

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
Third Regular Session

HOUSE BILL NO. 6423



Introduced by HONORABLE FERDINAND MARTIN G. ROMUALDEZ

EXPLANATORY NOTE

The 1987 Philippine Constitution proclaims that the State values the dignity of every human person and guarantees full respect for human rights. It also mandates Congress to give highest priority to the enactment of measures that protect and enhance the right of all the people to human dignity, reduce social, economic and political inequalities, and remove cultural inequities by equitably diffusing wealth and political power for the common good. These provisions have inspired the enactment of laws that provide social, political and economic opportunities for disadvantaged segments of Philippine society, such as senior citizens and persons with disability (PWD).

A law that has a very comprehensive positive bias for PWDs is Republic Act No. 7277, "Providing for the Rehabilitation, Self-development and Self-reliance of Disabled Persons," which was approved on March 24, 1992, amended five years later by Republic Act No. 9442, on April 30, 2007, to provide certain privileges and incentives to PWDs, and amended further by Republic Act 10070, which was approved on April 6, 2010, mandating all local government units to adopt and establish social and structural mechanisms to serve and promote the interest, rights and welfare of PWDs.

The proposed measure seeks to amend Section 32 of RA 7277, as amended by RA 9442, by providing that PWDs shall be exempted from the Value Added Tax (VAT) in addition to the discount they are already enjoying for the classes of goods and services enumerated in RA 9442. This is an equalizing measure because this will accord PWDs exactly the same discount privilege enjoyed by senior citizens, who are exempted from the VAT by virtue of RA 9994. By way of example, at present senior citizens enjoy a P20.00 discount or the equivalent of 20% for every P100.00 value of good or service purchased by them. On the other hand, persons with disability effectively enjoy only P12.00 for every P100.00 worth of good or service because the law does not exempt them from the VAT, which is imposed on the net value of the good or service or 10% of the P80.00 after deducting P20.00, representing the 20% discount granted in RA 9442, for every P100.00 worth of good or service purchased.

In view of the foregoing, approval of the bill is earnestly requested.


HON. FERDINAND MARTIN G. ROMUALDEZ

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AN ACT
EXEMPTING PERSONS WITH DISABILITY FROM THE VALUE-ADDED TAX
ON CERTAIN GOODS AND SERVICES, AMENDING FOR THE PURPOSE
REPUBLIC ACT NO. 7277, AS AMENDED, OTHERWISE KNOWN AS THE
"MAGNA CARTA FOR PERSONS WITH DISABILITY," AND FOR OTHER
PURPOSES

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

SECTION 1. Section 32 of Republic Act No. 7277, otherwise known as the
"Magna Carta for Persons with Disability," as amended, is hereby amended to
read as follows:

"SEC. 32. Persons with disability shall be entitled to the following:

"(a) At least twenty percent (20%) discount **AND EXEMPTION FROM THE
VALUE-ADDED TAX (VAT), IF APPLICABLE**, from all establishments
relative to the utilization of all services in hotels and similar lodging
establishments; restaurants and recreation centers for the exclusive use or
enjoyment of persons with disability;

"(b) A minimum of twenty percent (20%) discount **AND EXEMPTION
FROM THE VALUE-ADDED TAX (VAT), IF APPLICABLE**, on admission
fees charged by the theaters, cinema houses, concert halls, circuses,
carnivals and other similar places of culture, leisure and amusement for the
exclusive use or enjoyment of persons with disability;

"(c) At least twenty percent (20%) discount **AND EXEMPTION FROM THE VALUE-ADDED TAX (VAT), IF APPLICABLE**, on the purchase of medicines in all drugstores for the exclusive use or enjoyment of persons with disability.

"(d) At least twenty percent (20%) discount **AND EXEMPTION FROM THE VALUE-ADDED TAX (VAT), IF APPLICABLE**, on medical and dental services including diagnostic and laboratory fees such as, but not limited to x-rays, computerized tomography scans and blood tests, in all government facilities, subject to guidelines to be issued by the Department of Health (DOH), in coordination with the Philippine Health Insurance Corporation (PHILHEALTH);

"(e) At least twenty percent (20%) discount **AND EXEMPTION FROM THE VALUE-ADDED TAX (VAT), IF APPLICABLE**, on medical and dental services including diagnostic and laboratory fees, and professional fees of attending doctors in all private hospitals and medical facilities, in accordance with the rules and regulations to be issued by the DOH, in coordination with the PHILHEALTH;

"(f) At least twenty percent (20%) discount **AND EXEMPTION FROM THE VALUE-ADDED TAX (VAT), IF APPLICABLE**, on fare for domestic air and sea travel for the exclusive use or enjoyment of persons with disability;

"(g) At least twenty percent (20%) discount **AND EXEMPTION FROM THE VALUE-ADDED TAX (VAT), IF APPLICABLE**, in public railways, skyways and bus fare for the exclusive use and enjoyment of persons with disability;

"(h) Educational assistance to persons with disability, for them to pursue primary, secondary, tertiary, post tertiary, as well as vocational or technical education, In both public and private schools, through the provision of scholarships, grants, financial aids, subsidies and other incentives to qualified persons with disability, including support for books, learning materials, and uniform allowance to the extent feasible: *Provided*, That persons with disability shall meet minimum admission requirements;

"(i) To the extent practicable and feasible, the continuance of the same benefits and privileges given by the Government Service Insurance System (GSIS), Social Security System (SSS), and PAG-IBIG, as the case may be, as are enjoyed by those in actual service;

"(j) To the extent possible, the government may grant special discounts in special programs for persons with disability on purchase of basic commodities, subject to guidelines to be issued for the purpose by the Department of Trade and Industry (DTI) and the Department of Agriculture (DA); and

"(k) Provision of express lanes for persons with disability in all commercial and government establishments; in the absence thereof, priority shall be given to them.

"The abovementioned privileges are available only to persons with disability who are Filipino citizens upon submission of any of the following as proof of his/her entitlement thereto:

"(I) An identification card issued by the city or municipal mayor or the barangay captain of the place where the person with disability resides;

"(II) The passport of the persons with disability concerned; or

"(III) Transportation discount fare Identification Card (ID) issued by the National Council for the Welfare of Disabled Persons (NCWDP).

"The privileges may not be claimed if the persons with disability claims a higher discount as may be granted by the commercial establishment and/or under other existing laws or in combination with other discount program/s.

"The establishments may claim the discounts granted in sub-sections (a), (b), (c), (e), (f) and (g) as tax deductions based on the net cost of the goods sold or services rendered: *Provided, however,* 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 (NIRC), as amended."

SEC. 2. The Department of Social Welfare and Development, the National Council on Disability Affairs (NCDA), the DOH and the Bureau of Internal Revenue, in consultation with the concerned Senate and House committees and other agencies, organizations and establishments shall formulate an implementing rules and regulations pertinent to this Act within six months after its effectivity.

SEC. 3. This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in two newspapers of general circulation in the Philippines.

Approved,