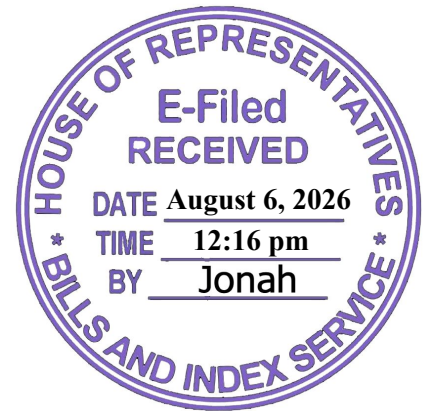


1 Republic of the Philippines  
2 **HOUSE OF REPRESENTATIVES**  
3 Constitution Hills, Quezon City

4  
5 **TWENTIETH CONGRESS**  
6 Second Regular Session

7  
8 **HOUSE BILL NO. 10657**  
9



10  
11 Introduced by REP. JESUS “BONG” C. SUNTAY  
12

13 **EXPLANATORY NOTE**  
14

15 The Constitution directs the State to promote social justice and to protect senior  
16 citizens and persons with disability through measures that recognize their particular  
17 needs and circumstances. Congress has given concrete expression to this policy  
18 through the mandatory discounts and privileges provided under Republic Act No.  
19 7432, as amended, for senior citizens, and Republic Act No. 7277, as amended, for  
20 persons with disability.  
21

22 When Republic Act No. 7432 was enacted in 1992, Congress required private  
23 establishments to grant the statutory senior citizen discount but allowed them to claim  
24 the cost of the discount as a tax credit. The Supreme Court subsequently confirmed  
25 that the credit contemplated by the original law was not a mere deduction from gross  
26 income. In Commissioner of Internal Revenue v. Central Luzon Drug Corporation,  
27 G.R. No. 159647, April 15, 2005, the Court held that a tax credit operates after the tax  
28 is computed and reduces the taxpayer's liability directly, while a tax deduction merely  
29 reduces the income upon which the tax is computed.  
30

31 The policy changed with Republic Act No. 9257 and was retained under Republic Act  
32 No. 9994. Instead of a full tax credit, establishments granting senior citizen discounts  
33 were allowed to claim the discount only as a deduction from gross income. Republic  
34 Act No. 10754 adopted the same tax-deduction treatment for the statutory discounts  
35 granted to persons with disability. The difference is substantial. A peso of tax credit  
36 reduces tax liability by a peso; a peso of deduction produces tax relief only to the extent  
37 of the applicable tax rate. The unrecovered portion of the statutory discount is  
38 therefore borne by the private establishment.  
39

40 The Supreme Court has sustained the validity of the tax-deduction scheme as an  
41 exercise of the State's police power. Carlos Superdrug Corporation v. Department of  
42 Social Welfare and Development, G.R. No. 166494, June 29, 2007; Manila Memorial  
43 Park, Inc. v. Secretary of the Department of Social Welfare and Development, G.R. No.  
44 175356, December 3, 2013. This measure does not proceed from the premise that the  
45 present arrangement is unconstitutional. Rather, it makes a deliberate legislative  
46 judgment that what the State may validly require private establishments to bear need  
47 not remain the most equitable or sustainable way of financing a public social benefit.

1 Senior citizen and PWD discounts are benefits created by law for a public purpose.  
2 Private establishments are indispensable partners in delivering those benefits at the  
3 point of sale, but the ultimate fiscal responsibility for a government-mandated social  
4 benefit should rest with the Government. Restoring the full tax credit treatment does  
5 not reduce, condition, or diminish the discount received by the beneficiary. It changes  
6 only the manner by which the cost of that benefit is allocated after the transaction has  
7 been completed.

8  
9 The measure is intentionally limited to the mandatory discounts granted under the  
10 senior citizen and PWD laws. It does not automatically alter the tax treatment of  
11 student fare discounts, athlete incentives, solo parent privileges, or other statutory  
12 benefits. Any extension of the same policy to other social discounts should be  
13 separately considered by Congress together with the corresponding fiscal impact. The  
14 bill also addresses the practical difficulties that attended the earlier tax-credit regime.  
15 The credit is limited to the statutory discount actually and finally borne by the  
16 claimant. Where the underlying transaction is VAT-exempt, the credit is computed on  
17 the VAT-exclusive selling price and does not include VAT that was never imposed or  
18 collected. Any rebate, reimbursement, subsidy, cost-sharing payment, or similar  
19 recovery received or receivable with respect to the same discount is deducted from the  
20 amount creditable. The same discount may not be claimed twice as a deduction, credit,  
21 refund, or other tax incentive.

22  
23 Recognizing that the value of a tax credit depends upon the establishment's capacity  
24 to use it, this measure also provides a meaningful mechanism for unutilized credits.  
25 The credit may be applied against national internal revenue taxes for which the  
26 establishment is directly liable, excluding withholding taxes. Micro and small  
27 taxpayers may elect a cash refund of any verified unutilized balance after the taxable  
28 year in which the credit arose. Medium and large taxpayers may carry the credit  
29 forward and, if it remains unutilized after the prescribed period, may likewise seek a  
30 refund. This ensures that the promise of full reimbursement does not benefit only  
31 establishments with large and immediate tax liabilities.

32  
33 A full tax credit necessarily entails a greater fiscal cost to the National Government  
34 than a deduction. For this reason, the bill couples reimbursement with clear  
35 substantiation, anti-duplication safeguards, electronic reporting for larger taxpayers,  
36 simplified compliance for smaller establishments, and annual reporting by the  
37 Department of Finance and the Bureau of Internal Revenue to Congress on the amount  
38 of discounts granted, credits claimed, credits utilized, refunds paid, and the resulting  
39 revenue impact. Fiscal responsibility requires both fair allocation of the cost and  
40 transparent accounting of that cost.

41  
42 This measure therefore restores the central policy of the original Republic Act No.  
43 7432 while adapting its implementation to the present tax system: senior citizens and  
44 persons with disability continue to receive the full benefits guaranteed by law; private  
45 establishments continue to deliver those benefits; and the National Government  
46 assumes, through a verifiable tax-credit and refund mechanism, the cost of the  
47 statutory discounts actually and finally borne by the establishments.

1 In view of the foregoing, the immediate passage of this bill is earnestly sought.  
2  
3  
4  
5  
6



REP. JESUS "BONG" C. SUNTAY

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2 **HOUSE OF REPRESENTATIVES**  
3 Constitution Hills, Quezon City

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5 **TWENTIETH CONGRESS**  
6 Second Regular Session

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8 **HOUSE BILL NO. 10657**  
9

10  
11 Introduced by REP. JESUS “BONG” SUNTAY  
12

13  
14 **AN ACT**

15 **RESTORING THE FULL TAX CREDIT TREATMENT OF MANDATORY**  
16 **DISCOUNTS GRANTED TO SENIOR CITIZENS AND PERSONS WITH**  
17 **DISABILITY, PROVIDING FOR THE UTILIZATION AND REFUND OF**  
18 **SUCH TAX CREDITS, AMENDING FOR THE PURPOSE SECTION 204 OF**  
19 **THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED,**  
20 **SECTION 4 OF REPUBLIC ACT NO. 7432, AS AMENDED BY REPUBLIC**  
21 **ACT NOS. 9257 AND 9994, AND SECTION 32 OF REPUBLIC ACT NO. 7277,**  
22 **AS AMENDED BY REPUBLIC ACT NO. 10754, AND FOR OTHER**  
23 **PURPOSES**  
24

25 *Be it enacted by the Senate and House of Representatives of the Philippines in*  
26 *Congress assembled:*  
27

28 **SECTION 1. Short Title. —**

29 This Act shall be known as the “Social Benefits Fiscal Responsibility Act.”  
30

31 **SECTION 2. Declaration of Policy. —** It is hereby declared the policy of the State  
32 to preserve and fully protect the mandatory discounts and privileges granted by law to  
33 senior citizens and persons with disability, while ensuring a fair, transparent, and  
34 sustainable allocation of the fiscal cost of such benefits.  
35

36 The State recognizes that private establishments required by law to grant such  
37 discounts perform a public function in the implementation of social legislation. As a  
38 matter of fiscal policy, the National Government shall assume the cost of the statutory  
39 discounts actually and finally borne by such establishments through a full tax credit,  
40 subject to reasonable safeguards against duplicate claims, overstatement, and fraud.  
41

42 The State shall further ensure that the tax-credit mechanism operates equitably  
43 for establishments of different sizes by allowing the utilization, carryover, and, where  
44 authorized under this Act, refund of verified unutilized credits, with simplified  
45 compliance for micro and small taxpayers and appropriate reporting and verification  
46 requirements for medium and large taxpayers.

1 **SECTION 3. Amendment of Section 110 of National Internal Revenue**  
2 **Code.** A new section is hereby inserted after Section 110 of the National Internal  
3 Revenue Code of 1997, as amended, to read as follows:  
4

5 **"SECTION 110-A. TAX CREDIT FOR MANDATORY SOCIAL**  
6 **DISCOUNTS. —**

7 (A) EVERY PRIVATE ESTABLISHMENT REQUIRED BY LAW TO  
8 GRANT A MANDATORY SOCIAL DISCOUNT, MANDATORY PRICE  
9 REDUCTION, PREFERENTIAL RATE, OR SIMILAR STATUTORY  
10 BENEFIT IN FAVOR OF SENIOR CITIZENS, PERSONS WITH  
11 DISABILITIES, OR ANY OTHER CLASS OF BENEFICIARIES  
12 ESTABLISHED BY LAW SHALL BE ENTITLED TO A TAX CREDIT  
13 EQUIVALENT TO ONE HUNDRED PERCENT (100%) OF THE VALUE  
14 OF THE DISCOUNT OR BENEFIT ACTUALLY GRANTED.

15 (B) THE TAX CREDIT SHALL BE CREDITABLE AGAINST ANY  
16 NATIONAL INTERNAL REVENUE TAX DUE FROM THE  
17 ESTABLISHMENT GRANTING THE DISCOUNT.

18 (C) THE TAX CREDIT PROVIDED UNDER THIS SECTION SHALL NOT  
19 BE TREATED AS A DEDUCTIBLE EXPENSE FROM GROSS INCOME.

20 (D) THE BUREAU OF INTERNAL REVENUE SHALL PRESCRIBE  
21 SIMPLIFIED DOCUMENTARY REQUIREMENTS FOR THE  
22 AVAILMENT OF THE TAX CREDIT CONSISTENT WITH EASE OF  
23 DOING BUSINESS PRINCIPLES."  
24

25 **SECTION 4. Amendment of Section 4 of Republic Act No. 7432, as**  
26 **Amended.** — The last paragraph of Section 4 of Republic Act No. 7432, as amended  
27 by Republic Act No. 9257 and further amended by Republic Act No. 9994, is hereby  
28 further amended to read as follows:  
29

30 "THE ESTABLISHMENT MAY CLAIM THE DISCOUNTS GRANTED  
31 UNDER SUBSECTIONS (A) AND (C) OF THIS SECTION AS A TAX  
32 CREDIT IN ACCORDANCE WITH SECTION 204(D) OF THE  
33 NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED. THE  
34 TAX CREDIT SHALL BE EQUIVALENT TO THE AMOUNT OF THE  
35 STATUTORY DISCOUNT ACTUALLY AND FINALLY BORNE BY THE  
36 ESTABLISHMENT.

1 “WHERE THE UNDERLYING TRANSACTION IS EXEMPT FROM  
2 VALUE-ADDED TAX BY REASON OF THIS ACT, THE STATUTORY  
3 DISCOUNT AND THE CORRESPONDING TAX CREDIT SHALL BE  
4 COMPUTED ON THE VALUE-ADDED-TAX-EXCLUSIVE SELLING  
5 PRICE, AND SHALL NOT INCLUDE ANY VALUE-ADDED TAX THAT  
6 WAS NOT IMPOSED OR COLLECTED. THE AMOUNT CREDITABLE  
7 SHALL FURTHER BE NET OF ANY REBATE, REIMBURSEMENT,  
8 SUBSIDY, COST-SHARING PAYMENT, OR SIMILAR RECOVERY  
9 RECEIVED OR RECEIVABLE BY THE ESTABLISHMENT FROM A  
10 MANUFACTURER, DISTRIBUTOR, SUPPLIER, GOVERNMENT  
11 AGENCY, OR ANY OTHER PERSON OR ENTITY WITH RESPECT TO  
12 THE SAME DISCOUNT.

13  
14 “IN NO CASE SHALL THE AGGREGATE TAX CREDIT CLAIMED WITH  
15 RESPECT TO A TRANSACTION EXCEED THE STATUTORY  
16 DISCOUNT ACTUALLY GRANTED AND FINALLY BORNE BY THE  
17 ESTABLISHMENT. AN AMOUNT CLAIMED AS A TAX CREDIT  
18 UNDER THIS SECTION SHALL NOT ALSO BE CLAIMED AS A  
19 DEDUCTION FROM GROSS INCOME, AS ANOTHER TAX CREDIT OR  
20 REFUND, OR AS ANY OTHER TAX INCENTIVE. THE CLAIM SHALL  
21 BE SUBJECT TO THE SUBSTANTIATION AND REPORTING  
22 REQUIREMENTS PROVIDED UNDER THIS ACT AND THE  
23 NATIONAL INTERNAL REVENUE CODE, AS AMENDED.”

24  
25 **SECTION 5. Amendment of Section 32 of Republic Act No. 7277, as**  
26 **Amended. —**

27 The last paragraph of Section 32 of Republic Act No. 7277, otherwise known as the  
28 “Magna Carta for Persons with Disability,” as amended, particularly by Republic Act  
29 No. 10754, is hereby further amended to read as follows:

30  
31 “THE ESTABLISHMENTS GRANTING THE DISCOUNTS PROVIDED  
32 UNDER SUBSECTION (A), PARAGRAPHS (1), (2), (3), (5), (6), (7), AND  
33 (8), SHALL BE ENTITLED TO A TAX CREDIT IN ACCORDANCE WITH  
34 SECTION 204(D) OF THE NATIONAL INTERNAL REVENUE CODE OF  
35 1997, AS AMENDED. THE TAX CREDIT SHALL BE EQUIVALENT TO  
36 THE AMOUNT OF THE STATUTORY DISCOUNT ACTUALLY AND  
37 FINALLY BORNE BY THE ESTABLISHMENT.

1 WHERE THE UNDERLYING TRANSACTION IS EXEMPT FROM  
2 VALUE-ADDED TAX BY REASON OF THIS ACT, THE STATUTORY  
3 DISCOUNT AND THE CORRESPONDING TAX CREDIT SHALL BE  
4 COMPUTED ON THE VALUE-ADDED-TAX-EXCLUSIVE SELLING  
5 PRICE, AND SHALL NOT INCLUDE ANY VALUE-ADDED TAX THAT  
6 WAS NOT IMPOSED OR COLLECTED. THE AMOUNT CREDITABLE  
7 SHALL FURTHER BE NET OF ANY REBATE, REIMBURSEMENT,  
8 SUBSIDY, COST-SHARING PAYMENT, OR SIMILAR RECOVERY  
9 RECEIVED OR RECEIVABLE BY THE ESTABLISHMENT FROM A  
10 MANUFACTURER, DISTRIBUTOR, SUPPLIER, GOVERNMENT  
11 AGENCY, OR ANY OTHER PERSON OR ENTITY WITH RESPECT TO  
12 THE SAME DISCOUNT.

13  
14 “IN NO CASE SHALL THE AGGREGATE TAX CREDIT CLAIMED WITH  
15 RESPECT TO A TRANSACTION EXCEED THE STATUTORY  
16 DISCOUNT ACTUALLY GRANTED AND FINALLY BORNE BY THE  
17 ESTABLISHMENT. AN AMOUNT CLAIMED AS A TAX CREDIT  
18 UNDER THIS SECTION SHALL NOT ALSO BE CLAIMED AS A  
19 DEDUCTION FROM GROSS INCOME, AS ANOTHER TAX CREDIT OR  
20 REFUND, OR AS ANY OTHER TAX INCENTIVE. THE CLAIM SHALL  
21 BE SUBJECT TO THE SUBSTANTIATION AND REPORTING  
22 REQUIREMENTS PROVIDED UNDER THIS ACT AND THE  
23 NATIONAL INTERNAL REVENUE CODE, AS AMENDED.”

24  
25 **SECTION 6. Amendment of Section 204 of the National Internal Revenue**  
26 **Code.** — Section 204 of the National Internal Revenue Code of 1997, as amended, is  
27 hereby further amended by adding a new subsection (D) to read as follows:

28  
29 “(D) ADMINISTER MANDATORY SENIOR CITIZEN AND PERSON  
30 WITH DISABILITY SOCIAL DISCOUNT TAX CREDITS. — THE  
31 COMMISSIONER SHALL RECOGNIZE, CREDIT, CARRY OVER, AND,  
32 WHERE EXPRESSLY AUTHORIZED UNDER THIS SUBSECTION,  
33 REFUND THE TAX CREDITS GRANTED UNDER SECTION 4 OF  
34 REPUBLIC ACT NO. 7432, AS AMENDED, AND SECTION 32 OF  
35 REPUBLIC ACT NO. 7277, AS AMENDED, SUBJECT TO THE  
36 FOLLOWING RULES:

37  
38 “(1) A VERIFIED SOCIAL DISCOUNT TAX CREDIT MAY BE APPLIED  
39 AGAINST ANY NATIONAL INTERNAL REVENUE TAX, EXCLUDING  
40 WITHHOLDING TAXES, FOR WHICH THE ESTABLISHMENT  
41 CLAIMING THE CREDIT IS DIRECTLY LIABLE;  
42

1 “(2) THE CREDIT MAY BE CLAIMED IN THE TAX RETURN FOR THE  
2 PERIOD IN WHICH THE QUALIFIED DISCOUNT WAS GRANTED,  
3 SUBJECT TO THE DOCUMENTARY REQUIREMENTS PRESCRIBED  
4 BY LAW. THE BUREAU SHALL ESTABLISH AND MAINTAIN AN  
5 ELECTRONIC TAX CREDIT LEDGER OR FUNCTIONALLY  
6 EQUIVALENT SYSTEM THROUGH WHICH CREDIT CLAIMS,  
7 UTILIZATION, CARRYOVERS, AND REFUNDS MAY BE RECORDED  
8 AND VERIFIED;  
9

10 “(3) ANY VERIFIED CREDIT NOT UTILIZED DURING THE TAXABLE  
11 YEAR IN WHICH IT AROSE MAY BE CARRIED OVER TO  
12 SUCCEEDING TAXABLE YEARS UNTIL FULLY UTILIZED, WITHOUT  
13 FORFEITURE SOLELY BY REASON OF THE LAPSE OF TIME,  
14 SUBJECT TO THE PRESCRIPTIVE PERIOD FOR FRAUDULENT  
15 CLAIMS UNDER THIS CODE;  
16

17 “(4) A MICRO OR SMALL TAXPAYER, AS CLASSIFIED UNDER  
18 SECTION 21(B) OF THIS CODE, MAY, AFTER THE FILING OF THE  
19 APPLICABLE ANNUAL INCOME TAX RETURN FOR THE TAXABLE  
20 YEAR IN WHICH THE CREDIT AROSE, ELECT TO APPLY FOR A CASH  
21 REFUND OF ANY VERIFIED UNUTILIZED BALANCE. THE  
22 COMMISSIONER SHALL PROCESS AND DECIDE THE APPLICATION  
23 WITHIN NINETY (90) DAYS FROM THE SUBMISSION OF COMPLETE  
24 SUPPORTING DOCUMENTS;  
25

26 “(5) A MEDIUM OR LARGE TAXPAYER, AS CLASSIFIED UNDER  
27 SECTION 21(B) OF THIS CODE, MAY CARRY OVER THE CREDIT  
28 AND, TO THE EXTENT THAT ANY VERIFIED BALANCE REMAINS  
29 UNUTILIZED AFTER TWO (2) SUCCEEDING TAXABLE YEARS  
30 FOLLOWING THE TAXABLE YEAR IN WHICH THE CREDIT AROSE,  
31 MAY ELECT TO APPLY FOR A CASH REFUND OF SUCH BALANCE.  
32 THE COMMISSIONER SHALL PROCESS AND DECIDE THE  
33 APPLICATION WITHIN ONE HUNDRED EIGHTY (180) DAYS FROM  
34 THE SUBMISSION OF COMPLETE SUPPORTING DOCUMENTS;  
35

36 “(6) REFUNDS UNDER THIS SUBSECTION SHALL BE MADE IN THE  
37 MANNER PROVIDED UNDER THIS CODE AND SHALL BE SUBJECT  
38 TO POST-AUDIT BY THE COMMISSION ON AUDIT.  
39 NOTWITHSTANDING THE FINAL PROVISIO OF SUBSECTION (C) OF  
40 THIS SECTION, THE PROHIBITION AGAINST REFUNDS ARISING  
41 FROM INCENTIVES GRANTED UNDER SPECIAL LAWS FOR WHICH  
42 NO ACTUAL TAX PAYMENT WAS MADE SHALL NOT APPLY TO A  
43 REFUND EXPRESSLY AUTHORIZED UNDER THIS SUBSECTION;  
44 AND  
45

1 “(7) THE DENIAL, IN WHOLE OR IN PART, OF A CLAIM FOR CREDIT  
2 OR REFUND UNDER THIS SUBSECTION SHALL STATE THE LEGAL  
3 AND FACTUAL BASIS THEREFOR. FAILURE OF THE  
4 COMMISSIONER TO ACT WITHIN THE PERIODS PRESCRIBED  
5 HEREIN SHALL ENTITLE THE TAXPAYER TO THE REMEDIES  
6 AVAILABLE UNDER THIS CODE AND OTHER APPLICABLE LAWS.”  
7

8 **SECTION 7. Minimum Substantiation, Anti-Duplication, and Reporting**  
9 **Requirements.** — A claim for tax credit under this Act shall be supported by records  
10 sufficient to establish the qualified transaction, the statutory discount granted, and the  
11 amount actually and finally borne by the claimant. At a minimum, the records shall  
12 contain or permit verification of the following:  
13

- 14 a) the registered invoice or other document required under the National  
15 Internal Revenue Code, including its number and date;
- 16 b) the selling price or charge before application of the statutory discount and,  
17 where applicable, the VAT-exclusive selling price;
- 18 c) the amount of the statutory discount granted and the net amount paid by the  
19 beneficiary;
- 20 d) the identification number or other unique reference from a valid proof of  
21 entitlement authorized under the applicable senior citizen or PWD law,  
22 subject to Republic Act No. 10173, otherwise known as the “Data Privacy Act  
23 of 2012,” and other applicable privacy laws;
- 24 e) the amount of any rebate, reimbursement, subsidy, cost-sharing payment, or  
25 similar recovery received or receivable in respect of the same discount; and
- 26 f) such other information as is reasonably necessary to prevent duplicate or  
27 fraudulent claims, provided that no requirement shall diminish the  
28 substantive tax credit granted by this Act.  
29

30 Medium and large taxpayers, as classified under Section 21(B) of the National  
31 Internal Revenue Code, shall electronically report qualified discount transactions in  
32 such periodic schedule as may be prescribed by the Bureau of Internal Revenue. Micro  
33 and small taxpayers shall be subject to simplified substantiation and reporting  
34 procedures consistent with the Ease of Paying Taxes Act and the policy of reducing  
35 compliance costs for smaller taxpayers.  
36

37 No two or more persons or entities may claim tax credits for the same portion of a  
38 statutory discount. Any fraudulent, fictitious, duplicated, or materially overstated  
39 claim shall be subject to assessment, interest, penalties, and criminal liability under  
40 the National Internal Revenue Code and other applicable laws.  
41

1 **SECTION 8. Annual Fiscal Impact and Transparency Report.** — Within one  
2 hundred twenty (120) days after the end of each calendar year, the Department of  
3 Finance and the Bureau of Internal Revenue shall submit to the Committees on Ways  
4 and Means of the Senate and the House of Representatives, and publish on their  
5 official websites, a report on the implementation and fiscal impact of this Act. The  
6 report shall include, at a minimum:

- 7
- 8 a) the aggregate face value of senior citizen and PWD discounts reported for the
  - 9 year;
  - 10 b) the aggregate amount of tax credits claimed, verified, utilized, carried over,
  - 11 and refunded;
  - 12 c) the distribution of credits and refunds among micro, small, medium, and
  - 13 large taxpayers and, to the extent practicable, by major industry sector;
  - 14 d) the estimated revenue foregone and cash refunds paid as a result of this Act;
  - 15 e) the number and value of claims denied, adjusted, or found fraudulent or
  - 16 duplicative; and
  - 17 f) recommendations, if any, to improve administration, verification, and fiscal
  - 18 sustainability without diminishing the statutory benefits of senior citizens
  - 19 and persons with disability.
  - 20

21 **SECTION 9. Non-Diminution of Benefits.** — Nothing in this Act shall be  
22 construed to reduce, diminish, impair, condition, or otherwise modify any discount,  
23 exemption, privilege, or benefit presently granted by law to senior citizens or persons  
24 with disability. This Act concerns solely the fiscal treatment and reimbursement of the  
25 statutory discounts granted by private establishments under the laws expressly  
26 amended herein.

27

28 **SECTION 10. Implementing Rules and Regulations.** — Within ninety (90)  
29 days from the effectivity of this Act, the Secretary of Finance, upon recommendation  
30 of the Commissioner of Internal Revenue, and in consultation with the National  
31 Commission of Senior Citizens, the National Council on Disability Affairs, the  
32 Department of Trade and Industry, the Department of Health, and representatives of  
33 affected business sectors, including micro and small enterprises, shall promulgate the  
34 rules and regulations necessary for the effective implementation of this Act.

35

36 The implementing rules shall provide simplified procedures for micro and small  
37 taxpayers, appropriate risk-based verification and post-audit mechanisms, electronic  
38 reporting standards for medium and large taxpayers, and procedures for the timely  
39 application, carryover, and refund of tax credits. No implementing rule or  
40 administrative issuance shall reduce the amount of the tax credit, expand the statutory  
41 exclusions, or impose a substantive condition not authorized by this Act.

42

1 **SECTION 11. Separability Clause.** — If any provision or part of this Act is declared  
2 unconstitutional or invalid, the remaining provisions or parts not affected thereby  
3 shall remain in full force and effect.  
4

5 **SECTION 12. Repealing Clause.** — All laws, decrees, executive orders, rules and  
6 regulations, or parts thereof inconsistent with this Act are hereby repealed, amended,  
7 or modified accordingly.  
8

9 **SECTION 13. Effectivity.** — This Act shall take effect fifteen (15) days after its  
10 publication in the Official Gazette or in a newspaper of general circulation.  
11

12 Approved,