

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

December 4, 2006

REVENUE REGULATIONS NO. 1 - 2007

SUBJECT: Amending Revenue Regulations No. 4-2006 Implementing the Tax Privileges Provisions of R.A. No. 9257, Otherwise Known as the “*Expanded Senior Citizens Act of 2003*”

TO: All Internal Revenue Officers and Others Concerned

SECTION 1. Scope. – Pursuant to Section 244 of the Tax Code of 1997, as amended, in relation to Section 2 of R.A. No. 9257, otherwise known as the “*Expanded Senior Citizens Act of 2003*,” and its Implementing Rules and Regulations promulgated by the Department of Social Welfare & Development, these Regulations are hereby promulgated to amend Section 8(5) of RR 4-2006 deleting the TIN requirement under the said Section, and to add a provision clarifying the basis of computation of the VAT on the sale of goods and services to senior citizens who have been granted sales discounts.

SEC. 2. Deleting the TIN Requirement Under Section 8(5) of RR 4-2006. – Section 8(5) of RR 4-2006 is hereby amended deleting the TIN requirement as one of the conditions in order that establishments may claim the sales discounts as deductions from gross income, and further giving the senior citizens a hassle-free privilege to enjoy the purchase discount, which Section shall read as follows:

“Sec. 8. Availment by Establishments of Sales Discounts as Deduction from Gross Income. –x x x x x x x

x x x

x x x

x x x

“(5) The business establishment giving sales discounts to qualified senior citizens is required to keep separate and accurate record of sales, which shall include the name of the senior citizen, OSCA ID, gross sales/receipts, sales discount granted, date of transaction and invoice number for every sale transaction to senior citizen.

x x x

x x x

x x x

SEC. 3. A new Section is hereby added to RR 4-2006 as Section 10 thereof clarifying the basis of computation of the value-added tax on the sale to senior citizens with sales discounts by the subject establishments to read as follows:

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“Sec. 10. Basis of Computation of Value-Added Tax on Sale to Senior Citizens. – VAT on sales of goods or services with sales discounts granted by establishments enumerated under Section 8 hereof shall be computed in accordance with the following illustration:

Amount of sale (without the VAT)	P100.00
Less: 20% sales discount	<u>20.00</u>
Vatable sale	P 80.00
Plus: 12% VAT (based on P80)	<u>9.60</u>
Total amount to be paid by the senior citizen	P89.60
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SEC. 4. Renumbered Sections. – Original Sections 10 and 11 of RR 4-2006 shall be renumbered as Sections 11 and 12 thereof, respectively.

SEC. 5. Amendatory Clause. – Provisions of existing issuances which are or may be inconsistent with the foregoing, if any, are hereby deemed amended and/or superseded accordingly.

SEC. 6. Effectivity Clause. – These Regulations shall take effect fifteen (15) days after publication in the Official Gazette or newspaper of general circulation, whichever comes first.

These Regulations shall in no case be given retroactive effect such that no refund can be claimed for any previous transactions using different basis of computation from that reflected in Section 10 above.

(Original Signed)
MARGARITO B. TEVES
Secretary of Finance

Recommended by:

(Original Signed)
JOSE MARIO C. BUÑAG
Commissioner of Internal Revenue