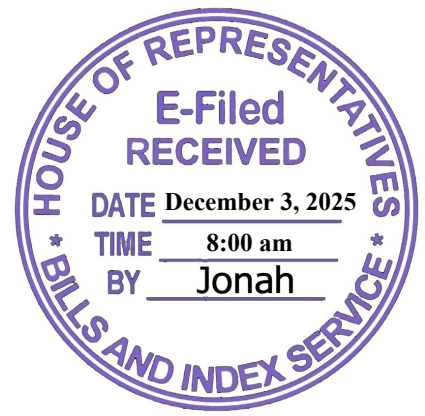


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City
TWENTIETH CONGRESS
First Regular Session
HOUSE BILL NO. 6568



Introduced by Representative Jose Manuel F. Alba

AN ACT
ABOLISHING THE IMPOSITION OF ESTATE TAX, AMENDING
FOR THE PURPOSE THE NATIONAL INTERNAL REVENUE CODE
OF 1997, AS AMENDED, AND FOR OTHER PURPOSES

Explanatory Note

While intended to generate revenue from the transfer of properties and assets at death, the estate tax has historically resulted in unintended consequences: the inability of the decedents' heirs to transfer property titles, the accumulation of unsettled estates, and the stagnation of valuable assets that could otherwise be used as productive economic resources.

Many heirs—particularly those from low- to middle-income families—are unable to afford estate tax payments. As a result, property titles remain in the names of deceased ancestors for decades, rendering such assets practically unusable. These properties cannot be sold, mortgaged, or developed, limiting economic mobility and hindering land consolidation, agricultural productivity, and small enterprise development.

Although recent tax reforms, including the TRAIN Law, significantly reduced estate tax rates and simplified procedures, the fundamental challenges persist. The administrative requirements, valuation processes, and financial obligations still pose barriers, especially for rural communities and vulnerable sectors. By abolishing Estate Tax, the State addresses these long-standing issues. At the same time, it enables:

- The free and efficient transfer of property from one generation to the next;
- The unlocking of dormant assets that can be used as collateral, invested, or developed;

- The reduction of bureaucratic delays and administrative costs in settling estates;
- Greater economic participation among families who previously could not afford to regularize their inheritances; and
- Alignment with international practices, as several jurisdictions worldwide have abolished or significantly reduced estate and inheritance taxes to encourage economic activity.

In abolishing of estate tax does not preclude the government from collecting other applicable charges such as Documentary Stamp Tax (DST), registration fees, and other transaction-related costs. It merely removes an additional layer of taxation that has proven to be more burdensome than beneficial.

With the foregoing, the immediate passage of this bill is earnestly sought.



JOSE MANUEL F. ALBA

Representative, 1ST District, Bukidnon

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

CHAPTER I
GENERAL PROVISIONS

Section 1. *Short Title.* — This Act shall be known as the "*Estate Tax Abolition Act.*"

Sec. 2. *Declaration of Policy.* — It is hereby declared the policy of the State to promote the just and equitable transfer of property, reduce the financial burden on heirs, and simplify the administration and settlement of estates.

Sec. 3. *Repeal of the Estate Tax.* — Section 84 of the National Internal Revenue Code of 1997, as amended, is hereby repealed, and all other provisions imposing estate tax are hereby annulled.

Sec. 4. *Repeal or Amendment of Related Provisions.* — To give full force and effect to the abolition of the estate tax, the following provisions of the National International Revenue Code (NIRC), as amended, are hereby repealed or modified accordingly:

Sections 85 to 97, relating to gross estate, exclusions, deductions, tax credit, valuation, filing of returns, payment of estate tax and related administrative provisions.

Any other provisions in the NIRC or related laws that require the filing, assessment, or collection of estate tax shall be inoperative.

Sec. 5. *Transfer and Updating of Titles, Shares, and Other Properties.*

– The Register of Deeds, government registries, banks, financial institutions, and other concerned agencies shall register the transfer of titles, shares, and other assets in the name of the heirs clear of all liens and encumbrances without requiring the payment of estate tax.

For such agencies, accuracy and legality of transfers may demand:

- a. Proof of death;
- b. Proof of heirship, such as extra-judicial settlement, court order, or notarized documents allowed by law;
- c. Pay any applicable fees that are not estate tax-related.

Sec. 6. *Documentary Stamp Tax and Other Charges.* – Nothing in this Act shall be construed to repeal or amend the imposition of Documentary Stamp Tax (DST) or other non-estate tax charges required for the transfer of property.

Sec. 7. *Review clause.* – The Register of Deeds (RD) shall conduct a review and/or assessment three (3) years after the effectivity of this Act. The RD may invite other agencies to participate in the review and/or assessment.

Sec. 9. *Applicability.* – The provisions of this Act shall take effect prospectively and shall apply only to estate transfers after the effectivity of this Act.

Estate transfers happen at the time of death of the decedent or testator.

Sec. 10. *Implementing Rules and Regulations.* – Within ninety (90) days from the effectivity of this Act, the Department of Finance (DOF) and the Bureau of Internal Revenue (BIR), in coordination with the Department of Justice (DOJ), the Land Registration Authority (LRA), and other relevant agencies, shall promulgate the necessary implementing rules and regulations (IRR).

The IRR shall include:

- a. Procedures for the transfer of properties without estate tax;
- b. Requirements regarding documentation from heirs;
- c. Provides protection against fraudulent double transfers or invalid claims.

Sec. 11. *Separability Clause.* – If any provision of this Act is held to be unconstitutional and invalid, other provisions not affected shall remain in full force and effect.

Sec. 12. *Repealing Clause.* – All laws, decrees, orders, rules and regulations or parts thereof inconsistent with this Act are hereby repealed or modified accordingly.

Sec. 13. *Effectivity.* — This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,