

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS
First Regular Session

HOUSE BILL NO. **2252**



Introduced by **HONORABLE STELLA LUZ A. QUIMBO**

EXPLANATORY NOTE

An article in the Financial Times Magazine argued that older workers tend to be overpaid relative to what they produce¹ to which many Filipinos may agree. The Labor Code of the Philippines provides that the compulsory retirement age be 65 years. Most people think that raw mental horsepower declines after the age of 30, however, as a matter of fact, knowledge and expertise — the main predictors of job performance — keep increasing even beyond the age of 80.²

In the Philippine setting, senior citizens remain productive despite their age. Based on the 2015 Census of Population and Housing Report, there are about 7.55 million Filipinos who are at least 60 years old. According to the 2016 Labor Force Survey, 45 percent of senior citizens reported to be employed. Of these employed senior citizens, 52 percent are self-employed of which 29 percent are self-employed professionals and 23 percent are non-professionals. Hence, a sizeable number of senior citizens can continue to engage in economic activity even beyond the age of 65.

53% or 9 out of the first 15 Philippine President at an age above 60 years. The incumbent president is the oldest to have been elected in office and is currently 75 years old. These overwhelming facts are evidence that there is a need to harness the sector of the elderly, discourage ageism bias, and institutionalize equal employment opportunities to all. Consequently, those firms that offer such opportunities to senior citizens ought to be incentivized.

Article XIII of the 1987 Constitution mandates the State to afford full protection to labor, local and overseas, organized and unorganized, and promote full employment and equality of employment opportunities for all. The promotion of full employment and the equality in opportunities thereof covers all Filipinos—young and

¹ Harford, T. (2006). “Fire Grandpa! Hire Junior!” *Slate*, <https://slate.com/culture/2006/03/why-old-workers-are-paid-way-too-much.html>

² Bersin, J. & Chamorro-Premuzic, T. (2019). “The Case for Hiring Older Workers.” *Harvard Business Review*, <https://hbr.org/2019/09/the-case-for-hiring-older-workers>

old alike. In 2010, Congress enacted Republic Act No. 9994 or the Expanded Senior Citizen Act to ensure that the aforesaid Constitutional provision is enforced.

The Expanded Senior Citizen Act granted tax deductions to private firms who shall employ senior citizens as employees.

In view thereof, the expedient approval of this bill strongly recommended.



STELLA LUZ A. QUIMBO
Representative
Second District, Marikina City

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AN ACT GRANTING TAX INCENTIVES TO PRIVATE ENTITIES WHO EMPLOY SENIOR CITIZENS AS EMPLOYEES THEREBY AMENDING REPUBLIC ACT NO. 7432, AS AMENDED, OTHERWISE KNOWN AS “AN ACT TO MAXIMIZE THE CONTRIBUTION OF SENIOR CITIZENS TO NATIONAL BUILDING, GRANT BENEFITS AND SPECIAL PRIVILEGES AND FOR OTHER PURPOSES”

1 *Be it enacted by the Senate and House of Representatives of the Philippines in*
2 *Congress assembled:*
3

4 **SECTION 1.** Section 5 of Republic Act No. 7432 is hereby further amended to read as
5 follows:
6

7 XXX

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

17 XXX

18

19 **SECTION 2.** Within sixty (60) days from the effectivity of this act, the Department of
20 Labor and Employment and the Department of Trade and Industry shall formulate and
21 adopt amendments to the existing rules and regulations implementing Republic Act
22 No. 7432, as amended by Republic Act No. 9257 and Republic Act No. 9994, to carry
23 out the objective of this Act.

1

2 **SECTION 3. Separability Clause.** If any provision of this Act is declared
3 unconstitutional or invalid, the remainder of the provisions thereof not affected shall
4 remain in force and effect.

5

6 **SECTION 4. Repealing Clause.** All laws, decrees, orders, rules, regulations,
7 ordinances or parts thereof which are inconsistent with this Act are hereby repealed
8 or modified accordingly.

9

10 **SECTION 5. Effectivity Clause.** This Act shall take effect fifteen (15) days upon its
11 publication in at least two (2) newspapers of general circulation.

Approved,