


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

OFFICE OF THE SECRETARY

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SENATE
S. No. 3383

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Introduced by **Senator Richard J. Gordon**

EXPLANATORY NOTE

Article II, Section 9 of the Constitution provides that the State shall promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty through policies that provide adequate social services, promote full employment, a rising standard of living, and an improved quality of life for all.

Pursuant to such mandate, Republic Act No. 9257, otherwise known as the Expanded Senior Citizens Act of 2003, was enacted to ease the burden on senior citizens in their purchase of goods and services, availment of medical and dental services, transport fare, and funeral and burial services, among others. Under the law, senior citizens are granted a twenty percent (20%) discount privilege on these purchases, to allow them to maximize their resource-spending.

On May 24, 2005, however, upon the enactment of Republic Act No. 9337, or the Expanded Value Added Tax (EVAT) Law, a value-added tax equivalent to ten percent (10%) of the gross selling price or gross value in money of the goods or properties, was levied, assessed and collected every sale, barter or exchange of goods or properties. This was later increased to twelve percent (12%) in the year 2006, thus, the discount privilege granted to the elderly has been effectively diminished. The net effect is that senior citizens now enjoy only an 8% discount.


This bill addresses this discrepancy and seeks to exempt senior citizens from the Expanded Value Added Tax on the sale of goods and services that has prevented them from fully enjoying the benefits intended by law. In order to assist senior citizens in the twilight of their life and enhance their opportunities to engage in productive endeavors, the passage of this bill is earnestly sought.



RICHARD J. GORDON
Senator

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AN ACT
EXEMPTING FROM THE EXPANDED VALUE ADDED TAX THE SALE OF
GOODS AND SERVICES TO SENIOR CITIZENS, AMENDING FOR THE PURPOSE
REPUBLIC ACT NO. 9257, OTHERWISE KNOWN AS THE
"EXPANDED SENIOR CITIZENS ACT OF 2003"

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 is hereby amended to read
2 as follows:

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

5 a) xxx xxx xxx

6 The establishment may claim the discounts granted under (a), (f), (g)
7 and (h) as tax deduction based on the net cost of the goods sold or
8 services rendered: *Provided*, that the cost of the discount shall be
9 allowed as deduction from gross income for the same taxable year that
10 the discount is granted: *Provided, further*, that the total amount of the
11 claimed tax deduction net of value added tax if applicable, shall be
12 included in their gross sales receipts for tax purposes and shall be
13 subject to proper documentation and to the provisions of the National
14 Internal Revenue Code, as amended.

15 ANY PROVISION OF LAW TO THE CONTRARY
16 NOTWITHSTANDING, THE SALE OF GOODS AND SERVICES TO
17 SENIOR CITIZENS UNDER (A), (B), (F), (G) and (H) OF THIS
18 SECTION SHALL BE EXEMPT FROM THE EXPANDED VALUE
19 ADDED TAX AS PROVIDED UNDER THE NATIONAL INTERNAL

1 REVENUE CODE, AS AMENDED.

2 XXX XXX XXX"

3 **Sec. 2. *Repealing Clause.*** - All laws, orders, proclamations, rules and
4 regulations, or part thereof, which are inconsistent with any provision of this Act are
5 hereby repealed or modified accordingly.

6 **Sec. 3. *Effectivity.*** - This Act shall take effect fifteen (15) days following its
7 publication in the Official Gazette or in at least two newspapers of general circulation.

8 Approved,