

- (d) The net share of the surviving spouse in the conjugal partnership property as diminished by the obligations properly chargeable to such property.

d. Exemptions¹²⁶

The following shall not be taxed:

- (1) The merger of usufruct in the owner of the naked title;
- (2) The transmission or delivery of the inheritance or legacy by the fiduciary heir or legatee to the fideicommissary;
- (3) The transmission from the first heir, legatee, or donee in favor of another beneficiary, in accordance with the desire of the predecessor; and
- (4) All bequests, devises, legacies or transfers to social welfare cultural or charitable institutions, no part of the net income of which inures to the benefit of any individual, provided that not more than 30% of said bequests, devises, legacies or transfers shall be used for administration purposes.

3. Rates of Estate Tax ¹²⁷

If The Net Estate Is		The Tax Shall Be	Plus	Of Excess Over
Over	But Not Over			
-	PhP 200,000	Exempt	-	-
PhP 200,000	500,000	0	5%	PhP 200,000
500,000	2,000,000	PhP 15,000	8%	500,000
2,000,000	5,000,000	135,000	11%	2,000,000
5,000,000	10,000,000	465,000	15%	5,000,000
10,000,000	And Over	1,215,000	20%	10,000,000

¹²⁶ Section 87, *supra*.

¹²⁷ Section 84, *supra*.

- (4) Shares, obligations, or bonds issued by any foreign corporation if such shares, obligations, or bonds have acquired a business situs in the Philippines; and
- (5) Shares or rights in any partnership, business or industry established in the Philippines, which are to be considered as situated in the Philippines.

The following are the requisites of a donation for purposes of the donor's tax:

- (1) Capacity of the donor;
- (2) Donative intent, or an intent of the donor to make a gift;
- (3) Delivery, whether actual or constructive, of the subject matter of the gift; and
- (4) Acceptance of the gift by the donee.

b. Exemptions

The following gifts or donations are exempt from the donor's tax, under certain conditions:¹³⁸

- (1) *In case of gifts made by a resident of the Philippines:*
 - (a) Dowries or gifts made on account of marriage and before its celebration or within one year thereafter by the parents to each legitimate, recognized, natural, or adopted children to the extent of the first PhP10,000.00;
 - (b) Gifts made to or for the use of the National Government or any entity created by any of its agencies which is not

¹³⁸ Section 101, *supra*.