

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

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 6702



Introduced by:

HON. CHRISTOPHERSON "COCO" M. YAP

EXPLANATORY NOTE

In the Philippines, the estate tax is imposed at one of the most difficult moments in a family's life. Under the National Internal Revenue Code of 1997, it arises the instant a person dies and must be settled even as loved ones are grieving and trying to put their affairs in order. Over the years, Congress has tried to improve this system through Republic Act No. 579, Presidential Decree No. 69, Republic Act No. 7499, Republic Act No. 8424, and more recently, the TRAIN Law. These reforms made the tax simpler, but they did not remove the hardship felt by ordinary families.

For many Filipinos, the estate tax remains confusing, costly, and burdensome. Families often cannot afford to pay it, especially when the only assets left behind are a modest home, a small farm, or a family business. As a result, titles remain unsettled for years. Properties stay idle. Heirs lose opportunities to use inherited assets to build better lives. At the same time, the estate tax contributes very little to national revenue, while government spends significant time and resources enforcing it.

The Supreme Court has recognized the State's power to collect estate tax through strong administrative remedies. While lawful, this power can force families to sell cherished property, especially when estates are made up of non-liquid assets. This shows a growing tension between revenue collection and the need to protect families during one of the most vulnerable moments they will face.

The Constitution instructs Congress to evolve a progressive tax system. This means the government has the responsibility to adjust or abolish taxes that no longer serve the public well. The estate tax has become a low yield and high friction tax that often creates more harm than benefit.

This bill seeks to abolish the estate tax for three main reasons. *First*, it will help families keep property titles updated and use inherited assets productively. *Second*, it will allow government to focus its resources on higher yielding and more efficient taxes. *Third*, it removes a tax that falls most heavily on families whose assets are real but not liquid, while large fortunes can still be addressed through stronger income taxation, capital gains taxes, and anti-avoidance rules.

Other taxes on transfers, such as donor's tax, documentary stamp taxes, and capital gains taxes, remain in place. Existing safeguards against tax evasion also remain fully enforceable. What this bill removes is a tax that has lost its purpose and that often prevents families from making full and productive use of what their loved ones worked hard to build.

Abolishing the estate tax is a step toward a fairer and more compassionate tax system. It allows families to move forward with dignity while strengthening a broader tax structure that supports national development.

In view of the foregoing, **ug sa ngalan sa SERBISYONG TINUORAY**, the undersigned respectfully requests the immediate passage of this measure.


CHRISTOPHERSON "COCO" M. YAP
Representative, Second District of Southern Leyte

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AN ACT
ABOLISHING THE ESTATE TAX UNDER THE NATIONAL INTERNAL REVENUE
CODE AS AMENDED

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

SECTION 1. Short Title. — This Act shall be known as the “*Estate Tax Abolition Act.*”

SECTION 2. Declaration of Policy. — It is hereby declared the policy of the State to evolve a tax system that is fair, efficient, and supportive of inclusive economic growth. In line with this policy, the State shall rationalize the structure of national internal revenue taxes by focusing on broad-based, administratively efficient taxes and by simplifying compliance for taxpayers.

In pursuit of these objectives, and considering that estate tax yields relatively modest revenue compared to its administrative and economic costs, the State recognizes the need to abolish the estate tax imposed under existing law and to rely instead on other, more efficient forms of taxation on income and wealth transfers.

SECTION 3. Abolishing of Estate Tax. —

- (a) The imposition of estate tax under the National Internal Revenue Code of 1997, as amended (the “NIRC”), is hereby abolished.

- (b) Accordingly, Sections 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, and all other provisions under Title III, Chapter I of the NIRC, as amended by subsequent laws including but not limited to Republic Act No. 10963, insofar as they impose and govern the estate tax, are hereby repealed or rendered without force and effect.
- (c) From the effectivity of this Act, the transfer of the net estate of every decedent, whether resident or non-resident, shall no longer be subject to estate tax under the NIRC, without prejudice to the imposition of other applicable national or local taxes on specific transactions or properties pursuant to existing laws.

SECTION 4. Conforming Amendments and Transitional Provisions. —

- (a) All references to “estate tax” and to “Title III, Estate Tax” in the NIRC, as amended, in other general or special laws, and in their respective implementing rules and regulations, shall, upon the effectivity of this Act, be deemed deleted or modified as may be necessary to give full effect to the abolition of estate tax.
- (b) The abolition of estate tax under this Act shall apply to the estates of persons who die on or after the effectivity of this Act. Estates of persons who died prior to the effectivity of this Act shall remain subject to the estate tax laws in force at the time of death, without prejudice to applicable tax amnesty programs and relief measures under existing laws, such as Republic Act No. 11213, otherwise known as the “Tax Amnesty Act.”
- (c) The obligations of executors, administrators, and heirs with respect to estate tax returns and payments for deaths occurring before the effectivity of this Act shall continue to be governed by the NIRC and other applicable laws prior to such effectivity.

SECTION 5. Implementing Rules and Regulations. — Within ninety (90) days from the effectivity of this Act, the Secretary of Finance shall, upon the recommendation of the Commissioner of Internal Revenue, promulgate the necessary rules and regulations to implement this Act, including guidelines on the transition and the treatment of pending estate tax assessments, investigations, and cases, consistent with existing laws on tax amnesty, compromise, and abatement.

SECTION 6. Separability Clause. — If any provision of this Act is declared unconstitutional or invalid, the other provisions not affected thereby shall remain in full force and effect.

SECTION 7. Repealing Clause. — All laws, decrees, orders, rules, regulations or parts thereof inconsistent with this Act are hereby amended, repealed, or modified accordingly.

SECTION 8. Effectivity. — This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,