

**[ REPUBLIC ACT NO. 83, October 29, 1946 ]**

**AN ACT TO AMEND SECTIONS EIGHTY-SIX, EIGHTY-NINE, ONE HUNDRED AND TEN, ONE HUNDRED AND TWELVE, ONE HUNDRED AND SIXTEEN AND ONE HUNDRED AND TWENTY-TWO OF TITLE III OF COMMONWEALTH ACT NUMBERED FOUR HUNDRED AND SIXTY-SIX.**

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

SECTION 1. Section eighty-six of Commonwealth Act Numbered Four hundred and sixty-six is hereby amended to read as follows:

"SEC. 86. *Rates of inheritance tax.*—In addition to the estate tax imposed by section eighty-five, there shall be levied, assessed, collected and paid an inheritance tax equal to the sum of the following percentages of the value of the individual share of each heir or beneficiary in the net estate, after deducting the amount of the estate tax, of every decedent, whether a resident or nonresident of the Philippines:

"(a) When the surviving- spouse, a legitimate, recognized natural, or adopted child, or legitimate descendant, or ascendant, or either of the adopting parents is the beneficiary, or the father or mother who had recognized him as a natural child, and in every case where the beneficiary receives the property exclusively for educational or charitable purposes there shall be collected upon the share which corresponds to each beneficiary in the inventoried property a tax according to the following schedule: *Provided, however,* That such portion of the share of a surviving spouse or a legitimate, recognized natural, or adopted child, who is a citizen or resident of the Philippines, which is not in excess of three thousand pesos shall be exempt from this tax:

"Two *per centum* of the amount of the share not in excess of ten thousand pesos;

"Four *per centum* of the amount by which the share exceeds ten thousand pesos and does not exceed thirty-thousand pesos;

"Six *per centum* of the amount by which the share exceeds thirty thousand pesos and does not exceed fifty thousand pesos;

"Eight *per centum* of the amount by which the share exceeds fifty thousand pesos and does not exceed seventy thousand pesos;

"Ten *per centum* of the amount by which the share exceeds seventy thousand pesos and does not exceed

one hundred thousand pesos;

"Twelve *per centum* of the amount by which the share exceeds one hundred thousand pesos and does not exceed one hundred and fifty thousand pesos;

"Fourteen *per centum* of the amount by which the share exceeds one hundred and fifty thousand pesos and does not exceed two hundred and fifty thousand pesos;

"Fifteen *per centum* of the amount by which the share exceeds two hundred and fifty thousand pesos and does not exceed five hundred thousand pesos;

"Sixteen *per centum* of the amount by which the share exceeds five hundred thousand pesos and does not exceed one million pesos; and

"Seventeen, *per centum* of the amount by which the share exceeds one million pesos;

"Where the property is received for educational or charitable purposes, it shall be the duty of the person or persons in charge thereof to submit from time to time a report of the administration and use of the property to the Collector of Internal Revenue and within twenty days after demand therefore has been made by the said Collector.

"(b) When a brother or sister, who is a legitimate or acknowledged natural child of a common father or mother, or both, or the children of such brother or sister, or any descendant mentioned as such in the will and not included in subsection (a) hereof is the beneficiary, there shall be collected the same tax fixed in said subsection with an increase of seventy-five *per centum*.

"(c) When other relatives within the sixth degree not included in the two next preceding subsections are beneficiaries, there shall be collected upon the share which corresponds to each beneficiary the same tax fixed in subsection (a) with an increase of one hundred and fifty *per centum*.

"(d) When a relative by affinity within the same degree as those mentioned in subsections (a) and (b), with the exception of the surviving spouse, is the beneficiary, there shall be collected the same tax fixed in subsection (a) with an increase of two hundred and twenty-five *per centum*.

"(e) When strangers are beneficiaries there shall be collected upon the share which corresponds to each beneficiary the same tax fixed in subsection (a) with an increase of four hundred *per centum*.

"For the purposes of this tax, strangers are deemed those relatives by consanguinity of the seventh or more remote degree in the collateral line, and all relatives by affinity with the exception of the spouse and those mentioned in subsection (d) of this section: *Provided, however,* That where the beneficiary is a domestic servant, or a trusted employee, there shall be collected on the first two thousand pesos and five thousand pesos, respectively, the tax fixed in subsection (a) of this section, and on the excess, the tax prescribed in this subsection. In cases of property which by the will of the testator should be divided among the poor, without the designation of any particular persons, or which should be disposed of for masses or other pious works,

there shall be collected the tax at the rate fixed in this subsection upon the total amount of said property. "In case the property is transmitted to the heirs subject to the usufructuary interest, use, or habitation, or annuity of a third person, the tax shall be based on the value of the inventoried property less that of the usufruct, use or habitation, or annuity determined as hereinafter provided."

SEC. 2. Paragraph (4) of subsection (a) of section eighty-nine of Commonwealth Act Numbered Four hundred and sixty-six is hereby repealed.

SEC. 3. Section one hundred and ten of Commonwealth Act Numbered Four hundred and sixty-six is hereby amended to read as follows:

"SEC. 110. *Rates of tax payable by donee.*—In addition to the gift tax imposed under the preceding section, there shall be levied a tax in the amount equal to the excess of a tax, computed in accordance with the rate schedule hereinafter set forth, on the aggregate sum of the net gifts received by each donee for such calendar year and for each of the preceding calendar years, over a tax, computed in accordance with the rate schedule, on the aggregate sum of the net gifts for each of the preceding calendar years received by each donee.

#### ***"Rate Schedule***

"(a) When the donee or beneficiary is a spouse, a legitimate, recognized natural or adopted child, or a legitimate descendant or ascendant, or either of the adopting parents of the donor, or the father or mother who had recognized such donor as a natural child, and in every case where, the donee receives the property exclusively for educational or charitable purposes, there shall be collected from the donee upon the gifts received by him a tax equal to the sum of the following: *Provided, however,* That such portion of the gifts in favor of a spouse or a legitimate, recognized natural, or adopted child, who is a citizen or resident of the Philippines, which is not in excess of three thousand pesos shall be exempt from this tax:

"One *per centum* upon the first ten thousand pesos;

"Two *per centum* of the amount by which the net gifts exceed ten thousand pesos and do not exceed thirty thousand pesos;

"Three *per centum* of the amount by which the net gifts exceed thirty thousand pesos and do not exceed fifty thousand pesos;

"Four *per centum* of the amount by which the net gifts exceed fifty thousand pesos and do not exceed seventy thousand pesos;

"Five *per centum* of the amount by which the net gifts exceed seventy thousand pesos and do not exceed one hundred thousand pesos;

"Six *per centum* of the amount by which the net gifts exceed one hundred thousand pesos and do not exceed one hundred and fifty thousand pesos;

"Seven *per centum* of the amount by which the net gifts exceed one hundred and fifty thousand pesos and do not