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BDB Law

DU-BALADAD AND ASSOCIATES

ADVISORY

SERIES OF 2026

**Burden-Sharing Agreement
of Establishment Claiming
Senior Citizen Discount as
Tax Deduction**

**BURDEN-SHARING AGREEMENT OF ESTABLISHMENT CLAIMING
SENIOR CITIZEN DISCOUNT AS TAX DEDUCTION**

I. Definition of Establishment

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 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 citizens discounts.

II. Grant of Senior Citizen Discount and Supply-Chain Burden-Sharing

For the sale of medicines, including influenza and pneumococcal vaccines, and such other essential medical supplies, accessories and equipment as may be determined by the DOH, specific supply-chain mechanisms apply:

- ☒ Retailers, manufacturers/distributors, wholesalers-retailers, and wholesalers are permitted to enter into an agreement regarding the sharing of the burden of the senior citizen discount.
- ☒ Such agreements must strictly comply with the guidelines and mechanisms prescribed by the DOH.
- ☒ The agreement must be duly documented, and a copy must be formally furnished to the DOH.

III. Tax Treatment of the Discount Granted to Senior Citizen

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 claimants' share under the said agreement.

IV. Effectivity

The regulation shall take effect on October 28, 2026.

Source:

BIR Revenue Regulation No. 7-2026
October 13, 2026

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