

SEVENTEENTH CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )  
First Regular Session )

HOUSE BILL NO. 458

HOUSE OF REPRESENTATIVES
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REGISTRATION UNIT BILLS AND INDEX SERVICE

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Introduced by ANGKLA Party-list Representative JESULITO A. MANALO  
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**AN ACT AMENDING SECTION 84 OF REPUBLIC ACT NO. 8424, OR THE  
NATIONAL INTERNAL REVENUE CODE OF THE PHILIPPINES**

**EXPLANATORY NOTE**

The imposition of a high estate tax had always been a contentious issue. While taxation is indeed the lifeblood of a nation, the creation of a balance between imposing an estate tax and still leaving sufficient wealth to the people inheriting the estate is a practical measure.

Ideally, a person works hard to provide for the necessities of his family. An individual either puts up a business, invests or buys property, saves money in the bank, or do all of those, with the hope that when he dies, he is assured of giving the people he loves enough inheritance not only for their continued sustenance but likewise for venturing into their own successful profession, investment, or business. Taking that into consideration, a fair rate of estate tax may be imposed by the State, so that the heirs of the decedent may still enjoy a good portion of their inheritance, which is safely assumed to be in accordance with the will of said decedent.

Further, by reason of the progressive rates of estate tax provided under the present law, which can reach up to a high of 20% of the value of the estate, there are undeniably many cases whereby individuals deliberately avoid the payment of this tax during their lifetime. They sell their properties to their heirs ahead of time, in order to be accountable to pay only capital gains tax, which is computed at 6% of the value of the property sold or of the consideration in the sale, whichever is higher.

Clearly, the enormous discrepancy in the rates between capital gains tax and estate tax instigates the evasion of the latter, thereby rendering our estate taxation system rather ineffective. Worse, the sale of the properties forming part of the estate to one or two of his heirs, usually causes problems as far as equal distribution of his estate among his heirs is concerned, which arises once he dies. In turn, unnecessary protracted legal battles among these heirs spawn, and they are all unable to fully enjoy the use of the estate they inherited.

Thus, to have a more effective taxation scheme, and to alleviate the burdens arising from the avoidance of paying the estate tax, this bill is earnestly proposed as a solution.



**JESULITO A. MANALO**  
Party-list Representative  
ANGKLA

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

SECTION 1. Sec. 84 of RA 8424 shall be amended as follows:

"SEC. 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:				
OVER	BUT NOT OVER	THE TAX SHALL BE	PLUS	OF THE EXCESS OVER
	P 200,000	Exempt		
P 200,000	P 500,000	0	6%	P 200,000
P 500,000	P 2,000,000	P 15,000	6%	P 500,000
P 2,000,000	P 5,000,000	P 135,000	6%	P 2,000,000
P 5,000,000	P 10,000,000	P 465,000	6%	P 5,000,000
P 10,000,000	And Over	P 1,215,000	6%	P 10,000,000

SECTION 2. Repealing Clause. - All laws, decrees, executive orders or rules and regulations inconsistent with this Act are hereby repealed, amended or modified accordingly.

SECTION 3. Effectivity. - This Act shall take effect after fifteen (15) days following its publication in at least two (2) newspapers of general circulation.

Approved,