

[BIR REVENUE REGULATION NO. 2-94, August 23, 1993]

**REPUBLIC ACT NO. 7432 OTHERWISE KNOWN AS AN ACT TO
MAXIMIZE THE CONTRIBUTION OF SENIOR CITIZENS TO
NATION BUILDING, GRANT BENEFITS AND SPECIAL PRIVILEGES
AND FOR OTHER PURPOSES.**

SECTION 1. Scope. - Pursuant to Section 245 of the National Internal Revenue Code (NIRC) as amended, in relation to Section 10 of Republic Act No. 7432, these regulations are hereby promulgated to (1) implement the provisions of Sections 4 and 5(a) of the said Act granting tax exemption and other privileges to senior citizens, and (2) prescribe the guidelines for the availment thereof.

SECTION 2. Definitions. - For purposes of these regulations:

a. **Act** - refers to Republic Act No. 7432.

b. **Senior citizen** - means any resident citizen of the Philippines at least sixty (60) years old, including those who have retired from both government offices and private enterprises, and has an income of not more than sixty thousand pesos (P60,000.00) per annum subject to review by the National Economic and Development Authority (NEDA) every three (3) years.

The term "**qualified senior citizen**" shall refer to a resident Filipino citizen who meets the statutory requirements of Section 2 of the Act and Section 2(b) of these regulations.

c. **Resident citizen** - refers to a Filipino citizen with permanent/legal residence in the Philippines, and shall include those who, having migrated to a foreign country, have returned to the Philippines with a definite intention to reside therein, and whose immigrant visa has been surrendered to the foreign government.

d. **Dependent** - a qualified senior citizen whether or not related to a benefactor with whom he leaves and who takes care of him/her.

e. **Head of the Family** - an unmarried or legally, separated man or woman, with one or both parents, or with one or more brothers or sisters, or with one or more legitimate, recognized natural or legally adopted children, living with and dependent upon him/her for their chief support, where such brothers or sisters or children are not more than twenty-one (21) years of age, unmarried and not gainfully employed or where such children, brothers or sisters, regardless of age are incapable of self-support because of mental or physical defect.

The term '**head of family**' includes an unmarried or legally separated man or woman who is the benefactor of a qualified senior citizen as defined in Section 2 of

the Act and these regulations.

f. **Benefactor** - any person whether or not related to the senior citizen who takes care of the latter as a dependent.

g. **OSCA** - refers to the Office for Senior Citizens Affairs.

h. **Income/Annual Taxable Income** of a resident Senior Citizen shall refer to the annual gross compensation, business and other income received during each taxable year from all sources as defined in Section 23 of the NIRC, which shall not exceed the poverty level of P60,000 or such amount as may thereafter be determined by the NEDA.

However, income derived by and qualified senior citizen from the following sources:

1. Interest income from Philippine currency bank deposits, yield and other monetary benefit from deposit substitutes, trust fund and similar arrangements; royalties, prizes and winnings (Sec. 21(c), NIRC);
2. Capital gains from sales of shares of stock (Sec. 21(d), NIRC); and
3. Capital gains from sales of real property (Sec. 21(e), NIRC).

shall not be included in the determination of his '**income/annual taxable income**' which should not exceed the poverty level of P60,000 or such amount as may thereafter be determined by the NEDA for a certain taxable year inasmuch as income from such sources shall be subject to the corresponding income tax rates prescribed under Section 21(c), (d) and (e) of the NIRC as amended.

i. **Tax Credit** - refers to the amount representing the 20% discount granted to a qualified senior citizen by all establishments relative to their utilization of transportation services, hotels and similar lodging establishments, restaurants, drugstores, recreation centers, theaters, cinema houses, concert halls, circuses, carnivals and other similar places of culture, leisure and amusement, which discount shall be deducted by the said establishments from their gross income for income tax purposes and from their gross sales for value-added tax or other percentage tax purposes.

SECTION 3. Income Tax Benefit and Privileges for the Senior Citizens. - Senior citizens qualified as such by the Commissioner of Internal Revenue or his duly authorized representative who, for purposes of these regulations, is the Regional Director of the Revenue Region having jurisdiction of the city or municipality where they are permanent residents shall be entitled to the following tax benefit and privileges:

a. Exemption from the payment of individual income tax provided that their annual taxable income does not exceed the poverty level of P60,000.00 or such amount as may be determined by the NEDA for a certain taxable year.

b. A 20% discount from all establishment relative to utilization of transportation, services, hotels and similar lodging establishments, restaurants and recreation centers, and on purchases of medicine anywhere in the country.