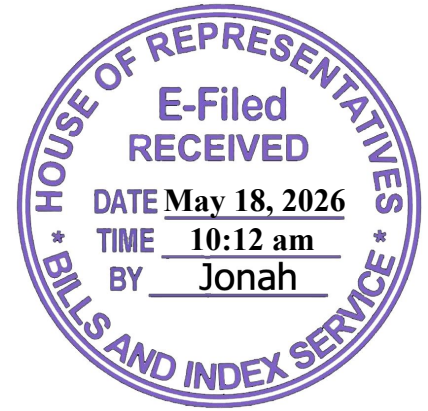


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. **9274**



Introduced by Representative LEILA M. DE LIMA

AN ACT
IMPOSING AN “ULTRA-WEALTH TAX” ON INDIVIDUALS WITH NET ASSETS
EXCEEDING ONE BILLION PESOS, AMENDING FOR THE PURPOSE CERTAIN
PROVISIONS OF THE NATIONAL INTERNAL REVENUE CODE (NIRC) OF 1997
OR REPUBLIC ACT NO. 8424, AS AMENDED

EXPLANATORY NOTE

According to a 2022 World Bank report, the Philippines ranked 15th out of 63 countries in income inequality, having one of the highest income inequality rates in East Asia.¹ In the country, the top 1% of income earners contribute 17% of the national income while the bottom 50% capture only 14%.² According to the 2023 Forbes Philippines’ 50 Richest list, the P3.95 trillion net worth of the country’s 50 richest reported in 2022 increased to P4.44 trillion in 2023, marking a 12.5% increase and reflecting an even widening income gap.

The 2022 World Bank report emphasized how income inequality is perpetuated by the intergenerational cycle of poverty.³ For instance, it was found that families with limited financial resources and lower educational backgrounds have significantly less access to antenatal care (ANC) and postnatal care (PNC) compared to the national average, resulting in elevated rates of stunting, underweight, and wasting among them compared to wealthier counterparts.⁴ At the same time, while students of more affluent households are able to invest heavily on education, with a per capita expenditure on education more than 22 times that of the poorest households, children of lower-income households face reduced enrollment rates and are less likely to be placed in the age-appropriate grades.⁵ Clearly, the limited access to health care, education, and opportunities for skill development diminishes the opportunities for upward mobility,

¹ Ngo, F. (20 September 2023). Income Inequality in the Philippines. The Borgen Project. Retrieved from <https://borgenproject.org/income-inequality-in-the-philippines/>.

² Ibid.

³ Ibid.

⁴ Ibid.

⁵ Ibid.

culminating in the intergenerational transmission of poverty that breeds income inequality.

Government interventions are therefore necessary to address the rising gap in inequality brought about by systemic failures, including having a regressive taxation system. The country's current taxation system include consumption taxes, such as the value-added tax (VAT) and excise taxes, that more significantly impact smaller incomes, thus widening the gap between rich and poor, and the marginalized and the elite.⁶

At present, a common practice among governments across Asia to reduce public budget deficits is to enforce austerity measures, such as spending cuts, regressive tax increases, or both.⁷ However, at a time when state provision of healthcare, education, infrastructure, and other basic public goods are crucial to sustain the lives and livelihoods of the people, these anti-people taxes and austerity measures would simply be unacceptable.

This bill proposes the imposition of an annual Ultra-Wealth Tax on the country's billionaires or the ultra-rich whose net taxable assets exceed one billion pesos (P1,000,000,000). The rates of the ultra-wealth tax shall be as follows: 1% for wealth above P1 billion; 2% for wealth above P2 billion; and 3% for wealth above P3 billion. Considering the limited number of billionaires whose net worth significantly exceed the net worth of the bottom 50% Filipino income earners, this proposed ultra-wealth tax shall only target a small number of taxpayers, unlike in the case of consumption taxes that affect a majority of the population, heavily impacting upon the poor.

To ensure that the revenues generated from the ultra-wealth taxes are directed to the necessary government programs that benefit the general public, this bill proposes for the exclusive use of the revenues for the following items of public expenditure: public health services nationwide, education, local government support fund, social protection and employment, and housing.

In the 20th Congress, similar bills were filed by Representatives Percival Cendaña, Jose "Chel" Diokno, Dadah Ismula, Kaka Bag-Ao, Antonio Tinio, Sarah Elago, Renee Co, and Raymond Mendoza. This bill adopts several provisions from the aforementioned bills.

Early approval of this measure is earnestly sought.



LEILA M. DE LIMA

⁶ Asian Peoples' Movement on Debt and Development. (24 August 2022). Tax the Rich, Not the Poor!: A Call to Institute A Wealth Tax. Retrieved from <https://apmdd.org/tax-the-rich-not-the-poor-a-call-to-institute-a-wealth-tax/>.

⁷ Ibid.

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AN ACT
IMPOSING AN “ULTRA-WEALTH TAX” ON INDIVIDUALS WITH NET ASSETS EXCEEDING ONE BILLION PESOS, AMENDING FOR THE PURPOSE CERTAIN PROVISIONS OF THE NATIONAL INTERNAL REVENUE CODE OF 1997 OR REPUBLIC ACT NO. 8424, AS AMENDED

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

1 SECTION. 1. *Short Title.* – This Act shall be known as the “Ultra-Wealth Tax
2 Act.”

3
4 SEC. 2. *Declaration of Policy.* – It shall be the declared policy of the State to
5 correct the regressive structure of the Philippine taxation, dismantle entrenched
6 oligarchic privilege, and mobilize domestic resources for free public health, education,
7 social protection, employment, and housing without adding debt burden to the general
8 public, especially the poor.

9
10 SEC. 3. *The National Internal Revenue Code of 1997 is hereby amended by*
11 *the insertion of the following section to be designated as Sec. 27, as follows:*

12
13 **“SEC. 27. ULTRA-WEALTH TAX. – EVERY INDIVIDUAL WHOSE NET**
14 **TAXABLE ASSETS, AS DEFINED UNDER SECTION 33 OF THIS CODE,**
15 **EXCEED ONE BILLION PESOS (P1,000,000,000) SHALL ANNUALLY PAY**
16 **A TAX ACCORDING TO THE SCHEDULE UNDER SUBSECTION B OF THIS**
17 **SECTION.**

18
19 **A. COVERAGE. – THE TAX SHALL APPLY TO ALL OF THE FOLLOWING**
20 **NATURAL PERSONS:**

- 22 1. CITIZENS, RESIDENT OR NON-RESIDENT;
23 2. RESIDENT ALIENS; AND
24 3. NON-RESIDENT ALIENS ON PHILIPPINE-SITUS ASSETS
25

26 B. MANDATORY WEALTH SELF-ASSESSMENT AND PENALTIES FOR
27 MISDECLARATIONS. – ALL INDIVIDUALS WITH A NET WORTH
28 EXCEEDING ONE BILLION PESOS SHALL BE REQUIRED TO SUBMIT
29 AN ANNUAL, SWORN SELF-ASSESSMENT STATEMENT OF WEALTH,
30 DISCLOSING ALL ASSETS, WHETHER DOMESTIC OR FOREIGN, AND
31 WHETHER HELD DIRECTLY OR INDIRECTLY THROUGH
32 CORPORATIONS, TRUSTS, OR OTHER ENTITIES.
33

34 THE BURDEN OF ACCURATELY AND COMPREHENSIVELY DECLARING
35 NET WORTH SHALL REST PRIMARILY WITH THE TAXPAYER. THE
36 GOVERNMENT SHALL NOT BE OBLIGATED TO PROVE UNDECLARED
37 ASSETS IN THE INITIAL ASSESSMENT.
38

39 C. RATES OF TAXABLE WEALTH OF BILLIONAIRES. – THE TAX SHALL
40 BE COMPUTED IN ACCORDANCE WITH AND AT THE RATES
41 ESTABLISHED IN THE FOLLOWING SCHEDULE:
42

43 **TAX SCHEDULE EFFECTIVE JANUARY 1, 2026 ONWARDS:**
44

45 WEALTH ABOVE P1,000,000,000.....	1%
46 WEALTH ABOVE P2,000,000,000.....	2%
47 WEALTH ABOVE P3,000,000,000.....	3%

48

49 THE SELF-ASSESSMENT STATEMENT OF WEALTH SHALL BE FILED,
50 AND THE TAX SHALL BE PAID ON OR BEFORE 15 MAY FOLLOWING THE
51 CLOSE OF THE TAXABLE YEAR. QUARTERLY INSTALLMENTS MAY BE
52 ELECTED.
53

54 FOR MARRIED INDIVIDUALS, THE HUSBAND AND WIFE SHALL
55 COMPUTE SEPARATELY THEIR ULTRA-WEALTH TAX BASED ON
56 THEIR RESPECTIVE TOTAL TAXABLE ASSETS: *PROVIDED*, THAT IF ANY
57 ASSET CANNOT BE ATTRIBUTED TO OR IDENTIFIED AS WEALTH
58 EXCLUSIVELY ACCUMULATED OR REALIZED BY EITHER OF THE
59 SPOUSES, THE SAME SHALL BE DIVIDED EQUALLY BETWEEN THE
60 SPOUSES FOR THE PURPOSE OF DETERMINING THEIR RESPECTIVE
61 TAXABLE WEALTH.
62

63 D. ANTI-AVOIDANCE. – ANY SCHEME, SUCH AS BUT NOT LIMITED TO
64 TRANSFER, TRUST, OR CHANGE OF RESIDENCE, WHOSE PRINCIPAL
65 PURPOSE IS THE AVOIDANCE OF THIS TAX SHALL BE DISREGARDED.

66 A DEEMED-DISPOSITION EXIT TAX AT 3% SHALL APPLY UPON THE
67 TAXPAYER'S LOSS OF PHILIPPINE CITIZENSHIP OR PERMANENT
68 RESIDENCE.

69
70 SEC. 4. *The National Internal Revenue Code of 1997 is hereby further*
71 *amended by the insertion of the following sections to be designated as Sec. 33 and*
72 *Sec. 34 under Title II, Chapter VI:*

73
74 "TITLE II
75 CHAPTER VI

76
77 SEC. 33. **NET TAXABLE ASSETS OF BILLIONAIRES DEFINED.** – THE
78 TERM 'NET TAXABLE ASSETS' REFERS TO THE FAIR MARKET VALUE
79 OF ASSETS OWNED BY A TAXPAYER, REAL OR PERSONAL,
80 TANGIBLE OR INTANGIBLE, WHEREVER SITUATED, REDUCED BY ANY
81 DEBTS OWED BY THE TAXPAYER: *PROVIDED*, THAT THE FAIR
82 MARKET VALUE SHALL BE DETERMINED AS OF 31 DECEMBER OF
83 THE TAXABLE YEAR USING:

- 84
85 1. THE CLOSING PRICE OF LISTED SECURITIES;
86 2. REAL PROPERTY BASED ON THE BIR ZONAL VALUE OR
87 DULY-APPRAISED MARKET VALUE, WHICHEVER IS HIGHER;
88 AND
89 3. PRIVATE COMPANIES BASED ON THE LATEST ARM'S-
90 LENGTH TRANSACTION OR, IF NONE, THE HIGHER OF BOOK
91 VALUE OR CAPITALIZATION-OF-EARNINGS METHOD.

92
93 (A) CREDITS. – ANNUAL REAL PROPERTY TAX ON PHILIPPINE REALTY
94 MAY BE CREDITED AGAINST THE ULTRA-WEALTH TAX: *PROVIDED*,
95 THAT THE MAXIMUM CREDIT SHALL NOT EXCEED THE CAP OF 25%
96 OF THE TOTAL ULTRA-WEALTH TAX DUE IN ANY ASSESSED YEAR:
97 *PROVIDED FURTHER*, THAT ANY AMOUNT OF CREDIT IN EXCESS OF
98 THE CAP SHALL NOT BE CARRIED OVER ON THE SUBSEQUENT
99 YEARS.

100
101 (B) REVALUATION CYCLE. – THERE SHALL BE A REVALUATION EVERY
102 THREE YEARS: *PROVIDED*, THAT INTERIM DECLARATIONS OF
103 MATERIAL CHANGE MORE THAN 20 PERCENT SHALL BE FILED WITHIN
104 THIRTY DAYS."

105
106 SEC. 5. *The National Internal Revenue Code of 1997 is hereby further*
107 *amended by the insertion of the following section to be designated as Sec. 292 under*
108 *Title XI, Chapter II:*

110
111
112 **"TITLE XI**
113 **CHAPTER II**
114

115 **SEC. 292. DISPOSITION OF REVENUES FROM ULTRA-WEALTH TAX. –**
116 **THE PROVISIONS OF EXISTING LAWS TO THE CONTRARY**
117 **NOTWITHSTANDING, ONE HUNDRED PERCENT (100%) OF THE TOTAL**
118 **REVENUES COLLECTED FROM THE ULTRA-WEALTH TAX SHALL BE**
119 **ALLOCATED AND USED EXCLUSIVELY IN THE FOLLOWING MANNER:**
120

121 **(A) FIFTY PERCENT (50%) SHALL BE ALLOCATED NATIONWIDE,**
122 **BASED ON POLITICAL AND DISTRICT SUBDIVISIONS, FOR**
123 **PUBLIC HEALTH SERVICES, INCLUDING BUT NOT LIMITED TO**
124 **PREVENTIVE AND PRIMARY HEALTH PROGRAMS AND PUBLIC**
125 **HOSPITAL INFRASTRUCTURE AND STAFFING. THE ANNUAL**
126 **REQUIREMENTS OF WHICH SHALL BE DETERMINED BY THE**
127 **DEPARTMENT OF HEALTH (DOH).**
128

129 **(B) FIFTY PERCENT (50%) SHALL BE ALLOCATED TO THE**
130 **FOLLOWING SOCIAL MITIGATING MEASURES AND**
131 **INVESTMENTS, WHICH SHALL PRIORITIZE AND DIRECTLY**
132 **BENEFIT THE POOR AND NEAR-POOR HOUSEHOLDS:**

- 133 **(1) EDUCATION (20%),**
134 **(2) LOCAL GOVERNMENT SUPPORT FUND (15%),**
135 **(3) SOCIAL PROTECTION AND EMPLOYMENT (10%), AND**
136 **(4) HOUSING (5%).**
137

138 **THE ANNUAL REQUIREMENTS SHALL BE DETERMINED BY THE**
139 **DEPARTMENT OF EDUCATION (DEPED), THE DEPARTMENT OF**
140 **BUDGET AND MANAGEMENT (DBM) IN COORDINATION WITH**
141 **THE DEPARTMENT OF INTERIOR AND LOCAL GOVERNMENT**
142 **(DILG), THE DEPARTMENT OF SOCIAL WELFARE AND**
143 **DEVELOPMENT (DSWD), THE DEPARTMENT OF LABOR AND**
144 **EMPLOYMENT (DOLE), AND THE DEPARTMENT OF HUMAN**
145 **SETTLEMENTS AND URBAN DEVELOPMENT (DHSUD).**
146

147 **ALL COLLECTIONS AND DISBURSEMENTS OF THE REVENUE FROM**
148 **THE ULTRA-WEALTH TAX SHALL BE PUBLISHED BY THE DEPARTMENT**
149 **OF BUDGET AND MANAGEMENT (DBM) ON A QUARTERLY AND**
150 **ANNUAL BASIS.**
151

152 **SEC. 6. *International Tax and Asset Transparency Cooperation.* – To**
153 **implement the provisions of this Act effectively, the Commissioner of Internal Revenue,**

in coordination with the Department of Finance (DOF) and relevant agencies, is authorized to:

- A. Participate in and comply with international tax transparency standards, including but not limited to the OECD Common Reporting Standards (CRS) recommendations, and United Nations protocols on asset recovery and beneficial ownership disclosure;
- B. Enter into treaties, conventions, memoranda of understanding, and exchange of information agreements with foreign governments and multilateral bodies;
- C. Establish mechanisms for mutual assistance in tax matters and enforcement of this Act across jurisdictions; and
- D. Access and utilize foreign-sourced data in accordance with international agreements and domestic data protection laws.

SEC. 7. *Wealth-Tax Unit.* – Within 180 days from the effectivity of this Act, the BIR shall create a Wealth-Tax Unit composed of specialized revenue officers and government appraisers who shall review and assess the Self-Assessment Statement of Wealth filed and the wealth tax paid by the billionaires. The Unit shall be authorized to conduct lifestyle audits, asset tracing, and to access domestic and international financial records to verify the accuracy of wealth declarations. The Unit shall investigate and recommend the filing of charges for avoidance, misdeclaration, non-declaration of assets, and other offenses, if any.

SEC. 8. *Penalties.* – Any willful misdeclaration or non-declaration of assets shall be subject to the following penalties, with full respect for due process:

- A. A monetary penalty of not less than 20% of the value of the undeclared or misdeclared assets;
- B. Expropriation or confiscation of the undeclared assets in cases of deliberate concealment or fraud; and
- C. Where appropriate, the filing of criminal charges for tax evasion or related offenses.

SEC. 9. *Non-Substitution of Existing Appropriations for Social Services.* – The revenues collected under this Act and earmarked for the identified social services shall be used exclusively to supplement existing appropriations and shall not be used as a substitute for any part of the regular annual General Appropriations Act (GAA) funding for these social services.

198 In no case shall the release or use of these earmarked funds result in a
199 reduction, reallocation, or realignment of existing budgetary appropriations for the
200 same purpose or program.

201
202 The DBM shall certify that the annual appropriations for social services in the
203 GAA are no less than the previous fiscal year's allocations, adjusted for inflation and
204 population growth.

205
206 The Commission on Audit (COA) shall conduct an annual audit to ensure
207 compliance with this provision and shall submit a report to Congress.

208
209 SEC. 10. *Separability Clause.* – If any section or provision of this Act is declared
210 invalid or unconstitutional, the sections or provisions not affected thereby shall
211 continue to be in full force and effect.

212
213 SEC. 11. *Repealing Clause.* – All laws, executive orders, presidential decrees,
214 presidential proclamations, letters of instruction, rules and regulations, or parts thereof
215 inconsistent with the provisions of this Act are hereby repealed, modified, or amended
216 accordingly.

217
218 SEC. 12. *Effectivity.* – This Act shall take effect fifteen (15) days following its
219 publication in the Official Gazette or in two (2) newspapers of general circulation in the
220 Philippines.

 Approved,