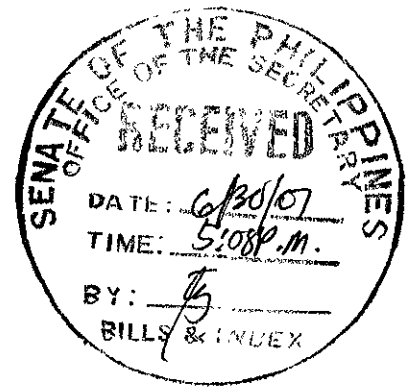


FOURTEENTH CONGRESS OF THE REPUBLIC)  
OF THE PHILIPPINES )  
First Regular Session )

SENATE  
S. No. 286



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Introduced by **Senator Richard J. Gordon**

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### EXPLANATORY NOTE

Upon the death of a spouse, the surviving spouse is usually burdened with the payment of the estate tax on the decedent's net estate, which often reach an unconscionable amount largely due to the inclusion of the family home whose current fair market value exceeds One Million Pesos (P1,000,000.00) in the computation of the net estate of the decedent. In most cases, the surviving spouse does not have the available cash to pay for this and ends up losing the family home just to raise the needed cash to pay for the estate tax.

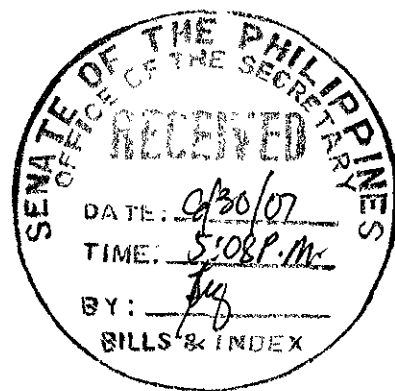
More often than not, the surviving spouse still needs the family home to live in. It would be highly unfair to deprive the surviving spouse of the family home just to pay for the estate tax of the decedent.

Thus, this bill proposes to suspend the payment of the estate tax on the family home by allowing the deduction of the full current fair market value of the family home from the net estate of the decedent, if the decedent leaves a surviving spouse behind. Only when the surviving spouse eventually dies will the family home, with its current fair market value exceeding One Million Pesos (P1,000,000.00), be included in the computation of the net estate for the payment of the estate tax of the surviving spouse. This intends to ease the burden of the surviving spouse from the ordeal of putting up cash to pay for the estate tax on the family home, especially after having suffered the death of the decedent, mourning the loss of the family, and shouldering many other expenses, particularly medical and burial expenses of the decedent.

  
**RICHARD J. GORDON**  
Senator *RJG*

FOURTEENTH CONGRESS OF THE REPUBLIC)  
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**AN ACT AMENDING SECTION 86 (A) (4) OF REPUBLIC ACT NO. 8424, AS AMENDED,  
OTHERWISE KNOWN AS THE NATIONAL INTERNAL REVENUE CODE OF 1997**

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

1           **SECTION 1.** Section 86 (A) (4) of Republic Act No. 8424, as amended, otherwise  
2 known as the National Internal Revenue Code of 1997, is hereby amended to read as  
3 follows:

4                   “(6) *The Family Home.* – An amount equivalent to the current fair  
5 market value of the decedent's family home: *Provided, however,* That if the  
6 said current fair market value exceeds One Million Pesos (P1,000,000.00),  
7 the excess shall be subject to estate tax. NOTWITHSTANDING, IF THE  
8 DECEDENT HAS A SURVIVING SPOUSE, THE FULL AMOUNT  
9 EQUIVALENT TO THE CURRENT FAIR MARKET VALUE OF THE  
10 DECEDENT'S FAMILY HOME SHALL BE ALLOWED TO BE DEDUCTED  
11 FROM THE VALUE OF THE DECEDENT'S GROSS ESTATE AND SHALL  
12 NOT BE SUBJECT TO ESTATE TAX. As a condition *sine qua non* for the  
13 exemption or deduction, said family home must have been the decedent's  
14 family home as certified by the barangay captain of the locality.”

15           **Sec. 2. Repealing Clause.** – All laws, decrees, orders, rules and regulations or  
16 other issuances or parts thereof inconsistent with the provisions of this Act are hereby  
17 repealed and modified accordingly.

18           **Sec. 3. Effectivity.** – This Act shall take effect fifteen (15) days following the  
19 completion of its publication either in the Official Gazette or in a newspaper of general  
20 circulation in the Philippines.

21                   Approved,