

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

Thirteenth Congress
Third Regular Session

HOUSE BILL NO. 5789

Introduced by Honorable Fredenil “Fred” H. Castro

EXPLANATORY NOTE

This bill seeks to exempt from the Expanded Value Added Tax the sale of goods and services to senior citizens.

Under Republic Act No. 9257, otherwise known as the “Expanded Senior Citizens Act of 2003,” senior citizens are entitled to a grant of twenty percent (20%) discount from all establishments relative to the utilization of services in hotels and similar lodging establishments, restaurants and recreation centers, the purchase of medicines for the exclusive use or enjoyment of senior citizens, and funeral and burial services for the death of senior citizens, etc.

The 20% discount privilege granted to senior citizens has eased their daily budget to a reasonable extent that allows them to maximize their resource-spending. It has also improved the total well-being of the elderly permitting full participation in society.

On May 24, 2005, however, upon the enactment of RA 9337 more popularly known as the Expanded Value Added Tax (EVAT), a value-added tax equivalent to ten (10%) percent of the gross selling price or gross value in money of the goods or properties, is levied, assessed and collected



every sale, barter or exchange of goods or properties. This was later increased to twelve (12%) percent by the President in the year 2006, thus, the discount privilege granted to the elderly is effectively diminished. As a result, senior citizens are enjoying only an 8% discount. Hence, RA 9257 must be amended in order to allow the senior citizens to enjoy the full 20% discount privilege under the Expanded Senior Citizens Act of 2003.

In view of the foregoing, approval of this bill is highly and earnestly recommended.



FREDENIL "FRED" H. CASTRO



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AN ACT
EXEMPTING FROM THE EXPANDED VALUE ADDED TAX THE
SALE OF GOODS AND SERVICES TO SENIOR CITIZENS,
AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 9257,
OTHERWISE KNOWN AS THE “EXPANDED SENIOR CITIZENS
ACT OF 2003”.

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

SECTION 1. Section 4 of Republic Act No. 9257 is hereby amended
to read as follows:

“SEC. 4. *Privileges for the Senior Citizens.* – The senior
citizens shall be entitled to the following:

a) xxx xxx xxx

The establishment may claim the discounts granted under
(a), (f), (g) and (h) as tax deduction based on the net cost of the

goods sold or services rendered: *Provided*, that the cost of the discount shall be allowed as deduction from gross income for the same taxable year that the discount is granted: *Provided, further*, that the total amount of the claimed tax deduction net of value added tax if applicable, shall be included in their gross sales receipts for tax purposes and shall be subject to proper documentation and to the provisions of the National Internal Revenue Code, as amended.

ANY PROVISION OF LAW TO THE CONTRARY NOTWITHSTANDING, THE SALE OF GOODS AND SERVICES TO SENIOR CITIZENS UNDER (A), (B), (F), (G) and (H) OF THIS SECTION SHALL BE EXEMPT FROM THE EXPANDED VALUE ADDED TAX AS PROVIDED UNDER THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED.

xxx

xxx

xxx”

SEC. 2. This Act shall take effect fifteen (15) days after its complete publication in at least two (2) national newspapers of general circulation.

Approved,