



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

Twentieth Congress
First Regular Session

HOUSE BILL NO. 5710



Introduced by Representative Nathaniel “Atty. Nat” M. Oducado

EXPLANATORY NOTE

This bill seeks to enhance the discount on the purchase of goods and services of senior citizens and persons with disabilities

Poverty continues to deepen the divide between the privileged and the vulnerable in our society. Among those most affected by this inequity are our senior citizens and persons with disabilities (PWDs), who frequently face difficulties in accessing essential goods and services due to financial constraints and systemic barriers.

The 1987 Constitution, under Section 1, Article XIII, mandates Congress to give highest priority to measures that protect and enhance the right of all people to human dignity and reduce social, economic, and political inequalities. It further provides, under Section 11 of the same Article, that the State shall prioritize the needs of the underprivileged, the sick, the elderly, the disabled, women, and children.

To this end, the State has enacted various laws granting discount privileges and exemptions to senior citizens and PWDs, including Republic Act No. 7432, otherwise known as the “*Senior Citizens Act*,” as amended, and Section 32 of Republic Act No. 7277, otherwise known as the “*Magna Carta for Disabled Persons*,” as amended. However, gaps in the implementation of these laws persist, particularly when business establishments fail to apply the statutory

twenty percent (20%) discount and value-added tax (VAT) exemption to goods and services already under promotional pricing schemes.

This bill seeks to close those gaps by enhancing the implementation of existing discount privileges for senior citizens and PWDs. It expressly provides that the statutory discounts and VAT exemptions are to be applied in addition to, and not in lieu of, promotional offers extended to the general public. Furthermore, it clarifies the tax treatment of such discounts and reiterates that these should be allowable deductions from gross income, subject to proper documentation.

By strengthening compliance mechanisms and ensuring equitable application of benefits, this measure provides much-needed financial relief to our 12 million senior citizens and over 1.5 million registered PWDs as of May 2024. It is a step toward upholding the dignity and rights of these vulnerable sectors, particularly in meeting their day-to-day needs in the face of rising costs of living.

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

A handwritten signature in black ink, appearing to read 'N. Oducado', with a small circular stamp or mark near the end of the signature.

NATHANIEL “ATTY. NAT” M. ODOCADO



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HOUSE BILL NO. **5710**

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

5
6 *Be it enacted by the Senate and the House of Representatives of the Philippines*
7 *in Congress assembled:*
8

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

14 The State shall adopt an integrated approach to health development
15 which shall endeavor to make essential goods, health, and other social services

1 available to all at affordable cost. There shall be priority for the needs of the
2 underprivileged, sick, elderly, and persons with disabilities.

3 Towards these ends, the State shall preserve the preferential treatment
4 accorded to senior citizens and persons with disabilities and proportionately
5 distribute its costs between the government and the people.

6 SEC.2. The discount granted to senior citizens and persons with
7 disabilities, including the twenty percent (20%) discount and exemption from
8 the value-added tax (VAT) on goods and services, or the special discount on
9 purchase of basic necessities and prime commodities, as provided under Section
10 4 of Republic Act No. 7432, otherwise known as the “*Senior Citizens Act*,” as
11 amended, and Section 32 of Republic Act No. 7277, otherwise known as the
12 “*Magna Carta for Disabled Persons*,” as amended, shall be in addition to any
13 prevailing promotional offers or discounts extended by business establishments,
14 if any, has been provided, but in no way that it will require presentation of
15 booklets in the procurement of goods.

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

19 SEC. 3. The twenty percent (20%) discount for senior citizens or persons
20 with disabilities applied on certain goods and services, the input tax attributable
21 to the VAT-exempt sale to senior citizens and persons with disabilities, and the
22 special discount on basic necessities and prime commodities, shall be treated as

1 part of deductible expense pursuant to Section 34 of the National Internal
2 Revenue Code of 1997, as amended.

3 The establishments may claim the discounts granted under subsections
4 (a), (c), and (j) of Section 4 of RA No. 7432, as amended, and subsection (a),
5 paragraphs (1), (2), (3), (5), (6), (7) and (8) and subsection (d) of Section 32 of
6 RA No. 7277, as amended, as deduction based on the net cost of goods sold or
7 services rendered: Provided, That the cost of the discount shall be allowed as
8 deduction from gross income for the same taxable year that the discount is
9 granted: Provided, further, That the total amount of the claimed tax deduction
10 net of VAT, if applicable, shall be included in their gross sales receipts for tax
11 purposes and shall be subject to proper documentation and to the provisions of
12 the National Internal Revenue Code, as amended.

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

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

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

3 a. Section 4 of RA No. 7432, as amended by RA No. 9994, otherwise
4 known as the “Expanded Senior Citizens Act of 2010,” insofar as
5 purchase of goods and services which are on promotional discount is
6 concerned;

7 b. Section 32 of RA No. 7277, as amended by RA No. 10754, insofar as
8 higher discount granted by the commercial establishment, other
9 existing laws or in combination with other discount programs is
10 concerned;

11 c. Section 32(j) of RA No. 9442, entitled “An Act Amending Republic
12 Act No. 7277, Otherwise Known as the ‘Magna Carta for Disabled
13 Persons,’ and for Other Purposes”; and

14 d. Section 4(l) of RA No. 9257, entitled “An Act Granting Additional
15 Benefits and Privileges to Senior Citizens Amending for the Purpose
16 Republic Act No. 7432, Otherwise Known as ‘An Act to Maximize
17 the Contribution of Senior Citizens to Nation Building, Grant Benefits
18 and Special Privileges for the Other Purposes.’”

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

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

3 Approved,