

Making Property Valuation and Taxation Work Better: a Brief Review of Policy and Program Interventions in the Philippines

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SUMMARY

In the last two decades, the Philippine Government has implemented long-term efforts to improve the country's real property valuation and taxation system as part of the land governance agenda to alleviate poverty and promote economic growth and development. The components of this agenda have all the elements of policy reforms and legislative actions, institutional strengthening, information technology systems design and development, capacity building, and support for formal education to address the gaps and inefficiencies comprehensively. The implementation mechanisms have evolved significantly since the early 2000s, but the purpose remains tightly focused.

Anchored on the premise that improving the property valuation and taxation system will generate additional revenues to fund increased public expenditures, promote equitability, and foster confidence in the land market, the Government implemented programmatic approaches. Starting with the two-phased project under the Land Administration and Management Project (LAMP2) up to the recent Local Governance Reform Project (LGRP), the reforms are done both at the central and local levels and aimed at two main objectives: first, to optimize the governments' domestic resource mobilization, targeting real property-related taxes to broaden their contribution to public fiscal space, and second, to address systemic and operational problems that weaken real property valuation and taxation. The recent project loan investment in LGRP, which is bigger in scale and scope than LAMP, signals new leads for future directions and an impetus to adopt policy safeguards. The underlying public policy suggests that the real property tax, as a whole, is an important driver and revenue tool for development.

This paper will discuss the experience of the Philippines and will highlight the latest updates on the project and related developments in the sector. This paper will focus on the effectiveness of interventions in meeting the Government's objectives, especially in the compliance of local

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governments in updating property values, professionalizing the real estate appraisers, and improving the administration of real property tax and related fees at the national and local levels. Alternatives toward cost-effective and sustainable approaches will also be explored. The paper will also outline other key recommendations and ways forward, as there remains much work to be done to fully realize the goals of the reform agenda.

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