

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 3311

HOUSE OF REPRESENTATIVES	
RECEIVED	
DATE:	24 AUG 2016
TIME:	6:51 PM
BY:	ML
REGISTRATION UNIT BILLS AND INDEX SERVICE	

Introduced by REP. JULIETTE T. UY

EXPLANATORY NOTE

This bill envisions to revise the existing outdated law on the estate (also referred to as inheritance) tax. The last estate tax amendment was done via Republic Act (RA) 8424 or the National Internal Revenue Code of 1997.

After close to 20 years, the threshold amounts on which the various taxes being levied have not been adjusted to present-day realities. As inflation rates keep rising and the value of the Peso decreases, the taxes being paid by citizens have eaten into the income of ordinary Filipinos that result to a diminishing take home pay.

This bill intends to lessen the burden on the surviving spouse and heirs of a decedent in settling their estate tax liabilities. The value of the estate tax exemption and other allowable deductions need to be increased so as to give the surviving spouse and heirs of the decedent the opportunity to enjoy the fruits of labor of their deceased loved ones. This measure hopes to positively impact on poor and middle-income families who bear the burden of paying such tax. Increasing the exemptions and deductions for estate tax purposes would also ensure that the administrative costs of collecting estate taxes shall become more efficient and more citizens shall attend to this important duty in processing their inheritance from their loved ones who have passed away.

The threshold amounts in net estate liable to estate taxes as well the allowable deductions for medical expenses, funeral expenses, standard deduction and the value of family home are increased by this measure to bring the said rates to the values of the present times.

In view of the foregoing, the immediate passage of this bill is earnestly sought.

Approved,


REP. JULIETTE T. UY
2nd District, Misamis Oriental

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HOUSE BILL NO. 3311

Introduced by REP. JULIETTE T. UY

AN ACT
AMENDING SECTIONS 84, 86, 89 AND 97 OF TITLE III, CHAPTER I, ESTATE
TAX OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED

Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:

SECTION 1. Section 84 of the National Internal Revenue Code of 1997, as amended, is hereby amended to read as follows:

“Section 84. *Rates of Estate Tax.* - There shall be levied, assessed, collected and paid upon the transfer of the net estate as determined in accordance with Sections 85 and 86 of every decedent, whether resident or nonresident of the Philippines, a tax based on the value of such net estate, as computed in accordance with the following schedule:

If the net estate is:

<i>Over</i>	<i>But Not Over</i>	<i>The Tax Shall Be</i>	<i>Plus</i>	<i>Of The Excess Over</i>
	P 460,000	Exempt		
P 460,000	1,150,000	0	5%	P 460,000
1,150,000	4,600,000	P 23,000	8%	1,150,000
4,600,000	11,500,000	299,000	11%	4,600,000
11,500,000	23,000,000	1,058,000	15%	11,500,000
23,000,000	and over	2,783,000	20%	23,000,000

PROVIDED, THAT EVERY THREE (3) YEARS, AFTER THE EFFECTIVITY OF THIS ACT, THE BUREAU OF INTERNAL REVENUE SHALL ADJUST THE AMOUNTS HEREIN STATED TO ITS PRESENT VALUE USING THE CONSUMER PRICE INDEX (CPI) AS PUBLISHED BY THE PHILIPPINE STATISTICS AUTHORITY (PSA).

SECTION 2. Section 86 of the National Internal Revenue Code of 1997, as amended, is hereby amended to read as follows:

“Section 86. *Computation of Net Estate.* - For the purpose of the tax imposed in this Chapter, the value of the net estate shall be determined:

(A) *Deductions Allowed to the Estate of Citizen or a Resident.* - In the case of a citizen or resident of the Philippines, by deducting from the value of the gross estate -

(1) Expenses, Losses, Indebtedness, and taxes. - Such amounts:

(a) For actual funeral expenses or in an amount equal to five percent (5%) of the gross estate, whichever is lower, but in no case to exceed **FIVE HUNDRED THOUSAND PESOS (P500,000)** [Two hundred thousand pesos (P200,000)];

(b) xxx.

(c) xxx.

(d) xxx.

(e) xxx.

(2) Property Previously Taxed. - xxx.

(3) Transfers for Public Use. - xxx.

(4) The Family Home. - An amount equivalent to the current fair market value of the decedent's family home: Provided, however, That if the said current fair market value exceeds **TWO MILLION PESOS (P2,000,000)** [One million pesos (P1,000,000)], the excess shall be subject to estate tax. As a sine qua non condition for the exemption or deduction, said family home must have been the decedent's family home as certified by the barangay captain of the locality.

(5) Standard Deduction. - An amount equivalent to **TWO MILLION PESOS (P2,000,000)** [One million pesos (P1,000,000)].

(6) Medical Expenses. - Medical Expenses incurred by the decedent within one (1) year prior to his death which shall be duly substantiated with receipts: Provided, That in no case shall the deductible medical expenses exceed **ONE MILLION PESOS (P1,000,000)** [Five Hundred Thousand Pesos (P500,000)].

(7) xxx.

xxx.

SECTION 3. Section 89 of the National Internal Revenue Code of 1997, as amended, is hereby amended to read as follows:

“Section 89. *Notice of Death to be Filed.* - In all cases of transfers subject to tax, or where, though exempt from tax, the gross value of the estate exceeds **TWO HUNDRED THOUSAND PESOS (P200,000)** [Twenty thousand pesos (P20,000)], the executor, administrator or any of the legal heirs, as the case may be, within two (2) months after the decedent's death, or within a like period after qualifying as such executor or

administrator, shall give a written notice thereof to the Commissioner.

SECTION 4. Section 89 of the National Internal Revenue Code of 1997, as amended, is hereby amended to read as follows:

“Section 97. *Payment of Tax Antecedent to the Transfer of Shares, Bonds or Rights.*- xxx.

If a bank has knowledge of the death of a person, who maintained a bank deposit account alone, or jointly with another, it shall not allow any withdrawal from the said deposit account, unless the Commissioner has certified that the taxes imposed thereon by this Title have been paid: Provided, however, That the administrator of the estate or any one (1) of the heirs of the decedent may, upon authorization by the Commissioner, withdraw an amount not exceeding **TWO HUNDRED THOUSAND PESOS (P200,000)** [Twenty thousand pesos (P20,000)], without the said certification. For this purpose, all withdrawal slips shall contain a statement to the effect that all of the joint depositors are still living at the time of withdrawal by any one of the joint depositors and such statement shall be under oath by the said depositors.

SECTION 5. Implementing Rules and Regulations. The Bureau of Internal Revenue shall promulgate the Implementing Rules and Regulations within six (6) months from the effectively of this Act.

Section 6. Separability Clause. Any part or provision of this Act which shall be held to be invalid or unconstitutional, other parts or provisions hereof which are not affected thereby shall continue to be in full force and effect.

Section 7. Repealing Clause. All laws, rules, regulations, orders, memoranda or circulars inconsistent with this Act are hereby repealed or modified accordingly.

Section 8. Effectivity Clause. This Act shall take effect fifteen (15) days after publication in the Official Gazette or in any two (2) national newspapers of general circulation.

Approved,