

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Constitution Hills, Quezon City

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 4486



Introduced by representative: **REPREENATIVE ERIC L. OLIVAREZ**

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

EXPLANATORY NOTE

The principle of **social justice** is enshrined in the Philippine Constitution as a guiding principle for governance and public policy. Social justice seeks to ensure fair distribution of opportunities, privileges, and resources.

Article XIII, Section 11 of the Constitution also provides that the State shall "adopt an integrated and comprehensive approach to health development which shall endeavor to make essential goods, health and other social services available to all the people at affordable cost," while Article XV, Section 4 recognizes the family's duty to care for its elderly members, and mandates the State to design social security programs for them.

The government has long recognized these constitutional mandates and the need to support these vulnerable sectors through economic relief measures such as the passage of Republic Act (RA) No. 7432, otherwise known as "Senior Citizens Act," as amended, and RA No. 7277, otherwise known as "Magna Carta for Persons with Disability," as amended. Among these reliefs are the grant of 20% discount and Exemption from the 12% Value-Added Tax (VAT) on select goods and services for their personal and exclusive use.

However, the application of these benefits becomes complex when goods are already offered at promotional or discounted prices by business establishments.

In some instances, unscrupulous business establishments even offer their goods or services at a promotional or discounted rate just to avoid or deny the application of the aforementioned discounts, even without the appropriate permit/s by the Department of Trade and Industry and other concerned government agencies.

This bill reflects a growing recognition that preferential treatment should not be diluted by commercial promotions or worse, by greed. As the nation strives for a more inclusive economy, ensuring that these benefits are fully and fairly applied is both a legal and moral imperative.

By granting **enhanced discounts and VAT exemptions**, this law likewise addresses the **economic inequalities** that disproportionately affect these groups, providing them with tangible relief and recognizing their contributions to society.

While this measure seeks to protect and provide additional benefits to senior citizens and PWDs, it is not intended to unduly burden or penalize business

establishments. Rather, it seeks to strengthen the spirit of **shared social responsibility** between the government, the private sector, and the community at large, in providing meaningful support to senior citizens and persons with disabilities.

The State shall ensure that implementing mechanisms will be clear, fair, transparent, and complemented with incentives or support systems to balance the interests of enterprises and the welfare of beneficiaries.

This bill was approved on third reading by the House of Representatives on 21 May 2024 during the 19th Congress under House Bill No. 10312 reflective of broad legislative support.

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


ERIC L. OLIVAREZ

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Be it enacted by the Senate and 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.

SECTION 2. Applicability of Discounts for 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 No. 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. Establishments shall not require the presentation of booklets by either senior citizens or persons with disabilities who wish to avail themselves of this benefit, relative to their procurement of goods.

In no case shall a promotion or discount offered by a business establishment to the general public, without however the application of the mandated additional 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 by either senior citizens or persons with disabilities, be considered compliance with Section 4 of RA No. 7432, as amended, and Section 32 of RA No. 7277, as amended, respectively.

SECTION 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 No. 7432, as amended, and subsection (a), paragraphs (1), (2), (3), (5), (6), (7) and (8) and subsection (d) of Section 32 of RA No. 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, shall 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.

SECTION 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.

SECTION 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.

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

- (a) Section 4 of RA No. 7432, as amended by RA No. 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;
- (b) Section 32 of RA No. 7277, as amended by RA No. 10754, insofar as higher discount granted by the commercial establishment, other existing laws or in combination with other discount programs is concerned.
- (c) Section 32(j) of RA No. 9442, entitled “An Act Amending Republic Act No. 7277, Otherwise Known as the ‘Magna Carta for Disabled Persons, and for Other Purposes’; and
- (d) Section 4(l) of RA No. 9257, entitled “An Act Granting Additional Benefits and Privileges to Senior Citizens Amending for the Purpose Republic Act No. 7432, Otherwise Known as ‘An Act to Maximize the Contribution of Senior Citizens to Nation Building, Grant Benefits and Special Privileges for the Other Purposes.’”

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