

Republic of the Philippines
House of Representatives
Quezon City

SIXTEENTH CONGRESS
Third Regular Session

HOUSE BILL NO. **6041**



Introduced by Representative EDGAR R. ERICE

EXPLANATORY NOTE

This bill seeks to exempt from payment of income tax two types of senior citizens: (1) whose gross annual income is below Five Hundred Thousand Pesos (Php500,000.00) for those below sixty-five (65) years of age; and, (2) below One Million Pesos (Php1,000,000.00) if they are sixty-five years (65) of age and above.

The 1987 Constitution mandates the State to endeavor to "*make essential goods, health and other social services available to all the people*" and priority should be given to the elderly. The Constitution further provides that while the family has the duty to care for its elderly members, the State may also do so through the just programs of social security.

In line with this constitutional declaration and in recognition of the contributions that senior citizens have already given to the country, Congress has passed several laws to grant much needed subsidies and benefits to the elderlu, i.e. Republic Act Nos. 7432, 9257 and 9994, otherwise known as *Senior Citizens Act*, *Expanded Senior Citizens Act of 2003* and *Expanded Senior Citizens Act of 2010*, respectively.

The funds that could be saved by senior citizens from being exempted from the payment of income taxes could be used to shoulder medical and other expenses which are inevitable given their advancing age. Furthermore, senior citizens only constitute 6.8% of the Philippines' total population and it bears stressing that only a marginal portion of them are still working after reaching the age of seniority. In fact, according to a report of the Philippine Statistics Authority, entitled *Employment Situation in January 2015 (Final Results)*, out of the total 38.5 million employed Filipinos, only 3.9% are aged 65 and above. Hence, the impact on government collections arising from foregone income taxes of senior citizens will not be that significant.

In view thereof, the passage of this bill is urgently sought.



EDGAR R. ERICE
Representative
2nd District Caloocan City

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AN ACT

INCREASING THE SUBSIDY AND BENEFITS ACCORDED TO SENIOR CITIZENS BY REPUBLIC ACT NO. 9994, OTHERWISE KNOWN AS "THE EXPANDED SENIOR CITIZEN'S ACT OF 2010" AND AMENDING SECTIONS 4 AND 5 THEREOF FOR THAT PURPOSE.

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

SECTION 1. Section 4 of Republic Act No. 9994, otherwise known as "*Expanded Senior Citizen's Act of 2010*", amending Section 4 of Republic Act No. 7432, otherwise known as the "*Expanded Senior Citizen's Act of 2003*", is hereby further amended to read as follows:

"SEC. 4. Privileges for the Senior Citizens. -

The senior citizens shall be entitled to the following:

xxx

"(B) EXEMPTION FROM THE PAYMENT OF INDIVIDUAL INCOME TAXES FOR THOSE AGED BELOW SIXTY-FIVE (65) YEARS AND WHOSE ANNUAL GROSS INCOME IS BELOW FIVE HUNDRED THOUSAND PESOS (PHP500,000.00). SENIOR CITIZENS WHOSE ANNUAL GROSS INCOME IS BELOW ONE MILLION PESOS (PHP1,000,000.00) SHALL ALSO BE EXEMPTED FROM PAYMENT OF INDIVIDUAL INCOME TAXES, PROVIDED THAT THEY ARE AT LEAST SIXTY-FIVE (65) YEARS OF AGE IN THE APPLICABLE TAXABLE PERIOD;

xxx

SECTION 2. *Separability Clause.* – If any provision of this Act shall be declared unconstitutional, any other provision not affected thereby shall remain in full force and effect.

SECTION 3. *Repealing Clause.* – Any law, presidential decree or issuance, executive order, letter of instruction, administrative order, rule or regulation contrary to or inconsistent with the provision of this Act is hereby repealed, modified or amended accordingly.

SECTION 4. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved,