

## Chap 2

2.1 A decedent taxpayer died leaving the following:

Family home (land and residential house) in the Philippines	P8,000,000
Parcel of land with vacation house in Malaysia	5,000,000
Farm land in the Philippines, with a mortgage in favor of the Philippines National Bank for P600,000	3,000,000
Shares of stock of a domestic corporation deposited in a bank safety deposit box in Malaysia	2,000,000
Shares of stock of a foreign corporation the entire business of which is in the Philippines, deposited in a bank safety deposit box in Malaysia	500,000
Receivable from a friend who has no property whatsoever	300,000
Receivables under insurance policies:	
<ul style="list-style-type: none"> <li>Life insurance policy, taken by the decedent on his own life, with his estate as a revocable beneficiary</li> </ul>	200,000
<ul style="list-style-type: none"> <li>Life insurance policy, taken by the decedent on his own life, with a daughter as revocable beneficiary</li> </ul>	300,000
<ul style="list-style-type: none"> <li>Life insurance policy, taken by the decedent on his own life, with a son as irrevocable beneficiary</li> </ul>	600,000

<ul style="list-style-type: none"> <li>Life insurance (group) taken by the employer of the decedent, with the estate as revocable beneficiary</li> </ul>	150,000
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1. Resident Citizen **P19,300,000**
2. Resident Alien **P19,300,000**
3. Non-resident alien with reciprocity **P11,000,000**
4. Non-resident alien without reciprocity **P14,300,000**

2.2 The decedent devised to his four (4) children separate parcels of land with the following data

TO JUAN, 1,000 square meter lot in Sampaloc, Manila with the following valuation:

- Zonal value determined by the City of Manila, P25,000/sq.m.
- Assessed value as determined by the CIR, P18,000,000
- FMV as determined by independent assessors, P20,000,000

TO PEDRO, 1,000 square meter lot in Q.C. with the following valuation:

- Zonal value determined by Q.C., P15,000/sq.m.
- Assessed value as determined by the CIR, P18,000,000
- FMV as determined by independent assessors, P20,000,000

TO MARIA, 1,000 square meter lot in Makati with the following valuation:

- Zonal value determined by the City of Manila, P15,000/sq.m.
- FMV as determined by independent assessors, P20,000,000

TO SISA, 1,000 square meter lot in Mandaluyong with the following valuation:

- Zonal value determined by the City of Manila (No available valuation)
- FMV as determined by independent assessors, P20,000,000

*REQUIRED: Determine the gross estate of the decedent. **P78,000,000***

2.3 Pedro owns various shares of stocks from different companies during his lifetime. At the time of his death, the following details were provided to you by his administrator:

100,000 shares of Frozen Company's ordinary shares, not traded

- Outstanding shares – 800,000 shares; P10 par
- Retained Earnings – P3,000,000

100,000 shares of Divergent Company's ordinary shares, listed shares

- Outstanding shares – 1,000,000 shares; P10 par
- Retained earnings – P5,000,000
- Mean value of the shares in the stock exchange – P15

100,000 shares of Lenovo Company's ordinary shares, listed shares

- Outstanding shares – 1,000,000 shares; P10 par
- Retained earnings – P5,000,000
- Mean value of the shares in the stock exchange – P12

**REQUIRED: Determine the gross estate of Pedro P4,075,000**

2.4 For each of the following independent cases, determine the value of the property in the gross estate:

1. A parcel of land inherited from the father was acquired by the decedent's father then for a cost of P250,000. Upon inheritance, the fair market value was P200,000 as shown in the schedule of values from the Assessor's office and P230,000 as determined by the office of the BIR Commissioner.
2. A property, acquired for P1,000,000, was transferred in contemplation of death for a consideration of P100,000. Fair market value at the time of transfer, P1,500,000, while at the time of death, P1,200,000
3. A property, acquired at a cost of P1,000,000, was transferred in contemplation of death for a consideration of P1,200,000. Fair market value at the time of transfer, P1,500,000, while at the time of death, P1,200,000.
4. The decedent was about to present to his girlfriend a brand new car worth P5,000,000 cash. Installment price is valued at P6,000,000. On his way to meet his girlfriend, he met a car accident and died.

5. On January 1, 2017, Pedro extended a loan worth P1,000,000 to Juan due on January 1, 2019. The latter executed a promissory note with an annual interest of 10%. Pedro died on June 30, 2018.

**ANS 4,075,000**

#### Exercise A

Determine whether the following is included or excluded from the gross estate.

1. Transfer with reservation of certain rights **INCLUDED**
2. Transfer for insufficient consideration **INCLUDED**
3. Transfer for an adequate and full consideration in money's worth **EXCLUDED**
4. Transfer in contemplation of death **INCLUDED**
5. Insurance proceed from SSS and GSIS **EXCLUDED**
6. Proceeds of group insurance taken out by a company for its employees. **EXCLUDED**
7. Transfer from the first heir to the second heir designated by the predecessor. **EXCLUDED**
8. Donation to the national government **INCLUDED**
9. Merge of usufruct in the owner of the naked title **EXCLUDED**
10. Legacy to a charitable institutions whose administrative expenses did not exceed 30% of the legacy **INCLUDED**

#### Exercise B

Determine the amount to be included in the Gross Estate of the Transferor-Decedent from the following independent cases:

*Particular:*

1. FMV at the of Transfer 5,000,000  
FMV at the of Death 6,000,000  
Consideration received 5,000,000

**P 0, valid sale**

2. FMV at the of Transfer 5,000,000

FMV at the of Death        6,000,000  
Consideration received    6,000,000

**P 0, valid sale**

3. FMV at the of Transfer    5,000,000  
FMV at the of Death        6,000,000  
Consideration received    7,000,000

**P 0, valid sale**

4. FMV at the of Transfer    5,000,000  
FMV at the of Death        6,000,000  
Consideration received    2,000,000

**P4,000,000**

5. FMV at the of Transfer    5,000,000  
FMV at the of Death        6,000,000  
Consideration received        nil

**P6,000,000**

Exercise C

*Particulars*

1. The decedent took an insurance on his life for P10,000,000. **P10M**
2. The decedent took an insurance on his life for P20,000,000 and designated his estate as the revocable beneficiary. **P20M**
3. The decedent took an insurance for his life for P5,000,000 and irrevocably designated the administrator of his estate as the beneficiary. **P5M**
4. The decedent took an insurance on his life for P10,000,000 and designated his son as beneficiary. **P10M**
5. The decedent took an insurance on his life for P10,000,000 and designated his son as irrevocable beneficiary.

## TRUE OR FALSE

1. Estate tax is a tax imposed on the privilege that a person is given in the disposition of his property, either by will or by operations of law, to take effect upon death. **TRUE**
2. Estate tax is an ad-valorem tax. **TRUE**
3. The accrual of the estate tax is distinct from the obligation to pay the same. **TRUE**
4. Delivery and acceptance is an essential element of estate taxation. **FALSE**
5. Under the ability to pay theory, the imposition of estate tax is justifiable because it reduces the property received by the successor, helping to promote equitable distribution of wealth in society. **TRUE**
6. Regardless of situs, the tax code excludes intangible personal property of a non-resident alien decedent in determining his taxable estate. **FALSE**
7. Section 95 of the Tax Code provides that the value of the gross estate of a nonresident alien should be determined by including the value at the time of his death, of all property, real or personal, tangible or intangible, wherever situated. **FALSE**
8. There is reciprocity if the decedent at the time of his death was a resident citizen of a foreign country which at the time of his death did not impose an estate tax of any character in respect of tangible personal property of citizens of the Philippines not residing in that foreign country. **FALSE**
9. For estate tax computation, real estate, in general, shall be valued at fair market value at the date of death of the decedent. **TRUE**
10. If zonal value of a real estate is available at date of death, and this is higher than the fair market value per assessor's listings of values, then the amount to be reported in the gross estate is the zonal value. **TRUE**
11. Donation mortis causa are transfers intended to take effect at the time of the decedent's death. Hence, the property should be valued at the fair market value of the property at the date of the actual transfer. **FALSE**
12. Donation to the national government is an exempt transaction but should still require inclusion of the property in the gross estate. **TRUE**

13. Juan devised in his will a piece of land; naked title to Pedro and usufruct to Ana for as long as Ana lives, thereafter to Pedro. The transmission from Juan to Pedro and Ana is subject to estate tax but the merger of the usufruct and the naked title to Pedro upon the death of Ana is exempt. **TRUE**
14. Ron devised in his will real property to his brother Bert who is entrusted with the obligation to preserve and transmit the property to Jay, son of Bert, when Jay becomes of age. The transmission from Bert to his son Jay is subject to estate tax. **FALSE**
15. When an estate, under administration, has income-producing property, the annual income of the estate becomes part of the taxable gross estate. **FALSE**
16. When an estate, under administration, has income-producing property and its income during the year is distributed to the heirs, the income so distributed is taxable to the heirs as part of their gross income for the year. **TRUE**
17. A special power of appointment authorizes the donee of the power to appoint only from among a designated class or group of persons other than himself. **TRUE**
18. The donee-decedent of a special power of appointment only holds the property in trust, hence, the property shall form part of the donee-decedent's gross estate. **FALSE**
19. The Tax Code as amended under RA10963 (TRAIN Law) provides that the filing of estate tax return should be done within one (1) year from the decedent's death. **TRUE**
20. The payment of estate tax could only be extended up to the maximum of thirty (30) days from the date of filing. **FALSE**

### **Multiple Choice**

1. An excise tax on transfers inter-vivos. **Donor's tax**
2. An exercise on transfers mortis causa. **Estate tax**
3. Which among the following statements is not correct?
  - I. Estate taxation is governed by the statute in force at the time of death of the decedent.
  - II. Estate tax accrues as of the death of the decedent.

III. Succession takes place and the right of the State to tax the privilege to transmit the estate vests instantly upon death.

**None of the above.**

4. Estate tax is a tax on the right of the deceased person to transmit his estate to his lawful heirs and beneficiaries. Hence, it is

I. A tax on property.

II. An excise tax

**II only**

5. Estate tax is imposed upon the: **Right to transfer property upon death**

6. When will the transfer through succession be effective? **Upon death of the testator**

7. Which of the following is not a characteristics of donation mortis causa? **The transfer to the donee is irrevocable while donor is alive.**

8. Mr. Wais thought that due to old age, death may be imminent. Knowing that the value of estate tax is high, he disposed his properties to his rightful heirs prior to his death (transfer contemplation of death). To prevent undue avoidance of tax, inter-vivos disposition in contemplation of death is subject to: **Estate tax**

9. The gross estate of a decedent shall be comprised of the following properties and interest therein at the time of his death, including revocable transfers and transfers for insufficient consideration, etc.;

I. Residents and citizens: All properties, real or personal or intangible, wherever situated.

II. Nonresident aliens: Only properties situated in the Philippines, that, with respect to intangible personal property, its inclusion in the gross estate is not subject to the rule of reciprocity.

**I only**

10. Which of the following shall be considered personal property?

I. Obligations and actions which have for their object movables or demandable sums.

- II. Shares of stock of agricultural. Commercial and industrial entities, although they may have real estate.

**Both I and II**

11. In determining the net estate of a decedent, which of the following rules is not correct?

**Real estate abroad is not included in the gross estate of a decedent who is a resident alien.**

12. The personal property of a non-resident, not citizen of the Philippines, would not be included in the gross estate if; **The intangible property is in the Philippines and the reciprocity clause of the estate tax law applies.**

13. Which of the following is subject to the rule of reciprocity? **Shares owned by a non-resident alien in a partnership established in the Philippines.**

14. The rule of reciprocity applies to

Non-resident alien decedent

Intangible personal property in the  
Philippines

**YES**

**YES**

15. Intangible Personal Property of Non-Resident Alien Decedent with Situs in the Philippines shall be exempt from Taxation if:

I. The decedent, at the time of his death was a resident citizen of a foreign country which at the time of his death did not impose an estate tax of any character in respect of intangible personal property of citizens of the Philippines not residing in that foreign country.

II. The laws of the foreign country of which the decedent was a resident citizen at the time of his death allow a similar exemption from estate taxes of every character, in respect of intangible personal property owned by citizens of the Philippines not residing in that foreign country.

**Either I or II**

16. One of the following is not an intangible personal property situated in the Philippines:

I. Shares, obligations or bonds issued by any corporation or Sociedad anonima organized and constituted in the Philippines in accordance with its laws.

- II. Shares, obligations or bonds issued by any foreign corporation where 85% of its business is located in the Philippines.
- III. Shares, obligations or bonds issued by a foreign corporation if such shares, obligations or bonds have acquired business in the Philippines
- IV. Shares or rights in any partnership, business or industry established outside the Philippines.

**IV only**

17. Which of the following rules on situs of property of a decedent correct?

- I. As a general rule, the situs real property is the place or country where it is situated.
- II. As a general rule, the situs of tangible personal property is the place or country where such is actually located at the time of the decedent's death.
- III. The rule that suits of intangible personal property is the domicile or residence of the owner does not apply when the property has a situs elsewhere.
- IV. The test of situs of property of a non-resident alien decedent is not important at all because only the transmissions of property located in the Philippines are subject to estate tax.

**I, II and III only**

18. Which is not a test of situs? **Place of storage in case of certificates of stocks.**

19. One of the following is not an intangible personal property situated in the Philippines:

**Shares, obligations or bonds issued by a non-resident foreign corporation**

20. Which of the following statements is correct? **The estate tax accrues as of the death of the decedent and the accrual of the tax is distinct from the obligation to pay the same.**

21. Which of the following item is considered situated outside the Philippines? **Foreign currency deposited in bank outside the Philippines**

22. Pedro died on April 13, 2018, leaving the following properties:

Common stocks of Sunchamp Corporation (2,000 shares) – listed in the Philippines Stock Exchange (highest – P40; lowest – P39).

Common stocks of AgriNuture Corporation (1,500 shares) – not listed in the stock exchange. Cost – P50 per share; book value – P45 per share.

Preferred stocks of Greenergy Inc. (3,000 shares) – not listed in the stock exchange. Cost – P70 per share; book value – P60 per share; per value – P50 per share

Car (cost – P600,000; book value – P350,000; market – P400,000)

Real properties (zonal value – P120,000; assessed value – P72,000)

The gross estate of Pedro is **P816,500**

Use the following data for the next two (2) questions

23. Following are properties in the gross estate with their fair market values:

House and lot, family home in Quezon City	1,500,000
Bank deposit in the foreign branch of a domestic bank	500,000
Bank deposit in Makati branch of a foreign bank	300,000
Shares of stock issued by a domestic corporation (certificate kept in Canada)	1,000,000
Franchise exercised in Manila	800,000
Receivable, debtor from Mindanao	200,000

If the decedent was non-resident alien and there is reciprocity, property excluded from gross estate is valued at **P2,800,000**

24. If the decedent was non-resident alien and there is no reciprocity, the gross estate is valued at **P3,800,000**

25. A Filipino decedent residing in Hawaii during his lifetime, left the following properties:

House & lot, USA	P10,000,000
Mansion, Philippines	50,000,000
Cars, Philippines	2,000,000
Shares of stock, Singapore	5,000,000
Accounts receivable, USA	3,000,000

The gross estate of the decedent is **P70,000,000**

Use the following data for the next two (2) questions

The gross estate of a decedent included the following

	Cost	Fair value
Land & building, Philippines	P1,600,000	P2,000,000

House and lot, UK	1,800,000	1,500,000
Personal Properties, UK	1,000,000	600,000
House and lot, Philippines	4,000,000	3,500,000
Shares of stocks, UK corp.		200,000
Shares of stocks, domestic corp, (certificate kept in UK)		250,000
Shares of stock, domestic corp. (certificate kept in Phils.)		100,000
Franchise exercised in the Phils.		200,000
Franchise exercised in UK		150,000
Receivables, debtor is from UK		50,000
Receivables debtor is from UK		50,000
Receivables, debtor from Phils.		50,000

26. If the decedent was a nonresident alien and his country exempts a Filipino citizen from estate tax, how much of his assets would be subject to reciprocity? **P600,000**
27. If the decedent was a nonresident alien and assuming there is no reciprocity, how much is the gross estate? **P6,100,000**
28. When the property is donated in contemplation of death, the basis of the tax shall be **Fair market value at the time of death of the donor**
29. As a rule, the basis of valuation of property in the gross estate is the fair market value prevailing at the time of decedent's death. In the case of domestic shares of stock not traded thru the stock exchange, the fair market value is **Issuer's book value**
30. Which of the following value is not used when valuing gross estate? **Fair market value at the time the estate return is filed.**

31. The following statements pertain to rules on valuing the estate left by a decedent. Select the incorrect statement.

- I. Values in the gross estate are based on values at the time of the decedent's death because it is at this time that the heir legally succeeds to the inheritance.
- II. Receivables are appraised on the basis of the amount of the principal and interests due and unpaid at the time of death.

**Neither I nor II**

32. A decedent left a piece of land. The following data were available in connection with the property.

Assessed value, one (1) month before death	P2,500,000
Zonal value, time of death	P2,000,000
FMV at the time of filing estate tax return	P3,000,000

What would be the value of the piece of land in the gross estate? **P2,000,000**

33. What was the value included in the decedent's gross estate? **P120,000**

34. Assume that the shares were classified as preference shares, what was the value included in the decedent's gross estate? **P100,000**

35. Assume that the shares were traded in the stock exchange. Assume further that the average value at the time of death was P100 per share. What was the value included in the decedent's gross estate? **P100,000**

36. Assume that the shares were traded in the stock exchange. However, the quoted price at the time of death was not determinable. Nonetheless, the highest and lowest quotations of the shares in the market were P140 and P80, respectively, what was the value included in the decedent's gross estate? **P110,000**

37. Decedent died in 2018 leaving a will which directed all real estate owned by him not to be disposed or sold for a period of 2 years after his death, and ordered that the property be given to Juan Dela Cruz after 2 years. In 2018, the estate left by the decedent had a fair market value of P500,000. In 2020, the fair market value of the said estate increased by P4,500,000. In 2020 the fair market value of the said estate increased by P4,500,000

and the BIR commissioner assessed thereon estate tax based on assessed value of P4,000,000 In 2018. **P500,000**

38. Decedent's interest

- I. Refers to the extent of equity or ownership participation of the decedent on any property physically existing and present in the gross estate, whether or not in his possession, control or dominion
- II. Refers to the value of any interest, having value or capable of being valued or transferred, in property owned or possessed by the decedent at the time of his death.

**Both I and II**

39. Which of the following is not to be included in the gross estate of citizen decedent?

**Share in partnership's profit earned immediately after date of death**

40. Transfer in contemplation of death

- I. Refers to property formerly owned by the decedent but were no longer owned by him at the time of his death.
- II. Contemplates a situation where the transferor during his lifetime, transfers property in contemplation of or intended to take effect in possession or enjoyment at or after his death.
- III. Includes situations where the transferor retains for life the possession or enjoyment, or the right to the income from the property, or the right to designate the person who shall possess or enjoy the property or the income therefrom.
- IV. At the time of the decedent's death, the decedent no longer owned the property, but such property forms part of his gross estate for estate tax purposes.

**Both I and II**

41. Which among the following is correct?

- I. There may be properties which at the time of the decedent's death are not in the estate because they were transferred by him during his lifetime.

- II. The gross estate for purposes of the estate tax, may exceed the actual value of his assets at the time of his death as it includes the value of transfers of property by him during his lifetime that partake of the nature of testamentary dispositions.

**I only**

42. Transfers in contemplation of death have the following in common:

- I. They are ostensible transfer, usually with the purpose to evade the estate tax.
- II. They are extensions of interests.
- III. If the transfers are in fact for a bona fide consideration, then they will not form part of the gross estate.

**All of the above**

43. The following are deemed transfers in contemplation of death, except

**The decedent transferred a property in the regular course of the business operation.**

44. Transfers in contemplation of death:

	Consideration received	FMV upon transfer	FMV upon death
Land	P1,500,000	P1,500,000	P2,000,000
Shares of stock	100,000	50,000	150,000
Vintage car	50,000	80,000	100,000
Painting	250,000	400,000	500,000

The correct gross estate should be

**300,000**

45. An agreement created by will or an agreement under which title to property is passed to another for conservation or investment with the income therefrom and ultimately the corpus to be distributed in accordance with the directives of the creator as expressed in the governing instrument **TRUST**

46. All of the following statements are true, except **The power of the decedent-transferor to revoke terms may be exercised just once.**

47. Which of the following is not included in the gross estate? **Transfer for sufficient consideration**

48. A revocable transfer was made for a consideration of P100,000. Fair market values of the property at the time of transfers and at the time of death were P250,000 and P300,000, respectively. In the gross estate, the value of the property was **P200,000**

49. Which of the following statements regarding transfer under general power of appointment and transfer under special power of appointment is correct?

- I. There are three persons involved under this rule; the transferor, the first transferee, and the second transferee. The first transferee is the decedent.
- II. If authority is granted by the transferor to the first transferee to determine the person, who, upon the latter's death, would next possess or enjoy the property transferred, his authority emanates from a general power of appointment.
- III. If the transferor himself had determined beforehand who upon the death of the first transferee, would next possess or enjoy the property, then the authority of the first transferee emanated from a special power of appointment.

**All of the above**

50. Which is wrong? **A special power of appointment authorized the donor of the power to appoint only from among a designated class or group of persons including himself**

51. Which of the following statements is not true? **The appointed property passing under a general power of appointment is not includible in the gross estate of the donee-decedent.**

52. The power of appointment may be exercised by the donor-decedent through the following modes

- I. By will
- II. By deed to take effect in possession or enjoyment at or after his death.
- III. By deed under which he has retained for his life or any period not ascertainable without reference to his death or for any period which does in fact end before his death.

**I,II and III**

53. Which of the following transfer is not included in the gross estate? **Transfer for an adequate full consideration**

54. In determining whether the value of a property transferred onerously by a decedent during his lifetime should be included in his estate, ask yourself, was the consideration insufficient?

- I. If yes, then add the excess of the FMV at the time of death over the consideration received.
- II. If no, then it was a bona fide sale. Exclude the property in determining the decedent's gross estate.

**Both I and II**

55. Proceeds of life insurance includible in the taxable gross estate **Amount receivable by any beneficiary designated in the insurance policy.**

56. Amounts receivable by the estate of the deceased, his executor or administrator as an insurance under policy taken by the decedent upon his own life is: **Part of the gross estate whether the beneficiary is revocable or irrevocable.**

57. Which of the following is not included in the gross estate? **Proceed of life insurance where the beneficiary designated is the mother and the designation is irrevocable**

58. Proceeds of life insurance where the beneficiary of the decedent is not his estate, executor or administrator is **Not part of gross estate if the beneficiary is irrevocable**

59. Proceeds of life insurance to the extent of the amount receivable by the estate of the deceased, his executor or administrator under policies taken out by the decedent upon his own life shall be

- I. Part of the gross estate irrespective of whether or not the insured retained the power of revocation
- II. Not part of the gross estate if the beneficiary is irrevocable
- III. Part of the gross income if the designation of the beneficiary is revocable
- IV. Not part of the gross income irrespective of whether or not the insured retained the power of revocation

**I and IV**

60. Ms. Balo, spouse of the decedent who died in a bus accident (Harurot Transport), received P2,500,000 broken down as follows:

P900,000	From Habambuhay Life Insurance Company. A life insurance taken out by the decedent designating his wife as revocable beneficiary.
P1,200,000	From Walang Hanganan Life Insurance Company taken out by the decedent designating his wife as irrevocable beneficiary.
P400,000	From Harurot Transport Company (owner of the bus involved in the accident) where settlement was made outside court proceedings.

The gross estate of the decedent shall include **P900,000**

61. Which of the following is not true regarding a claim against insolvent persons? **The decedent's claim is deductible in full because the debtor's liabilities exceed his remaining assets**
62. Which is correct
- I. In a claim against insolvent person, the insolvency of the debtor must be proven and not merely alleged
  - II. It could be that the amount to be included as part of the gross estate in a claim against insolvent person is less than the full amount owed.
- I only**
63. Which of the following is included in the income of the estate of a decedent? **Income received by the estate of a deceased person during the period of administration or settlement of the estate.**

64. One of the items in the gross estate of a decedent is a claim against an insolvent person amounting to P500,000. The insolvent debtor can still pay P100,000 out of the P500,000. The insolvent debtor can still pay P100,000 out of the P500,000. How much will be included in and deducted from the gross estate?

**GROSS ESTATE: P500,000 DEDUCTION: 400,000**

65. The following are transaction exempt from transfer tax except: **All bequest, devices, legacies, or transfers to social welfare, cultural and charitable institutions**

66. Which of the following exempt transmissions will still require inclusion of the property in the gross estate? **Legacy to a charitable institutions whose administrative expenses did not exceed 30% of the legacy**

67. Following are exclusion from gross estate, except:

**Transfer in contemplation of death**

68. One of the following is included in the gross estate of a nonresident alien decedent: **Proceeds of life insurance of the decedent where the decedent's estate was designated as irrevocable beneficiary, the policy was procured in Manila.**

69. Which of the following is a transfer in contemplation of death?

**Both "a" and "b"**

70. Which of the following is a transfer under special power of appointment?

I. Earl transfers his property in trust for his son, Gabry and then in trust for anybody whom Gabry may, by will, appoint or designate.

II. Mr. Byahero frequently travels due to the nature of his profession. He thinks that he is not spared from meeting accidents considering the rampant occurrence of accidents these days. He decided to execute his last will and testament appoint his properties to his children.

III. Georgia designated his special friend, E. Garcia as beneficiary of an insurance which he took upon his own life.

**None of the above**

71. Under which of the following situations an estate tax return is required to be filed under the TRAIN law? **Both A and B**

72. Who shall file the estate tax return? **Executor, or the administrator, or any of the legal heirs**

73. Statement 1: The estate tax imposed under the Tax code shall be paid by the executor or administrator before the delivery of the distributive share in the inheritance to any heir or beneficiary.

Statement 2: The executor or administrator of an estate has the primary obligation to pay the estate tax but the heir or beneficiary has subsidiary liability for paying that portion of the estate corresponding to his distributive share in the value of the total net estate.

**Statement 1 False Statement 2 True**

74. Statement 1: The Commissioner or any of the Revenue Officer authorized by him pursuant to the tax code shall have the authority to grant, in meritorious cases, a reasonable extension not exceeding thirty (30) days for filing the return.

Statement 2: The application for the extension of time to file the estate tax return must be filed with the RDO where the estate is required to secure its TIN and file tax return of the estate

**Both True**