

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



HOUSE of REPRESENTATIVES
House Bill No. **3865**

Introduced by: MA. THERESA B. BONOAN
4th District, City of Manila

EXPLANATORY NOTE

This bill seeks to amend RA No. 8424, also known as "TAX REFORM ACT OF 1997," by giving the heirs of the decedent the opportunity to pay the gross estate tax on the properties included in the estate, per property, meaning, the heirs can pay first the estate tax on one property, to be able to cause the transfer of the said property to the heirs or one of the heirs, or for the latter to be able to sell the same and the proceeds to be used as payment for the other estate tax, and so forth.

Further, the said amendment is not only for the convenience of the heirs, but also, for the government as well in order to help the same in its campaign to improve collection of estate tax. Estate tax remains to be one of the lowest contributors to government coffers. In 2010, the BIR was only able to collect Php1.34 billion in estate taxes, representing about a tenth of 1 percent of the total tax collection of Php822.6 billion.

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


MA. THERESA BONOAN
4th District, City of Manila

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AN ACT
AMENDING SECTION 91 OF REPUBLIC ACT 8424, OTHERWISE
KNOWN AS THE TAX REFORM ACT OF 1997
(NATIONAL INTERNAL REVENUE CODE)

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

SECTION 1. Section 91 of Republic Act No. 8424 otherwise known as the
Tax Reform Act of 1997 is hereby further amended to read as follows:

"SEC. 91. Payment of Tax. -

(A) Time of Payment. - The estate tax imposed by Section 84 shall be paid
at the time the return is filed by the executor, administrator or the heirs.

(B) Extension of Time. - xxx xxx xxx

(C) Liability of Payment. - xxx xxx xxx

(D) Mode of Payment of Estate Tax. -

If the immediate payment in full of the gross estate tax as
may be charged on the estate left by the decedent, would impose
undue hardship and difficulty upon the estate or any of the heirs, the
gross estate tax charged may be computed per property and that the
heirs may then be allowed to pay the said estate tax per property
and successively; *Provided*, that the total amount of the gross estate
tax as computed on all the properties covered by the estate must be
completely settled within ten (10) years, in case the estate is settled
through the courts, or seven (7) years in case the estate is settled
extrajudicially.

SECTION 2. Repealing Clause. - All laws, decrees, orders, rules and regulations or other issuances or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SECTION 3. Separability Clause. - If any portion or provision of this Act is declared unconstitutional, the remainder of this Act or any provision not affected thereby shall remain in force and effect.

SECTION 4. Effectivity. - This Act shall take effect after fifteen (15) days following the completion of its publication either in the Official Gazette or in a newspaper of general circulation in the Philippines.

Approved.