

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

House Bill No. 6782



Introduced by TUCP Party-list Representative
HON. RAYMOND DEMOCRITO C. MENDOZA

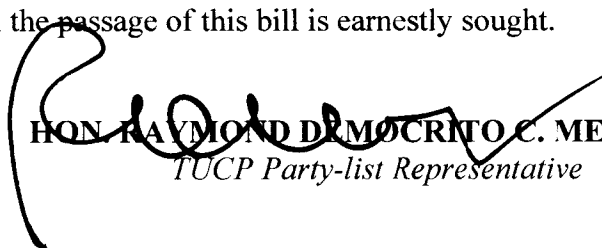
EXPLANATORY NOTE

The proposed Estate Tax Abolition Act seeks to eliminate the additional financial, administrative, emotional, and personal burdens borne by Filipino families who, in the midst of mourning the loss of a loved one, are confronted with the obligation to settle estate taxes. At present, heirs are often compelled to liquidate family assets, sometimes those of deep sentimental or significant economic value, just to comply with estate tax requirements. This bill responds to that hardship by repealing all provisions of the National Internal Revenue Code (NIRC), as amended by the Tax Reform for Acceleration and Inclusion (TRAIN) Law, that impose estate taxes on the transfer of the net estate of deceased persons.

The global experience is instructive such that developed economies have moved toward abolishing inheritance or estate taxes to strengthen competitiveness. As reported by The Telegraph, countries such as Sweden, Norway, Australia, and Singapore have scrapped inheritance taxes since the 1960s which led to a better enabling environment for investments and capital formation.¹

In the Philippines, the rationale for the abolition of taxes, such as the estate tax, becomes even more compelling especially at this time when billions and even trillions of squandered taxes are currently being exposed and continues to dominate the national discourse against corruption. The benefits, therefore, not only of easing the burden on Filipino families, especially those in the middle class, but of a more competitive and dynamic national economy in the international stage far outweigh the revenue loss to the Government due to the abolition of the estate tax.

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


HON. RAYMOND DEMOCRITO C. MENDOZA
TUCP Party-list Representative

¹ <https://www.telegraph.co.uk/money/tax/inheritance/countries-abolished-inheritance-tax-booming-death/>

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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."

SEC. 2. *Declaration of Policy.* - It is hereby declared the policy of the State to promote economic growth, encourage wealth accumulation within Filipino families, and simplify tax compliance. In pursuit of this policy, the State recognizes the need to abolish the estate tax imposed under existing law.

SEC. 3. *Abolition of Estate Tax.* - All provisions of the National Internal Revenue Code of 1997 (Republic Act No. 8424), as amended by the Tax Reform for Acceleration and Inclusion (TRAIN) Law (Republic Act No. 10963), imposing the estate tax on the transfer of the net estate of deceased persons, are hereby repealed. Consequently, estates of deceased persons shall no longer be subject to estate tax.

SEC. 3. *Abolishing Estate Tax.* - All provisions of the National Internal Revenue Code of 1997 (Republic Act No. 8424), as amended by the Tax Reform for Acceleration and Inclusion (TRAIN) Law (Republic Act No. 10963), imposing the estate tax on the transfer of the net estate of deceased persons, are hereby repealed. Consequently, estates of deceased persons shall no longer be subject to estate tax.

SEC. 4. *Amendments to Other Relevant Provisions.* - All references to estate tax in any law, regulation, or administrative issuance shall be deemed amended accordingly. The Bureau of Internal Revenue (BIR) shall issue the necessary rules and regulations to implement this Act.

SEC. 5. *Repealing Clause.* - All laws, decrees, executive orders, rules, and regulations, or parts thereof which are inconsistent with the provisions of this Act are hereby repealed, amended, or modified accordingly.

SEC. 6. *Separability Clause.* - If any provision of this Act is declared unconstitutional or invalid, the remaining provisions shall not be affected and shall remain in full force and effect.

SEC. 7. *Effectivity.* - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,