

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS

First Regular Session

House Bill No. **2567**



Introduced by **Hon. Sol Aragon**

EXPLANATORY NOTE

Republic Act No. 7432, as amended by Republic Act No. 9257, otherwise known as "Expanded Senior Citizens Act of 2003, " granted senior citizens an exemption from the payment of individual taxes based on their income up to a certain level to be determined by the National Economic Development Authority (NEDA). This exemption, however, does not include the final twenty percent (20%) withholding tax on interest income from bank deposits. The failure to extend the exemption to bank deposit income is a violation of the intent of the law. This is highlighted by the fact that most senior citizens derive a substantial portion of their income from the interest on their savings and retirement benefits which are deposited in banks.

This bill aims to correct this oversight by expressly providing for the exemption of bank deposits of senior citizens from the coverage of the withholding tax on interest income.


HON. SOL ARAGONES
Representative, 3rd District of Laguna

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House Bill No. **2567**

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**AN ACT EXEMPTING THE BANK DEPOSITS OF SENIOR CITIZENS FROM THE
TWENTY PERCENT (20%) WITHHOLDING TAX ON INTEREST INCOME,
AMENDING FOR THIS PURPOSE REPUBLIC ACT NO. 7432, AS AMENDED BY
REPUBLIC ACT NO. 9257**

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

1 **SECTION 1.** Section 4 of Republic Act No. 7432, as amended by Republic Act No.
2 9257, otherwise known as "Expanded Senior Citizens Act of 2003" is hereby further
3 amended to read as follows:

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

6 (a) the grant of twenty percent (20%) discount from all
7 establishments relative to the utilization of services in hotels and similar
8 lodging establishment, restaurants and recreation centers, and purchase of
9 medicines in all establishments for the exclusive use or enjoyment of
10 senior citizens, including funeral and burial services for the death of senior
11 citizens;

12 (b) a minimum of twenty percent (20%) discount on admission
13 fees charged by theaters, cinema houses and concert halls, circuses,
14 carnivals, and other similar places of culture, leisure and amusement for
15 the exclusive use or enjoyment of senior citizens;

1 (c) exemption from the payment of individual income taxes:
2 Provided, That their annual taxable income does not exceed the poverty
3 level as determined by the National Economic and Development Authority
4 (NEDA) for that year;

5 (d) exemption from training fees for socioeconomic programs;

6 (e) free medical and dental service, diagnostic and laboratory fees
7 such as, but not limited to, x-rays, computerized tomography scans and
8 blood tests, in all government facilities, subject to the guidelines to be
9 issued by the Department of Health in coordination with the Philippine
10 Health Insurance Corporation (PHILHEALTH);

11 (f) the grant of twenty percent (20%) discount on medical and
12 dental services, and diagnostic and laboratory fees provided under Section
13 4 (e) hereof, including professional fees of attending doctors in all private
14 hospitals and medical facilities, in accordance with the rules and
15 regulations to be issued by the Department of Health, in coordination with
16 the Philippine Health Insurance Corporation;

17 (g) the grant of twenty percent (20%) discount in fare for domestic
18 air and sea travel for the exclusive use or enjoyment of senior citizens;

19 (h) the grant of twenty percent (20%) discount in public railways,
20 skyways and bus fare for the exclusive use and enjoyment of senior
21 citizens;

22 (i) educational assistance to senior citizens to pursue post
23 secondary, tertiary, post tertiary, as well as vocational or technical
24 education in both public and private schools through provision of
25 scholarship, grants, financial aid subsidies and other incentives to
26 qualified senior citizens, including support for books, learning materials,
27 and uniform allowance, to the extent feasible: Provided, That senior
28 citizens shall meet minimum admission requirement;

29 (j) to the extent practicable and feasible, the continuance of the
30 same benefits and privileges given by the Government Service Insurance

1 System (GSIS), Social Security System (SSS) and PAG-IBIG, as the case
2 may be, as are enjoyed by those in actual service.

3 (k) retirement benefits of retirees from both the government and
4 private sector shall be regularly reviewed to ensure their continuing
5 responsiveness and sustainability, and to the extent practicable and
6 feasible, shall be upgraded to be at par with the current scale enjoyed by
7 those in actual service.

8 (l) to the extent possible, the government may grant special
9 discounts in special programs for senior citizens on purchase of basic
10 commodities, subject to the guidelines to be issued for the purpose by the
11 Department of Trade and Industry (DTI) and the Department of
12 Agriculture (DA); [and]

13 (m) provision of express lanes for senior citizens in all commercial
14 and government establishments; in the absence thereof, priority shall be
15 given to them[.]; AND

16 (N) EXEMPTION FROM PAYING THE WITHHOLDING TAX
17 ON INTEREST INCOME FROM BANK DEPOSITS PROVIDED THAT
18 THE EXEMPTION FROM PAYING THE WITHHOLDING TAX
19 SHOULD NOT EXCEED SIX HUNDRED THOUSAND PESOS
20 (P600,000.00).

21 In the availment of the privileges mentioned above, the senior
22 citizen or elderly person may submit as proof of his/her entitlement thereto
23 any of the following:

24 (a) an ID issued by the city or municipal mayor or of the barangay
25 captain of the place where the senior citizen or the elderly resides;

26 (b) the passport of the elderly person or senior citizen concerned;
27 and

28 (c) other documents that establish that the senior citizen or elderly
29 person is a citizen of the Republic and is at least sixty (60) years of age.

1 The establishment may claim the discounts granted under (a), (f),
2 (g) and (h) as tax deduction based on the net cost of the goods sold or
3 services rendered: Provided That the cost of the discount shall be allowed
4 as deduction from gross income for the same taxable year that the discount
5 is granted. Provided, further, That the total amount of the claimed tax
6 deduction net of value added tax if applicable, shall be included in their
7 gross sales receipts for tax purposes and shall be subject to proper
8 documentation and to the provisions of the National Internal Revenue
9 Code, as amended."

10 **SEC. 3.** This Act shall take effect fifteen (15) days from the date of its publication in
11 the Official Gazette or in at least two (2) newspapers of general circulation, whichever comes
12 earlier.

Approved,