

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

Seventeenth Congress
First Regular Session

HOUSE BILL NO. 1839

HOUSE OF REPRESENTATIVES	
RECEIVED	
DATE:	<u>26 JUL 2016</u>
TIME:	<u>2:10 PM</u>
BY:	<u>[Signature]</u>
REGISTRATION UNIT BILLS AND TAX SERVICE	

Introduced by Representative Arthur R. Defensor, Jr.

EXPLANATORY NOTE

This bill, entitled "Estate Tax Amnesty Law" grants amnesty in estate tax, pursuant to the policies of maximizing collection of taxes, and of freeing-up capital in the form of property, making them susceptible to business transaction, and in turn generating objects of taxation.

The records of the Bureau of Internal Revenue (BIR) will bear that indeed estate tax is a poor performer in the area of collection. In fact, the BIR has launched "Project Rest in Peace" through the issuance of Revenue Memorandum Order No. 10-2010. Through this project, the BIR is targeting the increase in the number of estate tax returns filed, and collection as well. This is an administrative measure to closely monitor potential estate tax cases by establishing linkages with, and accessing the records of, the Civil Registers, hospitals memorial parks, cemeteries, funeral parks, crematoriums, judicial clerks of court, life insurance companies and other relevant financial institutions.

The bill will complement the administrative measures of the BIR with a tax measure that, in the long term, will increase tax collection. While an estate tax amnesty, at first glance, appears to be a negative revenue generation measure, it is actually not. The essence of the grant of estate tax amnesty under this bill is a radical deviation from the existing rates under Republic Act No. 8424, as amended. A radical decrease in estate tax rates is intended to make estate settlement and estate tax payment attractive. The intended consequence of this is immediate and concentrated estate tax collection in the short term, or within the period contemplated in the bill, which would outweigh the merits of long term collection under the present rates. Increased and concentrated short term collection will serve its purpose of having immediately available funds for the present administration. On the one hand, the more important purpose of the estate tax amnesty, as it would encourage settlement of estates, is to free-up property of unsettled estates, so that they may be made subjects of business transactions. Such properties after settlement may be sold, leased, subject to joint venture agreements, or such transactions that will have tax consequences, and result in increased tax collection for the government.

On the above considerations, the passage of this bill is earnestly requested.

A handwritten signature in black ink, appearing to read 'ARD', is written above the printed name.

ARTHUR R. DEFENSOR, JR.

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

Sixteenth Congress
First Regular Session

HOUSE BILL NO. 1889

Introduced by Representative Arthur R. Defensor, Jr.

AN ACT GRANTING AMNESTY IN ESTATE TAX

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

1 Sec. 1. *Title.* - This Act shall be known as the "Estate Tax Amnesty Law".
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3 Sec. 2. *Declaration of Policies.* - The following are declared polices underlying
4 state:

5 a. to maximize the collection of taxes; and
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7 b. to free-up capital in the form of property, making the same
8 susceptible to transaction, giving rise to further subjects of taxation.
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10 Sec. 3. *Objectives.* - The following are the objectives of this Act:
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12 a. to grant amnesty in estate tax, that shall in the long term, result in
13 increased tax collection; and
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15 b. to grant amnesty in estate tax, that shall promote the settlement of
16 estates, and in turn free-up properties of unsettled estates, with the
17 end view of generating financial transactions and stimulating
18 economic activity.
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20 Sec. 4. *Coverage and Duration of Tax Amnesty.* - The tax amnesty granted herein
21 shall cover all unpaid estate taxes as of the time this Act shall have taken effect, and
22 those that shall be due within five (5) years henceforth.
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24 Sec. 5. *Grant of Tax Amnesty.* - Within the period of the estate tax amnesty as
25 provided in the preceding section, estate tax shall be levied, assessed, collected and
26 paid upon the transfer of the net estate, as determined in accordance with Section 85
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28 and 86 of Republic Act No. 8424, as amended, of every decedent, whether resident or
29 non-resident of the Philippines, based on the value of such net estate, as computed in
30 accordance with the following schedule:

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"If the net estate is:

Over	But Not Over	The Tax Shall Be	Plus	Of the Excess Over
	P 2,000,000	0		
2,000,000	5,000,000	15,000	5%	2,000,000
5,000,000	10,000,000	135,000	8%	5,000,000
10,000,000	50,000,000	465,000	11%	10,000,000

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Estates with a net estate value exceeding fifty million pesos (50,000,000) shall be levied, assessed and pay estate tax in accordance with the schedule in Section 84 of Republic Act No. 8424, as amended.

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Sec. 6. Applicability of Republic Act No. 9480. - Section 6, on the grant of immunities and privileges, Section 8, on exceptions, Section 9, on divulgence of tax amnesty return, and Section 10, on penalties, of Republic Act No. 9480, shall apply to the herein grant of estate tax amnesty, in so far, as they are relevant.

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Sec. 7. Implementing Rules and Regulations. - The Secretary of Finance shall, in coordination with the Commissioner of Internal Revenue, promulgate and publish rules and regulations for the implementation of this Act, within sixty (60) days after the same shall have taken effect.

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Sec. 8. Effectivity. - This Act shall take effect fifteen (15) days after its publication in the Official Gazette, or in any two (2) newspapers of general circulation, whichever comes earlier.

Approved.