

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. **2520**



Introduced by: **REP. SALVADOR A. PLEYTO, SR.**

EXPLANATORY NOTE

The State, as enshrined in its Constitution, is mandated to adopt an integrated and comprehensive approach to health development which shall endeavor to make essential goods, health and other social services available to all people at affordable cost. Furthermore, it is the policy of the State to provide for the welfare of the elderly and persons with disability (PWD), recognizing their invaluable contributions to society and their unique needs.

Existing laws, Republic Act No. 9994 (Expanded Senior Citizens Act of 2010) and Republic Act No. 10754 (An Act Expanding the Benefits and Privileges of Persons with Disability), grant a twenty percent (20%) discount and exemption from the value-added tax (VAT) on certain goods and services for senior citizens and persons with disability, respectively. While these laws have provided significant relief, the escalating cost of living, coupled with various promotional offers and establishment-specific discounts, often lead to confusion and, at times, the unintended erosion of the intended benefits for these vulnerable sectors.

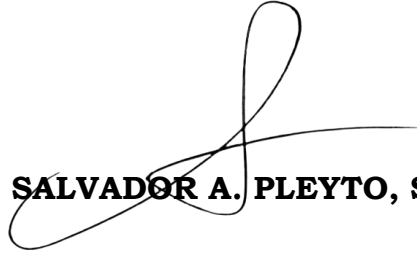
There have been instances where senior citizens and PWDs are given only one discount, either the statutory 20% discount or the establishment's promotional discount, whichever is higher. This practice, while seemingly beneficial in some cases, undermines the spirit and intent of the law, which is to provide additional financial assistance to these groups. The statutory discount should be a guaranteed benefit, separate from and in addition to any other discounts offered to the general public or specific promotions by establishments.

This proposed measure seeks to clarify and explicitly state that the statutory twenty percent (20%) discount and VAT exemption granted to senior citizens and persons with disability shall be applied in addition to any promotional discounts, establishment discounts, or other special offers extended to the general public or specific groups. This ensures that the

benefits intended for senior citizens and PWDs are truly enhanced and not merely substituted by other commercial offers.

By clearly defining the stacking of discounts, this bill aims to empower senior citizens and PWDs to fully avail themselves of all applicable price reductions, thereby further alleviating their financial burdens and improving their quality of life.

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



SALVADOR A. PLEYTO, SR.

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HOUSE BILL NO. **2520**

Introduced by: **REP. SALVADOR A. PLEYTO, SR.**

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

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

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

The State shall adopt an integrated approach to health development which shall endeavor to make essential goods, health, and other social services available to all at affordable cost. There shall be priority for the needs of the underprivileged, sick, elderly, and persons with disabilities. To this end, the State shall preserve the preferential treatment accorded to senior citizens and persons with disabilities, and proportionately distribute its costs between the government and the people.

SEC. 2. *Applicability of Discounts of Senior Citizens and Persons with Disabilities to Goods and Services on Promotional Offer.* –The discount granted to senior citizens and persons with disabilities, including the twenty percent (20%) discount and exemption from the value-added tax (VAT) on goods and services, or the special discount on purchase of basic necessities and prime commodities, as provided under Section 4 of Republic Act (RA)No. 7432, otherwise known as “Senior Citizens Act,” as amended, and Section 32 of RA 7277, otherwise known as “Magna Carta for Persons with Disability,” as amended, shall be in addition to any prevailing promotional offers or

discounts extended by business establishments, if any, has been provided.⁶In no case shall a promotion or discount offered by a business establishment to the general public be considered in compliance with Section 4 of RA 7432, as amended, and Section 32 of RA 7277, as amended.

SEC. 3. *Tax Treatment of Discounts.*— The twenty percent (20%) discount for senior citizens or persons with disabilities applied on certain goods and services, the input tax attributable to the VAT-exempt sale to senior citizens and persons with disabilities, and the special discount on basic necessities and prime commodities, shall be treated as part of deductible expense pursuant to Section 34 of the National Internal Revenue Code of 1997, as amended. The establishments may claim the discounts granted under subsections (a), (c), and (j) of Section 4 of RA 7432, as amended, and subsection (a), paragraphs (1), (2), (3), (5), (6), (7) and (8) and subsection (d) of Section 32 of RA 7277, as amended, as deduction based on the net cost of goods sold or services rendered: *Provided*, That the cost of the discount shall be allowed as deduction from gross income for the same taxable year that the discount is granted: *Provided*, further, That the total amount of the claimed tax deduction net of VAT, if applicable, be included in their gross sales receipts for tax purposes and shall be subject to proper documentation and to the provisions of the National Internal Revenue Code, as amended.

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

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

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

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

(b) Section 32 of RA 7277, as amended by RA10754, insofar as higher discount granted by the commercial establishment, other existing laws or in combination with other discount programs is concerned;

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

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

Approved,