


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

'04 DEC 16 P3:41

SENATE
S.B. No. 1877

RECEIVED BY: 

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 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, specially 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.


MIRIAM DEFENSOR SANTIAGO

THIRTEENTH CONGRESS OF THE REPUBLIC)
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SENATE
S.B. No. 18

RECEIVED BY: 

Introduced by Senator Miriam Defensor Santiago

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

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

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

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

- (a) the grant of twenty percent (20%) discount from all establishments relative to utilization of transportation services, hotels, and similar lodging establishments, restaurants and recreation centers, and purchase of 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 fees charged by theaters, cinema houses and concert halls, circuses, carnivals and other similar places of culture, leisure, and amusement;
- (c) exemption from the payment of individual income taxes; Provided, that their annual taxable income does not exceed the property level as determined 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 (GSIS) and the Social Security System (SSS);

(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 PAG-IBIG, as the case may be, as are enjoyed by those in actual service; AND

(G) EXEMPTION FROM PAYING THE WITHHOLDING TAX ON INTEREST INCOME FROM 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 DEPOSITS HIS MONEY, HIS SENIOR CITIZEN'S ID AND A CERTIFICATE FROM THE CHIEF OF THE AGENCY/FIRM FROM WHICH HE OR SHE RETIRED.”

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

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administrative order, rule or regulation contrary to, or inconsistent with, the provisions of this Act is hereby repealed, modified or amended accordingly.

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

Approved,

/baf