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REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
National Office Building
Quezon City



REVENUE REGULATIONS NO. **007-2026**

SUBJECT : Amending Revenue Regulations No. 07-10 Relative to the Burden-Sharing Agreement of Establishments Claiming Senior Citizen Discounts as Tax Deduction Pursuant to Republic Act No. 9994, Otherwise Known as the "Expanded Senior Citizens Act of 2010"

TO : All Internal Revenue Officials, Employees and Others Concerned

Pursuant to Sections 244 and 245 of the National Internal Revenue Code of 1997, as amended (Tax Code), and in relation to Section 4 of Republic Act (RA) No. 9994, these Regulations are hereby promulgated to amend Sections 2, 4, and 7 of Revenue Regulations (RR) No. 07-10, by establishing guidelines and mechanisms of compulsory rebates in the sharing of burden of Senior Citizens' discounts among retailers, manufacturers/distributors, wholesalers-retailers, and wholesalers of medicines.

SECTION 1. BACKGROUND. - RA No. 9994, otherwise known as the *Expanded Senior Citizens Act of 2010*, was enacted to promote the full participation of senior citizens in society by granting them, among others, a mandatory twenty percent (20%) discount on the purchase of certain goods and services. Section 4 of the Act expressly mandates all covered establishments to grant said discount and authorizes the issuance of implementing rules and regulations to ensure its effective enforcement.

Pursuant thereto, RR No. 07-10 was issued to prescribe the tax treatment of senior citizen discounts, particularly the treatment of such discounts as deductible expenses from gross income. However, subsequent implementation developments—especially in the pharmaceutical sector—revealed the need to clarify and institutionalize mechanisms for sharing the financial burden of the mandated discount among retailers, manufacturers, distributors, and other entities in the supply chain.

In order to align tax deductibility with the actual allocation of the discount burden, and consistent with the authority of the Department of Health to establish burden-sharing arrangements, these amendatory Regulations are hereby issued to clarify the definitions, conditions, and limitations governing the deductibility of senior citizen discounts pursuant to RA No. 9994.

SECTION 2. AMENDATORY PROVISIONS. – Sections 2, 4, and 7 of RR No. 07-10 are hereby amended to read as follows:

"SECTION 2. Definitions. — For purposes of these Regulations, the following terms and phrases shall be defined as follows:

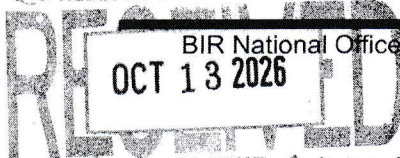
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m. Establishment — refers to any entity, whether public or private, that is duly licensed and/or franchised by the national government agencies or the local government units

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BUREAU OF INTERNAL REVENUE
RECORDS MANAGEMENT DIVISION



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BY: ADMIN UNIT - 1 TIME: 1:22pm

supplying any of the goods and services specified in the Act to Senior Citizens. This term shall likewise include retailers, manufacturers and distributors of pharmaceutical products, who shall be subject to the burden-sharing arrangements prescribed by the Department of Health (DOH) in the granting of senior citizen discounts.

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SECTION 4. *Grant of Discounts to Senior Citizens.* — All establishments, supplying any of the following goods and services, as specified in the Act to Senior Citizens, for their exclusive use and enjoyment or availment, shall grant a discount of twenty (20%) per cent. The granting of discount herein mentioned shall apply to the sale of the following goods and services:

- a. Medicines, including influenza and pneumococcal vaccines, and such other essential medical supplies, accessories and equipment to be determined by the DOH.

a.1.

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- a.2. Retailers, manufacturers/distributors, wholesalers-retailers, and wholesalers may enter into an agreement on the sharing of the burden of the senior citizen discount. In accordance with the guidelines and mechanisms prescribed by the DOH, such agreement shall be duly documented, and a copy thereof shall be furnished to the DOH.

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SECTION 7. *Tax Treatment of the Discount Granted to Senior Citizens.* —

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The discounts granted by the seller of qualified goods and services, i.e., the promotional discount, the 20% discount, the 5% discount on water and electric consumption by Senior Citizens, or the 50% discount on electricity, water and telephone consumption by the Senior Citizens Center, shall be treated as an ordinary and necessary expenses deductible from the gross income of the seller, falling under the category of itemized deductions. Such deduction may only be claimed if the seller does not opt for the Optional Standard Deduction during the taxable quarter or year. The claim of the discount granted under the Act as an additional item of deduction from the gross income of the seller is subject to the following conditions:

1. xxx

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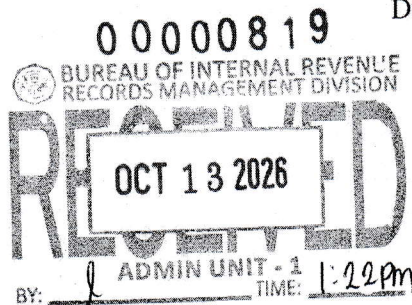
7. Only business establishments selling any of the qualified goods and services to Senior Citizens where an actual discount was granted may claim the deduction, subject to paragraph 9 below.

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9. If the burden of the discount is shared between or among retailers, manufacturers/distributors, wholesalers-retailers, and wholesalers pursuant to a burden-sharing agreement, the total deductible expense from gross income shall not exceed the portion corresponding to the claimant's share under said agreement.

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SECTION 3. **SEPARABILITY CLAUSE.** — If any of the provisions of these Regulations is subsequently declared invalid or unconstitutional, the validity of the remaining provisions hereof shall remain in full force and effect.



SECTION 4. REPEALING CLAUSE. – All other issuances and rules and regulations or parts thereof which are contrary to and inconsistent with the provisions of these Regulations are hereby repealed, amended or modified accordingly.

SECTION 5. EFFECTIVITY. – These Regulations shall take effect fifteen (15) days following its publication in the Official Gazette or the BIR Official Website, whichever comes first.



FREDERICK D. GO

Secretary

SEP 17 2026

Recommending Approval:



CHARLITO MARTIN R. MENDOZA

Commissioner of Internal Revenue



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