

THIRTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

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SENATE

S. No. 448

Introduced by Senator S. R. Osmeña III

EXPLANATORY NOTE

In tribal societies of old, elders occupied places of high esteem as the repositories of the wealth of wisdom and knowledge considered essential for the survival of the tribe. In this modern day and age, printed media, audio-visual devices and computers have displaced the use of oral tradition in preserving and transmitting information, knowledge and folklore to the young. Thus the elderly have been denigrated to a somewhat less elevated position. Still, care for the elderly is enshrined in our Constitution to inculcate filial piety and humanitarian values among the young, as well as to acknowledge the contribution of the previous generation to the present.

In consonance with this policy, Republic Act 7432 granted to senior citizens exemption from the payment of individual taxes on income up to a certain maximum to be determined by the national Economic Development Authority. The exemption however does not include the final 20% withholding tax on interest income from bank deposits. The failure to extend the exemption to bank deposit incomes is a violation of the spirit of the law especially because most senior citizens derive a substantial proportion of their income from the interest earnings on their savings and retirement benefits which are deposited in banks.

This bill seeks to correct this oversight by explicitly providing for the above-described exemption.

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

S. Osmeña III
SERGIO OSMEÑA III
Senator

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AN ACT
EXEMPTING THE BANK DEPOSITS OF SENIOR CITIZENS FROM THE TWENTY PERCENT (20%) WITHHOLDING TAX ON INTEREST INCOME, AMENDING FOR THE PURPOSE REPUBLIC ACT NUMBER 7423.

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

- 1 **Section 1.** Sec. 4 of RA 7423 shall be amended to read as follows:
- 2 "SEC. 4. Privileges for the Senior citizens. – The senior citizens
- 3 shall be entitled to the following:
- 4 a) the grant of twenty percent (20%) discount from all establishments
- 5 relative to utilization of transportation services, hotels, and similar
- 6 lodging establishments, restaurants and recreation centers and
- 7 purchase of medicine anywhere in the country: Provided, That private
- 8 establishments may claim the cost as tax credit;
- 9 b) a minimum of twenty percent (20%) discount on admission fees
- 10 charged by theaters, cinema houses and concert halls, circuses,
- 11 carnivals and other similar places of culture, leisure and amusement;
- 12 c) exemption from the payment of individual income taxes: Provided,
- 13 That their annual taxable income does not exceed the property level
- 14 as determined by the National Economic Development Authority
- 15 (NEDA) for that year;

- 1 d) exemption from training fees for socioeconomic programs undertaken
2 by the OSCA as part of its work;
- 3 e) free medical and dental services in government establishment
4 anywhere in the country, subject to guidelines to be issued by the
5 Department of Health, the Government Service Insurance System and
6 the Social Security System;
- 7 f) to the extent practicable and feasible, the continuance of the same
8 benefits and privileges given by the Government Service Insurance
9 System (GSIS), Social Security System (SSS) and PAG-IBIG as the
10 case may be, as are enjoyed by those in actual service; AND
- 11 g) EXEMPTION FROM THE TWENTY PERCENT (20%)
12 WITHHOLDING TAX ON INTEREST INCOME FROM BANK
13 DEPOSITS, PROVIDED HOWEVER, THAT
- 14 1) THE AMOUNT OF DEPOSITS SUBJECT TO EXEMPTION FROM
15 PAYING THE WITHHOLDING TAX SHOULD NOT EXCEED SIX
16 HUNDRED THOUSAND PESOS (P 600,000.00); AND
- 17 2) THE SENIOR CITIZEN SHOULD PRESENT TO THE MANAGER
18 OF THE BANK IN WHICH HE/SHE DEPOSITS HIS/HER MONEY
19 HIS SENIOR CITIZEN'S ID AND A CERTIFICATE FROM THE
20 CHIEF OF THE AGENCY/FIRM FROM WHICH HE RETIRED.

21 **Sec. 2. Separability Clause.** – If any sections or provisions thereof shall
22 declared unconstitutional or invalid, the other sections or provisions thereof shall
23 continue in full force and effect.

24 **Sec. 3. Repealing Clause.** – Laws, rules and regulations and other
25 issuances inconsistent with the provisions of this Act are deemed modified,
26 revoked or repealed accordingly.

27 **Sec. 4. Effectivity.** – This Act shall take effect upon its approval.

Approved,