

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS
Third Regular Session

House Bill No. **10989**



Introduced by Honorable Dan S. Fernandez

EXPLANATORY NOTE

Section 4, Article XV of the 1987 Philippine Constitution states that the family has the duty to care for its elderly members but the State may also do so through just programs of social security.

The problem pertinent to the foregoing provision is that Philippine Statistical Authority (PSA) data indicates that a significant majority or 75% of our senior citizens are presently not covered by social security or retirement plan. Of those receiving a monthly pension, 60% receive below P5,000 per month. And with little savings set aside out of a lifetime of labor, the much hoped for “golden years” of most of our senior citizens will be anything but that.

If the objective of this measure is attained, that is, income tax exemption is granted to senior citizens who are still working, this will somehow increase their meager savings so that they will at least have a better fighting chance of obtaining financial protection when they retire. With the unmitigated or unrelenting inflationary pressure on the prices of goods and services, our elderlies need all the help they could get so that they could meet their basic needs when they are no longer working.

There are around 9.22 million senior citizens in the country (ref. PSA’s 2020 survey). A large portion of these elderlies (around 42%) are still active in the workforce. The government should seriously consider extending financial relief to these working seniors by amending the tax scheme, so as to exempt them from the payment of income tax. As it has been said, seniors have already contributed significantly to society. It is about time, therefore, that society gives back to them.

In view of the foregoing considerations, the approval of this bill, at the earliest possible time, is earnestly recommended.


DAN S. FERNANDEZ
Lone District of Santa Rosa City

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**AN ACT
GRANTING INCOME TAX EXEMPTION TO SENIOR CITIZENS, WHO ARE
GAINFULLY EMPLOYED, AMENDING FOR THE PURPOSE SECTION 24 (A) OF THE
NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED**

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

SECTION 1. *Short Title.* - This Act shall be known and cited as the "*Income Tax Exemption for Senior Citizens Act.*"

SEC. 2. A new paragraph in Section 24 (A) of the National Internal Revenue Code of 1997, as amended, is hereby added, 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 CITIZENS WHO ARE
GAINFULLY EMPLOYED SHALL BE EXEMPT FROM THE
PAYMENT OF INCOME TAX, AND 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.**

SEC. 3. *Repealing Clause.* - All laws, presidential decrees, executive orders and their implementing rules, inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

SEC. 4. *Effectivity.* - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,