

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



Senate  
Office of the Secretary

13 JUL -3 P12:35

SENATE

S.B. No. 335

PREPARED BY: *jin*

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Introduced by Senator LOREN LEGARDA

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#### EXPLANATORY NOTE

This bill seeks to exempt senior citizens from paying the final 20% withholding tax on interest income from bank deposits to enable our elderly to fully utilize their savings.

Section 4, Article XV of the 1987 Philippine Constitution states 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.

Pursuant to this policy, Republic Act No. 7432 also known as the "Senior Citizens Act" and Republic Act No. 9257 also known as "Expanded Senior Citizens Act of 2003" were enacted to grant benefits and special privileges to the elderly as recognition of their significant role and contribution in society. Under these laws, senior citizens are exempted from the payment of individual income taxes, provided that their annual taxable income does not exceed the poverty level as determined by the National Economic Development Authority (NEDA) for that year.

However, this exemption does not include exemption from payment of the final 20% tax on interest income from bank deposits under the National Internal Revenue Code. This failure derives most of senior citizens a substantial portion of their income from the interest earnings on their life savings and retirement benefits deposited in banks.

This bill aims to remedy that loophole by explicitly providing for such exemption, subject to certain conditions imposed by law.

The State should be liberal in granting benefits to our elderly, who make up about 6.4 percent or 5.2 million, of the population. This as much we owe to them for devoting their productive years in the service of our nation.

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

  
LOREN LEGARDA  
Senator

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AN ACT  
EXEMPTING THE BANK DEPOSITS OF SENIOR CITIZENS FROM THE 20%  
WITHHOLDING TAX ON INTEREST INCOME, AMENDING FOR THE  
PURPOSE REPUBLIC ACT NO. 7432

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

**SECTION 1. Title.** - Section 4 of Republic Act No. 7432 is hereby amended to  
read as follows:

“SECTION 4. **Privileges for the Senior Citizen** - The senior  
citizens shall be entitled to the following:

- a. The grant of twenty percent (20%) discount from all establishment relative to utilization of transportation services, hotels and similar lodging establishments, restaurants and recreation centers, and purchase medicine anywhere in the country: provided that private establishments may claim cost as tax credit;
- b. A minimum of twenty percent (20%) discount on admission fee charged by theaters, cinema houses and concert halls, circuses, carnivals and other similar places of culture, leisure and amusement;
- c. Exemption from training fees for socioeconomic programs undertaken by the National Economic and Development Authority (NEDA) for that year

- d. Exemption from training fees for socioeconomic programs undertaken by the OSCA as part of its work;
- e. Free medical and dental services in government establishment anywhere in the country, subject to guidelines to be issued by the Department of Health, the Government Service Insurance System and the Social Security System.
- f. To the extent practicable and feasible, the continuance of the same benefits and privileges given by the Government Service Insurance System (GSIS), Social Security System (SSS) and the PAG-IBIG, as the case may be, as are enjoyed by those in actual service; AND

**G. EXEMPTION FROM THE 20% WITHHOLDING TAX ON INTEREST INCOME FROM THE BANK DEPOSITS, PROVIDED HOWEVER THAT:**

- 1.) THE EXEMPTION FROM PAYING THE WITHHOLDING TAX SHOULD NOT EXCEED SIX HUNDRED THOUSAND PESOS (P600,000.00); AND
- 2.) THE SENIOR CITIZEN SHOULD PRESENT TO THE MANAGER OF THE BANK IN WHICH HE/SHE DEPOSITS HIS/HER MONEY HIS SENIOR CITIZEN'S ID AND A CERTIFICATE FROM THE CHIEF OF THE AGENCY/FIRM FROM WHICH HE RETIRED."

**SECTION 2. *Separability Clause.*** - If any section or provision of this Act shall be declared unconstitutional or invalid, the provisions hereof which are not affected thereby shall continue to be in full force and effect.

**SECTION 3. *Repealing Clause.*** - Laws, rules and regulations and other issuances inconsistent with the provision of this Act are deemed modified, revoked or repealed accordingly.

**SECTION 4. *Effectivity.*** – This Act shall take effect immediately upon its approval.

Approved,