

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



Senate
Office of the Secretary

'13 JUL 15 P4:20

SENATE
S. No. 731

RECEIVED BY: *ji*

Introduced by Senator Miriam Defensor Santiago

EXPLANATORY NOTE

The Constitution, Article 15, Section 4, provides:

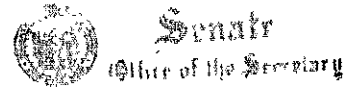
The family has the duty to care for its elderly members but *the State may also do so through just programs of social security.* (Italics supplied)

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.¹

Miriam Defensor Santiago
MIRIAM DEFENSOR SANTIAGO

¹ This bill was originally filed during the Fourteenth Congress, First Regular Session.



'13 JUL 15 P4:20

SENATE
S. No. 731

RECEIVED BY: *[Signature]*

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;

1 (E) free medical and dental services in government establishment anywhere in
2 the country, subject to guidelines to be issued by the Department of Health,
3 the Government Service Insurance System (GSIS) and the Social Security
4 System (SSS);

5 (F) to the extent practicable and feasible, the continuance of the same benefits
6 and privileges given by the Government Service Insurance System (GSIS),
7 Social Security System (SSS) and PAG-BIG, as the case may be, as are
8 enjoyed by those in actual service; AND

9 (G) EXEMPTION FROM PAYING THE WITHHOLDING TAX ON
10 INTEREST INCOME FROM BANK DEPOSITS, PROVIDED HOWEVER,
11 THAT: (1) THE EXEMPTION FROM PAYING THE WITHHOLDING
12 TAX SHOULD NOT EXCEED SIX HUNDRED THOUSAND PESOS
13 (P600,000.00); AND (2) THE SENIOR CITIZEN SHOULD PRESENT TO
14 THE MANAGER OF THE BANK, IN WHICH HE OR SHE DEPOSITS HIS
15 OR HER MONEY, HIS OR HER SENIOR CITIZEN'S I.D. AND A
16 CERTIFICATE FROM THE CHIEF OF THE AGENCY OR FIRM FROM
17 WHICH HE OR SHE RETIRED.”

18 SECTION 2. *Repealing Clause.* - Any law, presidential decree or issuance, executive
19 order, letter of instruction, administrative order, rule or regulation contrary to or inconsistent
20 with the provisions of this Act is hereby repealed, modified, or amended accordingly.

21 SECTION 3. *Effectivity Clause.* - This Act shall take effect fifteen (15) days after its
22 publication in at least two (2) newspapers of general circulation.

Approved,