REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
Quezon City

Bureau of Internal Revenue Ruling

Republic Act No. 9994; RMC No. 35-2012; RR No. 7-2010; RR No. 8-2010		368-2018

Person to Contact:
Chief Law and Legislative Division
Tel Nos.: 926-55-36 / 927-09-63

March 8, 2018
Date

SENIOR GOLFERS OF ORCHARD
The Orchard Golf and Country Club
c/o The Orchard Golf and Country Club
Dasmariñas, Cavite 4114

Attention: **DR. GALICANO ESPIRITU**
President

Gentleman:

This refers to your letter dated November 15, 2012 requesting for a ruling on whether Senior Citizens may be charged the 12% value-added tax (VAT) on membership fees, assessment dues and other sale of goods and services by clubs organized and operated exclusively for pleasure, recreation and other non-profit purposes.

RMC No. 35-2012 provides that gross receipts of recreational clubs including but not limited to membership fees, assessment dues, rental income, and service fees are subject to VAT.

On the other hand, pursuant to Republic Act No. 9994, otherwise known as *"The Expanded Senior Citizens Act of 2010"*, and Section 10 of RR No. 07-2010, as amended by RR No. 08-2010, sales of any goods and services to Senior Citizens under Section 4 of the Regulations shall be exempt from the VAT and that to ensure the full entitlement of the Senior Citizen to the discount prescribed in the Act, the sellers are precluded from billing any VAT to the Senior Citizen. Sections 10 and 4 of RR No. 7-2010, as amended, provide:

> "**SECTION 10.** ***Exemption from VAT of the sale to Senior Citizens.*** — Sales of any goods and services under Section 4 of these Regulations to Senior Citizens shall be exempt from the value-added tax. To ensure the full entitlement of the Senior Citizen to the discount prescribed in the Act, the sellers are precluded from billing VAT to the Senior Citizens.

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"**SECTION 4.** ***Grant of Discounts to Senior Citizen.*** — 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 give a discount of twenty (20%) per cent. The granting of discount herein mentioned shall apply to the sale of the following goods and services:

xxx

"g.7. For recreation centers, the discount shall be for the utilization of the services in the form of fees, charges and rental facilities, such as, but not limited to, sports facilities and equipment.

xxx."

In conjunction with other discounts, Section 7 of RR No. 07-2010, provides that in computing the discount "the selling price to be charged by the seller must be net of VAT because the sale to Senior Citizens is exempt from VAT".

Considering the relevant provision of RA No. 9994 and RR No. 07-2010, the sales under Section 4(g) (g.7) to Senior Citizens by clubs organized and operated exclusively for pleasure, recreation, and other non-profit purposes are exempt from VAT. Consequently, no VAT shall be billed against the accounts of Senior Citizens under such transactions.

This ruling is being issued on the basis of the foregoing facts as represented. However, if upon investigations, it will be disclosed that the facts are different, then this ruling shall be considered null and void.

Very truly yours,

CAESAR R. DULAY
Commissioner of Internal Revenue
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