

What to Expect from the Expanded PWD Act of 2016



On March 23, 2016, President Aquino signed Republic Act (R.A.) 10754, a law granting expanded benefits and privileges to Persons with Disability (PWD).

Authored by Leyte Representative Martin Romualdez, the law is an alignment to the Expanded Senior Citizens (SC) Act or the R.A. 9994. Under the new law, PWD are entitled for value-added tax (VAT) exemption on top of the twenty percent discount they currently enjoyed.

Exemption from the VAT and the grant of twenty percent discount includes the fees and charges collected on services by hotels, restaurants and similar establishments, admission fees on cinema houses, concert halls and other amusement places, purchase of medicines, medical and dental services including laboratory and doctor fees, fare on land, air and sea transport vehicles, funeral and burial services including funeral expenses and memorial lot and educational assistance for PWD pursuing primary up to post tertiary level as well as PWD pursuing technical and vocational courses.

In case of agricultural and marine goods and other basic commodities, the law allows the Department of Trade and Industry (DTI) and Department of Agriculture (DA) to grant special discounts to PWD. All commercial establishments should also provide an express lane for PWD or in its absence; priority shall be given to them.

Aside from the said benefits, the law also allows PWD to be treated as dependent and deductible for income tax personal exemption purposes. To be claimed as a tax deduction, the PWD must be within the 4th civil degree of consanguinity or affinity of the taxpayer regardless of the PWD age, as long as the PWD is not gainfully employed and chiefly dependent on the taxpayer.

The PWD must be Filipino Citizen to be covered by the law. To be entitled by the said benefits, the PWD shall present any of the following: identification card (I.D.) issued by city or municipal mayor or the barangay captain of the place where the PWD resides, an I.D. issued by National Council for the Welfare of Disabled Persons (NCWPD) and passport of the PWD concerned.

Since the Expanded PWD Act affects business establishments, we can expect that the Bureau of Internal Revenue will soon be issuing guidelines to implement the law. In view of the fact that the Expanded PWD Act is almost the same with the Expanded Senior Citizen (SC) Law, we can anticipate that there will be identical guidelines with the bookkeeping and invoicing requirements, requisites for the deductibility of PWD discount and VAT exemption on their purchases.

In the case of PWD as qualified dependent(s) for income tax purposes, the law doesn't provide the amount of exemption. The current value of exemption for a dependent is twenty five thousand pesos (25,000.00) which can be the same basis for the amount deductible for a PWD dependent.

If the PWD will be added together with the existing limit of four qualified dependents, a revised withholding tax table for employees must be issued by BIR. New codes such as S5 - single with four dependent children and one dependent PWD or ME5 - married employee with four dependent children and one dependent PWD and so on might be added in the table. The law also doesn't indicate the maximum number of PWD that a taxpayer can claim as deduction for income tax purposes hence, there is a possibility that the rules may provide for more than one PWD who can be included as qualified dependent.

For basic commodities, a possible five percent discount will be given to PWD on selected basic commodities such as but not limited to canned sardines, tuna, luncheon meat, coffee, bread and cooking oil in reference with the discount rate given to a SC, provided that the said purchases are solely and exclusively for their use and benefit.

Business establishments must be vigilant on impact of the PWD Law in the operations, compliance, taxation and reportorial requirements for the business. Let us await for the issuance of the guidelines from the concerned government agencies.

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