

FOURTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)

OFFICE OF THE SECRETARY

9 FEB 11 2011

SENATE

S. B. No. 3061

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INTRODUCED BY THE HONORABLE MAR ROXAS

EXPLANATORY NOTE

Section 4, Article XV of the 1987 Constitution provides that *"The family has the duty to care for its elderly members but the State may also do so through just programs of social security."* Further, Section 11, Article XIII provides that *"The State shall adopt an integrated and comprehensive approach to health and other social services available to all the people at affordable cost. There shall be priority for the needs of the underprivileged, sick, elderly, disabled, women and children."*

One of the distinct traits of Filipino families is the courtesy and respect for senior citizens. No less than our Constitution considers the family as the foundation of the nation, thus the role being played by the elderly in the development of their families and communities cannot be overstated. In recognition of their wisdom and worth, the country fully counts older persons as active part of its human resource; as such, their welfare and protection are emergent concerns of the national government.

Consonant with the above-referred constitutional mandate and the Filipinos' courtesy and respect for the senior citizens, the Expanded Senior Citizens Act of 2003 (Republic Act No. 9257) was enacted. Under this law senior citizens are entitled to a 20% discount on the utilization of services in hotels, similar establishments as well as the purchase of medicines, among others. However, with the imposition of the 12% Expanded Value-Added Tax (EVAT) on the sale of goods and services, the 20% discount privilege accorded to senior citizens effectively diminished. It bears stressing that most of our senior citizens have no steady source of income after retirement, thus the 20% senior citizen's discount and exemption from the 12% EVAT would be of big help to them.

Thus, this bill seeks to introduce measures in order to ensure that senior citizens fully enjoy the benefits intended for them by the law. For this purpose, this bill proposes to exempt our senior citizens from the imposition of the 12% EVAT on their purchase of medicines.

Further, this bill gives greater incentive to drugstore owners who shall faithfully comply with the provisions of this proposed measure by allowing them to claim the discounts they granted as tax credit to be subtracted from the respective drug outlet's tax liability for the same taxable year that the discount is granted and allows the accumulation and carry-over of any excess tax credits to succeeding periods not extending beyond three (3) years from the date earned. It shall, on the other hand, impose stiffer penalties for those who violate the same.

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


M A R ROXAS
Senator

FOURTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)

OFFICE OF THE CLERK
9 FEB 11 PM 5:51

SENATE

S. B. No. 3061

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INTRODUCED BY THE HONORABLE MAR ROXAS

AN ACT

ENSURING THE FULL ENJOYMENT OF SENIOR CITIZENS DISCOUNT ON THE PURCHASE OF DRUGS AND MEDICINES BY EXEMPTING SUCH TRANSACTION FROM THE IMPOSITION OF VALUE-ADDED TAX (VAT), PROVIDING GREATER INCENTIVES TO DRUG OUTLETS COMPLYING WITH REPUBLIC ACT NO. 9257 OR THE "EXPANDED SENIOR CITIZENS ACT OF 2003", IMPOSING STIFFER PENALTIES FOR VIOLATIONS THEREOF, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 9257, AND FOR OTHER PURPOSES.

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

1 SECTION 1. Section 4 of Republic Act No. 9257 otherwise known as the "*Expanded*
2 *Senior Citizens Act of 2003*" is hereby amended to read as follows:

3 "SEC. 4. *Privileges for the Senior Citizens.* The senior citizens shall be entitled
4 to the following:

5 (a) the grant of twenty percent (20%) discount from all establishments
6 relative to the utilization of services in hotels and similar lodging
7 establishment, restaurants and recreation centers [, and purchase of
8 medicines in all establishments for the exclusive use or enjoyment of
9 senior citizens, including funeral and burial services for the death of
10 senior citizens];

11 (B) THE GRANT OF TWENTY PERCENT (20%) DISCOUNT ON THE
12 PURCHASE OF DRUGS AND MEDICINES FOR THE EXCLUSIVE

1 USE OF SENIOR CITIZENS IN ALL DRUG OUTLETS, I.E. DRUG
2 STORES, PHARMACIES, AND OTHER BUSINESS
3 ESTABLISHMENTS, WHICH SELL DRUGS AND MEDICINES;
4 *PROVIDED*, THAT THE SALE OF SUCH DRUGS AND MEDICINES
5 SHALL BE EXEMPT FROM VALUE-ADDED TAX (VAT) PROVIDED
6 UNDER THE NATIONAL INTERNAL REVENUE CODE, AS
7 AMENDED.

8 (C) THE GRANT OF TWENTY PERCENT (20%) DISCOUNT ON
9 FUNERAL AND BURIAL SERVICES FOR THE DEATH OF SENIOR
10 CITIZENS.

11 [(b)] (D) a minimum of twenty percent (20%) discount on admission
12 fees charged by theaters, cinema houses and concert halls, circuses,
13 carnivals, and other similar places of culture, leisure and amusement
14 for the exclusive use or enjoyment of senior citizens;

15 [(c)] (E) exemption from the payment of individual income taxes:
16 Provided, That their annual taxable income does not exceed the
17 poverty level as determined by the National Economic and
18 Development Authority (NEDA) for that year;

19 [(d)] (F) exemption from training fees for socioeconomic programs;

20 [(e)] (G) free medical and dental service, diagnostic and laboratory fees
21 such as, but not limited to, x-rays, computerized tomography scans and
22 blood tests, in all government facilities, subject to the guidelines to be
23 issued by the Department of Health in coordination with the
24 Philippine Health Insurance Corporation (PHILHEALTH);

1 [(f)] (H) the grant of twenty percent (20%) discount on medical and
2 dental services, and diagnostic and laboratory fees provided under
3 Section 4 [(e)] (G) hereof, including professional fees of attending
4 doctors in all private hospitals and medical facilities, in accordance
5 with the rules and regulations to be issued by the Department of
6 Health, in coordination with the Philippine Health Insurance
7 Corporation;

8 [(g)] (I) the grant of twenty percent (20%) discount in fare for domestic
9 air and sea travel for the exclusive use or enjoyment of senior citizens;

10 [(h)] (J) the grant of twenty percent (20%) discount in public railways,
11 skyways and bus fare for the exclusive use and enjoyment of senior
12 citizens;

13 [(i)] (K) educational assistance to senior citizens to pursue post
14 secondary, tertiary, post tertiary, as well as vocational or technical
15 education in both public and private schools through provision of
16 scholarship, grants, financial aid subsidies and other incentives to
17 qualified senior citizens, including support for books, learning
18 materials, and uniform allowance, to the extent feasible: Provided, That
19 senior citizens shall meet minimum admission requirement;

20 [(j)] (L) to the extent practicable and feasible, the continuance of the
21 same benefits and privileges given by the Government Service
22 Insurance System (GSIS), Social Security System (SSS) and PAG-IBIG,
23 as the case may be, as are enjoyed by those in actual service.

24 [(k)] (M) retirement benefits of retirees from both the government and
25 private sector shall be regularly reviewed to ensure their continuing

1 responsiveness and sustainability, and to the extent practicable and
2 feasible, shall be upgraded to be at par with the current scale enjoyed
3 by those in actual service.

4 [(l)] (N) to the extent possible, the government may grant special
5 discounts in special programs for senior citizens on purchase of basic
6 commodities, subject to the guidelines to be issued for the purpose by
7 the Department of Trade and Industry (DTI) and the Department of
8 Agriculture (DA); and

9 [(m)] (O) provision of express lanes for senior citizens in all commercial
10 and government establishments; in the absence thereof, priority shall
11 be given to them.

12 XXX

13 The establishment may claim the discounts granted under SUB-SECTIONS (a),
14 [(f), (g) and (h)] (C), (H), (I) AND (J) as tax deduction based on the net cost of
15 the goods sold or services rendered: Provided That the cost of the discount
16 shall be allowed as deduction from gross income for the same taxable year that
17 the discount is granted. Provided, further, That the total amount of the
18 claimed tax deduction net of value added tax if applicable, shall be included in
19 their gross sales receipts for tax purposes and shall be subject to proper
20 documentation and to the provisions of the National Internal Revenue Code,
21 as amended.

22
23 THE DRUG OUTLETS MAY CLAIM THE DISCOUNTS GRANTED UNDER SUB-
24 SECTION (B) AS TAX CREDIT TO BE SUBTRACTED FROM THE RESPECTIVE
25 DRUG OUTLET'S TAX LIABILITY FOR THE SAME TAXABLE YEAR THAT THE

1 DISCOUNT IS GRANTED, AND SUBJECT TO THE REQUIREMENT OF PROPER
2 DOCUMENTATION; *PROVIDED*, THAT ANY EXCESS TAX CREDITS MAY BE
3 ACCUMULATED AND CARRIED OVER TO THE SUCCEEDING PERIODS NOT
4 EXTENDING BEYOND THREE (3) YEARS FROM THE DATE EARNED.

5
6 SEC. 2. Section 10 of the "*Expanded Senior Citizens Act of 2003*" is hereby amended
7 to read as follows:

8 "SEC. 10. *Penalties*. Any person who violates any provision of this Act
9 shall suffer the following penalties:

10 XXX

11 (2) For any subsequent violation, a fine of not less than One hundred
12 thousand pesos (P100,000.00) but exceeding [Two hundred thousand
13 pesos (P200,000.00)] FIVE HUNDRED THOUSAND PESOS
14 (P500,000.00) and imprisonment for not less than two (2) years but not
15 less than six (6) years.

16 Any person who abuses the privileges AND INCENTIVES granted
17 herein shall be punished with a fine of not less than [Five thousand
18 pesos (P5,000.00)] ONE HUNDRED THOUSAND PESOS (P100,000.00)
19 but not more than [Fifty thousand pesos (P50,000.00)] ONE MILLION
20 PESOS, and imprisonment of not less than [six (6) months] ONE (1)
21 YEAR.

22 XXX

23 SEC. 3. *Separability Clause*. – If, for any reason, any part or provision of this Act is
24 declared invalid, such declaration shall not affect the other provisions of this Act.

1 **SEC. 4. *Repealing Clause.*** – All laws, decrees, executive orders, issuances, rules or
2 regulations or parts thereof, which are inconsistent with the provisions of this Act, are
3 hereby deemed repealed, amended or modified accordingly.

4 **SEC. 5. *Effectivity.*** – This Act shall take effect fifteen (15) days after its publication in
5 the Official Gazette or in two national newspapers of general circulation.

Approved,