

# Guidelines and Instructions for BIR Form No. 1801 [January 2018 (ENCS)]

## Estate Tax Return

### Who Shall File

This return shall be filed in triplicate by:

1. The executor, or administrator, or any of the legal heir/s of the decedent, whether resident or non-resident of the Philippines, under any of the following situations:
  - a. In all cases of transfers subject to estate tax;
  - b. 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 clearance from the BIR is required as a condition precedent for the transfer of ownership thereof in the name of the transferee; or
2. If there is no executor or administrator appointed, qualified, and acting within the Philippines, then any person in actual or constructive possession of any property of the decedent.

### When and Where to File and Pay

This return shall be filed within one (1) year from the decedent's death. In meritorious cases, the Commissioner shall have the authority to grant a reasonable extension not exceeding thirty (30) days for filing the return.

This return shall be filed with any Authorized Agent Bank (AAB) of the Revenue District Office (RDO) having jurisdiction over the place of domicile of the decedent at the time of his death. If the decedent has no legal residence in the Philippines, the return shall be filed with the Office of the Commissioner (Revenue District Office No. 39, South Quezon City).

In case of a non-resident decedent with executor or administrator in the Philippines, the return shall be filed with the AAB of the RDO where such executor/administrator is registered or if not yet registered, at the place of domicile.

When the return is filed with an AAB, taxpayer must accomplish and submit BIR-prescribed deposit slip, which the bank teller shall machine validate as evidence that payment was received by the AAB. The AAB receiving the tax return shall stamp mark the word "Received" on the return and also machine validate the return as proof of filing the return and payment of the tax by the taxpayer, respectively. The machine validation shall reflect the date of payment, amount paid and transaction code, the name of the bank, branch code, teller's code and teller's initial. Bank debit memo number and date should be indicated in the return for taxpayers paying under the bank debit system.

Payments may also be made thru the epayment channels of AABs thru either their online facility, credit/debit/prepaid cards, and mobile payments.

Where the taxes are assessed by reason of negligence, intentional disregard of rules and regulations, or fraud on the part of the taxpayer, no extension will be granted by the Commissioner.

When the Commissioner finds that the payment on the due date 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 courts, 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 assessment as provided in Section 203 of the National Internal Revenue Code, as amended, shall be suspended for the period of any such extension.

In case the available cash of the estate is insufficient to pay the total estate tax due, payment by installment shall be allowed within two (2) years from the statutory date for its payment without civil penalty and interest upon approved by the concerned BIR Official.

### Tax Rates and Basis of Tax

There shall be an imposed rate of six percent (6%) based on NET TAXABLE ESTATE determined as of the time of death of the decedent and composed of all properties, real or personal, tangible or intangible less, allowable deductions.

### Valuation of Estate

The estate shall be valued at its fair market value (FMV) as of the time of death. However, the value of real property as of the time of death shall be whichever is higher of:

1. The zonal value as determined by the Commissioner; or
2. The FMV as shown in the schedule of values fixed by the Provincial or City Assessors.

### Gross Estate

Gross Estate for citizens shall include all properties of the decedent at the time of death, real or personal (except bank deposits already withdrawn and subjected to final withholding tax of 6%), tangible or intangible, wherever situated but excluding the exclusive properties of the surviving spouse. For resident alien and non-resident alien, it shall include the property/ies situated in the Philippines.

As an additional information, properties located outside the Philippines, if any, of resident and non-resident alien decedents, although not taxable, shall still be presented in the return under the Schedule Section for information purposes and for purposes of computing the correct amount of allowable deductions.

This requirement should be dispensed with if the estate is not claiming any deduction. If there is an allegation of absence of property outside the Philippines, a certification to this effect should be secured from the nearest Philippine Consular Office.

### Penalties

The following shall be imposed and collected as part of the tax:

- a. Willful neglect to file the return within the period prescribed by the Code or by the rules and regulations; or
  - b. In case a false or fraudulent return is willfully made.
3. Interest at the rate of double the legal interest rate for loans or forbearance of any money in the absence of an express stipulation as set by the Bangko Sentral ng Pilipinas from the date prescribed for payment until the amount is fully paid. Provided, that in no case shall the deficiency and the delinquency interest prescribed under Section 249 Subsections (B) and (C) of the National Internal Revenue Code, as amended, be imposed simultaneously.
  4. Compromise penalty as provided under applicable rules and regulations.

For purposes of securing the electronic Certificate Authorizing Registration, the following requirements shall be submitted by the taxpayer to the concerned Revenue District Office:

### Mandatory Requirements [Additional two (2) photocopies of each document]

1. Certified true copy of the Death Certificate
2. Taxpayer Identification Number (TIN) of the decedent and heir/s
3. Notice of Death (only for death prior to January 1, 2018) duly received by the BIR, if gross taxable estate exceeds P20,000 for deaths occurring on January 1, 1998 up to December 31, 2017; or if the gross taxable estate exceeds P3,000 for deaths occurring prior to January 1, 1998
4. Original copy of any of the following: a) Affidavit of Self Adjudication; b) Deed of Extrajudicial Settlement of the Estate, if the estate has been settled extrajudicially; c) Court order if settled judicially; d) Sworn Declaration of all properties of the Estate
5. A certified copy of the schedule of partition and the order of the court approving the same within thirty (30) days after the promulgation of such order, in case of judicial settlement
6. Validated return and Original Official Receipt/Deposit Slip as proof of payment; for no payment return, copy of Acknowledgement Receipt of return filed thru eBIRForms
7. Proof of Claimed Tax Credit, if applicable
8. CPA Statement on the itemized assets of the decedent, itemized deductions from gross estate and the amount due if the gross value of the estate exceeds five million pesos (P5,000,000) for decedent's death on or after January 1, 2018 or two million pesos (P2,000,000) for decedent's death from January 1, 1998 to December 31, 2017
9. Certification of the Barangay Captain for the claimed Family Home (If the family home is conjugal property and does not exceed Php10 Million, the allowable deduction is one-half (1/2) of the amount only)
10. Duly Notarized Promissory Note for "Claims Against the Estate" arising from Contract of Loan
11. Accounting of the proceeds of loan contracted within three (3) years prior to death of the decedent
12. Proof of the claimed "Property Previously Taxed"
13. Proof of the claimed "Transfer for Public Use"

### For Real Properties, if any: [Additional two (2) photocopies of each document]

14. Certified true copy/ies of the Transfer/Original/Condominium Certificate/s of Title of real property/ies, if applicable
15. Certified true copy of the Tax Declaration of real properties at the time of death, if applicable
16. Certificate of No Improvement issued by the Assessor's Office where declared properties have no improvement
17. Aggregate Property Land Holdings issued by City/Municipal/Provincial Assessor's Office

### For Personal Properties, if any: [Additional two (2) photocopies of each document]

18. Original copy of Certificate of Deposit/Investment/Indebtedness owned by the decedent and the surviving spouse, if applicable
19. Certificate of Registration of vehicles and other proofs showing the correct value of the same, if applicable
20. Proof of valuation of shares of stock at the time of death, if applicable
  - a. For shares of stock not listed/not traded - Audited Financial Statement of the issuing corporation nearest to the date of death of decedent with computation of the book value per share.
  - b. For shares of stock listed/traded - Value at the time of death or closing rate nearest to the date of death
  - c. For club shares - Transaction value on the date of death or nearest to the date of death, as published in the newspaper
21. Certificate of stocks, if applicable
22. Proof of valuation of other types of personal property, if applicable

### Other Additional Requirements, if applicable: [Additional two (2) photocopies of each document]

- Duly Notarized Original Special Power of Attorney (SPA), if the person transacting/processing the transfer is not a party to the transaction and/or Sworn Statement if one of the heirs is designated as executor/administrator
- Certification from the Philippine Consulate if document is executed abroad
- Location Plan/Vicinity map, if zonal value cannot be readily determined from the documents submitted
- Certificate of Exemption/BIR Ruling issued by the Commissioner of Internal Revenue or his authorized representative, if tax exempt
- BIR-approved request for installment payment of Estate tax due
- BIR-approved request for partial disposition of Estate
- Such other documents as may be required by law/rulings/regulations/etc.

R.G. Manabat & Co.  
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