



TAX LAW FOR BUSINESS
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*BDB Law's "Tax Law for Business" appears in the opinion section of **Business Mirror** every Thursday.*

Real Property Tax

EVERY person, natural or juridical, owning or having interest in real property, is obligated to settle the real-property taxes (RPT) due that accrue at the start of every year. This exercise involves a simple process, where the property owner simply pays the computed taxes due on the property, especially if there is no disagreement on the tax computation.

Contrary to the popular notion that the RPT requires a lump-sum payment, the taxpayer may actually opt to pay the tax in four equal installments during the year. Should the taxpayer choose to pay in four equal installments, the first installment shall be due and payable on or before March 31, the second installment, on or before June 30, the third installment, on or before September 30 and the last installment on or before December 31. The local legislative body may also fix the date when the tax may be paid without interest.

Aside from the installment-payment scheme, a taxpayer may also take advantage of the discount in case of advance and/or prompt payments. This discount (usually at a rate not exceeding 20 percent) is available if there is an enabling ordinance enacted by the concerned local legislative body.

While there is benefit for advance payment, there is penalty for any delayed payment. A taxpayer can be charged an interest equivalent to 2 percent of the taxes due for every month of delay. This interest is imposed up to 36 months or 72 percent of the delinquent tax. A taxpayer cannot be charged an interest beyond this ceiling.

In some cases, the taxpayer may not agree on the real-property taxes being imposed. If this happens, the taxpayer is entitled to dispute the same by protesting the taxes sought to be collected. But unlike other taxes where the taxpayer may contest the assessment without first paying the tax, in real-property taxation, no protest can be entertained unless the taxpayer first pays the tax. This is called "payment under protest." The words "paid under protest" have to be annotated on the tax receipts.

Following the payment of the tax, the taxpayer must file a written protest within 30 days. The local treasurer is given 60 days from receipt of the protest to decide. In the event of an

adverse decision or in case the 60-day period lapses without decision by the local treasurer, the taxpayer can appeal his case to the Local Board of Assessment Appeals (LBAA). As a rule, cases that are appealable to the LBAA involve questions of facts. In case of pure questions of law, the case must be appealed to the regular courts. If the decision of LBAA is still adverse, it may be appealed to the Central Board Assessment Appeals (CBAA). The Court of Tax Appeals en banc (full court) shall have the jurisdiction over the decisions of the CBAA in case of appeal.

Last, another remedy for a taxpayer is to file for tax refund or credit for real-property tax payments. A tax refund or tax credit may be granted whenever the assessment of tax is found to be illegal or erroneous and the tax is accordingly reduced or adjusted. In this case, a taxpayer may file a written claim for refund or credit for taxes and interests with the provincial or city treasurer within two years from the date the taxpayer is entitled to such reduction or adjustment.

In this jurisdiction, real-property ownership carries with it the obligation to dutifully declare the property for taxation purposes and to pay the corresponding taxes due annually. But taxpayers should not simply turn a blind eye and accept whatever collection is made by the local treasurer. If there are reasons to disagree, the law provides the taxpayer avenues to ventilate their causes. Taxpayers should be aware of these remedies.

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