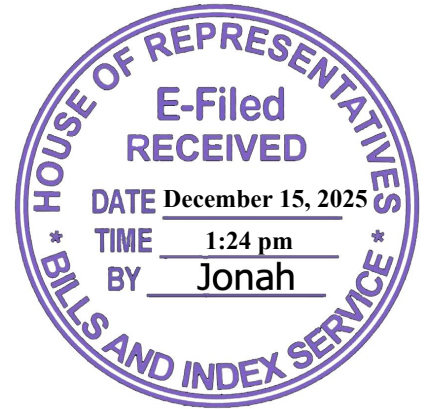




Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 6830



Introduced by **Representative EDUARDO R. RAMA JR.**

EXPLANATORY NOTE

Benjamin Franklin once said, “In this world, nothing is certain except death and taxes.” This is certainly true as under Philippine tax law, once a person passes away, surviving family members have the obligation to remit and pay estate tax. Estate tax is imposed upon the privilege of the decedent to transmit his estate at death to the lawful heirs. Currently, estate tax is set at the rate of six percent (6%) of the gross estate or properties of the decedent wherever situated.¹

Despite statutory exemptions, the Bureau of Internal Revenue (BIR) observed a significant backlog of unsettled estates attributable to difficulties in compliance.² In some cases, heirs were unable to transfer inherited property because they cannot afford the estate tax due. This results in widespread informality in property records, stagnation of land assets, and unrealized economic activity. Consequently, estate tax amnesty programs³ were implemented to ease the financial burden on families with long unpaid estate taxes and to encourage compliance.

Families are burdened with the obligation to settle estate taxes at the precise moment of loss and during a period of financial vulnerability. For many heirs, the tax is not only difficult to pay but often exceeds their available cash resources, forcing them to keep titles under the names of their deceased relatives. This leaves millions of properties virtually

¹ Sections 22 to 25, Republic Act No. 10963 (19 December 2017).

² Bureau of Internal Revenue 2024 Annual Report.

³ Republic Act No. 11213 (24 February 2019) Republic Act No. 11956 (25 August 2023)

immobilized. Properties stuck under untransferred estates disrupt land transactions, limit access to credit, weaken land records, and suppress their full economic potential.

This bill seeks to replace the current estate tax system with a more rational, equitable, and economically aligned approach by abolishing the estate tax entirely and shifting taxation to the moment when an heir actually realizes economic gain. Under this proposal, inherited property will no longer be taxed at the time of death; instead, taxes will be imposed only upon sale or transfer for value. This ensures that the tax burden arises only when liquidity is available and when the taxpayer ultimately realizes a benefit from the property.

This bill aims to provide Filipinos with three main benefits:

First, it removes the immediate financial burden on grieving families. Heirs will no longer be forced to produce cash or sell property just to comply with estate tax obligations.

Second, it encourages timely estate settlement and proper processing of title transfer. Without an upfront tax barrier, heirs can update records more easily, strengthening land registries and unlocking property for credit, productivity, and development.

Third, it ensures taxes are paid ONLY when actual economic gain is realized. By shifting taxation to the point of sale, compliance improves because transfers already pass through formal channels.

Ultimately, this measure replaces an outdated and burdensome tax with a more humane, fair, and economically aligned system that supports Filipino families and enhances the productive use of inherited property.

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



REP. EDUARDO R. RAMA, JR.
2nd District, City of Cebu



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TWENTIETH CONGRESS
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HOUSE BILL NO. 6830

Introduced by **Representative EDUARDO R. RAMA JR.**

AN ACT
ABOLISHING THE ESTATE TAX AMENDING SECTION 24 AND 39 OF THE
NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND FOR
OTHER PURPOSES

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

SECTION 1. Title III of the National Internal Revenue Code of 1997, as amended, together with all sections therein, is hereby **REPEALED**.

SECTION 2. Section 24(D) of the National Internal Revenue Code of 1997, as amended, is hereby further amended by inserting a new paragraph after paragraph (1) to read as follows:

SEC. 24. Income Tax Rates. –

(D) Capital Gains from Sale of Real Property. –

(1) In General. – *[NO CHANGE]*

“The tax imposed under this Subsection shall be six percent (6%) based on the gross selling price or fair market value as determined under this Code, whichever is higher.”

(2) **PROPERTY ACQUIRED BY SUCCESSION. - IN THE CASE OF**
REAL PROPERTY ACQUIRED BY SUCCESSION, THERE SHALL BE ADDED

TO THE TAX DUE UNDER PARAGRAPH (1) A DEFERRED SUCCESSION COMPONENT COMPUTED AS FOLLOWS:

- (A) BASE AMOUNT - SIX PERCENT (6%) OF THE ASSESSED VALUE OF THE PROPERTY AT THE TIME OF THE EARLIEST SUCCESSION OCCURRING AFTER THE EFFECTIVITY OF THIS ACT;**
- (B) ANNUAL INTEREST - AN AMOUNT EQUAL TO THREE PERCENT (3%) PER YEAR OF THE BASE AMOUNT, USING SIMPLE INTEREST, MULTIPLIED BY THE NUMBER OF FULL YEARS BETWEEN THE DATE OF SUCH SUCCESSION AND THE DATE OF THE TRANSFER FOR VALUE; NO ANNUAL INTEREST SHALL BE CHARGED FOR TRANSFERS OF VALUE MADE WITHIN ONE (1) YEAR OF SUCCESSION;**
- (C) CAP – THE TOTAL OF THE BASE AMOUNT AND ANNUAL INTEREST SHALL IN NO CASE EXCEED SIX PERCENT (6%) OF THE ASSESSED VALUE OR FAIR MARKET VALUE OF THE PROPERTY AT THE TIME OF THE FIRST TRANSFER FOR VALUE;**
- (D) SINGLE SUCCESSION RULE – ALL SUCCESSIONS PRIOR TO THE FIRST TRANSFER FOR VALUE SHALL BE TREATED AS A SINGLE SUCCESSION EVENT FOR PURPOSES OF COMPUTING THE BASE AMOUNT AND HOLDING PERIOD.”**

SECTION 3. Section 39 of the National Internal Revenue Code, as amended, is hereby further amended by inserting a new subsection to read as follows:

“SEC. 39. Capital Gains and Losses. –

(F) DEFERRED SUCCESSION COMPONENT FOR DISPOSITIONS OF PROPERTY ACQUIRED BY SUCCESSION OTHER THAN REAL PROPERTY.

UPON THE FIRST TRANSFER FOR VALUE OF PERSONAL PROPERTY ACQUIRED BY SUCCESSION, THE SELLER OR TRANSFEROR SHALL PAY A DEFERRED SUCCESSION COMPONENT COMPUTED AS FOLLOWS:

- (1) BASE AMOUNT - SIX PERCENT (6%) OF THE FAIR MARKET VALUE OF THE PROPERTY AT THE TIME OF THE EARLIEST SUCCESSION OCCURRING AFTER THE EFFECTIVITY OF THIS ACT;**
- (2) ANNUAL INTEREST - THREE PERCENT (3%) PER YEAR OF THE BASE AMOUNT, USING SIMPLE INTEREST;**
- (3) CAP - THE TOTAL SHALL NOT EXCEED SIX PERCENT (6%) OF THE FAIR MARKET VALUE OF THE PROPERTY AT THE TIME OF THE FIRST TRANSFER FOR VALUE.**
- (4) SINGLE SUCCESSION RULE - ALL SUCCESSIONS PRIOR TO THE FIRST TRANSFER FOR VALUE SHALL BE TREATED AS A SINGLE SUCCESSION EVENT.”**

TRANSFER FOR VALUE SHALL INCLUDE ANY SALE, EXCHANGE, DACION EN PAGO, ASSIGNMENT, TRANSFER OF BENEFICIAL INTEREST, OR CONTRIBUTION TO A CORPORATION OR PARTNERSHIP WITH CONSIDERATION.

NO REGISTRY OF DEEDS, STOCK TRANSFER AGENT, CORPORATE SECRETARY OR OTHER PERSON SHALL RECORD OR REGISTER ANY TRANSFER FOR VALUE OF PROPERTY ACQUIRED BY SUCCESSION WITHOUT A CERTIFICATION OF FULL PAYMENT OF THE DEFERRED SUCCESSION COMPONENT FROM THE BUREAU OF INTERNAL REVENUE.

ONLY SUCCESSIONS OCCURRING AFTER DECEMBER 31, 2025 SHALL BE USED AS THE BASIS FOR COMPUTING THE DEFERRED SUCCESSION COMPONENT. SUCCESSIONS PRIOR TO THE EFFECTIVITY OF THIS ACT SHALL NOT GENERATE A BASE AMOUNT.

SECTION 4. *Separability Clause.*— If, for any reason, any section of this Act shall be deemed unconstitutional and invalid, the other sections or provisions hereof shall not be affected and shall remain in force and effect.

SECTION 5. *Repealing Clause.* — All laws, executive orders, decrees, instructions, rules, and regulations, contrary to or inconsistent with any provisions of this Act, are repealed or amended accordingly.

SECTION 6. *Effectivity.* — This Act shall take effect fifteen (15) days after its publication in the Official Gazette or a newspaper of general circulation.

Approved,