

SC ALLOWS QC GOV'T TO HIKE PROPERTY VALUES BY 500%

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As the Supreme Court cleared the way for the Quezon City government to implement a 2016 ordinance raising the market valuation of land and structures in the city by as much as 500 percent, the city's largest homeowners' alliance could only hope that the additional revenue would be put to good use.

"While we respect the decision of the Supreme Court, it doesn't make it less painful," said Danilo Jimenez, president of the Alliance of Quezon City Homeowners' Associations (ACQHI). "We can only pray that the massive income to be generated by this valuation increase will be used prudently."

In its Sept. 18 decision, the high court junked ACQHI's petition questioning the legality of QC Ordinance No. SP 2016-556, which raised fair market values (FMVs) on residential and commercial land and buildings between 100 and 500 percent.

Implementation set in 2019

In dismissing the petition, the SC also lifted the temporary restraining order against the ordinance, paving the way for its implementation in 2019.

While the new FMVs may increase fivefold, property owners will have to pay only around 30 to 70 percent as the city also scaled down tax assessment levels, said **city assessor** Rodolfo Ordanes.

This means residential lands will be assessed at 5 percent instead of 18 percent, and at 14 percent from 45 percent for commercial properties.

The city assessor's office has a schedule of FMVs depending on the land on which the building is erected. Residential and commercial lands are split into 6 categories, with Residential/Commercial 1 having the highest concentration of upscale property.

Computation

For example, owners of a 100-square-meter property in subdivisions like White Plains (classified as Residential Area 2) used to pay P5,625 in taxes at an 18-percent assessment, with their estate valued at P2,500 per sqm.

Under the new assessment, the property's value will increase to P15,000 per sqm, which means they will now pay P9,375 at a 5-percent assessment, or a 67-percent tax hike.

The new valuations could rake in around P700 million from land taxes alone for the city government, Ordanes added. They have yet to estimate how much income could be generated from improvement taxes, or the tax imposed on buildings and structures.

Still, Jimenez said this was too much especially since the city government already earns around P4 billion yearly in property taxes alone.