

Assessing the Complexities and Implications of Proposed Property Tax Reforms in Cebu City

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Introduction

Property tax is a vital component of local government revenue, playing a pivotal role in financing public services, infrastructure development, and community well-being. In the dynamic urban landscape of Cebu City, property tax changes have become a focal point of discussion and analysis. This paper undertakes a comprehensive examination of the proposed property tax changes in Cebu City, aiming to shed light on their implications, both in terms of public finance and the lived experiences of its residents and businesses.

Cebu City's property tax system has experienced a noteworthy transformation, reflecting the evolving nature of the city's real estate market and economic landscape. While these changes are designed to provide essential funds for urban development and improved services, they also bring to the fore a range of considerations. This analysis explores the diverse factors contributing to the observed tax increases across various barangays and property classifications.

This paper embarks on a comprehensive analysis of the proposed property tax increases in Cebu City, with a focus on understanding the heterogeneous nature of these changes across various barangays. To appreciate this complexity, we delve into the intricate dynamics driven by factors such as location, property type, development trends, and local policies. Our objective is to shed light on the diverse and often contrasting implications of these tax adjustments for both property owners and the city government.

The data at our disposal reveals significant disparities in the proposed property tax increases among Cebu City's barangays. The wide-ranging spectrum of percentage increases illustrates the

heterogeneity in the proposed tax changes, underlining both opportunities and challenges for property owners and the local government. From modest increments to staggering percentage hikes, the tax landscape is far from uniform.

Prime locations, where demand and property values are soaring, face substantial percentage increases, which could transform municipal finances and public services. Conversely, other areas experience more moderate adjustments, highlighting the diversity in property market dynamics. Notably, locations proximate to major roads or developments exhibit noteworthy increases, potentially influenced by infrastructure enhancements and property value appreciation.

Beyond the financial aspects, our analysis also uncovers pronounced income disparities among different barangays. While some may see their property taxes increase significantly, others face comparatively modest changes, raising concerns about the equity and fairness of the tax system. These variations may place substantial financial burdens on property owners in prime locations, necessitating adjustments to their financial plans and budgets.

The implications of these tax changes are multi-faceted, encompassing financial impacts on property owners, concerns related to equity, potential effects on businesses, and broader implications for public finance. While increased tax revenues can enhance the city's capacity to provide essential services and infrastructure, the equitable distribution of these burdens and addressing the needs of vulnerable property owners become paramount.

In light of these observations, this paper not only delves into the implications but also offers recommendations for a more balanced and equitable property tax system. The aim is to strike a balance between the revenue needs of the city and the financial well-being of its residents and businesses.

Proposed Property Tax Increase

The provided table below offers valuable insights into the current and proposed property tax assessment values for different barangays in Cebu City. It illustrates the existing assessment values, which are determined based on the property's market value, utilizing varying assessment levels ranging from 2% to 10%. These levels highlight the diversity in property values across locations, with some areas having considerably higher market values than others. The current tax due is calculated by multiplying the assessed value by the applicable tax rate.

In contrast, the proposed assessment values introduce a significant transformation in the assessment process. The proposed changes aim to simplify the assessment process by introducing a uniform percentage-based approach. Under the proposed system, residential (R) properties are assessed at a fixed 2% of their market value, while commercial (C) and special class (SC) properties are assessed at a uniform 10% rate. This new approach intends to make property assessment more predictable and standardized for property owners.

However, the proposed changes also imply an increase in assessed values for many properties, particularly commercial ones. Consequently, property owners are expected to face an elevated tax liability due to the higher assessed values. Commercial properties, with a uniform 10% assessment level, will experience a substantially greater tax burden. This shift in the assessment process will result in significantly increased tax revenue for the local government, particularly in areas characterized by a concentration of commercial properties.

Nonetheless, there are challenges and considerations that accompany these proposed alterations. While the changes aim to streamline the assessment process, they may give rise to concerns regarding fairness and equity in taxation, as the tax burden becomes significantly distinct among property classifications and barangays. Effective communication and transparency are paramount to ensure property owners comprehend the rationale behind the proposed adjustments and how they will be affected.

Present Tax Assessment

BARANGAY	Location	Classifi- cation	Area	Current					
				Market Value	Total Market Value	Assessmen t Level	Assessed Value	Tax Rate	Tax Due
BANILAD	MARIA LUISA	SC	200	4,000.00	800,000.00	2%	16,000.00	3%	480.00
BANILAD	ROAD TO MARIA LUISA	C	200	7,000.00	1,400,000.00	10%	140,000.00	3%	4,200.00
TALAMBAN	NORTHTOWN HOMES SUBD	R	200	4,300.00	860,000.00	2%	17,200.00	3%	516.00
TALAMBAN	ROAD TO TALAMBAN	C	200	4,800.00	960,000.00	10%	96,000.00	3%	2,880.00
LAHUG	BEVERLY HILLS SUBD	R	200	5,000.00	1,000,000.00	2%	20,000.00	3%	600.00
LAHUG	OPPRA VILLAGE	R	200	3,500.00	700,000.00	2%	14,000.00	3%	420.00
LAHUG	SALINAS DRIVE	C	200	6,000.00	1,200,000.00	10%	120,000.00	3%	3,600.00
GUADALUPE	MONTERAZZA S SUBD	R	200	3,300.00	660,000.00	2%	13,200.00	3%	396.00
GUADALUPE	M. VELEZ ST.	C	200	5,500.00	1,100,000.00	10%	110,000.00	3%	3,300.00
APAS	SITIO BACA	R	200	3,500.00	700,000.00	2%	14,000.00	3%	420.00
APAS	IT PARK	C	200	6,000.00	1,200,000.00	10%	120,000.00	3%	3,600.00
LABANGON	LA PALOMA SUBD	R	200	3,300.00	660,000.00	2%	13,200.00	3%	396.00
LABANGON	PASEO SAN RAMON ROAD	C	200	3,300.00	660,000.00	10%	66,000.00	3%	1,980.00

LABANGON	NATALIO BACALSO AVE.	C	200	3,300.00	660,000.00	10%	66,000.00	3%	1,980.00
HIPODROMO	HIPODROMO VILLAGE	R	200	6,000.00	1,200,000.00	2%	24,000.00	3%	720.00
HIPODROMO	CEBU BUSINESS PARK	C	200	20,000.00	4,000,000.00	10%	400,000.00	3%	12,000.00
BO. LUZ	SITIO LUBI	R	200	6,000.00	1,200,000.00	2%	24,000.00	3%	720.00
BO. LUZ	ARCHBISHOP REYES AVE.	C	200	19,000.00	3,800,000.00	10%	380,000.00	3%	11,400.00
BACAYAN	VILLA LEYSON SUBD.	R	200	1,500.00	300,000.00	2%	6,000.00	3%	180.00
BACAYAN	PRISTINA NORTH	R	200	2,800.00	560,000.00	2%	11,200.00	3%	336.00
TEJERO	VILLAGONZAL O ST	R	200	4,900.00	980,000.00	2%	19,600.00	3%	588.00
TEJERO	GEN. MAXILOM	C	200	9,500.00	1,900,000.00	10%	190,000.00	3%	5,700.00
MAMBALING	G.ELORDE STREET (GANCIANG)	R	200	3,000.00	600,000.00	2%	12,000.00	3%	360.00
MAMBALING	N. BACALSO AVE.	C	200	7,000.00	1,400,000.00	10%	140,000.00	3%	4,200.00
SRP	ACCESS TO SRP	R	200	1,200.00	240,000.00	2%	4,800.00	3%	144.00
SRP	WITHIN SRP AREA	C	200	1,200.00	240,000.00	10%	24,000.00	3%	720.00
PASIL ABUNO	STO.NINO EXT	R	200	3,000.00	600,000.00	2%	12,000.00	3%	360.00
PASIL ABUNO	TUPAS ST	C	200	3,000.00	600,000.00	10%	60,000.00	3%	1,800.00

TISA	URBAN DECA HOMES	R	200	3,300.00	660,000.00	2%	13,200.00	3%	396.00
TISA	SOUTH HILLS SUBD.	R	200	3,300.00	660,000.00	2%	13,200.00	3%	396.00
TISA	F. LLAMAS	C	200	4,000.00	800,000.00	10%	80,000.00	3%	2,400.00
BUOT- TAOP	ALL RES AREA W/IN BRGY PROPER	R	200	650.00	130,000.00	2%	2,600.00	3%	78.00
MALUBOG	TOPS	C	200	700.00	140,000.00	10%	14,000.00	3%	420.00
KAMPUTHA W	N.C. ESCARIO STREET: GORORDO AVENUE - ARCH.REYES AVE.	C8	200	50,000.00	10,000,000.00	10%	1,000,000.00	3%	30,000.00
KAMPUTHA W	QUEEN'S ROAD	C	200	6,000.00	1,200,000.00	10%	120,000.00	3%	3,600.00
MABOLO	F.CABAHUG ST.	C	200	5,000.00	1,000,000.00	10%	100,000.00	3%	3,000.00
MABOLO	GOCHAN SUBDIVISION	R	200	4,000.00	800,000.00	2%	16,000.00	3%	480.00

Proposed Tax Assessment

BARANGAY	Location	Classifi-cation	Area	Proposed					
				Market Value	Total MV	Assess-ment Level	Assessed Value	Tax Rate	Tax Due
BANILAD	MARIA LUISA	SC	200	40,000.00	8,000,000.00	2%	160,000.00	3%	4,800.00
BANILAD	ROAD TO MARIA LUISA	C	200	40,000.00	8,000,000.00	10%	800,000.00	3%	24,000.00
TALAMBAN	NORTHTOWN HOMES SUBD	R	200	33,000.00	6,600,000.00	2%	132,000.00	3%	3,960.00
TALAMBAN	ROAD TO TALAMBAN	C	200	50,000.00	10,000,000.00	10%	1,000,000.00	3%	30,000.00
LAHUG	BEVERLY HILLS SUBD	R	200	30,000.00	6,000,000.00	2%	120,000.00	3%	3,600.00
LAHUG	OPPRA VILLAGE	R	200	20,000.00	4,000,000.00	2%	80,000.00	3%	2,400.00
LAHUG	SALINAS DRIVE	C	200	110,000.00	22,000,000.00	10%	2,200,000.00	3%	66,000.00
GUADALUPE	MONTERAZZAS SUBD	R	200	35,000.00	7,000,000.00	2%	140,000.00	3%	4,200.00
GUADALUPE	M. VELEZ ST.	C	200	40,000.00	8,000,000.00	10%	800,000.00	3%	24,000.00
APAS	SITIO BACA	R	200	20,000.00	4,000,000.00	2%	80,000.00	3%	2,400.00
APAS	IT PARK	C	200	200,000.00	40,000,000.00	10%	4,000,000.00	3%	120,000.00
LABANGON	LA PALOMA SUBD	R	200	15,000.00	3,000,000.00	2%	60,000.00	3%	1,800.00

LABANGON	PASEO SAN RAMON ROAD	C	200	30,000.00	6,000,000.00	10%	600,000.00	3%	18,000.00
LABANGON	NATALIO BACALSO AVE.	C	200	30,000.00	6,000,000.00	10%	600,000.00	3%	18,000.00
HIPODROMO	HIPODROMO VILLAGE	R	200	30,000.00	6,000,000.00	2%	120,000.00	3%	3,600.00
HIPODROMO	CEBU BUSINESS PARK	C	200	245,000.00	49,000,000.00	10%	4,900,000.00	3%	147,000.00
BO. LUZ	SITIO LUBI	R	200	25,000.00	5,000,000.00	2%	100,000.00	3%	3,000.00
BO. LUZ	ARCHBISHOP REYES AVE.	C	200	90,000.00	18,000,000.00	10%	1,800,000.00	3%	54,000.00
BACAYAN	VILLA LEYSON SUBD.	R	200	9,000.00	1,800,000.00	2%	36,000.00	3%	1,080.00
BACAYAN	PRISTINA NORTH	R	200	30,000.00	6,000,000.00	2%	120,000.00	3%	3,600.00
TEJERO	VILLAGONZALO ST	R	200	50,000.00	10,000,000.00	2%	200,000.00	3%	6,000.00
TEJERO	GEN. MAXILOM	C	200	80,000.00	16,000,000.00	10%	1,600,000.00	3%	48,000.00
MAMBALING	G.ELORDE STREET (GANCIANG)	R	200	15,000.00	3,000,000.00	2%	60,000.00	3%	1,800.00
MAMBALING	N. BACALSO AVE.	C	200	40,000.00	8,000,000.00	10%	800,000.00	3%	24,000.00
SRP	ACCESS TO SRP	R	200	30,000.00	6,000,000.00	2%	120,000.00	3%	3,600.00
SRP	WITHIN SRP AREA	C	200	100,000.00	20,000,000.00	10%	2,000,000.00	3%	60,000.00
PASIL ABUNO	STO.NINO EXT	R	200	20,000.00	4,000,000.00	2%	80,000.00	3%	2,400.00
PASIL ABUNO	TUPAS ST	C	200	20,000.00	4,000,000.00	10%	400,000.00	3%	12,000.00

TISA	URBAN DECA HOMES	R	200	13,000.00	2,600,000.00	2%	52,000.00	3%	1,560.00
TISA	SOUTH HILLS SUBD.	R	200	20,000.00	4,000,000.00	2%	80,000.00	3%	2,400.00
TISA	F. LLAMAS	C	200	20,000.00	4,000,000.00	10%	400,000.00	3%	12,000.00
BUOT- TAOP	ALL RES AREA W/IN BRGY PROPER	R	200	1,500.00	300,000.00	2%	6,000.00	3%	180.00
MALUBOG	TOPS	C	200	5,000.00	1,000,000.00	10%	100,000.00	3%	3,000.00
KAMPUTHA W	N.C. ESCARIO STREET: GORORDO AVENUE - ARCH.REYES AVE.	C8	200	60,000.00	12,000,000.00	10%	1,200,000.00	3%	36,000.00
KAMPUTHA W	QUEEN'S ROAD	C	200	50,000.00	10,000,000.00	10%	1,000,000.00	3%	30,000.00
MABOLO	F.CABAHUG ST.	C	200	50,000.00	10,000,000.00	10%	1,000,000.00	3%	30,000.00
MABOLO	GOCHAN SUBDIVISION	R	200	30,000.00	6,000,000.00	2%	120,000.00	3%	3,600.00

Heterogeneous Impact of the Proposed Property Tax Increase

Property tax increases have been proposed for various barangays in Cebu City, but a closer examination reveals that these changes are anything but uniform. The complex web of factors influencing these tax changes includes location, property type, development, and local policy. This analysis delves into these factors to comprehend the heterogeneous impact of property tax increases across different barangays.

The provided data illustrates significant differences in property tax increases across various barangays in Cebu City. This diverse range of percentage increases highlights both opportunities and challenges for property owners and the local government.

The data unveils a wide-ranging spectrum of percentage increases in property taxes, ranging from a modest 20% to a staggering 8,233.33%. This substantial variation underscores that the implications of the proposed property tax changes are far from uniform and vary significantly based on the specific location.

Prime locations like "SRP, Within SRP Area," "Cebu Business Park," and "Mabolo, F. Cabahug St." face substantial percentage increases. These changes reflect the high demand and value appreciation in these areas. While these prime areas may experience a substantial rise in property taxes, they may also anticipate improved public services and infrastructure as a result of their increased contributions.

In the proposed property tax increase for Cebu City, the highest percentage increase is found in the "SRP, Within SRP Area" barangay, where property taxes are set to surge by an astounding 8,233.33%. This rate of increase is strikingly higher than that observed in most other areas. Additionally, "Kamputhaw, N.C. Escario Street" and "Kamputhaw, Queen's Road" have also experienced substantial percentage increases, registering at 20% and 733.33%, respectively.

Conversely, several other barangays have undergone more moderate tax increases, ranging from 20% to 900%. Notably, "Banilad, Maria Luisa" and "Lahug, Beverly Hills Subdivision" fall into this category. These variations indicate a heterogeneous impact, reflecting the diverse nature of property market shifts in different locales.

Moreover, urban areas like "HIPODROMO CEBU BUSINESS PARK" and "MABOLO F. Cabahug St." have experienced substantial percentage increases, consistent with the patterns observed in prime urban locations. On the other hand, suburban areas such as "Talamban, Northtown Homes Subdivision" and "Apas, IT Park" have also seen high percentage increases. This surge may be attributed to ongoing urban expansion and the consequent escalation of property values in these regions.

A distinct trend emerges with locations proximate to major roads or developments, such as "SRP, Within SRP Area" and "Talamban, Road to Talamban." These areas have witnessed significant tax increases, potentially fueled by infrastructure improvements and the appreciation of property values. This analysis unveils the intricate dynamics of property tax changes in Cebu City, shedding light on the diverse factors contributing to these fluctuations.

The analysis also brings to light pronounced income disparities among different barangays. For example, while "Cebu Business Park" is poised for a considerable 1,125% increase in property taxes, other areas like "Tisa, Urban Deca Homes" are looking at a relatively modest 293.94% increase. These disparities raise concerns about equity and fairness within the tax system, as property owners in prime locations could potentially shoulder significant financial burdens, impacting their overall financial well-being.

The financial implications of these tax increases are substantial. Property owners in "SRP, Within SRP Area," for instance, may see their tax bills rise exponentially. This could lead to financial challenges, requiring property owners to make adjustments to their financial plans and budgets. In essence, the proposed property tax changes carry the potential to reshape the financial landscape for property owners, with the most significant impact falling on those in prime locations.

Income Disparity

In the proposed property tax increases across Cebu City's various barangays, one striking revelation emerges – the presence of significant income disparities. The tax landscape is far from uniform, with some barangays encountering only modest increases while others grapple with substantial hikes that could significantly impact property owners' financial stability.

This variation in percentage increases is noteworthy, emphasizing the stark income disparities among the city's residents. The range of changes is quite dramatic, spanning from as low as 20% to soaring well beyond 900%. These discrepancies underscore the term "heterogeneous impact" as not all residents face uniform challenges in coping with tax increases.

The consequences of these diverse percentage increases vary considerably. Property owners in barangays where tax rates see moderate adjustments may not be significantly burdened. They can typically adapt their financial plans to accommodate the relatively gradual tax changes. However, the narrative differs for those residing in areas experiencing substantial hikes. These property owners suddenly confront notably higher property taxes, which can profoundly impact their financial well-being. Such an impact could be especially challenging if their incomes or financial resources do not proportionally increase.

The driving forces behind these income disparities are multifaceted and linked to economic development, location, demand dynamics, and urban expansion. Some barangays are benefiting from robust economic growth, leading to increased property values and, consequently, more substantial tax increases. In other cases, high-demand areas, typically located closer to city centers or major business districts, witness a surge in property values, resulting in higher property taxes. Additionally, suburban areas experiencing urban expansion may undergo significant property tax increases as they transition from residential to mixed-use or commercial districts.

In essence, the analysis not only unveils the wide-ranging impacts of property tax increases across Cebu City but also underscores the complex interplay of economic and urban development factors that contribute to these income disparities among its barangays.

The following table shows the analysis of the disparity of property tax increases across various barangays in Cebu City in relation to their respective market values. This examination reveals the divergent tax burdens property owners face, largely influenced by their specific locations and market values.

Comparative Analysis

		Current	Proposed		
BARANGAY	Location	Tax Due	Tax Due	Difference	% INCREASE
BANILAD	MARIA LUISA	480.00	4,800.00	4,320.00	900.00
BANILAD	ROAD TO MARIA LUISA	4,200.00	24,000.00	19,800.00	471.43
TALAMBAN	NORTHTOWN HOMES SUBD	516.00	3,960.00	3,444.00	667.44
TALAMBAN	ROAD TO TALAMBAN	2,880.00	30,000.00	27,120.00	941.67
LAHUG	BEVERLY HILLS SUBD	600.00	3,600.00	3,000.00	500.00
LAHUG	OPPRA VILLAGE	420.00	2,400.00	1,980.00	471.43
LAHUG	SALINAS DRIVE	3,600.00	66,000.00	62,400.00	1,733.33
GUADALUPE	MONTERAZZAS SUBD	396.00	4,200.00	3,804.00	960.61
GUADALUPE	M. VELEZ ST.	3,300.00	24,000.00	20,700.00	627.27
APAS	SITIO BACA	420.00	2,400.00	1,980.00	471.43
APAS	IT PARK	3,600.00	120,000.00	116,400.00	3,233.33
LABANGON	LA PALOMA SUBD	396.00	1,800.00	1,404.00	354.55
LABANGON	PASEO SAN RAMON ROAD	1,980.00	18,000.00	16,020.00	809.09
LABANGON	NATALIO BACALSO AVE.	1,980.00	18,000.00	16,020.00	809.09
HIPODROMO	HIPODROMO VILLAGE	720.00	3,600.00	2,880.00	400.00
HIPODROMO	CEBU BUSINESS PARK	12,000.00	147,000.00	135,000.00	1,125.00
BO. LUZ	SITIO LUBI	720.00	3,000.00	2,280.00	316.67
BO. LUZ	ARCHBISHOP REYES AVE.	11,400.00	54,000.00	42,600.00	373.68
BACAYAN	VILLA LEYSON SUBD.	180.00	1,080.00	900.00	500.00
BACAYAN	PRISTINA NORTH	336.00	3,600.00	3,264.00	971.43

TEJERO	VILLAGONZALO ST	588.00	6,000.00	5,412.00	920.41
TEJERO	GEN. MAXILOM	5,700.00	48,000.00	42,300.00	742.11
MAMBALING	G.ELORDE STREET (GANCIANG)	360.00	1,800.00	1,440.00	400.00
MAMBALING	N. BACALSO AVE.	4,200.00	24,000.00	19,800.00	471.43
SRP	ACCESS TO SRP	144.00	3,600.00	3,456.00	2,400.00
SRP	WITHIN SRP AREA	720.00	60,000.00	59,280.00	8,233.33
PASIL ABUNO	STO.NINO EXT	360.00	2,400.00	2,040.00	566.67
PASIL ABUNO	TUPAS ST	1,800.00	12,000.00	10,200.00	566.67
TISA	URBAN DECA HOMES	396.00	1,560.00	1,164.00	293.94
TISA	SOUTH HILLS SUBD.	396.00	2,400.00	2,004.00	506.06
TISA	F. LLAMAS	2,400.00	12,000.00	9,600.00	400.00
BUOT- TAOP	ALL RES AREA W/IN BRGY PROPER	78.00	180.00	102.00	130.77
MALUBOG	TOPS	420.00	3,000.00	2,580.00	614.29
KAMPUTHAW	N.C. ESCARIO STREET: GORORDO AVENUE - ARCH.REYES AVE.	30,000.00	36,000.00	6,000.00	20.00
KAMPUTHAW	QUEEN'S ROAD	3,600.00	30,000.00	26,400.00	733.33
MABOLO	F.CABAHUG ST.	3,000.00	30,000.00	27,000.00	900.00
MABOLO	GOCHAN SUBDIVISION	480.00	3,600.00	3,120.00	650.00

The table provides a comparative analysis of the existing and proposed property tax dues for various barangays in Cebu City, emphasizing significant variations in tax amounts, resulting disparities, and percentage increases.

Within the commercial property classification, several significant observations become apparent, which can be analyzed to gain a comprehensive understanding of the tax increases. Notably, there are substantial disparities in the market values of commercial properties within this classification, which directly influence the proposed tax increases. For instance, properties located in "Cebu Business Park" exhibit considerably higher market values compared to others, such as "Mabolo, F. Cabahug St." This variance in market values leads to varying tax increases, with properties in high-value areas facing substantial adjustments.

The assessment level plays a critical role in these tax increases. Commercial properties, as a rule, tend to have an assessment level of 10%, which results in more significant assessed values and, consequently, higher tax increases compared to residential properties with an assessment level of 2%.

Prime urban locations, like "Cebu Business Park" within the commercial classification, often experience remarkable percentage tax increases. This is attributed to the high market demand and the steady appreciation of property values in these areas. As a result, property owners in these prime locations can expect substantial financial burdens due to the proposed tax changes.

In addition to prime urban areas, other commercial regions like "IT Park" and "Access to SRP" have also witnessed substantial percentage increases. These increases can be attributed to urban expansion, ongoing infrastructure improvements, and the subsequent rise in property values in these regions.

These significant tax increases for commercial properties can have profound implications for business owners. Businesses situated in these areas may need to make substantial adjustments to their financial plans and budgets to accommodate the higher tax liabilities, potentially affecting the financial well-being and operational costs of these businesses.

Finally, the data highlights concerns regarding equity and fairness within the tax system. While prime commercial locations significantly contribute to the local economy and infrastructure development, property owners in these areas may bear an uneven burden of tax increases compared to other parts of the city. Therefore, it becomes essential for local governments to balance the need for revenue generation for public services and infrastructure development while ensuring that tax increases are administered fairly and equitably across all property owners. This approach is particularly challenging in light of the varied dynamics of the property market in different commercial areas.

Implications and Recommendations

The observed tax increases and disparities in Cebu City's property tax system have significant implications that call for careful consideration. These implications encompass a range of areas, starting with the financial impact on property owners. The substantial tax increases, particularly in prime locations, may pose financial challenges, potentially leading to the need for property owners to make significant adjustments to their budgets and financial plans. The varying tax increases across different barangays and classifications also raise equity and fairness concerns within the property tax system. Property owners in prime urban areas might face disproportionately higher tax burdens compared to other areas, potentially leading to inequalities within the city. This situation could result in a degree of financial stress on property owners that requires addressing.

For businesses operating in commercial areas subject to substantial tax increases, such as "Cebu Business Park" and "IT Park," these changes could translate into increased operational costs. This development is especially relevant for small and medium-sized enterprises, as it could impact their competitiveness and growth.

On a more optimistic note, the increased tax revenue from prime areas could potentially contribute to improved public services and infrastructure development in these regions. However, ensuring that this additional revenue is reinvested into these areas is critical to justify the higher tax burdens.

To address these implications, several recommendations are essential. One key suggestion is the implementation of gradual tax increases, which could help lessen the immediate financial impact on property owners. A phased approach allows property owners to adjust to the new tax rates over time. Furthermore, conducting a thorough equity assessment of the proposed tax changes is crucial. This ensures that the distribution of tax burdens aligns with property values, preventing undue financial strain on disadvantaged areas. Promoting transparency in the property tax system and involving the public in discussions regarding tax increases can enhance understanding and acceptance among property owners.

Encouraging economic development and investment in areas with lower property values can help balance the tax base and reduce disparities between different regions. Proper mechanisms for allocating additional tax revenue from prime areas into local infrastructure and services must be established to benefit residents and businesses. Additionally, introducing targeted tax relief measures, such as exemptions, rebates, or incentives, can mitigate the financial impact on businesses and homeowners facing substantial tax increases. Implementing a system for continuous monitoring and periodic review of property values and tax rates ensures that the system remains fair and balanced over time. Providing educational resources and support to help property owners understand and prepare for tax changes is another important step.

The observed property tax changes in Cebu City have several significant implications for the city's public finances. First and foremost, the substantial increases in property tax, especially in prime locations and commercial areas, are likely to boost the city's tax revenue significantly. This additional revenue can serve as a valuable source of funds for the local government, potentially supporting various public services and infrastructure projects. However, there is a need for careful resource allocation to ensure that these revenues are effectively channeled into the development and improvement of the areas from which they are collected.

Nevertheless, these tax increases also raise concerns related to equity and fairness. Disparities in tax burdens between property owners in prime locations and those in less affluent areas could pose challenges. Local authorities must strive to strike a balance that ensures equitable contributions while preventing any undue financial burden on certain groups of property owners.

Moreover, businesses in commercial areas facing substantial tax hikes may encounter higher operational costs. Small and medium-sized enterprises could be particularly affected, potentially impacting their profitability and competitiveness. Finding ways to manage these cost increases or pass them on to consumers might be necessary for businesses to remain viable.

Furthermore, the variability in property tax increases across barangays and classifications could make revenue projections and long-term fiscal planning more challenging for the city. In this

context, it becomes crucial for local authorities to develop reliable financial planning mechanisms and contingency plans to handle unforeseen fluctuations in revenue.

The property tax system can also influence investment and development decisions within the city. Striking a balance in tax rates that promotes economic development without deterring potential investors is essential for the city's growth and prosperity.

In light of these implications, local authorities in Cebu City should focus on proactive financial planning and resource allocation, with a keen eye on maintaining fairness and equity within the property tax system. Engaging the public in the decision-making process related to taxation and ensuring their understanding and acceptance of tax changes are fundamental steps in building a sustainable and equitable public finance system for the city.

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