

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

NINETEENTH CONGRESS
First Regular Session

House Bill No. **2093**



Introduced by

Senior Citizens Party-List Representative RODOLFO "OMPONG" M. ORDANES

EXPLANATORY NOTE

The dream of every Filipino has always been to comfortably retire once they become senior citizens. Time and again, all of us have imagined ourselves in the Filipino dream of retiring on our own abode with a sizeable nest egg that will take care of us for the rest of our golden years. However, the rising cost of goods coupled with the slow increase in income has made this dream of our senior citizens remain just a dream.

Today, senior citizens are unable to fully enjoy retirement because they are unable to save enough money to compete with the rising costs of being senior citizens. According to the Philippine Statistics Authority's (PSA) Philippine National Health Accounts, senior citizens spent PhP 171.55 billion pesos for their health alone in 2018. Studies show that a comfortable retirement in the Philippines would require around PhP 40,000 to PhP 60,000 per month. However, compared to the high costs of retirement, PSA data shows that a significant majority or seventy-five percent (75%) of senior citizens are not covered by social security or retirement plan. Of those receiving a monthly pension, sixty percent (60%) receive below PhP 5,000 per month while only four percent (4%) receive a monthly pension of PhP 30,000 and above. Thus, a significant majority of senior citizens are constrained to heavily rely on their savings upon retirement.²³

²³ Mina, C. and Cacnio, F. (2019), "*Are Filipino Senior Citizens Financially Protected?: Evidence from Consumer Finance Survey*," 14th National Convention on Statistics, Retrieved from: <https://psa.gov.ph/sites/default/files/7.4.2%20Are%20Filipino%20Retirees%20and%20Would-be%20Retirees%20Sufficiently%20Protected%20Evidence%20from%20a%20Household-based%20Survey.pdf>

Unfortunately, Filipino retirees were found to have limited savings for their retirement. According to the Bangko Sentral ng Pilipinas, Filipinos have only 3.6 months' worth of income for retirement. Meanwhile, the average savings of a Filipino family is only around PhP 52,000 per year.²⁴ Thus it is almost impossible for our senior citizens to comfortably retire today.

The current predicament of our senior citizens runs contrary to the 1987 Philippine Constitution which mandates that the State has a duty to care for its elderly members through programs of social security²⁵ and the State's policy under existing laws which emphasizes its mandate to re-affirm the valued Filipino tradition of caring for the senior citizens and foster their capacity to attain more meaningful and productive aging.²⁶

This measure seeks to partially increase the savings of our senior citizens in preparation for retirement by giving exempting them from income tax until they retire. Through this, we, as a nation, can finally fulfill our Constitutional mandate to promote social justice by protecting and uphold the welfare of the vulnerable sectors of our society while helping them achieve the Filipino dream of a comfortable retirement.

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



RODOLFO "OMPONG" M. ORDANES

²⁴ PSA, 2015 Family Income and Expenditure Survey.

²⁵ Phil. Const. Art. XV Section 4.

²⁶ Expanded Senior Citizens Act of 2010.

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

NINETEENTH CONGRESS
First Regular Session

House Bill No. **2093**

Introduced by

Senior Citizens Party-List Representative RODOLFO "OMPONG" M. ORDANES

AN ACT

GRANTING AN INCOME TAX EXEMPTION TO SENIOR CITIZENS AGED SIXTY (60) AND ABOVE

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

Section 1. *Title.* - This Act Shall be known as the ***"Income Tax Exemption for Senior Citizens Act."***

Section 2. Insertion of a new paragraph in Section 24 of the NIRC, as amended by the R.A. 10963 or commonly known as the "Tax Reform for Acceleration and Inclusion (TRAIN)," is hereby further amended to read as follows:

"Sec. 24. *Income Tax Rates.* –

(A) Rates of Income Tax on Individual Citizen and Individual Resident Alien of the Philippines.

xxx

(2) Rates of Tax on Taxable Income of Individuals. – The tax shall be computed in accordance with and at the rates established in the following schedule:

(a) Tax Schedule Effective January 1, 2018, until December 31, 2022:

xxx

Provided finally, that senior citizen employees, or individuals aged sixty (60) years old and above who are still under continued employment, shall be exempt from the payment of income tax. That the holiday pay, overtime pay, night shift differential pay, and hazard pay received by such senior citizen employees shall likewise be exempt from income tax."

Section 3. *Repealing Clause.* - All law, executive orders, rules, and regulations or any part thereof inconsistent herewith are deemed repealed or modified accordingly.

Section 4. *Separability Clause.* - If any part or provision of this Act shall be declared unconstitutional and invalid, such declaration shall not invalidate other parts thereof which shall remain in full force and effect.

Section 5. *Effectivity.* - This Act shall take effect fifteen (15) days its complete publication n the Official Gazette or in at least two (2) newspapers of general circulation, whichever comes earlier.

Approved,