



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



SEVENTEENTH CONGRESS
First Regular Session

COMMITTEE REPORT NO. 75

Submitted by the Committee on Ways and Means on FEB 01 2017

Re : House Bill No. 4903

Recommending its approval in substitution of House Bills Numbered 1026 and 511

SPONSOR : Representatives Dakila Carlo E. Cua, Jesulito A. Manalo and Robert Ace S. Barbers

Mr. Speaker:

The Committee on Ways and Means to which were referred House Bill No. 1026, introduced by Representative Jesulito A. Manalo, entitled:

“AN ACT AMENDING SECTION 99 OF REPUBLIC ACT NO. 8424 OR THE NATIONAL INTERNAL REVENUE CODE OF THE PHILIPPINES”,

House Bill No. 511 introduced by Rep. Robert Ace S. Barbers, entitled:

“AN ACT RESTRUCTURING THE TRANSFER TAXES, AMENDING FOR THE PURPOSE TITLE III OF THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED”,

has considered the same and recommends that the attached House Bill No. **4903** entitled:

**“AN ACT SIMPLIFYING THE DONOR’S TAX RATE AMENDING FOR
THE PURPOSE SECTION 99 OF THE NATIONAL INTERNAL REVENUE
CODE OF 1997, AS AMENDED”**

be approved in substitution of House Bills Numbered 1026 and 511, with Representatives Jesulito A. Manalo, Robert Ace S. Barbers, Dakila Carlo E. Cua, Peter John D. Calderon and Victoria Isabel G. Noel as authors thereof.

Respectfully submitted,


REP. DAKILA CARLO E. CUA
Chairman
Committee on Ways and Means

The HONORABLE SPEAKER
HOUSE OF REPRESENTATIVES
QUEZON CITY



House of Representatives
Quezon City, Metro Manila

SEVENTEENTH CONGRESS
First Regular Session

House Bill No. **4903**

Introduced by Representatives Jesulito A. Manalo, Robert Ace S. Barbers, Dakila Carlo E. Cua Peter John D. Calderon, and Victoria Isabel G. Noel

**AN ACT
SIMPLIFYING THE DONOR'S TAX RATE AMENDING FOR THE PURPOSE
SECTION 99 OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS
AMENDED**

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

SECTION 1. Section 99 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 99. Rates of Tax Payable by Donor.-

(A) *In General.* – The tax for each calendar year SHALL BE 6% AND shall be computed on the basis of the total net gifts made during the calendar year, PROVIDED THAT ANNUAL NET GIFTS NOT EXCEEDING P100,000 SHALL BE EXEMPT. [in accordance with the following schedule:]

[If the net gift is:

Over	But not Over	The tax shall be	Plus	Of the Excess Over
	P100,000	Exempt		
P100,000	200,000	0	2%	P100,000
200,000	500,000	2,000	4%	200,000
500,000	1,000,000	14,000	6%	500,000
1,000,000	3,000,000	44,000	8%	1,000,000

1	3,000,000	5,000,000	204,000	10%	3,000,000
2	5,000,000	10,000,000	404,000	12%	5,000,000
3	10,000,000		1,004,000	15%	10,000,000]

4
5
6 (B) *Tax Payable by Donor if Donee is a Stranger.* – When the donee or beneficiary
7 is a stranger, the tax payable by the donor shall be [thirty percent (30%)] SIX
8 PERCENT (6%) of the net gifts. For the purpose of this tax, a ‘stranger’ is a person
9 who is not a:

10
11 (1) Brother, sister (whether by whole of half-blood), spouse, ancestor and
12 lineal descendant; or

13
14 (2) Relative by consanguinity in the collateral line within the fourth degree
15 of relationship.

16
17 x x x.”

18 SEC. 2. *Implementing Rules and Regulations.* – Within thirty (30) days upon the
19 effectivity of this Act, the Secretary of Finance shall, upon recommendation of the
20 Commissioner of Internal Revenue, promulgate the necessary rules and regulations for
21 its effective implementation.

22 SEC. 3 *Separability Clause.* – If any provision of this Act is subsequently declared
23 invalid or unconstitutional, other provisions hereof which are not affected thereby shall
24 remain in full force and effect.

25 SEC. 4 *Repealing Clause.* – All laws, acts, presidential decrees, executive orders,
26 issuances, presidential proclamations, rules and regulations or parts thereof which are
27 contrary to and inconsistent with any provision of this Act are hereby repealed, amended
28 or modified accordingly.

29 SEC. 5 *Effectivity.* – This Act shall take effect fifteen (15) days after its complete
30 publication in the Official Gazette, or in two (2) newspapers of general circulation.

31 Approved,

FACT SHEET

HOUSE BILL NO. 4903

(in Substitution to House Bill Nos. 1026 and 511)

“AN ACT SIMPLIFYING THE DONOR’S TAX RATE AMENDING FOR THE PURPOSE SECTION 99 OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED”

Introduce by Reps. Jesulito A. Manalo, Robert Ace S. Barbers, Dakila Carlo E. Cua, John Peter D. Calderon and Victoria Isabel G. Noel

Committee Referral: Committee on Ways and Means

Committee Chairperson: HON. DAKILA CARLO E. CUA

OBJECTIVES:

- To reduce the existing donor's tax rate and ensure fair taxation.

KEY PROVISIONS:

- Net gifts amounting to P100,000 are exempt from donor's tax.
- Simplifies the donor's tax rate to six percent (6%) of net gifts amounting to above P100,000.00.
- Lowers the donor's tax rate from 30% to 6% of the net gifts if the donee is a stranger.

RELATED LAW:

- The National Internal Revenue Code of 1997, as amended.