

REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
BUREAU OF INTERNAL REVENUE

June 2, 2010

**REVENUE MEMORANDUM CIRCULAR NO. 45-2010**

**SUBJECT :** Circularizing Sections 4 and 5 of Republic Act No. 9994, An Act Granting Additional Benefits and Privileges to Senior Citizens, Further Amending Republic Act No. 7432, as amended, otherwise known as "An Act to Maximize the Contribution of Senior Citizens to Nation Building, Grant Benefits and Special Privileges and For Other Purposes"

**TO :** All Revenue Officials, Employees and Others Concerned

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For the information and guidance of all internal revenue officers, employees and others concerned, quoted hereunder are the pertinent provisions on tax matters provided in Sections 4 and 5 of Republic Act No. 9994, Further Amending Republic Act No. 7432, as amended, providing for additional incentives to Senior Citizens as follows:

**"Section 4.** Section 4 of Republic Act No. 7432, as amended by Republic Act No. 9257, otherwise known as the "Expanded Senior Citizens Act of 2003", is hereby further amended to read as follows:

*"SEC. 4. Privileges for the Senior Citizens. -*

*The senior citizens shall be entitled to the following:*

*"(a) the grant of twenty percent (20%) discount and exemption from the value-added tax (VAT), if applicable, on the sale of the following goods and services from all establishments, for the exclusive use and enjoyment or availment of the senior citizen*

*"(1) on the purchase of medicines, including the purchase of influenza and pneumococcal vaccines, and such other essential medical supplies, accessories and equipment to be determined by the Department of Health (DOH).*

*"The DOH shall establish guidelines and mechanism of compulsory rebates in the sharing of burden of discounts among retailers, manufacturers and distributors, taking into consideration their respective margins;*

*"(2) on the professional fees of attending physician/s in all private hospitals, medical facilities, outpatient clinics and home health care services;*

*"(3) on the professional fees of licensed professional health providing home health care services as endorsed by private hospitals or employed through home health care employment agencies;*

*"(4) on medical and dental services, diagnostic and laboratory fees in all private hospitals, medical facilities, outpatient clinics, and home health care services, in accordance with the rules and regulations to be issued by the DOH, in coordination with the Philippine Health Insurance Corporation (PhilHealth);*

*"(5) in actual fare for land transportation travel in public utility buses (PUBs), public utility jeepneys (PUJs), taxis, Asian utility vehicles (AUVs), shuttle services and public railways, including Light Rail Transit (LRT), Mass Rail Transit (MRT), and Philippine National Railways (PNR);*

*"(6) in actual transportation fare for domestic air transport services and sea shipping vessels and the like, based on the actual fare and advanced booking;*

*"(7) on the utilization of services in hotels and similar lodging establishments, restaurants and recreation centers;*

*"(8) on admission fees charged by theaters, cinema houses and concert halls, circuses, leisure and amusement; and*

*"(9) on funeral and burial services for the death of senior citizens;*

*"(b) exemption from the payment of individual income taxes of senior citizens who are considered to be minimum wage earners in accordance with Republic Act No. 9504;*

*"(c) the grant of a minimum of five percent (5%) discount relative to the monthly utilization of water and electricity supplied by the public utilities: Provided, That the individual meters for the foregoing utilities are registered in the name of the senior citizen residing therein: Provided, further, That the monthly consumption does not exceed one hundred kilowatt hours (100 kWh) of electricity and thirty cubic meters*

*(30 m3) of water: Provided, furthermore, That the privilege is granted per household regardless of the number of senior citizens residing therein;*

*“(d) XXX*

*“(e) XXX*

*“(f) XXX*

*“(g) XXX*

*“(h) XXX*

*“(i) XXX*

*“(j) XXX*

*“(k) XXX*

*“(l) XXX*

*“In the availment of the privileges mentioned above, the senior citizen, or his/her duly authorized representative, may submit as proof of his/her entitled thereto any of the following:*

*“(1) an identification card issued by the Office of the Senior Citizen Affairs (OSCA) of the place where the senior citizen resides: Provided, That the identification card issued by the particular OSCA shall be honored nationwide;*

*“(2) the passport of the senior citizen concerned; and*

*“(3) other documents that establish that the senior citizen is a citizen of the Republic and is at least sixty (60) years of age as further provided in the implementing rules and regulations.*

*“In the purchase of goods and services which are on promotional discount, the senior citizen can avail of the promotional discount or the discount provided herein, whichever is higher.*

*“The establishment may claim the discounts granted under subsections (a) and (c) of this section as tax deduction based on the cost of the goods sold or services rendered: Provided, That the cost of the discount shall be allowed as deduction from gross income for the same taxable year that the discount is granted:*

*Provided, further, That the total amount of the claimed tax deduction net of VAT, if applicable, shall be included in their gross sales receipts for tax purposes and shall be subject to proper documentation and to the provisions of the National Internal Revenue Code (NIRC), as amended."*

**Section 5.** *Section 5 of the same Act, as amended, is hereby further amended to read as follows:*

*"SEC. 5. Government Assistance. - The government shall provide the following:*

*"(a) Employment*

*"Senior citizens who have the capacity and desire to work, or be re-employed, shall be provided information and matching services to enable them to be productive members of society. Terms of employment shall conform with the provisions of the Labor Code, as amended, and other laws, rules and regulations.*

*"Private entities that will employ senior citizens as employees, upon the effectivity of this Act, shall be entitled to an additional deduction from their gross income, equivalent to fifteen percent (15%) of the total amount paid as salaries and wages to senior citizens, subject to the provision of Section 34 of the NIRC, as amended: Provided, however, That such employment shall continue for a period of at least six (6) months: Provided, further, That the annual income of the senior citizen does not exceed the latest poverty threshold as determined by the National Statistical Coordination Board (NSCB) of the National Economic and Development Authority (NEDA) for that year.*

*"The Department of Labor and Employment (DOLE), in coordination with other government agencies such as, but not limited to, the Technology and Livelihood Resource Center (TLRC) and the Department of Trade and Industry (DTI), shall assess, design and implement training programs that will provide skills and welfare or livelihood support for senior citizens.*

*"(b) XXX*

*"(c) XXX*

*"(d) Social Services*

*"At least fifty percent (50%) discount shall be granted on the consumption of electricity, water, and telephone by the senior citizens center and residential care/group homes that are government-run or non-stock, non-profit domestic corporation organized and operated primarily for the purpose of promoting the*

*well-being of abandoned, neglected, unattached, or homeless senior citizens, subject to the guidelines formulated by the DSWD.*

*"(1) "self and social enhancement services" which provide senior citizens opportunities for socializing, organizing, creative expression, and self-improvement;*

*"(2) "after care and follow-up services" for citizens who are discharged from the homes or institutions for the aged, especially those who have problems of reintegration with family and community, wherein both the senior citizens and their families are provided with counseling;*

*"(3) "neighborhood support services" wherein the community or family members provide caregiving services to their frail, sick, or bedridden senior citizens; and*

*"(4) "substitute family care" in the form of residential care or group homes for the abandoned, neglected, unattached or homeless senior citizens and those incapable of self-care.*

The law was signed on February 15, 2010 and published in a newspaper of general circulation on March 28, 2010.

All concerned are hereby enjoined to be guided accordingly and give this circular as wide publicity as possible.

(Original Signed)

**JOEL L. TAN-TORRES**

*Commissioner of Internal Revenue*