

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City
20TH CONGRESS
Second Regular Session

House Bill No. 10497



Introduced by: **REP. JOEL R. CHUA**

EXPLANATORY NOTE

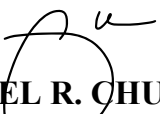
For decades, the Filipino people have rightly recognized the invaluable contributions of our senior citizens by granting them discounts and other privileges under the law. These benefits are a reflection of our nation's gratitude and commitment to ensuring that our elderly live with dignity and security.

While the objective of these benefits remains unquestioned, the manner in which they are financed has changed over time. When Republic Act No. 7432 was enacted in 1992, private establishments were granted a **100% tax credit** for the mandatory discounts extended to senior citizens. This recognized that while businesses served as the mechanism for delivering the benefit, the cost of the government's social welfare policy should ultimately be borne by the State.

However, Republic Act No. 9257 replaced the tax credit with a tax deduction, a policy that was later retained under Republic Act No. 9994. As a result, **businesses are no longer fully reimbursed for the discounts they are legally required to grant.** This has placed a significant financial burden on many establishments, particularly micro, small, and medium enterprises, which continue to comply with the law while absorbing much of its cost.

This measure does not seek to diminish or remove the benefits enjoyed by senior citizens. On the contrary, it seeks to preserve these benefits while restoring the original principle that government-funded social welfare programs should ultimately be financed by the government itself.

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


JOEL R. CHUA
Representative, 3rd District, Manila

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AN ACT RESTORING THE TAX CREDIT FOR MANDATORY SENIOR CITIZEN DISCOUNTS, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 9994, OTHERWISE KNOWN AS THE "EXPANDED SENIOR CITIZENS ACT OF 2010," AND FOR OTHER PURPOSES

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

Section 1. Declaration of Policy. – It is the policy of the State to protect and promote the rights and welfare of senior citizens and to ensure their full enjoyment of the benefits and privileges granted by law.

The State likewise recognizes that private enterprises are essential partners in nation-building, economic development, and employment generation. Accordingly, while private establishments shall continue to implement the mandatory discounts provided under existing laws, the State shall ensure that the cost of such government-mandated social welfare measures is equitably borne through an appropriate tax credit mechanism.

Section 2. Amendment. – Section 4(a)(8) of Republic Act No. 9994 is hereby amended to read as follows:

"(8) Tax Credit. – Private establishments granting the mandatory twenty percent (20%) discount and value-added tax (VAT) exemption provided under this Act shall be **entitled to claim, as a tax credit, an amount equivalent to one hundred percent (100%)** of the total mandatory discounts actually granted to qualified senior citizens: Provided, That such tax credit shall be creditable against any national internal revenue tax liability of the establishment and may be carried over to succeeding taxable years until fully utilized, but shall not be refundable or transferable: Provided, further, That the amount of the tax credit claimed shall be supported by proper documentation and shall be subject to the provisions of the National Internal Revenue Code (NIRC), as amended, and the pertinent rules and regulations issued by the Bureau of Internal Revenue."

Section 3. Implementing Rules and Regulations. – Within ninety (90) days from the effectivity of this Act, the Department of Finance (DOF), the Bureau of Internal Revenue (BIR), the National Commission of Senior Citizens (NCSC), the Department of Trade and

Industry and other concerned agencies shall promulgate the necessary rules and regulations for the effective implementation of this Act.

In the formulation of the Implementing Rules and Regulations, the DOF and BIR shall consult with at least two (2) representatives from duly recognized national business organizations representing micro, small, and medium enterprises (MSMEs) and the broader business community.

The implementing rules shall provide for a simplified and digitalized procedure for claiming tax credits, particularly for micro, small, and medium enterprises.

Section 4. *Separability Clause.* – If any provision of this Act is declared unconstitutional or invalid, the remaining provisions shall remain in full force and effect.

Section 5. *Repealing Clause.* – All laws, executive orders, rules and regulations, or parts thereof inconsistent with this Act are hereby repealed or modified accordingly.

Section 6. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.