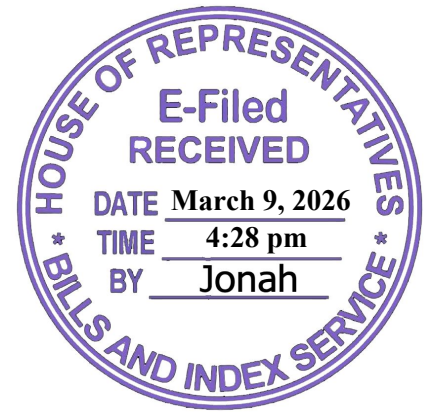


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 8379



Introduced by Representative Rolando Ledesma Macasaet

**AN ACT GRANTING A TWENTY PERCENT (20%) DISCOUNT AND
EXEMPTION FROM VALUE-ADDED TAX TO ACTIVE AND RETIRED
MILITARY PERSONNEL OF THE ARMED FORCES OF THE PHILIPPINES
AND THE PHILIPPINE NATIONAL POLICE**

EXPLANATORY NOTE

The men and women of the Armed Forces of the Philippines (AFP) and the Philippine National Police (PNP) are among the most dedicated servants of the Filipino people. Day in and day out, they put their lives on the line to defend our nation's sovereignty, protect our citizens from crime and lawlessness, and ensure the peace and order necessary for our society to function and thrive.

Despite their unwavering commitment and immense sacrifices, our military and police personnel remain among the most financially challenged members of Philippine society. Many of them earn modest salaries that are often insufficient to meet their family's basic needs. This is especially true for retired personnel, who, despite having devoted a significant portion of their lives to national service, often struggle financially in their twilight years with limited pension incomes and rising costs of living.

The Philippines has a long-standing precedent of providing special benefits and privileges to specific sectors of society in recognition of their contributions or vulnerabilities. Republic Act No. 9994, or the Expanded Senior Citizens Act of 2010, grants senior citizens a twenty percent (20%) discount and VAT exemption on a wide range of goods and services. Similarly, Republic Act No. 7277, as amended by Republic Act Nos. 9442 and 10754, provides persons with disabilities with the same rate of discount and VAT exemption. These laws reflect the State's recognition of the social contract it has with these sectors.

It is only fitting and just that our military and police personnel be accorded the same treatment. They have sacrificed their youth, health, time with their families, and in many cases, their very lives, in the service of the Filipino people. A twenty percent (20%) discount, modeled after the senior citizens' discount, would go a long way in improving the quality of life of these national heroes and their families.

This bill proposes to provide all active duty and retired personnel of the AFP and PNP with a twenty percent (20%) discount and exemption from value-added tax on a wide range of essential goods and services, including food, medicine, medical services, transportation, and recreation. The discount shall be non-transferable and personal to the qualified military or police personnel, to prevent abuse.

For establishments, the discount shall be treated as a tax-deductible expense, consistent with the treatment under the Senior Citizens Act, so as not to unduly burden the business sector. This approach has been proven workable and effective under existing law.

The bill also provides for strict penalties against establishments that refuse to grant the discount, as well as against individuals who abuse or misuse the privilege. This is necessary to ensure that the intent of the law is faithfully carried out and that the beneficiaries actually enjoy the privileges to which they are entitled.

It is further worth noting that extending this benefit to our military and police personnel carries significant non-monetary value. It sends a clear and unequivocal message that the Filipino nation recognizes and honors the sacrifices of its defenders. It is a concrete expression of national gratitude.

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



ROLANDO LEDESMA MACASAET
Representative, SSS-GSIS Pensyonado Partylist

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

CHAPTER I – GENERAL PROVISIONS

Section 1. Title. – This Act shall be known as the "Military Personnel Discount
Act."

Section 2. Declaration of Policy. – It is hereby declared the policy of the State
to honor and uphold the dignity and welfare of military and police
personnel who risk their lives in the service of the nation. Consistent with
the principle of social justice and the constitutional mandate to promote the
well-being of all Filipinos, the State shall provide benefits and privileges
to active and retired personnel of the Armed Forces of the Philippines
(AFP) and the Philippine National Police (PNP) as recognition of their
invaluable service and sacrifices to the country.

Section 3. Objectives. – This Act aims to: (a) provide financial relief to active
and retired military and police personnel through a discount on goods and
services; (b) recognize the sacrifices and contributions of military and
police personnel to the nation; (c) promote the welfare and well-being of
active and retired AFP and PNP personnel and their dependents; and (d)
establish a clear and comprehensive legal framework for the

implementation of military and police discounts.

Section 4. Definition of Terms. – As used in this Act:

(a) "Military Personnel" refers to all active duty officers and enlisted personnel of the Armed Forces of the Philippines (AFP), including the Philippine Army, Philippine Navy, Philippine Air Force, and all branches, units, and attached agencies thereof;

(b) "Police Personnel" refers to all active duty officers and enlisted personnel of the Philippine National Police (PNP) and its attached agencies;

(c) "Retired Military/Police Personnel" refers to AFP or PNP personnel who have been honorably discharged or retired from service after rendering at least twenty (20) years of service, or those retired on account of disability incurred in the line of duty regardless of length of service, and who are in receipt of a retirement pension from the government;

(d) "Discount" refers to the reduction from the regular price by twenty percent (20%) of the purchase price of goods and services granted under this Act;

(e) "Establishment" refers to any business entity, whether publicly or privately owned, that provides goods or services covered by this Act;

(f) "Identification Card" refers to the valid military or police identification card issued by the AFP or PNP, as the case may be, certifying the holder's status as active or retired military/police personnel;

(g) "Value-Added Tax (VAT)" refers to the tax levied on goods and services as provided under the National Internal Revenue Code (NIRC) of 1997, as amended.

CHAPTER II – PRIVILEGES AND BENEFITS

Section 5. Privileges Granted to Military and Police Personnel. – All active and retired military and police personnel shall be entitled to the following privileges:

(a) A discount of twenty percent (20%) from all establishments relative to the sale of all goods and services for their exclusive use and enjoyment;

(b) Exemption from the Value-Added Tax (VAT) on transactions covered by this Act; and

(c) Priority lanes in all establishments and government offices.

Section 6. Establishments Required to Grant Discount. – The discount and VAT exemption provided under this Act shall apply to the following:

(a) Hotels, restaurants, recreation centers, and similar lodging establishments;

(b) Drugstores, pharmacies, and similar establishments for the purchase of medicines, vitamins, and health supplements;

(c) Medical and dental clinics, diagnostics laboratories, hospitals, and similar establishments for professional fees, medical services, and laboratory procedures;

(d) Movie houses, theaters, concert halls, circuses, leisure, and amusement establishments;

(e) Public land and water transportation utilities, including air transport, for the purchase of transportation tickets;

(f) Funeral parlors and similar establishments for the purchase of funeral and burial services for the military or police personnel;

(g) Supermarkets, grocery stores, and similar retail establishments for the purchase of food, grocery items, and basic necessities;

(h) All government and private educational institutions for the purchase of school supplies, materials, and textbooks;

(i) Telecommunications companies for subscription and usage of basic communication services; and

(j) Such other establishments as may be determined by the Department of National Defense (DND), the Department of the Interior and Local Government (DILG), and the Department of Trade and Industry (DTI).

Section 7. Non-transferability of Privilege. – The privileges granted under this Act are non-transferable and shall be used exclusively by the qualified military or police personnel. Abuse of this privilege, including lending or allowing others to use one's identification card for the purpose of availing of the discount, shall be punishable under this Act.

Section 8. Identification and Proof of Eligibility. – To avail of the discount and other benefits under this Act, the military or police personnel concerned shall present a valid and current AFP or PNP identification card issued by the respective branch or office. For retired personnel, a valid retirement identification card issued by the AFP Retirement and Separation Benefits System (RSBS) or the PNP Retirement Benefits Administration

Service (RBAS) shall be required.

CHAPTER III – TAX TREATMENT AND INCENTIVES

Section 9. Tax Deduction for Establishments. – The amount of discount granted under this Act shall be treated as a deductible expense for income tax purposes and shall not be passed on to other consumers. All businesses granting the prescribed discount shall be entitled to deduct the said discount from their gross income: Provided, That only the twenty percent (20%) discount actually granted shall be deductible; and Provided, Further, That the total deductible amount shall not exceed the cost of the goods sold or services rendered to the military or police personnel.

Section 10. VAT Exemption. – Transactions covered by this Act shall be exempt from the value-added tax (VAT) as defined under Section 4.109-1 of Revenue Regulations No. 16-2005, or as may be amended by the Bureau of Internal Revenue (BIR). The BIR shall issue the necessary revenue regulations to implement the VAT exemption.

CHAPTER IV – IMPLEMENTATION AND MONITORING

Section 11. Implementing Rules and Regulations (IRR). – Within sixty (60) days from the effectivity of this Act, the Department of National Defense (DND), the Department of the Interior and Local Government (DILG), the Department of Trade and Industry (DTI), the Department of Finance (DOF), and the Bureau of Internal Revenue (BIR), in coordination with the Armed Forces of the Philippines (AFP) and the Philippine National Police (PNP), shall promulgate the rules and regulations necessary for the effective implementation of this Act.

Section 12. Monitoring and Compliance. – The DND and DILG, in coordination with the DTI and the BIR, shall be responsible for monitoring and ensuring compliance with this Act. They shall establish an efficient mechanism to: (a) receive and act on complaints from military and police personnel against establishments that refuse to grant the discount; (b) conduct regular inspections of establishments covered by this Act; and (c) impose penalties on establishments found to be in violation.

Section 13. Grievance Mechanism. – A military and police personnel who has been denied the discount or has been aggrieved by any act in violation of this Act may file a complaint with the DND, DILG, or DTI, or the appropriate regional office, which shall act on such complaint within thirty (30) days from receipt thereof.

Section 14. Annual Report to Congress. – The DND and DILG shall submit an annual report to both chambers of Congress on the status of implementation of this Act, including the number of beneficiaries, complaints received, and actions taken thereon.

CHAPTER V – PROHIBITED ACTS AND PENALTIES

Section 15. Prohibited Acts. – The following shall be prohibited:

- (a) Refusal by establishments to grant the twenty percent (20%) discount and VAT exemption as prescribed herein;
- (b) Imposition of additional charges or surcharges by establishments to compensate for the discount granted under this Act;
- (c) Misuse or fraudulent use of the military or police identification card by persons not entitled thereto;
- (d) Lending or allowing another person to use one's identification card for the purpose of availing of the discount;
- (e) Falsification, tampering, or counterfeiting of identification cards for the purpose of fraudulently availing of the discount; and
- (f) Any act that discriminates against, humiliates, or abuses military or police personnel in the exercise of their rights under this Act.

Section 16. Penalties. – Any person found guilty of violating any provision of this Act shall be punished as follows:

- (a) For establishments: A fine of not less than Fifty Thousand Pesos (Php 50,000.00) but not more than Two Hundred Thousand Pesos (Php 200,000.00), and revocation of its business permit upon the third offense;
- (b) For individuals who misuse or fraudulently use the identification card: imprisonment of not less than six (6) months but not more than two (2) years, or a fine of not less than Twenty Thousand Pesos (Php 20,000.00) but not more than One Hundred Thousand Pesos (Php 100,000.00), or both, at the discretion of the court;

(c) For military or police personnel who lend their identification cards: administrative sanctions in accordance with existing military and police rules and regulations, without prejudice to criminal liability under applicable laws.

CHAPTER VI – FINAL PROVISIONS

Section 17. Appropriations. – The amount necessary for the initial implementation of this Act shall be charged against the current appropriations of the DND and the DILG. Thereafter, the necessary appropriations shall be included in the annual General Appropriations Act.

Section 18. Separability Clause. – If any provision of this Act is declared unconstitutional or invalid by a competent court, the remaining provisions not affected thereby shall continue to remain in full force and effect.

Section 19. Repealing Clause. – All laws, decrees, orders, rules and regulations, or other issuances inconsistent herewith are hereby repealed or modified accordingly.

Section 20. Effectivity. – This Act shall take effect fifteen (15) days following its publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,