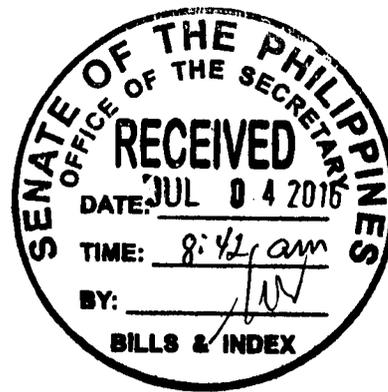


SEVENTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



SENATE
S.B. No. 247

Introduced by SENATOR LOREN LEGARDA

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

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 and 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 deprives most of our senior citizens of a substantial portion of their income from the interest earnings on their life savings and retirement benefits deposited in banks.

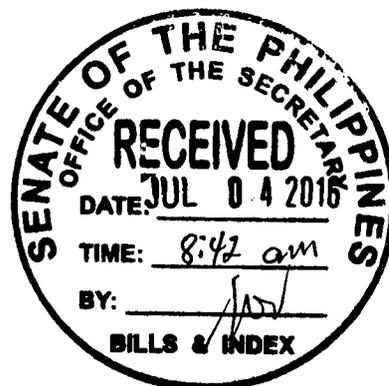
This bill aims to remedy that loophole by explicitly providing for such exemption, subject to certain conditions imposed by law.

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

1 **SECTION 1. Title.** - Section 4 of Republic Act No. 7432 is hereby amended to
2 read as follows:
3

4 **SECTION 4. Privileges for the Senior Citizen** - The senior citizens
5 shall be entitled to the following:
6

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

14 b. A minimum of twenty percent (20%) discount on admission
15 fee charged by theaters, cinema houses and concert halls,
16 circuses, carnivals and other similar places of culture, leisure
17 and amusement;
18

19 c. Exemption from training fees for socioeconomic programs
20 undertaken by the National Economic and Development
21 Authority (NEDA) for that year
22

23 d. Exemption from training fees for socioeconomic programs
24 undertaken by the Office for Senior Citizens Affairs (OSCA) as
25 part of its work;
26

27 e. Free medical and dental services in government establishment
28 anywhere in the country, subject to guidelines to be issued by
29 the Department of Health (DOH), the Government Service
30 Insurance System (GSIS) and the Social Security System
31 (SSS).
32

33 f. To the extent practicable and feasible, the continuance of the
34 same benefits and privileges given by the GSIS, SSS and the

1 Pag-IBIG, as the case may be, as are enjoyed by those in
2 actual service; **AND**

3
4 **G. EXEMPTION FROM THE 20% WITHHOLDING TAX ON**
5 **INTEREST INCOME FROM THE BANK DEPOSITS,**
6 **PROVIDED HOWEVER THAT:**

7
8 **1.) THE AMOUNT OF EXEMPTION EVERY YEAR FROM**
9 **PAYING THE WITHHOLDING TAX SHOULD NOT**
10 **EXCEED SIX HUNDRED THOUSAND PESOS**
11 **(P600,000.00); AND**

12
13 **2.) THE SENIOR CITIZEN SHOULD PRESENT TO THE**
14 **MANAGER OF THE BANK IN WHICH HE/SHE DEPOSITS**
15 **HIS/HER MONEY HIS SENIOR CITIZEN'S ID AND A**
16 **CERTIFICATE FROM THE CHIEF OF THE**
17 **AGENCY/FIRM FROM WHICH HE RETIRED."**

18
19 **SEC. 2. Separability Clause.** – If any section or provision of this Act shall be
20 declared unconstitutional or invalid, the provisions hereof which are not
21 affected thereby shall continue to be in full force and effect.

22
23 **SEC. 3. Repealing Clause.** – Laws, rules and regulations and other issuances
24 inconsistent with the provision of this Act are deemed modified, revoked or
25 repealed accordingly.

26
27 **SEC. 4. Effectivity.** – This Act shall take effect fifteen (15) days after its complete
28 publication in the Official Gazette or in at least two (2) national newspapers of
29 general circulation.

30
31
32 Approved,