The net estate of every decedent, whether resident or non-resident of the Philippines, as determined in accordance with the NIRC, shall be subject to an Estate Tax at the rate of six percent (6%).

The gross estate of a decedent shall be comprised of the following properties and interest therein at the time of his/her death, including revocable transfers and transfers for insufficient consideration, etc.:

a. Residents and citizens – all properties, real and personal, tangible or intangible, wherever situated.

b. Non-resident aliens – only properties situated in the Philippines provided, that, with respect to intangible personal property, its inclusion in the gross estate is subject to the rule of reciprocity provided for under Section 104 of the NIRC.

Provided, that amounts withdrawn from the deposit accounts, including foreign currency deposits, of a decedent subjected to the 6% Final Withholding Tax imposed under Section 97 of the NIRC, shall be excluded from the gross estate for purposes of computing the Estate Tax.

The properties comprising the gross estate shall be valued according to their fair market value as of the time of death of decedent’s death. If the property is a real property, the appraised value thereof as of the time of death shall be, whichever is the higher of the fair market value as determined by the Commissioner of Internal Revenue (CIR), or the fair market value as shown in the schedule of values fixed by the provincial and city assessors, whichever is higher.

In the case of shares of stocks, the fair market value shall depend on whether the shares are listed or unlisted in the stock exchanges. Unlisted common shares are valued based on their book value while unlisted preferred shares are valued at par value. In determining the book value of common shares, appraisal surplus shall not be considered as well as the value assigned to preferred shares, if there are any. On this note, the valuation of unlisted shares shall be exempt from the provisions of RR No. 6-2013, as amended.

For shares listed in the stock exchanges, the Fair Market Value shall be the arithmetic mean between the highest and lowest quotation at a date nearest the date of death, if none is available on the date of death itself.

The Fair Market Value of units of participation in any association, recreation or amusement club (such as golf, polo, or similar clubs) shall be the bid price nearest the date of death published in any newspaper or publication of general circulation.

To determine the value of the right to usufruct, use or habitation, as well as that of annuity, there shall be taken into account the probable life of the beneficiary in accordance with the latest basic standard mortality table, to be approved by the Secretary of Finance, upon recommendation of the Insurance Commissioner.

The value of the net estate of a Citizen or Resident Alien of the Philippines shall be determined by deducting from the value of the gross estate the following items of deduction (the details of which are specified in the Order):

a. Standard deduction;
b. Claims against the estate;  
c. Claims of the deceased against insolvent persons as defined under Republic Act (RA) No. 10142 and other existing laws, where the value of the decedent’s interest therein is included in the value of the gross estate;  
d. Unpaid mortgages, taxes and casualty losses;  
e. Property previously taxed;  
f. Transfers for public use;  
g. The Family Home;  
h. Amount received by heirs under RA No. 4917; and  
i. Net share of the surviving spouse in the conjugal partnership or community property.

The value of the net estate of a decedent who is a Non-Resident Alien in the Philippines shall be determined by deducting from the value of that part of his/her gross estate, which at the time of his/her death is situated in the Philippines, the following items of deductions (the details of which are specified in the Order):

a. Standard deduction;  
b. The proportion of the total losses and indebtedness which the value of such part bears to the value of his/her entire gross estate wherever situated.  
c. Property previously taxed;  
d. Transfers for public use;  
e. Net share of the surviving spouse in the conjugal partnership or community property.

In all cases of transfers subject to the tax imposed herein, or regardless of the gross value of the estate, where the said estate consists of registered or registrable property such as real property, motor vehicle, shares of stock or other similar property for which a Certificate Authorizing Registration (CAR) from the Bureau of Internal Revenue (BIR) is required as a condition precedent for the transfer of ownership thereof in the name of the transferee, the executor, or the administrator, or any of the legal heirs, as the case may be, shall file a return under oath.

Estate Tax returns showing a gross value exceeding Five Million Pesos (₱5,000,000.00) shall be supported with a statement duly certified to by a Certified Public Accountant containing the following:

- Itemized assets of the decedent with their corresponding gross value at the time of his death, or in the case of a non-resident, not a citizen of the Philippines, of that part of his gross estate situated in the Philippines;  
- Itemized deductions from gross estate allowed in Section 86; and  
- The amount of tax due whether paid or still due and outstanding.

The Estate Tax return shall be filed within one (1) year from the decedent’s death. The Court approving the project of partition shall furnish the CIR with a certified copy thereof and its order within thirty (30) days after promulgation of such order. The CIR or any Revenue Officer authorized by him pursuant to the NIRC shall have authority to grant, in meritorious cases, a reasonable extension, not exceeding thirty (30) days, for filing the return. The application for the extension of time to file the Estate Tax return must be filed with the Revenue District Office (RDO) where the estate is required to secure its Taxpayer Identification Number (TIN) and file the tax return of the estate, which RDO, likewise, has jurisdiction over the Estate Tax return required to be filed by any party as a result of the distribution of the assets and liabilities of the decedent. The Estate Tax shall be paid at the time the return is filed by the executor, administrator or the heirs.

When the CIR finds that the payment of the Estate Tax or of any part thereof would impose undue hardship upon the estate or any of the heirs, he may extend the time for payment of such tax or any part thereof not to exceed five (5) years in case the estate is settled through the
court, or two (2) years in case the estate is settled extrajudicially. In such case, the amount in respect of which the extension is granted shall be paid on or before the date of the expiration of the period of the extension, and the running of the statute of limitations for deficiency assessment shall be suspended for the period of any such extension. No extension will be granted by the CIR where the request for extension is by reason of negligence, intentional disregard of rules and regulations, or fraud on the part of the taxpayer.

If an extension is granted, the CIR or his duly authorized representative may require the executor, or administrator, or beneficiary, as the case may be, to furnish a bond in such amount, not exceeding double the amount of the tax and with such sureties as the CIR deems necessary, conditioned upon the payment of the said tax in accordance with the terms of the extension. Any amount paid after the statutory due date of the tax, but within the extension period shall be subject to interest but not to surcharge.

In case of insufficiency of cash for the immediate payment of the total Estate Tax due, the estate may be allowed to pay the Estate Tax due through cash installment and partial disposition of estate and application of its proceeds to the Estate Tax due.

The request for extension of time to file the return, extension of time to pay Estate Tax and payment by installment shall be filed with the Revenue District Officer where the estate is required to secure its TIN and file the Estate Tax return. This request shall be approved by the CIR or his duly authorized representative.

In case of a resident decedent, the administrator or executor shall register the estate of the decedent and secure a new TIN therefor from the RDO where the decedent was domiciled at the time of his death and shall file the Estate Tax return and pay the corresponding Estate Tax with the Accredited Agent Bank (AAB), Revenue District Officer or Revenue Collection Officer having jurisdiction on the place where the decedent was domiciled at the time of his death, whichever is applicable, following prevailing collection rules and procedures.

In case of a non-resident decedent, whether non-resident citizen or non-resident alien, with executor or administrator in the Philippines, the Estate Tax return shall be filed with and the TIN for the estate shall be secured from the RDO where such executor or administrator is registered: Provided, however, that in case the executor or administrator is not registered, the Estate Tax return shall be filed with and the TIN of the estate shall be secured from the RDO having jurisdiction over the executor or administrator’s legal residence. Nonetheless, in case the non-resident decedent does not have an executor or administrator in the Philippines, the Estate Tax return shall be filed with and the TIN for the estate shall be secured from the Office of the Commissioner through RDO No. 39-South Quezon City.

The Estate Tax imposed under the NIRC shall be paid by the executor or administrator before the delivery of the distributive share in the inheritance to any heir or beneficiary. Where there are two or more executors or administrators, all of them are severally liable for the payment of the tax. The electronic Certificate Authorizing Registration (eCAR) pertaining to such estate issued by the CIR or the Revenue District Officer having jurisdiction over the estate, will serve as the authority to distribute the remaining/distributable properties/share in the inheritance to the heir or beneficiary.

The executor or administrator of an estate has the primary obligation to pay the Estate Tax but the heir or beneficiary has subsidiary liability for the payment of that portion of the estate which his distributive share bears to the value of the total net estate. The extent of his liability, however, shall in no case exceed the value of his share in the inheritance.

There shall not be transferred to any new owner in the books of any corporation, sociedad anonima, partnership, business, or industry organized or established in the Philippines any share, obligation, bond or right by way of gift inter vivos or mortis causa, legacy or inheritance, unless an eCAR is issued by the CIR or his duly authorized representative.
If a bank has knowledge of the death of a person, who maintained a bank deposit account alone, or jointly with another, it shall allow the withdrawal from the said deposit account, subject to a Final Withholding Tax of six percent (6%) of the amount to be withdrawn, provided that the withdrawal shall only be made within one (1) year from the date of the decedent. The bank is required to file the prescribed quarterly return on the final tax withheld on or before the last day of the month following the close of the quarter during which the withholding was made. The bank shall issue the corresponding BIR Form No. 2306 certifying such withholding. In all cases, the final tax withheld shall not be refunded, or credited on the tax due on the net taxable estate of the decedent.

The executor, administrator, or any of the legal heirs, withdrawing from the deposit account shall provide the bank where such withdrawal shall be made, with the TIN of the estate of the decedent. For this purpose, the bank shall require prior to such withdrawal, the presentation of BIR Form No. 1904 of the estate, duly stamped received by the BIR. Further, all withdrawal slips shall contain the following terms and conditions: (a) a sworn statement by any one of the joint depositors to the effect that all of the joint depositors are still living at the time of withdrawal; and, (b) a statement that the withdrawal is subject to the Final Withholding Tax of 6%. The amount withdrawn from the deposit account of a decedent subjected to 6% Final Withholding Tax shall be excluded from the gross estate for purpose of computing the Estate Tax.

In instances where the bank deposit accounts have been duly included in the gross estate of the decedent and the Estate Tax due thereon paid, the executor, administrator, or any of the legal heirs shall present the eCAR issued for the said estate prior to withdrawing from the bank deposit account. Such withdrawal shall no longer be subject to the Withholding Tax imposed under this section.

The Donor’s Tax for each calendar year shall be six percent (6%) computed on the basis of the total gifts in excess of Two Hundred Fifty Thousand Pesos (P250,000.00) exempt gift made during the calendar year. The application of said rates is imposed on donations made on or after the effectivity date of the TRAIN Law. Any contribution in cash or in kind to any candidate, political party or coalition of parties for campaign purposes, shall be governed by the Election Code, as amended.

The law in force at the time of the completion of the donation shall govern the imposition of Donor’s Tax. The valuation of gifts in the form of property shall follow the rules set forth in Section 6 of the Regulations: Provided, that the reckoning point for valuation shall be the date when the donation is made. Only donations made on or after January 1, 2018 shall be subject to the Donor’s Tax rate provided under the TRAIN Law, as implemented by these Regulations.

The computation of the Donor’s Tax is on a cumulative basis over a period of one (1) calendar year. Husband and wife are considered as separate and distinct taxpayers, for purposes of the Donor’s Tax. However, if what was donated is a conjugal or community property and only the husband signed the deed of donation, there is only one donor for Donor’s Tax purposes, without prejudice to the right of the wife to question the validity of the donation without her consent pursuant to the pertinent provisions of the Civil Code of the Philippines and the Family Code of the Philippines.

The Donor’s Tax return shall be filed within thirty (30) days after the date the gift is made or completed and the tax due thereon shall be paid at the same time that the return is filed. In order to be exempt from Donor’s Tax and to claim full deduction of the donation given to qualified donee institutions duly accredited, the donor engaged in business shall give a notice of donation on every donation worth at least Fifty Thousand Pesos (P50,000.00) to the RDO which has jurisdiction over his place of business within thirty (30) days after receipt of the qualified donee institution’s duly issued Certificate of Donation, which shall be attached to the
said Notice of Donation, stating that not more than thirty percent (30%) of the said donation/gifts for the taxable year shall be used by such accredited non-stock, non-profit corporation/NGO institution (qualified-donee institution) for administration purposes pursuant to the provisions of Section 101(A)(3) and (B)(2) of the NIRC.

Where property, other than real property referred to in Section 24(D), is transferred for less than an adequate and full consideration in money or money's worth, then the amount by which the Fair Market Value of the property exceeded the value of the consideration shall be deemed a gift, and shall be included in computing the amount of gifts made during the calendar year: Provided, however, that a sale, exchange, or other transfer of property made in the ordinary course of business (a transaction which is a bona fide, at arm’s length, and free from any donative intent) will be considered as made for an adequate and full consideration in money or money’s worth.

The following are exempt from the Donor’s Tax:

a. Gifts made to or for the use of the National Government or any entity created by any of its agencies which is not conducted for profit, or to any political subdivision of the said government; and

b. Gifts in favor of an educational and/or charitable, religious, cultural or social welfare corporation, institution, accredited nongovernment organization, trust or philanthropic organization or research institution or organization: Provided, however, that not more than thirty percent (30%) of said gifts shall be used by such donee for administration purposes. For the purpose of this exemption, a 'non-profit educational and/or charitable corporation, institution, accredited nongovernment organization, trust or philanthropic organization and/or research institution or organization' is a school, college or university and/or charitable corporation, accredited nongovernment organization, trust or philanthropic organization and/or research institution or organization, incorporated as a non-stock entity, paying no dividends, governed by trustees who receive no compensation, and devoting all its income, whether students' fees or gifts, donation, subsidies or other forms of philanthropy, to the accomplishment and promotion of the purposes enumerated in its Articles of Incorporation.