

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

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FIFTEENTH CONGRESS
Third Regular Session

House Bill No. 6704

Introduced by Representatives
DIOSDADO MACAPAGAL ARROYO and GLORIA MACAPAGAL ARROYO

AN ACT
ALLOCATING FIVE PERCENT (5%) OF ANNUAL VALUE-ADDED TAX
COLLECTIONS TO FINANCE AGRICULTURE EXPENDITURES AMENDING
FOR THE PURPOSE THE NATIONAL INTERNAL REVENUE CODE OF 1997,
AS AMENDED¹

EXPLANATORY NOTE

Agriculture is the foundation of the rural economy. Aside from providing the nation with the basic necessities of food and raw materials, the sector also provides employment to one-fifth of the country's population. A force that drives the economy, the agriculture sector contributes an annual 18% to the country's GDP despite the onslaught of typhoons, drought, pests, diseases, and high cost of fertilizers. As such, agriculture is regarded as the nation's weapon against poverty and hunger.

The growth of the sector however, has not been enough to improve the overall labor productivity in the sector. Data on employment in the agriculture sector from the National Statistics Office (NSO) show that from January 2004 to January 2009, the employment in the sector grew by 679,268 jobs as compared to the MTPDP target of 2 million jobs. Comparative yield, production cost and price data on various agricultural commodities show that the gains posted by the country were not at pace with those of its neighbors. As a result, the comparative advantage of Philippine agriculture continued to decline resulting in

¹ This is a counterpart measure to Senate Bill No. 154 filed by the Honorable Ralph G. Recto during the First Regular Session of the present 15th Congress

our country increasingly becoming a net importer of agricultural products since 1994.

These setbacks were mainly due to: (1) low public and private investments in the sector; (2) higher cost of farm inputs; (3) high post-harvest losses due to inadequate equipment and infrastructure; (4) poor post-harvest handling practices; and (5) inadequate skills and technical support, among others. Investments in agriculture continued to lag behind the actual food requirements of our increasing population. Thus, poverty and inequity have remained a challenge in the countryside.

Funding support for agriculture is necessary because it leads to greater productivity, which in turn translates to stable prices of commodities, and more affordable food on the table.

This bill allocates funds for farm inputs, post-harvest facilities, and infrastructure support. In order to promote agribusiness as a tool for countryside development, this bill also provides funding support to livelihood programs, capability programs/trainings, and microfinance.

Since agriculture plays a major role in countryside income and employment generation, the development of the sector is essential and should be given additional budgetary support.

In view of the foregoing, immediate passage of this bill is earnestly sought.



DIOSDADO MACAPAGAL ARROYO
Second District, Camarines Sur



GLORIA MACAPAGAL ARROYO
Second District, Pampanga

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
Third Regular Session

House Bill No. 8701

Introduced by Representatives
DIOSDADO MACAPAGAL ARROYO and GLORIA MACAPAGAL ARROYO

AN ACT
ALLOCATING FIVE PERCENT (5%) OF ANNUAL VALUE-ADDED TAX
COLLECTIONS TO FINANCE AGRICULTURE EXPENDITURES AMENDING
FOR THE PURPOSE THE NATIONAL INTERNAL REVENUE CODE OF 1997,
AS AMENDED

*Be it enacted by the Senate and the House of Representative of the
Philippines in Congress assembled:*

SECTION 1. A new section, to be numbered Two Hundred Eighty-Seven,
shall be added to Chapter II, Title XI, of the National Internal Revenue Code, as
amended to read as follows:

**"SEC. 287. DISPOSITION OF PROCEEDS OF VALUE-ADDED
TAX – FIVE PERCENT (5%) OF THE VALUE-ADDED TAX COLLECTED
UNDER TITLE IV OF THIS ACT, AS AMENDED, SHALL BE
ALLOCATED TO THE FOLLOWING AGRICULTURE EXPENDITURES:**

- 1) TWENTY PERCENT (20%) FOR CONSTRUCTION,
REHABILITATION AND RESTORATION OF COMMUNAL IRRIGATION
SYSTEMS;**
- 2) TEN PERCENT (10%) FOR POST-HARVEST FACILITIES
INCLUDING MECHANICAL AND SOLAR DRYERS AND
WAREHOUSES;**
- 3) TEN PERCENT (10%) FOR SEED AND ORGANIC FERTILIZER
SUBSIDIES;**

4) TWENTY PERCENT (20%) FOR FARM-TO-MARKET ROADS IN MUNICIPALITIES WITH SIGNIFICANT AGRICULTURAL ACTIVITIES;

5) TEN PERCENT (10%) FOR LIVESTOCK DISPERSAL PROGRAM;

6) TEN PERCENT (10%) FOR TRAINING/CAP ABILITY BUILDING PROGRAMS FOR AGRICULTURAL EXTENSION WORKERS AND THEIR CLIENTELE;

7) TEN PERCENT (10%) FOR MICROFINANCE LENDING PROGRAMS TO FINANCE SMALLHOLDER AGRICULTURE;

8) TEN PERCENT (10%) FOR THE ESTABLISHMENT AND MAINTENANCE OF MARICULTURE AND AQUACULTURE PARKS.

THE FUND SHALL BE ADMINISTERED BY THE DEPARTMENT OF AGRICULTURE (DA) IN CONSULTATION WITH THE LOCAL GOVERNMENT UNIT CONCERNED.

ASIDE FROM THE ABOVE ITEMS OF EXPENSES, AT NO TIME SHALL ANY PORTION OF THE EARMARKED FUNDS BE USED TO AUGMENT PERSONAL SERVICES AND OTHER MAINTENANCE AND OTHER OPERATING EXPENSES."

SECTION 2. The succeeding Sections of the National Internal Revenue Code are hereby renumbered accordingly.

SECTION 3. *Coverage of this Act.* – The allocation of value-added tax revenues shall commence in the fiscal year within which this Act shall take effect.

SECTION 4. *Separability Clause.* – If any part or provision of this Act shall be held to be unconstitutional or invalid, other parts or provisions hereof which are not affected thereby shall continue to be in full force and effect.

SECTION 5. *Repealing Clause.* – All laws, decrees, executive orders, rules and regulations, or parts thereof which are inconsistent with this Act are hereby repealed, amended or modified accordingly.

SECTION 6. *Effectivity.* – This Act shall take effect after its publication in the Official Gazette or in two (2) newspapers of general circulation.

Approved,