

Estate tax

Estate Tax

- Tax on the right of the deceased person to transfer his/her assets to lawful heirs or beneficiaries
- Not a property tax but is imposed on transferring assets when the owner dies, according to the BIR

Gross estate (assets)

- If decedent is resident and citizen of the Philippines, **all properties**, real or personal, tangible or intangible, **wherever situated**

Gross estate (assets)

- If decedent is non-resident alien, **only properties situated in the Philippines**
- With respect to intangible personal property, its inclusion is subject to the rule of reciprocity

Net estate

- Determined by subtracting allowed deductions from the gross estate
- Deductions for citizen or resident alien in the Philippines: standard PhP5M
- For non-resident alien: standard PhP500K

Standard 5M Deductions

- Claims against the estate
- Claims of the deceased against insolvent persons
- Unpaid mortgages, taxes and casualty losses
- Property previously taxed

Standard 5M Deductions

- Amount received by heirs under Republic Act No. 4917
- Net share of the surviving spouse in the conjugal partnership or community property
- Transfers for public use

Standard Deduction: Family Home

- Based on current fair market value
- Provided that if its current fair market value exceeds 10 million, the excess shall be subject to estate tax

Standard 500K Deductions

- The proportion of the total losses and indebtedness which the value of such part bears to the value of his entire gross estate wherever situated

Standard 500K Deductions

- Property previously taxed
- Transfers for public use
- Net share of the surviving spouse in the conjugal property or community property

Tax rates

Depends on date of death

- Jan 1, 2018 to present
- Jan 1, 1998 – Dec 31, 2017
- Jul 28, 1992 – Dec 31, 1997
- Jan 1, 1973 – Jul 27, 1992
- Sep 15, 1950 – Dec 31, 1972
- Jul 1, 1939 – Sep 14, 1950

Jan 1, 2018 - present

6% of NET ESTATE

Jan 1, 1998 – Dec 31, 2017

Over	Up to	Tax	Plus	Excess Over
	P200K	exempt		
200K	500K	0	5%	200K
500K	2M	15K	8%	500K
2M	5M	135K	11%	2M
5M	10M	465K	15%	5M
10M		1.215M	20%	10M

Jul 28, 1992 – Dec 31, 1997

Over	Up to	Tax	Plus	Excess Over
	P200K	exempt		
200K	500K	0	5%	200K
500K	2M	15K	8%	500K
2M	5M	135K	12%	2M
5M	10M	495K	21%	5M
10M		1.545M	35%	10M

Jan 1, 1973 – Jul 27, 1992

Over	Up to	Tax	Plus	Excess Over
	P10K	exempt		
10K	50K	3%	-	10K
50K	75K	1,200	4%	50K
75K	100K	2,200	5%	75K
100K	150K	3,450	10%	100K
150K	200K	8,450	15%	150K

Jan 1, 1973 – Jul 27, 1992

Over	Up to	Tax	Plus	Excess Over
200K	300K	15,950	20%	200K
300K	400K	35,950	25%	300K
400K	500K	60,950	30%	400K
500K	625K	90,950	35%	500K
625K	750K	134,700	40%	625K
750K	875K	184,700	45%	750K

Jan 1, 1973 – Jul 27, 1992

Over	But Not Over	The Tax Shall Be	Plus	Of The Excess Over
875K	1M	240,950	50%	875K
1M	2M	303,450	53%	1M
2M	3M	833,450	56%	2M
3M	-	1,393,450	60%	3M

Sep 15, 1950 – Dec 31, 1972

Over	But Not Over	ESTATE	INHERITANCE
0	P5K	exempt	exempt
5K	12K	1%	2%
12K	30K	2%	4%
30K	50K	2.5%	6%
50K	70K	3%	8%
70K	100K	5%	12%

Sep 15, 1950 – Dec 31, 1972

Over	But Not Over	ESTATE	INHERITANCE
100K	150K	7%	14%
150K	250K	9%	16%
250K	500K	11%	18%
500K	1M	13%	20%
1M		15%	22%

Jul 1, 1939 – Sep 14, 1950

Over	But Not Over	ESTATE	INHERITANCE
0	P3K	exempt	1%
3K	10K	1%	1%
10K	30K	1.5%	2%
30K	50K	2.0%	3%
50K	80K	2.5%	4%
80K	110K	3%	5%

Jul 1, 1939 – Sep 14, 1950

Over	But Not Over	ESTATE	INHERITANCE
110K	150K	3.5%	6%
150K	190K	4%	7%
190K	240K	4.5%	8%
240K	290K	5%	9%
290K	350K	5.5%	10%
350K	420K	6%	11%

Jul 1, 1939 – Sep 14, 1950

Over	But Not Over	ESTATE	INHERITANCE
420K	500K	6.5%	12%
500K	600K	7.0%	13%
600K	720K	7.5%	14%
720K	850K	8.0%	15%
850K	1M	8.5%	16%
1M	1.2M	9%	17%

Jul 1, 1939 – Sep 14, 1950

- If the net estate is

Over	But Not Over	ESTATE	INHERITANCE
1.2M	1.5M	9.5%	17%
1.5M		10%	17%

Tax amnesty

Tax amnesty

- RA 11213 grants taxpayers a one-time opportunity to settle their tax obligations
- gives reasonable tax relief to estates with outstanding estate tax liabilities.

Tax amnesty

- Estate administrator, lawful heirs, or beneficiaries have two years or until June 15, 2021
- Those who avail of the estate tax amnesty enjoy immunity from the payment of estate taxes, civil, criminal, and administrative cases and penalties.

Tax amnesty

- Covers the estate of decedents who died on or before December 31, 2017, with or without assessments duly issued, whose estate taxes have remained unpaid or have accrued, as of December 31, 2017.

Tax amnesty extension

- Under RA 11569, the new deadline for the filing of estate tax amnesty returns was set on June 14, 2023

Exceptions

- Delinquent estate tax liabilities, which have become final and executory and those covered by Tax Amnesty on Delinquencies.

Exceptions

- Properties involved in cases pending in appropriate courts such as PCGG cases, Anti-Graft and Corrupt Practices Act cases, plunder cases, Anti-Money Laundering Act cases, Tax Evasion cases and other criminal offenses.

What if unpaid

- the inherited property cannot be transferred to the heir's name
- certificate of title cannot be issued confirming the heir's right of ownership
- the property cannot be sold

**Ang pagyaman,
napag-aaralan at
napagtutulungan!**