Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

HON. CORAZON J. SOLIMAN, in her capacity as Secretary of the DEPARTMENT OF SOCIAL WELFARE AND DEVELOPMENT, Petitioner,	**G.R. No. 202417**
-versus-	
CARLOS T. SANTOS,[1] Respondent.	
x----------x	
THE MANILA SOUTHWOODS GOLF AND COUNTRY CLUB, INC.,[2] Petitioner,	**G.R. No. 203245**
-versus-	Present:
CARLOS T. SANTOS, JR., Respondent.	GESMUNDO, *C.J.*, *Chairperson*, HERNANDO, ZALAMEDA, ROSARIO,* and MARQUEZ, *JJ.*
	Promulgated: JUL 25 2023

x----------x

[1] Also referred to as "Carlos T. Santos, Jr." in some parts of the *rollo*.
[2] Also referred to as "The Manila Southwoods Golf & Country Club, Inc."
* ON LEAVE.

DECISION

MARQUEZ, *J.:*

Are non-profit, stock golf and country clubs mandated to give a 20% senior citizen discount to their senior members on their monthly dues, locker rentals, and other charges pertaining to their use of the clubs' facilities and equipment?

Petitioner The Manila Southwoods Golf and Country Club, Inc. (Manila Southwoods), does not think so. To support its position, Manila Southwoods cites paragraph 2, Section 4, Article 7, Rule IV, Implementing Rules and Regulations (IRR), Republic Act No. 9994 (RA 9994), or the *Expanded Senior Citizens Act of 2010*, which reads as follows:

> **Section 4.** *RECREATION CENTERS* - **Non-profit, stock golf and country clubs which are not open to the general public, and are private and for exclusive membership only as duly proven by their official Securities and Exchange (SEC) registration papers, are not mandated to give the 20% senior citizens discount.** However, should restaurants and food establishments inside these country clubs be independent concessionaires and food sold are not consumable items under club membership dues, they must grant the 20% senior citizen discount. (Emphasis supplied)

On the other hand, respondent Carlos T. Santos, Jr. (Santos, Jr.) believes that he and other senior members of such clubs are entitled to the 20% senior citizen discount, and that the cited provision of the IRR is invalid for being contrary to the plain language of Sec. 4(a)(7), RA 9994, which reads as follows:

> SEC. 4. *Privileges for the Senior Citizens.* — The senior citizens shall be entitled to the following:
>
> **(a) the grant of twenty percent (20%) discount and exemption from the value-added tax (VAT), if applicable, on the sale of the following goods and services from all establishments, for the exclusive use and enjoyment or availment of senior citizens:**
>
> x x x x
>
> **(7) on the utilization of services in hotels and similar lodging establishments, restaurants and recreation centers[.]** (Emphasis supplied)

Respondent Santos, Jr. is a regular member of petitioner Manila Southwoods. Citing Sec. 4(a), RA 9257, the law on senior citizens' benefits, Santos formally requested that Manila Southwoods apply the 20% discount on his monthly dues, locker rentals, and other fees/charges pertaining to his

use of Manila Southwoods' golf facilities and equipment.[3] However, Manila Southwoods refused to apply the 20% discount to these charges, pursuant to the exemption provided in the IRR for non-profit, stock golf and country clubs that are not open to the general public.[4]

This prompted Santos to file a complaint before the Regional Trial Court (RTC), Quezon City to invalidate the assailed IRR provision.[5] Santos impleaded both Manila Southwoods and petitioner Department of Social Welfare and Development (DSWD), which formulated the IRR of RA 9994.

During the pre-trial conference, the parties manifested that the only issue involved is purely legal and that there is no need to go to trial. Thus, the case was deemed submitted for decision upon the submission of the parties' respective memoranda.[6]

On 15 June 2012, the RTC rendered its Decision[7] declaring the assailed IRR provision invalid. The dispositive portion of the Decision reads:

> **WHEREFORE, in the light of the foregoing premises,** 2nd paragraph of Sec. 4, Art. 7, Rule IV of the Implementing Rules and Regulations of R.A. No. 9994 is hereby declared **INVALID.**
>
> The private defendant, [Manila Southwoods], as mandated by R.A. 9994 is **ORDERED** to grant the plaintiff 20% discount for the exclusive use, utilization and enjoyment or availment of the services of private defendant's recreation centers.
>
> No pronouncement as to claims for Damages and Attorney's Fees.
>
> **IT IS SO ORDERED.**[8]

In finding for Santos and declaring the assailed IRR provision invalid, the RTC cited *Carlos Superdrug Corp. v. Department of Social Welfare and Development*[9] and held that RA 9994 grants a 20% discount to senior citizens for the utilization of services in recreation centers, and that the law is a legitimate exercise of police power which has for its object the general welfare.[10] The RTC held that "the language of the law is **clear, plain and unequivocal**."[11] Moreover, the RTC rejected Manila Southwoods' argument that the benefits derived from an exclusive non-profit, stock golf and country club are neither basic nor essential and do not redound to the benefit of the general public, and are thus beyond the scope of RA 9994. On the contrary,

---

3 *Rollo* (G.R. No. 203245), p. 83. While Santos' formal request cited RA 9257, RA 9994 had already taken effect by the time this request was made (i.e., 17 June 2010.). Thus, Manila Southwoods' response correctly cited RA 9994 and its IRR.

4 Id. at 87.

5 *Rollo* (G.R. No. 202417), pp. 53–60; *rollo* (G.R. No. 203245), pp. 96–103; docketed as Civil Case No. Q-11- 70344.

6 *Rollo* (G.R. No. 202417), p. 39.

7 Id. at 37–52. Penned by Presiding Judge Eleuterio L. Bathan.

8 Id. at 52.

9 553 Phil. 120 (2007).

10 *Rollo* (G.R. No. 203245), p. 48.

11 Id. at 49; emphasis supplied.

the RTC held that RA 9994 does not make any distinction as to who are entitled to its benefits, and that the purpose of the law is to "lighten the economic burden of senior citizens and those taking care of them."[12]

The RTC also rejected the DSWD's argument that the assailed IRR provision merely clarifies the types of recreation centers covered by Sec. 4(a)(7), RA 9994, which are required to give the 20% discount.[13] According to the RTC, the assailed IRR provision "did not merely clarify as to what kind of recreation center [is] defined and covered by Sec. 4 of R.A. 9994," but rather, created a distinction not found in the law between recreation centers that are open to the general public and those that are not, effectively amending RA 9994 by mere regulation.[14]

The RTC also held that the power of administrative officials to promulgate rules implementing a statute is necessarily limited to what is provided for in the legislative enactment, and the implementing rules and regulations of a law cannot extend the law or expand its coverage, as the power to amend or repeal a statute is vested in the legislature. Thus, "an administrative agency issuing these regulations may not enlarge, alter or restrict the provisions of the law it administers; it cannot engraft additional requirements not contemplated by the legislature."[15]

On 30 July 2012, the RTC denied[16] Manila Southwoods' motion for reconsideration.[17] Hence, the instant petitions filed by the DSWD and Manila Southwoods. Both petitions directly raise before the Supreme Court a pure question of law and seek to have the RTC's Decision[18] dated 15 June 2012 and Order[19] dated 30 July 2012 set aside.

In a Resolution[20] dated 7 August 2013, this Court ordered the consolidation of the two petitions, G.R. Nos. 203245 and 202417, as they involve the same parties, issues, and set of facts.[21]

The DSWD argues that the lower court gravely erred on a question of law when it invalidated the assailed IRR provision without regard to the true legislative intent of the law. According to the DSWD, the assailed IRR provision was crafted precisely to fill in the details of the broad policies contained in the law and is valid, as it is "germane to the objects and purposes of the law" and is "in conformity with, the standards prescribed by the law."[22] Congress delegated the authority to promulgate rules and regulations to implement the policies of RA 9994 to make "essential public goods," health

---

12 Id. at 50.
13 Id. at 51.
14 Id. at 52–54.
15 Id. at 55.
16 Id. at 57.
17 Id. at 246–265.
18 *Rollo* (G.R. No. 202417), pp. 37–52.
19 *Rollo* (G.R. No. 203245), p. 57.
20 Id. at 328.
21 Id.
22 *Rollo* (G.R. No. 202417), p. 19.

and other social services available to senior citizens at affordable cost.[23] The benefits from exclusive non-profit, stock golf and country clubs like Manila Southwoods "are neither basic or essential nor do they redound to the benefit of the general public," as "[s]aid clubs in fact exclusively cater to a closed membership made of individuals of the privileged and affluent class."[24] Moreover, it is not material that RA 9994 does not provide the qualifications for the enjoyment of the privileges it mandates. Where a rule of regulation has a provision not expressly stated or contained in the statute being implemented, that provision does not necessarily contradict the statute. All that is required is that the regulation is germane to the objects and purposes of the law, and that it does not contradict but rather is in conformity with the standards prescribed by the law.[25] In addition, RA 9257, the predecessor of RA 9994, and its implementing rules, already deemed it proper to exclude establishments which do not offer goods and services to the general public from the obligation to give a 20% senior citizen discount. It is the public nature of the commercial establishment that is the key element in the application of the 20% senior citizen discount.[26]

Finally, the DSWD argues that the distinction between recreation centers whose facilities and services are offered to the "general public" and exclusive non-profit, stock golf and country clubs is a valid classification that justifies the difference in the government's treatment of them.[27] In any event, the decision to exclude non-profit, stock golf and country clubs is a policy decision which is within the domain of the political branches of government and outside the range of judicial cognizance.[28]

Manila Southwoods, on the other hand, posits that the assailed IRR provision is consistent with RA 9994 and therefore valid. Non-profit, stock golf and country clubs such as Manila Southwoods are not "recreation centers" under RA 9994 and Manila Southwoods is not mandated to extend the 20% discount to its senior citizen members.[29] Even if non-profit, stock golf and country clubs are considered recreation centers under RA 9994, the 20% senior citizen discount is limited to the sale of goods and services and does not include membership dues.[30]

Manila Southwoods also claims that membership dues cover the cost of operating and maintaining the Club and its facilities and are not payment for the purchase of goods and/or for services rendered.[31] These dues are charged equally to each member to defray the costs of maintaining the exclusive golf club and its facilities in good condition. Hence, if the senior citizen members

---

23 Id. at 20–21.
24 Id. at 22.
25 Id. at 23.
26 Id. at 24–26.
27 Id. at 26.
28 Id. at 29.
29 *Rollo* (G.R. No. 203245), pp. 17–21.
30 Id. at 21–23.
31 Id. at 23–25.

are granted discounts on their membership dues, the cost of such discount shall necessarily be passed on to the non-senior citizen members.[32]

Manila Southwoods contends that RA 9994, as a form of social legislation, is intended to benefit the underprivileged senior citizens by making essential goods and services affordable to them.[33] Finally, since Santos failed to establish the invalidity of the assailed provision clearly and unmistakably, the RTC should have upheld its validity.[34]

In contrast, Santos argues that the exemption created by the assailed IRR provision is without legal basis and cannot be justified by the legislative intent. If Congress intended to limit the coverage of RA 9994 to underprivileged senior citizens, basic goods and services, and establishments offering their services to the public, Congress would have stated so in express terms.[35] The language of RA 9994 is plain and unequivocal that all establishments are mandated to give discounts to senior citizens, without distinction as to whether the senior citizens are indigent or underprivileged.[36] The DSWD's claim that the law only covers basic goods is also incorrect, as the 20% senior citizen discount is expressly made applicable to goods and services other than basic goods and services.[37] RA 9994 does not distinguish between establishments offering their services to the public and those that do not, and insofar as the goods and services mentioned in Sec. 4(a), RA 9994 are concerned, the law covers "all establishments," and its application is absolute and mandatory.[38]

Santos stresses that the availment of other benefits granted under RA 9994 is expressly made subject to the interpretation or filling up of details by designated government agencies. In contrast, there is no such qualifier provided for the 20% senior citizen discount in recreation centers.[39] While the DSWD is authorized to issue rules and regulations to implement RA 9994, the assailed IRR provision does not carry out the objectives of the law as it creates an exemption which is not in the law.[40] Senior citizens who are members of Manila Southwoods are still part of the "general public," entitled to the 20% senior citizen discount under RA 9994.[41]

Santos also argues that whether Manila Southwoods is a non-profit, stock corporation exclusive to its members and not open to the public are factual matters not supported by any evidence. As the parties did not stipulate on this fact, these allegations are disputed facts, and the resolution of factual issues is the function of lower courts.[42] Moreover, the claim that "membership

---

32 Id.
33 Id. at 25–29.
34 Id. at. 29–33.
35 *Rollo* (G.R. No. 202417), pp. 204–205.
36 Id. at 205.
37 Id. at 208–209.
38 Id. at 209.
39 Id. at 211–213.
40 Id. at 217–218.
41 Id. at 225–226.
42 *Rollo* (G.R. No. 203245), p. 284.

dues are assessed from each member regardless of whether the member actually uses the club's facilities" is a claim that can be "easily conjured," and the burden of proof was on Manila Southwoods to prove this before the trial court.[43] In any event, the phrase "utilization of services" in Sec. 4(a)(7), RA 9994, is broad enough to cover membership dues, and "[t]o contend otherwise is to engage in semantic quibbling."[44]

We first address the mode of appeal. Where there is no dispute as to the facts, the question of whether the conclusions drawn from these facts are correct is a question of law. And, when only questions of law remain to be addressed, a direct recourse to the Court under Rule 45 is the proper mode of appeal.[45]

In *Colmenar v. Colmenar*,[46] the Court distinguished between questions of law and questions of fact as follows:

> A "question of law" exists when the doubt hinges on what the law is on a certain set of facts or circumstances, while a "question of fact" exists when the issue raised on appeal pertains to the truth or falsity of the alleged facts. **The test for determining whether the supposed error was one of "law" or "fact" is whether the reviewing court can resolve the issues without evaluating the evidence, in which case it is a question of law; otherwise, it is one of fact.** In other words, **where there is no dispute as to the facts, the question of whether the conclusions drawn from these facts are correct is a question of law.** If the question posed, however, requires a re-evaluation of the credibility of witnesses, or the existence or relevance of surrounding circumstances and their relationship to each other, the issue is factual.[47] (Emphasis supplied)

In the instant cases, the Court is not asked to determine whether Manila Southwoods is in fact a non-profit, stock golf and country club. The only issue decided by the RTC and raised before this Court is whether the assailed IRR provision is valid. This is a question of law which is the proper subject of a direct recourse to this Court under Rule 45.

We now turn to the substantive aspect of the consolidated petitions. Administrative rules and regulations must conform to the terms and standards prescribed by the law, carry the law's general policies into effect, and must not contravene the Constitution and other laws.[48] More particularly, an administrative issuance must comply with the following requisites to be held valid:

1. Its promulgation must be authorized by the legislature;

---

43 Id. at 289.
44 Id.
45 *Colmenar v. Colmenar*, G.R. No. 252467, 21 June 2021, citing *Daswani v. Banco de Oro*, 765 Phil. 88, 97 (2015).
46 G.R. No. 252467, 21 June 2021.
47 Id.
48 *Pantaleon v. Metro Manila Development Authority*, G.R. No. 194335, 17 November 2020.

2. It must be promulgated in accordance with the prescribed procedure;
3. It must be within the scope of the authority given by the legislature; and
4. It must be reasonable.[49]

The above requisites reflect the nature of administrative rules and regulations as a product of delegated legislative power. Being the product of delegated legislative power, such rules and regulations may not exceed the scope of the statutory authority granted by the legislature to the administrative agency. As previously held by the Court:

> **The rules and regulations that administrative agencies promulgate, which are the product of a delegated legislative power to create new and additional legal provisions that have the effect of law, should be within the scope of the statutory authority granted by the legislature to the administrative agency**. It is required that the regulation be germane to the objects and purposes of the law, and be not in contradiction to, but in conformity with, the standards prescribed by law.[17] They must conform to and be consistent with the provisions of the enabling statute in order for such rule or regulation to be valid. Constitutional and statutory provisions control with respect to what rules and regulations may be promulgated by an administrative body, as well as with respect to what fields are subject to regulation by it. **It may not make rules and regulations which are inconsistent with the provisions of the Constitution or a statute, particularly the statute it is administering or which created it, or which are in derogation of, or defeat, the purpose of a statute. In case of conflict between a statute and an administrative order, the former must prevail.**[50] (Emphasis supplied)

Thus, "[i]n case of conflict between the law and the IRR, the law prevails. There can be no question that an IRR or any of its parts not adopted pursuant to the law is no law at all and has neither the force nor the effect of law. The invalid rule, regulation, or part thereof cannot be a valid source of any right, obligation, or power."[51]

In considering a legislative rule such as the IRR of RA 9994, a court is free to make three inquiries: (a) whether the rule is within the delegated authority of the administrative agency; (b) whether it is reasonable; and (c) whether it was issued pursuant to proper procedure. But the court is not free to substitute its judgment as to the desirability or wisdom of the rule because the legislative body, by its delegation of administrative judgment, has committed those questions to administrative judgments and not to judicial discretion.[52]

---

49 *Province of Pampanga v. Romulo*, G.R. No. 195987, 12 January 2021, citing *Executive Secretary v. Southwing Heavy Industries, Inc.*, 518 Phil. 103 (2006).
50 *Smart Communications, Inc. v. National Telecommunications Commission*, 456 Phil. 145, 156 (2003).
51 *Lokin, Jr. v. Commission on Elections*, 635 Phil. 372, 401 (2010).
52 *Misamis Oriental Association of Coco Traders, Inc. v. Department of Finance Secretary*, 308 Phil. 63, 71 (1994).

With the foregoing parameters in mind, we turn to Sec. (4)(a)(7), RA 9994, as implemented by the assailed IRR provision.

Sec. 4(a)(7), RA 9994, provides a 20% discount to senior citizens "on the utilization of services in hotels and similar lodging establishments, restaurants and recreation centers."

Under Sec. 9, RA 9994, the DSWD was granted quasi-legislative or rule-making power, as it is mandated to "formulate and adopt amendments to the existing rules and regulations implementing Republic Act No. 7432, as amended by Republic Act No. 9257, to carry out the objectives of [RA 9994]" in consultation with identified government agencies and persons.[53] In the exercise of its authority under Sec. 9, RA 9994, the DSWD issued the IRR of RA 9994 in consultation with other government agencies and persons.

This Court has consistently recognized that "resulting complexities of modern life called for the exercise of delegated legislative authority by specialized administrative agencies;" however, "regulations issued under the power of subordinate legislation must still conform to the law it seeks to enforce."[54] Otherwise known as quasi-legislative power, it has been defined as the authority delegated by the lawmaking body to the administrative body to adopt rules and regulations intended to carry out the provisions of law and implement legislative policy. It is in the nature of subordinate legislation, which is designed to implement a primary legislation by providing the details thereof.[55]

That being said, one of the primary and basic rules in statutory construction is that where the words of a statute are clear, plain, and free from ambiguity, they must be given their literal meaning and applied without attempted interpretation.[56] Here, the plain language of RA 9994 **does not** prescribe a sweeping and unconditional exemption on all fees that may be charged by non-profit, stock golf and country clubs, nor does it allow the DSWD to create such exemptions.

While we agree with the DSWD that there are "matters which are entrusted to the sound discretion of the government agency entrusted with the regulation of activities coming under the special and technical training and knowledge of such agency," and that "the exercise of administrative discretion is a policy decision and a matter that is best discharged by the government agency concerned and not by the courts," **such discretion may only be exercised within the parameters prescribed by the delegating law, and**

---

53 *See also Department of Trade and Industry v. Steelasia Manufacturing Corp.*, G.R. No. 238263, 16 November 2020, on the rule-making power of the Department of Trade and Industry.

54 *Philippine Chamber of Commerce and Industry v. Department of Energy*, G.R. Nos. 228588, 229143 & 229453, 2 March 2021, citing *Equi-Asia Placement, Inc. v. Department of Foreign Affairs*, 533 Phil. 590 (2006).

55 *Alliance for the Family Foundation, Philippines, Inc. v. Garin*, 809 Phil. 897, 917 (2017).

56 *Chavez v. Judicial and Bar Council, Sen. Francis Joseph G. Escudero and Rep. Niel C. Tupas, Jr.*, 691 Phil. 173, 199 (2012).

RA 9994 does not contemplate the creation of blanket exemptions to the 20% senior citizen discount by mere administrative fiat.

To recall, Sec. 4(a), RA 9994, provides a 20% discount to senior citizens on the sale of the enumerated goods and services from **all** establishments. Sec. 4(a) does not contain any proviso allowing the DSWD to carve out wholesale exceptions to the 20% senior citizen discount. Moreover, Sec. 4(a)(7) provides that this discount applies to "the utilization of services in hotels and similar lodging establishments, restaurants and recreation centers," and does not allow the DSWD to exempt entire classes of recreation centers from the coverage of this discount.

Manila Southwoods and the DSWD claim that the contemporaneous construction of the DSWD supports their position. However, the Court is free to disregard contemporaneous construction "in instances where the law or rule construed possesses no ambiguity, where the construction is clearly erroneous, where strong reason to the contrary exists, and where the court has previously given the statute a different interpretation,"[57] and if an executive or administrative agency "through misapprehension of law or a rule x x x has erroneously applied or executed it, the error may be corrected when the true construction is ascertained."[58]

In this regard, the argument that RA 9994 should be limited to basic goods and services supplied to underprivileged senior citizens by establishments catering to the general public is easily disposed of. As explained by the Court in *Southern Luzon Drug Corporation v. Department of Social Welfare and Development*:[59]

> **To recognize all senior citizens as a group, without distinction as to income, is a valid classification**. The Constitution itself considered the elderly as a class of their own and deemed it a priority to address their needs. When the Constitution declared its intention to prioritize the predicament of the underprivileged sick, elderly, disabled, women, and children, it did not make any reservation as to income, race, religion or any other personal circumstances. **It was a blanket privilege afforded the group of citizens in the enumeration in view of the vulnerability of their class.**[60] (Emphasis supplied)

Moreover, even the DSWD's contemporaneous construction of Sec. 4(a), RA 9994, recognizes that the law is not limited to "basic goods and services." As correctly pointed out by Santos, the following goods and services expressly made subject to the 20% senior citizen discount under Sec. 4(a), RA 9994 and its IRR cannot, by any stretch of the imagination, be characterized as "basic goods and services:"

> Under Sec. 4(a)(8), the discount is expressly made applicable to **"concert halls, circuses, carnivals and other similar places of culture,**

---

57 *Adasa v. Abalos*, 545 Phil. 168, 186 (2007); citations omitted.
58 Id. at 186–187.
59 809 Phil. 315 (2017).
60 Id. at 356.

> **leisure and amusement."** Sec. 3(a) of the IRR covers **"massage parlor, spa, sauna bath, aromatherapy rooms, workout gyms, swimming pools, jacuzzis, ktv bars."** Sec. 4 of the IRR covers **"ballroom dancing, yoga and martial arts facilities."** The IRR even states that the discount applies in **fine dining restaurants** (Rule III, Art. 5.8.). Under any stretch of the imagination, the above can hardly be considered as basic goods and services, but the senior citizens discount applies to them by express provision of the law.[61] (Emphasis supplied)

Indeed, to limit the application of RA 9994 to "underprivileged" senior citizens and the 20% senior citizen discount under Sec. 4(a), RA 9994, to "basic goods and services," and to create blanket exceptions beyond the contemplation of the law, would run counter to the "inflexible rule" that "social legislation must be liberally construed in favor of the beneficiaries." As explained in *Government Service Insurance System v. De Leon*:[62]

> **The inflexible rule in our jurisdiction is that social legislation must be liberally construed in favor of the beneficiaries**. Retirement laws, in particular, are liberally construed in favor of the retiree because their objective is to provide for the retiree's sustenance and, hopefully, even comfort, when he no longer has the capability to earn a livelihood. The liberal approach aims to achieve the humanitarian purposes of the law in order that efficiency, security, and well-being of government employees may be enhanced. Indeed, retirement laws are liberally construed and administered in favor of the persons intended to be benefited, and all doubts are resolved in favor of the retiree to achieve their humanitarian purpose.[63] (Emphasis supplied)

In *Republic v. Pryce Corporation, Inc.*,[64] the Court was asked to determine whether the 20% senior citizen discount on "funeral and burial services" under RA 9994 and its predecessors includes interment services. The Court held that interment services are indeed included within the scope of "funeral and burial services," explaining that:

> **The exclusion of interment services from the coverage of the statutorily mandated senior citizen discount is not provided for in the law.** Corollary, the IRR, which does not expressly exclude interment services, cannot be interpreted to support the conclusion of the RTC. **Indeed, a law cannot be amended by a mere regulation, and the administrative agency issuing the regulation may not enlarge, alter, or restrict the provisions of the law it administers.**[65] (Emphasis and underscoring supplied)

In view of the foregoing, the Court finds that the DSWD exceeded its delegated authority and the assailed IRR provision is an invalid administrative issuance. Sec. 4(a)(7), RA 9994, refers to recreation centers and does not provide an exemption for non-profit, stock golf and country clubs, nor does the law otherwise authorize the DSWD or any other

---

61 *Rollo* (G.R. No. 202417), pp. 208–209.
62 649 Phil. 610 (2010).
63 Id. at 622.
64 G.R. No. 243133, 16 March 2023.
65 Id.

administrative agency to create such an exemption. Consequently, the sale of goods and services by associations or non-profit, stock golf and country clubs to their senior citizen members for a fee, exclusive of their membership dues, such as the use of golf carts and locker rentals, is subject to the 20% senior citizen discount.

Notwithstanding the foregoing discussion on the invalidity of the assailed IRR provision, the Court finds it necessary to further clarify the scope of the 20% senior citizen discount mandated by Sec. 4(a), RA 9994.

The 20% senior citizen discount under Sec. 4(a), RA 9994, expressly applies to "the **sale** of the [enumerated] goods and **services**."[66] **The plain language of the law thus requires the sale of a good or service for the 20% discount to apply.** Absent the sale of a good or a service, the 20% senior citizen discount does not apply.

To require a "sale of service" before the 20% senior citizen discount may apply is simply not "semantic quibbling."[67] In *Association of Non-Profit Clubs, Inc. v. Bureau of Internal Revenue*,[68] the Court held:

> x x x **membership fees, assessment dues, and the like are not subject to VAT because in collecting such fees, the club is not selling its service to the members. Conversely, the members are not buying services from the club when dues are paid**; hence, there is no economic or commercial activity to speak of as these dues are devoted for the operations/maintenance of the facilities of the organization. As such, **there could be no "sale, barter or exchange of goods or properties, or sale of a service" to speak of**, which would then be subject to [value-added tax (VAT)] under the 1997 NIRC.[69] (Emphasis and underscoring supplied)

The Court reiterated this ruling in *Commissioner of Internal Revenue v. Federation of Golf Clubs of the Philippines, Inc.*,[70] where it held:

> As to VAT, the Court interpreted that RMC No. 35-2012 erroneously included the gross receipts of recreational clubs on membership fees, assessment dues, and the like as subject to VAT because Section 105 of the 1997 NIRC specified the taxability of only those which deal with the "sale, barter or exchange of good or properties, or sale of service." **In collecting such fees from their members, recreational clubs are not selling any kind of service, in the same way that the members are not procuring service from them.** Thus, **"there could be no sale, barter or exchange of goods or properties, or sale of a service to speak of, which would then be subject to VAT under the 1997 NIRC."**[71] (Emphasis supplied)

---

66 Emphasis supplied.
67 *Rollo* (G.R. No. 203245), p. 289.
68 G.R. No. 228539, 26 June 2019.
69 Id.
70 G.R. No. 226449, 28 July 2020.
71 Id.

The Court's reasoning on the nature of "membership fees, assessment dues, and the like" for purposes of the imposition of VAT applies with equal force to the 20% senior citizen discount under RA 9994.

As explained by this Court in *Philippines International Trading Corporation v. Commission on Audit*:[72]

> **x x x the best method of interpretation is that which makes laws consistent with other laws which are to be harmonized rather than having one considered repealed in favor of the other.** Time and again, it has been held that **every statute must be so interpreted and brought in accord with other laws as to form a uniform system of jurisprudence – *interpretere et concordare legibus est optimus interpretendi*.** Thus, **if diverse statutes relate to the same thing, they ought to be taken into consideration in construing any one of them,** as it is an established rule of law that all acts in *pari materia* are to be taken together**, as if they were one law**.[73] (Emphasis supplied; citations omitted)

Thus, the Court's ruling in *Association of Non-Profit Clubs, Inc.* that membership fees or dues do not involve the sale of a good or service for purposes of VAT liability under the Tax Code equally holds true with respect to the 20% senior citizen discount under Sec. 4(a), RA 9994. To conclude otherwise and rule that membership dues involve the sale of a service for purposes of the 20% senior citizen discount under Sec. 4(a), RA 9994, but not for purposes of VAT liability under the Tax Code, defies logic.

As to Santos' argument that the phrase "sale of service" in Sec. 4(a) does not qualify the reference to recreation centers in Sec. 4(a)(7), suffice it to say that the Court may not, in interpreting one legal provision, simply disregard the other provisions of the same statute. This is because:

> x x x **every part of the statute must be considered together with the other parts, and kept subservient to the general intent of the whole enactment**. Because the law must not be read in truncated parts, its provisions must be read in relation to the whole law. **The statute's clauses and phrases must not, consequently, be taken as detached and isolated expressions, but the whole and every part thereof must be considered in fixing the meaning of any of its parts in order to produce a harmonious whole**. Consistent with the fundamentals of statutory construction, **all the words in the statute must be taken into consideration in order to ascertain its meaning.**[74] (Emphasis supplied; citations omitted)

Moreover, "[i]t is a cardinal rule in statutory construction that no word, clause, sentence, provision or part of a statute shall be considered surplusage or superfluous, meaningless, void and insignificant. **To this end, a construction which renders every word operative is preferred over that**

---

72 635 Phil. 447 (2010).
73 Id. at 458.
74 Id. at 454.

which makes some words idle and nugatory."[75] Consequently, the Court may not ignore the requirement of a sale of goods and services in Sec. 4(a) and limit its analysis to Sec. 4(a)(7), as such an interpretation would render some parts of RA 9994 "idle and nugatory."

Accordingly, **we reiterate our ruling in *Association of Non-Profit Clubs, Inc.* that the payment of membership dues does not involve the sale of a good or service.** Such fees are paid for the privilege of membership, and not for the purchase of a good or a service. In contrast, **the payment of fees for locker rentals and other charges pertaining to the use of golf facilities and equipment involves the sale by the golf and country club of services to the availing member.**

Considering this essential distinction between membership dues and fees collected by golf and country clubs for the rendition of services, the treatment of these fees under RA 9994 must likewise be distinguished, as follows:

1. **Sec. 4(a)(7), RA 9994, does not apply to membership dues, because such dues are <u>not</u> payment for the sale of a service.** While the assailed IRR provision is invalid for being beyond the scope of RA 9994 and Sec. 4(a)(7) thereof, **associations charging membership dues are not required to give the 20% senior citizen discount on such dues.** This is not an exemption drawn from the invalid assailed IRR provision or any other administrative rule. Rather, it is based on the clear language of Sec. 4(a), RA 9994, which mandates the grant of the 20% senior citizen discount on the sale of the goods and services enumerated by the same law but not on the collection of dues for the privilege of membership.

2. **However, Sec. 4(a)(7) applies to the payment of fees for locker rentals as well as other charges pertaining to the members' purchase of services provided by the club.** In paying these fees, the purchasing member is availing of the club's services, and not for the privilege of membership in the club. Thus, there is a sale of service as contemplated in Sec. 4(a)(7), and golf and country clubs are required to provide qualified members with the 20% senior citizen discount mandated by RA 9994.

WHEREFORE, premises considered, the consolidated Petitions in G.R. Nos. 202417 and 203245 are **PARTIALLY GRANTED**. The Decision and Order dated 15 June 2012 and 30 July 2012, respectively, of the Regional Trial Court, Branch 92, Quezon City in Civil Case No. Q-11-70344, entitled "*Carlos T. Santos, Jr. v. The Manila Southwoods Golf & Country Club, Inc. and Hon. Corazon J. Soliman, in her Official Capacity as Secretary of the Department of Social Welfare and Development*" are **MODIFIED.** Petitioner

---

75 *Philippine Health Care Providers, Inc. v. Commissioner of Internal Revenue* (Resolution), 616 Phil. 387, 401–402 (2009); emphasis supplied.

The Manila Southwoods Golf & Country Club, Inc. is **ORDERED** to grant its qualified members a twenty percent (20%) discount on the sale of its services, but not on the collection of membership dues and other fees collected for the privilege of membership.

No costs.

SO ORDERED.

JOSE MIDAS P. MARQUEZ
Associate Justice

WE CONCUR:

ALEXANDER G. GESMUNDO
Chief Justice

RAMON PAUL L. HERNANDO
Associate Justice

RODIL V. ZALAMEDA
Associate Justice

On leave
RICARDO R. ROSARIO
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

ALEXANDER G. GESMUNDO
Chief Justice