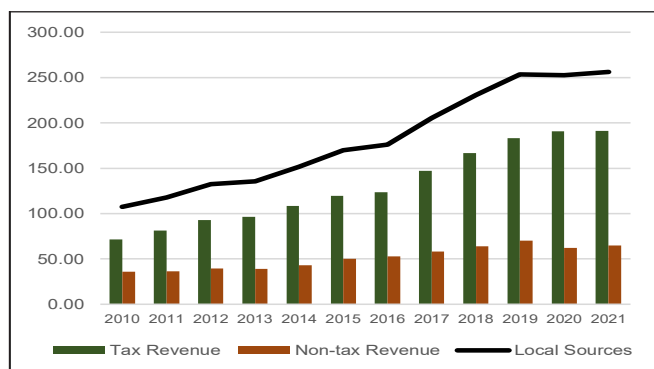


REAL PROPERTY TAX REVENUE PERFORMANCE

The Local Government Code (LGC) of 1991 mandates local government units (LGUs) to generate revenues through local tax and non-tax sources. Tax revenues are from the real property tax (RPT), business tax, and other taxes while non-tax revenues derive from fees and charges and receipts from the operation of economic enterprises in line with the government's exercise of its proprietary functions.

As presented in Figure 1, data from the Bureau of Local Government Finance of the Department of Finance shows that the bulk of local revenue sources come from tax revenues which steadily moved up from P71.62 billion in 2010 to P191.36 billion in 2021. Albeit increasing from 2010 to 2019, non-tax revenues dipped from P70.31 in 2019 to P62.01 billion in 2020 before recovering to P64.86 in 2021. Overall, the reduction in local revenue sources is attributable to the pandemic-induced economic slump, which started in 2020 (DOF, 2021), and hefty non-recurrent dividend remittances by government corporations (Philippine News Agency, 2021).

FIGURE 1. LOCAL REVENUE SOURCES, IN BILLION PESOS, 2010-2021



Source of basic data: Bureau of Local Government Finance (BLGF), 2021

Local Tax Performance by Region. Table 1 shows the components of local tax revenues vis a vis real property tax collection in 2021 by region. Among the regions, the NCR generated P92.13 billion, accounting for almost half of the total P191.36 billion local revenues. This is followed by Region IV-A with P30.97 billion and Region III with P16.89 billion.

For the same year, 12 out of the 17 regions (highlighted in blue) predominantly obtained their local sources from business tax collections. Meanwhile, real property taxes (RPT) accounted for the biggest sources of income in Regions III, IV-A, VI, X, and XII (highlighted in green). Note that although the NCR's main source of revenue is business taxes, its RPT collections in 2021 recorded the highest among the regions, registering P31.18 billion.

Facts in Figures

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TABLE 1. LOCAL TAX REVENUES VS REAL PROPERTY TAX REVENUES, BY REGION, IN BILLION PESOS, 2021

Region	Real Property Tax	Tax on Business	Other Taxes	Total
NCR	31.18	55.35	5.61	92.13
Region IV-A	16.10	12.87	2.00	30.97
Region III	8.31	7.59	0.99	16.89
Region VII	3.95	5.58	0.83	10.36
Region VI	3.96	2.44	0.49	6.89
Region XI	2.84	3.46	0.47	6.77
Region X	2.94	2.72	0.25	5.90
Region I	2.00	2.10	0.21	4.31
Region V	1.17	1.66	0.18	3.01
Region II	0.96	1.33	0.13	2.41
Region XIII	0.75	1.51	0.14	2.41
Region XII	1.24	0.98	0.18	2.40
MIMAROPA Region	0.82	1.02	0.11	1.95
Region VIII	0.78	0.95	0.10	1.83
Region IX	0.64	0.88	0.10	1.62
CAR	0.46	0.59	0.14	1.19
BARMM	0.10	0.17	0.04	0.32
Total	78.20	101.19	11.97	191.36

Source: BLGF, 2021

Real Property Tax. The RPT is based on the assessed value which is a certain percentage of the market value of the real property. The assessed value is computed by applying the assessment levels to the market value of the property. The assessment levels are fixed by ordinance of the local *Sanggunian* depending on the actual use of the property (National Tax Research Center, 2016).

As presented in Table 2, from 2019 to 2021, the overall RPT growth rates in the regions slowed down during the onset of the pandemic in 2020. Of the regions, BARMM posted the most significant reduction at -19% growth rate. Nevertheless, most regions rebounded the following year with Region XII improving its RPT growth rate from -0.39% in 2020 to 27.09% in 2021.

TABLE 2. REAL PROPERTY TAX REVENUE, BY REGION, GROWTH RATE (%), 2019-2021

Region	2019	2020	2021
CAR	16.10	-13.15	7.54
Region I	0.67	2.47	8.20
Region II	12.61	-10.99	22.74
Region III	9.05	1.57	1.43
Region IV-A	6.49	0.17	15.86
MIMAROPA Region	-35.01	5.22	5.27
Region V	10.02	-6.22	18.17
Region VI	13.01	-6.65	7.69
Region VII	13.20	1.70	7.09
Region VIII	-0.22	4.25	10.80
Region IX	-8.24	8.09	13.24
Region X	2.41	21.00	29.09
Region XI	13.89	2.62	7.46
Region XII	0.51	-0.39	27.09
Region XIII	19.26	-4.92	23.81
BARMM	100.23	-19.24	8.10
NCR	4.69	1.89	8.56

Source: BLGF 2019-2021

RPT Revenue Performance of Provinces.

Presented in Table 3 is the RPT revenue performance of 81 provinces from 2019 to 2021. An increase from P10.64 billion in 2019 to P11.84 billion in 2021 in RPT collection was observed, corresponding to a three-year average growth rate of 6.92%. The top 10 provinces comprised 56.07% of all provincial RPT collections. Eight out of the 10 provinces were from Luzon, with Bataan accounting for the highest average share of 11.57% of total provincial RPT collections. The LGC authorizes the provinces to impose an RPT not exceeding 1% of the assessed value of land, buildings, and improvements as approved by the local *Sanggunian*.

TABLE 3. REAL PROPERTY TAX REVENUE PERFORMANCE, BY PROVINCES, IN BILLION PESOS, 2019-2021

Province	2019	2020	2021	Ave Share (%)	Ave Growth (%)
Bataan	1.36	1.31	1.10	11.57	-3.64
Batangas	0.90	0.89	0.88	8.17	-2.31
Rizal	0.87	0.79	0.92	7.88	4.87
Bulacan	0.89	0.81	0.83	7.73	8.25
Quezon	0.40	0.47	0.64	4.63	36.61
Cavite	0.52	0.42	0.49	4.40	1.70
Pangasinan	0.32	0.33	0.38	3.13	1.84
Cebu	0.34	0.25	0.38	2.96	28.08
Iloilo	0.34	0.20	0.39	2.84	32.50
Nueva Ecija	0.26	0.26	0.38	2.77	21.92
Other 71 Provinces	4.44	4.46	5.45	43.93	8.44
Total	10.64	10.20	11.84	100.00	6.92

Source: BLGF 2019-2021

RPT Revenue Performance of Cities. Collections by the 146 cities nationwide increased from P48.71 billion in 2019 to P53.82 billion in 2021 (*Table 4*), translating to a three-year average growth rate of 5.44%. The top 10 cities comprised 53.15% of total RPT collections, eight of which are dominated by cities from NCR. The LGC authorizes cities to impose an RPT not exceeding 2% of the assessed values of properties.

TABLE 4. REAL PROPERTY TAX REVENUE PERFORMANCE, BY CITIES, IN BILLION PESOS, 2019-2021

City	2019	2020	2021	Ave Share (%)	Ave Growth (%)
Manila City	5.25	4.57	5.35	9.98	4.47
Makati City	4.49	4.61	4.69	9.07	3.40
Quezon City	3.80	4.79	4.18	8.40	6.79
Pasay City	2.80	2.86	2.99	5.69	7.56
Taguig City	2.29	2.24	3.14	5.05	17.32
Parañaque City	1.65	2.10	2.19	3.90	7.44
Valenzuela City	1.35	1.52	1.77	3.05	9.68
Davao City	1.31	1.56	1.68	2.99	11.92
Mandaluyong City	1.31	1.32	1.46	2.69	7.17
Calamba City	1.04	1.07	1.44	2.33	14.86
Other 136 Cities	23.42	22.91	24.91	46.85	3.71
Total	48.71	49.55	53.82	100.00	5.44

Source: BLGF 2019-2021

RPT Revenue Performance of Municipalities.

Table 5 presents the revenue performance of all 1,489 municipalities which increased from P10.70 billion in 2019 to P12.53 billion in 2021 for a three-year average growth rate of 6.85%. Among the 10 highest earners, nine (9) were from Luzon, particularly from Regions III and IV-A with Limay, Bataan as the top performing LGU having 7.61% share of the total municipality RPT collections.

TABLE 5. REAL PROPERTY TAX REVENUE PERFORMANCE, BY MUNICIPALITIES, IN BILLION PESOS, 2019-2021

Municipality	2019	2020	2021	Ave Share (%)	Ave Growth (%)
Limay, Bataan	1.01	0.93	0.67	7.61	-9.69
Calaca, Batangas	0.31	0.31	0.32	2.72	2.02
Mariveles, Bataan	0.23	0.25	0.26	2.15	3.68
Mauban, Quezon	0.09	0.29	0.29	1.96	77.77
Masinloc, Zambales	0.15	0.24	0.24	1.82	18.51
Cainta, Rizal	0.13	0.23	0.25	1.79	13.34
San Ildefonso, Bulacan	0.11	0.32	0.14	1.65	47.63
Pagbilao, Quezon	0.15	0.14	0.15	1.29	176.52
Kauswagan, Lanao del Norte	0.01	0.06	0.33	1.18	473.84
Silang, Cavite	0.13	0.12	0.15	1.17	10.53
Other 1,479 Municipalities	8.39	8.22	9.72	76.65	6.61
Total	10.70	11.12	12.53	100.00	6.85

Source: BLGF 2019-2021