

REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
Third Regular Session

House Bill No. 8490



Introduced by **MAGDALO Party-List Representative**
HON. GARY C. ALEJANO

EXPLANATORY NOTE

The State assures the welfare of the elderly through social security programs. To illustrate, Republic Act No. 7432, otherwise known as the Senior Citizens Act and Republic Act No. 9257, or the Expanded Senior Citizens Act of 2003, granted benefits and special privileges to all elderly persons as recognition of their invaluable contributions as citizens of this country.

Relevant to the objectives of this Act are the provisions on the exemption of senior citizens from the payment of individual income taxes, provided that their taxable income does not exceed the poverty level prescribed by the National Economic Development Authority (NEDA) for the present year. There is, however, no express provision to exempt the elderly from the 20% interest income from bank deposits as mandated by the National Internal Revenue Code. This defeats the purpose of R.A. 7432 AND R.A. 9257, which sought to alleviate the financial pressures on senior citizens by exempting them the payment of individual income taxes. 20% is such a large amount deducted to the already meager income that our senior citizens are getting.

As such, this Act shall remedy this incongruity by expressly providing for such exemption in order to provide for our senior citizens greater financial leeway.

In view of the foregoing, approval of this bill is earnestly sought.


Rep. Gary C. Alejano

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1 **AN ACT**
2 **EXEMPTING THE BANK DEPOSITS OF SENIOR CITIZENS FROM THE 20%**
3 **WITHHOLDING TAX ON INTEREST INCOME, AMENDING FOR THIS PURPOSE**
4 **REPUBLIC ACT NO. 7432**

5 *Be it enacted by the Senate and House of Representatives of the Philippines in Congress*
6 *assembled,*

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8 **SECTION 1.** A new subsection (g) under Section 4 of Republic Act No. 7432 shall be
9 added and hereby read as follows:

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13 **“G. EXEMPTION FROM THE 20% WITHHOLDING TAX ON INTEREST**
14 **INCOME FROM THE BAK DEPOSITS, PROVIDED HOWEVER THAT:**

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16 **1) THE TAX EXEMPTION FROM PAYING THE WITHHOLDING**
17 **TAX SHOULD NOT EXCEED SIX HUNDRED THOUSAND PESOS**
18 **(P600,000.00); AND**

19
20 **2. THE SENIOR CITIZEN SHOULD PRESENT TO THE MANAGER**
21 **OF THE BANK IN WHICH HE/SHE DEPOSITS HIS/HER MONEY**
22 **HIS/HER SENIOR CITIZEN’S ID AND A CERTIFICATE FROM THE**
23 **CHIEF OF THE AGENCY/FIRM FROM WHICH HE/SHE**
24 **RETIRED.”**

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28 **SEC. 2. *Repealing Clause.***—All laws, executive orders, executive issuances, or letters of
29 instructions, or any part thereof, inconsistent with or contrary to the provisions of this Act, are
30 hereby repealed, amended, or modified accordingly.

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32 **SEC. 3. *Separability Clause.***—If for any reason, any section or provision of this Act shall
33 be declared unconstitutional or invalid, the other parts thereof not affected shall remain valid.

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35 **SEC. 4. *Effectivity.***—This Act shall take effect immediately upon its approval.

Approved,