

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

THIRTEENTH CONGRESS
First Regular Session

HB No. **359**



Introduced by Rep. Roseller L. Barinaga

EXPLANATORY NOTE

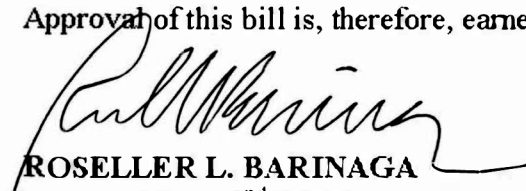
Government imposes a 10% import duty and 10% VAT on these imported basic raw materials, active substances, semi-finished products and auxiliary materials which are in turn passed on by the pharmaceutical companies to the Filipino consumers.

On the other hand, medical equipment is one hundred percent (100%) imported and is therefore also subject to duties and taxes. This translates to the cost of specialized medical examinations and treatments like magnetic resonance imaging (MRI), chemotherapy and CT-Scan being price being priced far beyond the reach of the ordinary Filipino.

In order to ensure that the health care costs are reduced to their affordable level, the cost of medicines; pharmaceutical products; medical, dental and hospital equipment; chemicals or preparations for the formulation of medicines; raw materials to be used in the manufacture of medicines, medical products; raw materials to be used in the manufacture of medical, dental and hospital equipment; processing, manufacturing and repacking of medicines; pharmaceutical products, and medical, dental and hospital equipment should be exempted from all duties and taxes. If duties and taxes of these products are eliminated, the costs of goods directly related to health care will be lowered and the manufacturers and distributors can then pass on the benefit to the Filipino.

This proposed bill, therefore, seeks to reduce the cost of health care in the country, making medicines and medical services more affordable by exempting them from duties and taxes.

Approval of this bill is, therefore, earnestly sought.


ROSELLER L. BARINAGA

Representative, 2nd District
Zamboanga del Norte

THIRTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
FIRST REGULAR SESSION)

HOUSE OF REPRESENTATIVES

HB No. 359

Introduced by Rep. Roseller L. Barinaga

AN ACT

TO ENSURE THE AFFORDABILITY OF MEDICINES AND HEALTH CARE IN THE PHILIPPINES BY EXEMPTING FROM ALL DUTIES AND TAXES THE SALE, IMPORTATION, PROCESSING, REPACKING OR MANUFACTURING OF ALL KINDS OF PHARMACEUTICAL PRODUCTS AND THEIR RAW MATERIALS USED IN THE MANUFACTURE THEREOF;

Be it enacted in the Senate and House of Representatives of the Philippines in session assembled:

SECTION 1. All transactions involving the importation, sale, manufacturing, repacking or processing of medicines; pharmaceutical products; medical, dental and hospital equipment; chemicals or preparations for the formulation of medicines; raw materials to be used in the manufacture of medicines, medical products; raw materials to be used in the manufacture of medical, dental and hospital equipment; processing, manufacturing or repacking of medicines, pharmaceutical products, and medical, dental and hospital equipment shall be exempt from all duties and taxes, whether covered by the National Internal Revenue Code or the Tariff and Customs Code, or otherwise.

SEC. 2. For purposes of Section 1 hereof, Section 103 of PD No. 1994, otherwise known as the "National Internal Revenue Code of 1986," as amended, is hereby further amended to read as follows:

"SECTION 103. Exempt Transactions - The following shall be exempt from the valued-added tax:

XXX

(X) SALE, IMPORTATION, PROCESSING, MANUFACTURING OR REPACKING OF: MEDICINES; PHARMACEUTICAL PRODUCTS; MEDICAL, DENTAL AND HOSPITAL EQUIPMENT; CHEMICALS OR PREPARATIONS FOR

THE FORMULATION OF MEDICINES; RAW MATERIALS TO BE USED IN THE
MANUFACTURE THEREOF.”

SEC. 3. If any provision of this Act is declared unconstitutional or void, the same shall not affect the validity and effectivity of the other provisions hereof.

SEC. 4. All laws, decrees, orders, rules and regulations and all other issuances or parts thereof, which are inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 5. This Act shall take effect fifteen (15) days after its publication in at least two newspapers of national circulation or the Official Gazette.

Approved.