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**CHAMBER OF REAL ESTATE & BUILDERS' ASSOCIATIONS, INC.**

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## **DRAFT BILL**

### **An Act to Increase the Idle Lands Tax and for the Purpose Amend Republic Act 7160**

Section. 2. State Policy. – It is hereby declared the policy of the State to institute measures that will effectively discourage the use land for speculative purposes, to ensure utilization of the nation's resources in a manner that will contribute most to economic productivity and social advancement.

SEC. 3. Additional Ad Valorem Tax on Idle Lands. – All cities and municipalities shall levy and collect an annual tax on idle lands at the rate of Twenty Percent (20%) of assessed value in addition to the basic real property tax, with incremental rates of twenty percent (20%) per year for every year that the land remains in idle state.

For this purpose, idle land is hereby defined as any privately owned land regardless of size, location or classification, where the value of improvement as defined under Section 199 (m), Chapter 1, Title II, Book II of RA 7160, whether such improvement is agricultural or non-agricultural in character, is less than Fifty Percent (50%) of the assessed value of the land. This definition shall include any idle land made subject of litigation after effectivity of this Act.

SEC. 4. Exemptions. – The following shall be exempt from the idle lands tax:

- a) Idle lands the development of which is rendered physically impossible by reason of force majeure, civil disturbance or such other similar circumstances as the Department of Interior and Local Government (DILG) shall certify; provided that the tax shall be applied when such circumstances have ceased or have been remedied;
- b) Idle lands placed gratuitously for a minimum period of five (5) years under the temporary use of the municipality or city having jurisdiction over the land; provided, that should the person having legal interest over the land decide to regain use thereof after the lapse of the period agreed upon, formal notice shall be made to the municipality or city at least six (6) months prior to the intended take-over; provided further, that the municipality or city shall use the land exclusively for community livelihood or social amelioration projects that are temporary in character;
- c) Idle lands located in declared environmentally critical areas or lands that must be left in fallow state as the Department of Environment and Natural Resources (DENR) shall certify;
- d) Individual lots in completed or ongoing residential subdivision, industrial estate or such other similar development projects intended for conveyance, title to which remains with the developer, and individual lots of not more than two hundred (200) square meters in socialized or low-cost housing projects, title to which has been transferred to the buyer;

SEC. 5. Proceeds of the Tax. – Fifty percent (50%) of the proceeds of the idle lands tax shall accrue to a special fund of the city or municipality which shall be used exclusively for the development of subsidized housing or resettlement sites as may be approved by the Housing and Urban Development Coordinating Council (HUDCC). The remaining fifty percent (50%) shall be remitted within sixty (60) days of receipt by the municipality or city to the National Home Mortgage Finance Corporation (NHMFC), which shall use the same for purposes of interest subsidy for housing loans of the homeless underprivileged and low-income sectors.