands shall include the following:

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- (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) Land, other than agricultural, located in the city, 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 land area, this section shall 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 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 the subdivision owner or operator.

SECTION 42. *Idle Lands Exempt from Tax.* – Idle lands may be exempted from the additional tax levy by reason of force majeure, civil disturbance, natural calamity, or any cause or circumstances which physically or legally prevents the owner of the property or person having legal interest therein from improving, utilizing or cultivating the same.

SECTION 43. *Listing of Idle Lands by the City Assessor.* – The City Assessor shall make and keep an updated record of all idle lands located within his area of jurisdiction. For purposes of collection, the City Assessor shall furnish a copy thereof to the 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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SECTION 44. *Tax Discount for Advanced and Prompt Payments.* – If the basic real property tax and S.E.F. are paid on time or in advance in accordance with the prescribed schedule of payment as provided in Section 35 of this Ordinance, the City of Mandaue grants a ten percent (10%) discount of the annual tax due.

SECTION 45. *Payment Under Protest.* –

- (a) No protest shall be entertained unless the taxpayer first pays the tax. It shall be annotated on the tax receipts acknowledging the payment the words “*paid under protest*”. The protest in writing must be filed within thirty (30) days from payment of the tax to the City Treasurer who shall decide the protest within sixty (60) days from receipt thereof.
- (b) The tax or a portion thereof paid under protest shall be held in trust by the City Treasurer. In the event that the protest is finally decided in favor of the taxpayer, the amount or portion of the tax protested shall be refunded to the protestant or applied as a tax credit against his existing or future liability. If denied or upon the lapse of the sixty (60) days period, the taxpayer may avail of the remedies as provided for in sections 29 and 32 of this ordinance.

SECTION 46. *Repayment of Excessive Collection.* – When an assessment of basic real property tax and/or the additional tax for S.E.F. is found to be illegal or erroneous and the tax is accordingly reduced or adjusted, the taxpayer may file a written claim for refund or credit for taxes and interests with the City Treasurer within two (2) years from the date the taxpayer is entitled to such reduction or adjustment.

The City Treasurer shall decide the claim for tax refund or credit within sixty (60) days from receipt thereof. In case the claim for tax refund or credit is denied, the taxpayer may avail with the remedies as provided under Sections 29 and 32 of this Ordinance.

SECTION 47. *Remedies for the Collection of Real Property tax.* – For the collection of the basic real property tax and any other tax levied under

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this Ordinance, the City may avail of remedies by administrative or judicial action. The administrative remedies which are summary in nature are:

- a) Levy on real property, and
- b) Sale of real property at public auction.

The judicial remedy is availed of in the court of appropriate jurisdiction. These remedies are cumulative, simultaneous and unconditional, that is, any or all of the combination thereof may be resorted to and the use of one remedy shall not be a bar against the institution of the others. Formal demand for the payment of the delinquent taxes and penalties due is not a pre-requisite to such remedies. The notice of delinquency shall be sufficient for the purpose.

SECTION 48. *Levy on Real Property.* – When the time required to pay the basic real property tax and S.E.F. expires, real property subject to tax may be levied through the issuance of a warrant, in a manner herein set forth:

- (a) The City Treasurer shall prepare an authenticated certificate, showing the name of the delinquent property owner or person having legal interest therein, description of the property and amount of tax due interest thereon.
- (b) The warrant then shall be mailed to or served upon the delinquent real property owner or person having legal interest therein. In case he is out or cannot be located, to the occupant or administrator of the subject property.
- (c) The City Assessor and the Register of Deeds are then furnished a copy of the written notice of levy with the attached warrant.
- (d) The City Assessor and Registrar of Deeds are then furnished a copy of the written notice of levy with the attached warrant.
- (e) The levying officer then shall submit a written report on the levy to the Sangguniang Panlungsod within 10 days after receipt of the warrant by the property owner or person having legal interest in the property.
- (f) Within 30 days after the service of the warrant of levy, the City Treasurer shall proceed to publicly advertise for sale or auction the property or a usable portion as maybe necessary to satisfy the

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tax delinquency and expenses of sale, pursuant to Section 260 of R.A. 7160 (LGC of 1991).

SECTION 49. *Redemption of Property Sold.* – Within one (1) year from the date of sale, the owner of the delinquent real property or person having legal interest therein, or his representative, shall have the right to redeem the property upon payment to the City Treasurer of the amount of the delinquent tax, including the interest due thereon, and the expenses of sale from the date of delinquency to the date of sale, plus interest of not more than two percent (2%) per month on the purchase price from the date of sale to the date of redemption. Such payment shall invalidate the certificate of sale issued to the purchaser and the owner of the delinquent real property or person having legal interest therein shall be entitled to a certificate of redemption which shall be issued by the City Treasurer or his deputy.

From the date of sale until the expiration of the period of redemption, the delinquent real property shall remain in the possession of the owner or person having interest therein who shall be entitled to the income and other fruits thereof.

The City Treasurer or his deputy, upon receipt from the purchaser of the certificate of sale, shall forthwith return to the latter the entire amount paid by him plus interest of not more than two percent (2%) per month. Thereafter, the property shall be free from the lien of such delinquent tax, interest due thereon and expenses of sale.

SECTION 50. *Final Deed to Purchaser.* – In case the owner or person having legal interest therein fails to redeem the delinquent property as provided herein, the City Treasurer shall execute a deed conveying to the purchaser said property, free from lien of the delinquent tax, interest due thereon and expenses of sale. The deed shall briefly state the proceedings upon which the validity of the sale rests.

SECTION 51. *Purchase of Property by the City for Want of Bidder.* – In case there is no bidder for the real property advertised for sale as provided

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herein, or if the highest bid is for an amount insufficient to pay the real property tax and the related interest and costs of the sale, the City Treasurer conducting the sale shall purchase the property in behalf of the city to satisfy the claim and within two (2) days thereafter shall make a report of his proceedings which shall be reflected upon the records of his office. It shall be the duty of the Register of Deeds upon registration with his office of any such declaration of forfeiture, to transfer the title of the forfeited property to the city without the necessity of an order from a competent court.

Within one (1) year from the date of such forfeiture, the taxpayer or his representative, may redeem the property by paying to the City Treasurer the full amount of the real property tax and the related interest and costs of sale. If the property is not redeemed as provided herein, the ownership thereof shall be fully vested to the City of Mandaue.

SECTION 52. *Resale of Real Estate Taken for Taxes, Fees or Charges.* – The Sangguniang Panlungsod may, by a duly approved ordinance, and upon notice of not less than twenty (20) days, sell and dispose of the real property acquired under the preceding section at public auction. The proceeds of the sale shall accrue to the general fund of the City.

SECTION 53. *Further Distraint or Levy.* – Levy may be repeated if necessary on the same property subject to tax until the full amount due, including all expenses, is collected.

SECTION 54. *Collection of Real Property Tax through Courts.* – The delinquent basic real property tax or any other tax levied under this Ordinance shall constitute a lawful indebtedness of the taxpayer to the City of Mandaue. Collection of such indebtedness can be enforced thru civil action in any court of competent jurisdiction, as follows:

- (a) The City Treasurer, shall furnish the City Attorney or City Legal Officer a certified statement of delinquency who, within fifteen (15) days after receipt , shall file the civil action in the name of the city in the proper court of competent jurisdiction. The jurisdiction of the court is determined by the amount sought to be recovered

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exclusive of interest and costs. Thus, where the delinquent tax due does not exceed Ten Thousand Pesos (P10,000.00), the competent court is the City Trial Court, and where the amount due is in excess of Ten Thousand Pesos (P10,000.00), the proper court is the Regional Trial Court.

- (b) Where cognizable in an inferior court, the action must be filed in the city where the delinquent property is located. Where the Regional Trial Court has jurisdiction, the plaintiff LGU shall file the complaint in the City where the property is situated.
- (c) In both cases, that is, where the claim is either cognizable by an inferior court or by the Regional Trial Court, the City Treasurer shall furnish the City Attorney or the City Legal Officer concerned the exact address of the defendant where he may served with summons.

SECTION 55. *Action Assailing Validity of Tax Sale.* –

- (a) No court shall entertain any action assailing the validity of any sale at public auction of real property or rights therein under this ordinance until the taxpayer shall have deposited with the court the amount for which the real property was sold, together with interest of two percent (2%) per month from the date of sale to the time of the installation of the action. The amount so deposited shall be paid to the purchaser at the auction sale if the deed is declared invalid but it shall be returned to the depositor if the action fails.
- (b) No court shall declare a sale at public auction invalid by reason of irregularities or informalities in the proceedings unless the substantive rights of the delinquent owner of the real property or the person having legal interest therein have been impaired.

SECTION 56. *Compromise for Delinquent Taxes.* – The taxpayer may enter for a compromise with the City Treasurer in the settlement of his delinquent realty taxes thru installment basis provided that all installment payments be covered by postdated checks and that the payment of his tax

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liability be fully paid within 12 months, starting from the date when the compromise agreement was executed.

In case of default of payment, the whole amount shall immediately become due and demandable.

SECTION 57. *Condonation or Reduction of Real Property Tax and Interest.* – In case a general failure of crops or substantial decrease in the price of agricultural or agribased products, or calamity, the Sangguniang Panlungsod by ordinance passed prior to the first day of January of any year and upon recommendation of the Local Disaster Coordinating Council, may condone or reduce, wholly or partially, the taxes and interest thereon for the succeeding year or years in the barangay/barangays affected by the calamity.

SECTION 58. *Payment of Delinquent Taxes on Property Subject of Controversy.* – In any action involving the ownership or possession of, or succession to, real property, the court may, moto proprio or upon representation of the City Treasurer or his deputies, award such ownership, possession, or succession to any party to the action upon payment to the court of the taxes with interest due on the property and all other costs that may have accrued, subject to final outcome of the action.

SECTION 59. *Certification on Delinquencies of Realty Taxes by the City Treasurer.* – The City Treasurer or his deputies shall prepare a certified list of all real property tax delinquencies which remained uncollected or unpaid for at least one (1) year in his jurisdiction, and a statement of the reason or reasons for non-collection or non payment and submit said documents to the Sangguniang Panlungsod on or before the thirty first (31st) of December of the year immediately succeeding the year in which the delinquencies were incurred, with a request for assistance in the enforcement of the remedies for collection provided in this ordinance.

SECTION 60. *Periods within which to Collect Real Property Taxes.* – The basic realty tax and S.E.F. tax levied under this ordinance shall be collected within 5 years from the date they become due. No action for

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collection of the tax, whether administrative or judicial, shall be instituted after the expiration of such period. In case of fraud or intent to evade payment of tax, such action maybe instituted for the collection of the same within ten (10) years from the discovery of such fraud or intent to evade payment.

The period of prescription within which to collect shall be suspended for the time during which:

- (1) The City Treasurer is legally prevented from collecting the tax.
- (2) The owner of the property or those having legal interest therein request for reinvestigation and executes a waiver in writing before the expiration of the period within which to collect and
- (3) When the owner of the property or those having legal interest therein is out of the country or cannot be located.

TITLE V. – DISPOSITION OF PROCEEDS

SECTION 61. *Distribution of Proceeds.* – Seventy percent (70%) of the basic realty taxes collected by the city shall accrue to the General Fund and thirty percent (30%) shall be the share of the component barangays which will be distributed as follows:

1. Fifty percent (50%) shall accrue to the barangay where the property is located.
2. Fifty percent (50%) shall accrue equally to all component barangays of the city.

SECTION 62. *Application of Proceeds of the Additional One Percent (1%) Special Education Fund Tax.* –

- (a) The proceeds of the special education fund shall be automatically released to city school board.
- (b) Said proceeds shall be allocated as determined and approved by the city school board concerned only for the following purposes:
 1. operation and maintenance of public schools;
 2. construction and repair of school buildings, facilities and equipment;

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3. educational research;
4. purchase of books and periodicals; and
5. sports development.

TITLE VI. – SPECIAL/PENAL PROVISIONS

SECTION 63. *Duty of Registrar of Deeds and Notaries Public to Assist the City Assessor.* – It shall be the duty of the Registrar of Deeds and notaries public to furnish the City Assessor with copies of all contracts selling, transferring or otherwise conveying, leasing or mortgaging real property received by, or acknowledged before them.

SECTION 64. *Insurance Companies to Furnish Information.* – Insurance companies are hereby required to furnish the City Assessor copies of any contract or policy insurance on buildings, structures, and improvements insured by them or such other documents which may be necessary for the proper assessment thereof.

SECTION 65. *Fees in Court Actions.* – All court actions, criminal or civil, instituted at the instance of the City Treasurer or Assessor under the provisions of this ordinance, shall be exempt from the payment of court and sheriff's fees.

SECTION 66. *Fees in Registration of Papers or Documents on Sale of Delinquent Real Property to the City.* – All certificates, documents and papers covering the sale of delinquent property to the city, if registered in the Registry of Property, shall be exempt from the documentary stamp tax and registration fees.

SECTION 67. *Real Property Assessment Notices or Owners Copies of Tax Declaration to be Exempt from Postal Charges or Fees.* – All real property assessment notices or owner's copies of tax declarations sent through the mails by the Assessor shall be exempt from payment of postal charges or fees.

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SECTION 68. *Penalties for Omission of Property from Assessment on Tax Rolls by Officers and Other Acts.* – Any officer charged with the duty of assessing a real property who willfully fails to assess, or who intentionally omits from the assessments or tax roll any real property which he knows to be taxable, or who willfully or negligently underassess any real property, or who intentionally violates or fails to perform any duty imposed upon him by laws relating to the assessment of taxable real property shall, upon conviction, be punished by imprisonment of not less than one (1) month nor more than six (6) months, or by a fine of not less than One Thousand Pesos (P1,000.00) nor more than Five Thousand Pesos (P5,000.00) or both such fine and imprisonment, at the discretion of the court.

SECTION 69. *Penalties for Delaying Assessment of Real Property and Assessment Appeals.* – Any government official who intentionally and deliberately delays the assessment of real property or the filing of any appeal against its assessment shall upon conviction, be punished by imprisonment of not less than one (1) month nor more than six (6) months, or by a fine of not less than Five Hundred Pesos (P500.00), nor more than Five Thousand Pesos (P5,000.00), or both such fine and imprisonment, at the discretion of the Court.

The same penalty shall be imposed upon any officer required by this ordinance to perform acts relating to the administration of the real property tax or to assist the assessor or treasurer in such administration, who willfully fails to discharge such duties.

SECTION 70. *Repealing Clause.* – Any previous ordinance or parts thereof which are inconsistent with the provisions of this ordinance are hereby deemed repealed, amended or modified accordingly.

SECTION 71. *Suppletory Effect.* - Republic Act 7160 otherwise known as the Local Government Code of 1991, shall have suppletory application on this ordinance.

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SECTION 72. *Separability Clause.* – Should any provision of this ordinance be declared unconstitutional or illegal by any court of competent jurisdiction, the portions thereof, which are not so declared, shall remain valid and enforceable.

SECTION 73. *Effectivity.* – This ordinance shall take effect immediately upon its approval.

ENACTED without objection after its second and final reading with amendments on 122499; proposed and motioned by Hon. Fortuna, seconded by Hon. Borbajo & Hon. Ceniza; as favorably recommended by the referee-Committee on Appropriation, Budget and Finance & the referee-Committee on Laws.

CERTIFIED TRUE AND CORRECT.
Mandaue City, Philippines,

12 29 99



Amadeo V. Seno, Jr.
AMADEO V. SENO, JR.
City Vice-Mayor &
Presiding Officer
DEC 29 1999

ATTESTED:

Amado C. Otarra, Jr.
AMADO C. OTARRA, JR.
City SP Secretary

APPROVED:

Thadeo Z. Ouano
THADEO Z. OUANO
City Mayor