

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

Sixteenth Congress
First Regular Session

HOUSE BILL NO. 1292



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 releasing capital in the form of property into commercial circulation, 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 the exemption from penalties and interest under Sections 247, 248 and 249 of Republic Act No. 8424, as amended. Such exemption is intended to encourage estate settlement and estate tax payment. The intended consequence of this is immediate and concentrated estate tax collection in the short term, which would outweigh the merits of long term collection, without the amnesty. 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 release 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.



ARTHUR R. DEFENSOR, JR.

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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 this Act:
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- 6 a. to maximize the collection of taxes; and
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8 b. to release capital in the form of property, making the same
9 susceptible to transaction, giving rise to further subjects of taxation.
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11 Sec. 3. *Objectives.* - The following are the objectives of this Act:
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- 13 a. to grant amnesty in estate tax, that shall in the long term, result in
14 increased tax collection; and
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16 b. to grant amnesty in estate tax, that shall promote the settlement of
17 estates of deceased persons, and in turn release properties to
18 commercial circulation, with the end view of generating financial
19 transactions and stimulating economic activity.
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21 Sec. 4. *Coverage and Duration of Tax Amnesty.* - The tax amnesty granted herein
22 shall cover estate taxes that shall be paid, and those that shall be due from estates, the
23 settlement of which have been initiated, whether judicially or extra-judicially, as of
24 the time this Act shall have taken effect, and five (5) years henceforth. *Provided that,*
25 for estate taxes due from estates the settlement of which have been initiated within
26 the aforementioned five (5) year period, the estate must be settled and the taxes paid
27 within three (3) years from the expiration of such period.

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Sec. 5. *Grant of Tax Amnesty.* - Estate taxes covered under the preceding Section 4 shall not be charged penalties and interest under Section 247, 248 and 249 of Republic Act No. 8442, as amended.

Sec. 6. *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.

Sec. 7. *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.