

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

2002

10 JUL 21 10:02

SENATE  
S. No. 1848

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Introduced by Senator Miriam Defensor Santiago

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#### EXPLANATORY NOTE

The Constitution, Article 15, Section 4, provides:

The family has the duty to care for its elderly members but *the State may also do so through just programs of social security.* (Italics supplied)

Republic Act No. 7432 granted to senior citizens exemption from the payment of individual taxes based on their income up to a certain level to be determined by the National Economic Development Authority (NEDA). The exemption, however, does not include the final twenty percent (20%) withholding tax on interest income from bank deposits. The failure to extend exemption to bank deposit income is a violation of the intent of the law, especially because most senior citizens derive a substantial proportion of their income from the interest on their savings and retirement benefits, which are deposited in banks.

This bill seeks to correct this oversight by explicitly providing for the exemption of bank deposits of senior citizens from the withholding tax on interest income.<sup>1</sup>

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MIRIAM DEFENSOR SANTIAGO

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<sup>1</sup> This bill was originally filed during the Fourteenth Congress, First Regular session.

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10 JUL 21 16:02

SENATE  
S. No. 1848

RECEIVED BY         

Introduced by Senator Miriam Defensor Santiago

1 AN ACT  
2 EXEMPTING THE BANK DEPOSITS OF SENIOR CITIZENS FROM THE  
3 TWENTY PERCENT (20%) WITHHOLDING TAX ON INTEREST INCOME,  
4 AMENDING REPUBLIC ACT NO 7432

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

5 SECTION 1. Section 4 of Republic Act No. 7432 shall be amended to read as  
6 follows:

7 SECTION 4. *Privileges for the Senior Citizens.* - The senior citizens  
8 shall be entitled to the following:

9 (A) the grant of twenty percent (20%) discount from all establishments  
10 relative to utilization of transportation services, hotels, and similar lodging  
11 establishments, restaurants and recreation centers, and purchase of medicine  
12 anywhere in the country; Provided, that private establishments may claim cost  
13 as tax credit;

14 (B) a minimum of twenty percent (20%) discount on admission fees charged  
15 by theaters, cinema houses and concert halls, circuses, carnivals and other  
16 similar places of culture, leisure, and amusement;

17 (C) exemption from the payment of individual income taxes; Provided, that  
18 their annual taxable income does not exceed the property level as determined  
19 by the National Economic and Development Authority (NEDA) for that year;

20 (D) exemption from training fees for socioeconomic programs undertaken by  
21 the OSCA as part of its work;

22 (E) free medical and dental services in government establishment anywhere in  
23 the country, subject to guidelines to be issued by the Department of Health,

1 the Government Service Insurance System (GSIS) and the Social Security  
2 System (SSS);

3 (F) to the extent practicable and feasible, the continuance of the same benefits  
4 and privileges given by the Government Service Insurance System (GSIS),  
5 Social Security System (SSS) and PAG-BIG, as the case may be, as are  
6 enjoyed by those in actual service; AND (G) EXEMPTION FROM PAYING  
7 THE WITHHOLDING TAX ON INTEREST INCOME FROM BANK  
8 DEPOSITS, PROVIDED HOWEVER, THAT: (1) THE EXEMPTION  
9 FROM PAYING THE WITHHOLDING TAX SHOULD NOT EXCEED SIX  
10 HUNDRED THOUSAND PESOS (P600,000.00); AND (2) THE SENIOR  
11 CITIZEN SHOULD PRESENT TO THE MANAGER OF THE BANK, IN  
12 WHICH HE DEPOSITS HIS MONEY, HIS SENIOR CITIZEN'S ID AND A  
13 CERTIFICATE FROM THE CHIEF OF THE AGENCY FIRM FROM  
14 WHICH HE OR SHE RETIRED.”

15  
16 SECTION 2. *Separability Clause.* - If any provision, or part hereof is held invalid or  
17 unconstitutional, the remainder of the law or the provision not otherwise affected shall  
18 remain valid and subsisting.

19  
20 SECTION 3. *Repealing Clause.* - Any law, presidential decree or issuance, executive  
21 order, letter of instruction, administrative order, rule or regulation contrary to, or  
22 inconsistent with, the provisions of this Act is hereby repealed, modified or amended  
23 accordingly.

24  
25 SECTION 4. *Effectivity Clause.* - This Act shall take effect fifteen (15) days after its  
26 publication in at least two (2) newspapers of general circulation.

Approved,