

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

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. **7318**



Introduced by Honorable EULOGIO "LEO" R. RODRIGUEZ

EXPLANATORY NOTE

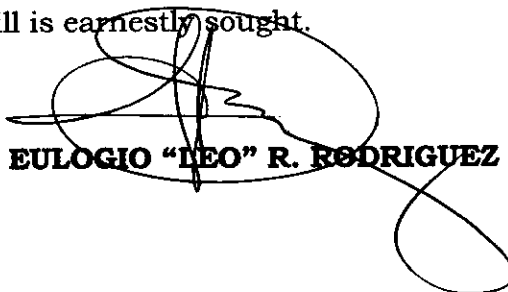
Senior citizens and persons with disabilities are among the sectors accorded special protection by the State under the Constitution. In view of this mandate, Republic Act No. 7432, as amended, otherwise known as the Expanded Senior Citizens Act, as amended, and Republic Act No. 7277, as amended, otherwise known as the Magna Carta for Disabled Persons, as amended, were enacted to recognize their contributions to society and to ease the economic burdens brought about by age, disability, limited earning capacity, and increased needs. Among the key benefits granted under these laws are the twenty percent (20%) discount and exemption from the value-added tax (VAT) on the purchase of certain goods and services.

Despite the clear intent of these policies, existing legal provisions have effectively excluded the applicability of statutory discounts to goods and services offered under promotional sales or special discounts by business establishments. As a result, senior citizens and persons with disabilities are often compelled to choose between the statutory discount and promotional offers, thereby diminishing the special benefit granted by law and, in effect, depriving beneficiaries of their legally guaranteed privileges.

This proposed measure seeks to address these issues by expressly providing that the statutory discounts granted to senior citizens and persons with disabilities shall be in addition to any promotional offers or discounts extended to the general public. It further clarifies that promotions or special discounts offered by business establishments shall not be considered as compliance with the discount privileges mandated under existing laws. In doing so, this bill reinforces the preferential treatment accorded to these vulnerable sectors and ensures that they receive the full measure of economic relief intended by Congress.

Notably, the House of Representatives had already approved this bill seeking to enhance and clarify the statutory discounts accorded to senior citizens and persons with disabilities on Third and Final Reading during the 19th Congress. However, due to lack of material time, the Senate was unable to consider and approve the said measure. In this view, in support of the rights and welfare of senior citizens and persons with disabilities, this representation has filed the same bill in the 20th Congress.

Hence, the immediate passage of this bill is earnestly sought.


EULOGIO "LEO" R. RODRIGUEZ

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AN ACT
ENHANCING THE DISCOUNT ON THE PURCHASES 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 the 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 discount 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 the "Senior Citizens Act," as amended, and Section 32 of RA No. 7277, otherwise known as the "Magna Carta for Disabled Persons," as amended, shall be in addition to any prevailing promotional offers or discounts extended by business establishments, if any, has been provided, but in no way that it will require presentation of booklets in the procurement of goods.

In 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 No. 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 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.

SEC. 4. Implementing Rules and Regulations. – Within thirty (30) days from the effectivity of this Act, 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 government agencies and stakeholders, shall promulgate the necessary amendment to the 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 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 and for 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,