

AN ACT TO AMEND SECTIONS ONE HUNDRED NINE AND ONE HUNDRED TEN OF COMMONWEALTH ACT NUMBERED FOUR HUNDRED SIXTY-SIX, OTHERWISE KNOWN AS THE NATIONAL INTERNAL REVENUE CODE, AS AMEN...

REPUBLIC ACT NO. 3140, June 17, 1961

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

SECTION 1. Section one hundred nine of Commonwealth Act Numbered Four hundred sixty-six, otherwise known as the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

"SEC. 109. Rates of tax payable by donor.—The tax for each calendar year shall be an 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 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 net gifts for each of the preceding calendar year.

Rate Schedule

"One per centum of the amount by which the net gifts exceed five thousand pesos and do not exceed twelve thousand pesos;

"Two per centum of the amount by which the net gifts exceed twelve 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;

"Seven 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;

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

"Eleven per centum of the amount by which the net gifts exceed two hundred and fifty thousand pesos and do not exceed five hundred thousand pesos;

"Thirteen per centum of the amount by which the net gifts exceed five hundred thousand pesos and do not exceed one million pesos;

"Fifteen per centum of the amount by which the net gifts exceed one million pesos;

"The tax provided, in this section shall not apply in every case where the donor makes the gift in favor of an educational institution, foundation, trust and/or the Jose Rizal National Centennial Commission."

SEC. 2. Section one hundred ten of Commonwealth Act Numbered Four hundred sixty-six, otherwise known as the National Internal Revenue Code, as amended, is hereby further 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, illegitimate 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 or illegitimate child, and in every case where the donee receives the property exclusively for education 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, illegitimate or adopted child of the donor, who is a citizen or resident of the Philippines, which is not in excess of five thousand pesos shall be exempt from this tax: Provided, further, That the total amount of gifts received by a nonprofit educational institution, foundation, trust and/or the Jose Rizal National Centennial Commission shall be exempt from the tax provided for in this section subject to the condition that not more than thirty per centum of said gifts shall be used by such donee for administrative purposes.

"Two per centum upon the first twelve thousand pesos;

"Four per centum of the amount by which the net gifts exceed twelve thousand pesos and do not extend thirty thousand pesos;

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

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

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

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

"Eighteen per centum of the amount by which the net gifts exceed two hundred and fifty thousand pesos and do not exceed five hundred thousand pesos;

"Twenty per centum of the amount by which the net gifts exceed five hundred thousand pesos and do not exceed one million pesos; and "Twenty-two per centum of the amount by which the net gifts exceed 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 Commissioner of Internal Revenue and within twenty days after demand therefor has been made by the said Commissioner.

"Where the gift is received by a nonprofit educational institution, foundation, trust or philanthropic organization and/or research institution or organization and/or the Jose Rizal National Centennial Commission, it shall be the duty of the person or persons in charge thereof to submit within ninety days after the end of each calendar year a report to the Commissioner of Internal Revenue on the use and disposition of the gift received during the year which shall be subject to verification by the Commissioner.

"For the purpose of this tax, a nonprofit educational institution, foundation, trust or philanthropic organization and/or research institution or organization is a school, college or university foundation, trust or philanthropic organization and/or research institution or organization, incorporated as a nonstock entity, without stockholders, paying no dividends, governed by trustees who receive no compensation, and devoting all its incomes, whether student's fees, or gifts, donations, subsidies or other forms of philanthropy, to the

accomplishment and promotion of the purposes enumerated in its articles of incorporation.

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

"(c) When the donee or beneficiary is a relative within the sixth degree and not included in subsections (a) and (b), there shall be collected the same tax fixed in subsection (a) with an increase of one hundred and fifty per centum.

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

"(e) When the donee or beneficiary is a stranger, there shall be collected the same tax fixed in subsection (a) with an increase of four hundred per centum, provided that if the gifts received by him exceed five hundred thousand pesos, the excess shall be subject to tax at ninety-five per centum.

"For the purpose of this tax, strangers are deemed those relatives by consanguinity in the collateral line not within the degree of relationship recognized by law in intestate succession, and all relatives by affinity not included in subsections (a) and (d) : 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 desire of the donor should be divided among the poor, without the designation of any particular person, or which should be disposed of for masses or other pious works, there shall be collected from the donee the tax at the rate fixed in this subsection upon the total aggregate amount of such gifts.

"In case the property donated is subject to the usufructuary interest, use or habitation or annuity of a third person, the tax shall be based on the value of the net gifts less that of the usufruct, use or habitation or annuity determined in accordance with the provisions of Section ninety-one."

SEC. 3. This Act shall take effect upon its approval.

Approved, June 17, 1961.

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