

[BIR REVENUE MEMORANDUM CIRCULAR NO. 35-97, November 21, 1997]

CLARIFICATION OF THE TERM "TAX CREDIT" UNDER SECTION 4(A) OF REPUBLIC ACT NO. 7432, OTHERWISE KNOWN AS THE "SENIOR CITIZENS ACT" VIS A VIS SECTION 2(I) OF REVENUE REGULATIONS NO. 2-94

For the information and guidance of all concerned, quoted hereunder is BIR Ruling No. 065-97 dated May 15, 1997:

Bureau of Internal Revenue Ruling

"Quezon City 065-97 Persons to Contact: Chief, Law Division Tel. No. 926-55-36

Date: _____

Mr. Jude Allaga
Legislative Staff Officer VI
Sen. Leticia Ramos Shahani's Office
5th Floor, PICC Bldg.
CCP Complex
Roxas Boulevard, Manila

S i r :

This refers to your letter dated November 7, 1996 referred to us by Assistant Secretary for Legislative Affairs Ricardo V. Paras III of the Department of Justice in his 1st Indorsement dated December 3, 1996 regarding the letter-request of Mr. James A. Sandoval, President of the Drugstores Association of the Philippines (DSAP), seeking for an amendment of Section 4(a) of Republic Act No. 7432, otherwise known as the "Senior Citizens Act", which states as follows:

"(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 the cost as tax credit;"

which, according to him, clearly entitles drugstores to a "tax credit" for all discounts given to senior citizens but which the BIR refuses to recognize resulting to the drugstores shouldering the loss in the implementation of the law. Mr. Sandoval insists that the same is not the spirit of the law when it was enacted.

In reply, please be informed that this Office has been consistent that the word "discount" as contemplated under Section 4 of RA No. 7432 shall be considered as