

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

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 428



Introduced by REP. RODOLFO "OMPONG" M. ORDANES

**AN ACT ENHANCING THE DISCOUNT ON THE PURCHASE OF GOODS
AND SERVICES OF SENIOR CITIZENS AND PERSONS WITH DISABILITIES**

EXPLANATORY NOTE

Those who have less in life shall have more in law. Therefore, this proposed measure seeks to grant Senior Citizens (SCs) and Persons with Disabilities (PWDs) a twenty percent (20%) discount and exemption from the value-added tax, in addition to any prevailing promotional offers or discounts extended by business establishments. This discount shall be applied upon presentation of a valid identification card verifying their status as an SC or PWD.

This bill is the result of five (5) joint deliberations of the Committee on Ways and Means, the Committee on Senior Citizens, and the Special Committee on Persons with Disabilities. These discussions were conducted as part of their motu proprio inquiry, in aid of legislation, into the implementation gaps regarding Republic Act No. 7432, as amended, otherwise known as the "Expanded Senior Citizens Act of 2003," and Republic Act No. 7277, as amended, otherwise known as the "Magna Carta for Persons with Disability," and policies that provide discounts, incentives, and tax exemptions for SCs and PWDs.

Based on reports gathered during the Joint Committee deliberations, there are cases where business establishments claim that their goods and services are on promotion, thereby denying the mandated 20% discount for SCs and PWDs. They often cite the provision prohibiting double-discount. However, SCs and PWDs have the right to choose between the promotional discount and the discount rate provided by law, as they may deem more favorable. Furthermore, business establishments cannot simply invoke promotional discounts, especially in the absence of DTI approval as evidenced by permits issued to the applicant-business establishment.

Given the foregoing, this bill aims to clarify that the discounts for SCs and PWDs should remain applicable even when promotional offers are available. Ensuring this, we uphold the preferential benefits these vulnerable sectors deserve. Moreover, it addresses their evolving needs and challenges by enhancing the existing discount privileges provided to them and offering them greater financial relief to cope with rising expenses and medical costs.

This measure was approved on Third and Final Reading by the House of Representatives and has been transmitted to the Senate in the 19th Congress.

As such, the passage of this bill is earnestly sought.



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

1 SECTION 1. *Declaration of Policy.* - The State shall promote a just and
2 dynamic social order that shall ensure the nation's prosperity and independence as
3 well as free its people from poverty. The State shall provide social justice in all phases
4 of national development, and value the dignity of every human person, and guarantee
5 full respect for human rights.

6 The State shall adopt an integrated approach to health development which
7 shall endeavor to make essential goods, health, and other social services available to
8 all at affordable cost. There shall be priority for the needs of the underprivileged, sick,
9 elderly, and persons with disabilities.

10 To this end, the State shall preserve the preferential treatment accorded to
11 senior citizens and persons with disabilities, and proportionately distribute its costs
12 between the government and the people.

13 SEC. 2. *Applicability of Discounts of Senior Citizens and Persons with*
14 *Disabilities to Goods and Services on Promotional Offer.* - The discount granted to
15 senior citizens and persons with disabilities, including the twenty percent (20%)
16 discount and exemption from the value-added tax (VAT) on goods and services, or
17 the special discount on purchase of basic necessities and prime commodities, as
18 provided under Section 4 of Republic Act (RA) No. 7432, otherwise known as "Senior

1 *Citizens Act*," as amended, and Section 32 of RA 7277, otherwise known as "*Magna*
2 *Carta for Persons with Disability*," as amended, shall be in addition to any prevailing
3 promotional offers or discounts extended by business establishments, if any, has been
4 provided.

5 In no case shall a promotion or discount offered by a business establishment to
6 the general public be considered in compliance with Section 4 of RA 7432, as amended,
7 and Section 32 of RA 7277, as amended.

8 **SEC. 3. *Tax Treatment of Discounts.*** – The twenty percent (20%) discount for
9 senior citizens or persons with disabilities applied on certain goods and services, the
10 input tax attributable to the VAT-exempt sale to senior citizens and persons with
11 disabilities, and the special discount on basic necessities and prime commodities, shall
12 be treated as part of deductible expense pursuant to Section 34 of the National Internal
13 Revenue Code of 1997, as amended.

14 The establishments may claim the discounts granted under subsections (a), (c),
15 and (j) of Section 4 of RA 7432, as amended, and subsection (a), paragraphs (1), (2), (3),
16 (5), (6), (7) and (8) and subsection (d) of Section 32 of RA 7277, as amended, as
17 deduction based on the net cost of goods sold or services rendered: *Provided*, That the
18 cost of the discount shall be allowed as deduction from gross income for the same
19 taxable year that the discount is granted: *Provided, further*, That the total amount of the
20 claimed tax deduction net of VAT, if applicable, shall be included in their gross sales
21 receipts for tax purposes and shall be subject to proper documentation and to the
22 provisions of the *National Internal Revenue Code*, as amended.

23 **SEC. 4. *Implementing Rules and Regulations.*** – The National Commission of
24 Senior Citizens and the National Council on Disability Affairs, in consultation with
25 the Department of the Interior and Local Government, Department of Trade and
26 Industry, Department of Information and Communications Technology, Department
27 of Health, Department of Finance, Bureau of Internal Revenue, and other relevant
28 agencies and stakeholders, shall promulgate the necessary rules and regulations for
29 the effective implementation of the provisions of this Act.

30 **SEC. 5. *Separability Clause.*** – If any provision of this Act is declared invalid or
31 unconstitutional, other provisions hereof which are not affected thereby shall remain
32 in full force and effect.

1 SEC. 6. *Repealing Clause.* – The pertinent provisions of the following laws are
2 hereby repealed, amended, or modified accordingly:

3 (a) Section 4 of RA 7432, as amended by RA 9994, otherwise known as the
4 “*Expanded Senior Citizens Act of 2010*,” insofar as purchase of goods and services
5 which are on promotional discount is concerned; and

6 (b) Section 32 of RA 7277, as amended by RA 10754, insofar as higher discount
7 granted by the commercial establishment, other existing laws or in combination
8 with other discount programs is concerned;

9 All other laws, rules and regulations, and other issuances or parts thereof,
10 which are inconsistent with the provisions of this Act, are hereby repealed, amended,
11 or modified accordingly.

12 SEC. 7. *Effectivity.* – This Act shall take effect fifteen (15) days after its
13 publication in the Official Gazette or in a newspaper of general circulation.

14 *Approved,*
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