

NINETEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
*First Regular Session* )

**HOUSE OF REPRESENTATIVES**

**H. B. No. 3708**



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Introduced by Representative Ralph G. Recto

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**AN ACT**  
**MODERNIZING AGRICULTURE, PROVIDING FUNDS FROM THE ANNUAL**  
**VALUE-ADDED TAX COLLECTIONS, AMENDING FOR THE PURPOSE THE**  
**NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED**

**EXPLANATORY NOTE**

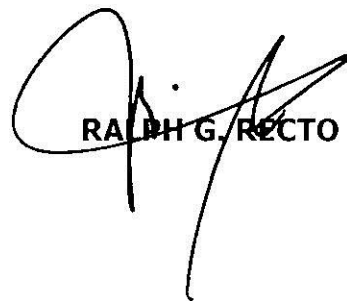
Agriculture is the foundation of a rural economy, supplies food and raw materials for the country's people and industries. It provides employment and livelihood to about a quarter of our labor force. Despite the onslaught of natural hazards and pestilence, as well as the ever-increasing costs of production inputs, the agricultural sector still contributed 10% to the Philippine gross domestic product (GDP) in 2021.

However, growth in this sector has not been enough to improve overall agricultural productivity and achieve food security. Whereas the GDP for 2021 grew by almost 5% in real terms, the agricultural, forestry and fisheries sector actually declined by almost one percent. As a result, the comparative advantage of Philippine agriculture continues to be eroded and our country increasingly becomes more dependent on agricultural imports.

These problems can be traced back to one of the major impediments to agricultural productivity: public and private investments in agriculture fall below levels at which the sector can meet actual food requirements of our increasing population. Low investment contributes to low productivity, higher inefficiency, higher postharvest losses, poor product handling, inadequate skills, and deficient technical support, among others. As such, before agriculture can take the role in poverty and hunger alleviation, adequate funding support must be promptly identified and earmarked.

This bill seeks to address the agricultural investment problem by earmarking funds from the annual Value-Added Tax collections specifically 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, training and capacity-building, and microfinance. At the end of the day, this bill aims to help in providing decent livelihood and income for farmers, in maintaining stable prices of commodities, and in ensuring the accessibility of food to all Filipinos.

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



**RALPH G. RECTO**

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

1       Section 1. A new section, to be numbered two hundred eighty-seven, shall be  
2 added to Chapter II, Title XI of the National Internal Revenue Code, as amended to read  
3 as follows:

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

8               **1.) TWENTY PERCENT (20%) FOR CONSTRUCTION,**  
9       **REHABILITATION AND RESTORATION OF COMMUNAL IRRIGATION**  
10       **SYSTEMS;**

11              **2.) TEN PERCENT (10%) FOR POST-HARVEST FACILITIES**  
12       **INCLUDING MECHANICAL AND SOLAR DRYERS AND WAREHOUSES;**

13              **3.) TEN PERCENT (10%) FOR SEED AND ORGANIC FERTILIZER**  
14       **SUBSIDIES;**

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

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

1           **6.) TEN PERCENT (10%) FOR TRAINING AND CAPABILITY**  
2           **BUILDING PROGRAMS FOR AGRICULTURAL EXTENSION WORKERS AND**  
3           **THEIR CLIENTELE;**

4           **7.) TEN PERCENT (10%) FOR MICROFINANCE LENDING**  
5           **PROGRAMS TO FINANCE SMALLHOLDER AGRICULTURE; AND**

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

8           **THE FUND SHALL BE ADMINISTERED BY THE DEPARTMENT OF**  
9           **AGRICULTURE IN CONSULTATION WITH THE LOCAL GOVERNMENT UNITS**  
10          **CONCERNED.”**

11          Sec. 2. The succeeding sections of the National Internal Revenue Code are hereby  
12          renumbered accordingly.

13          Sec. 3. *Implementing Rules and Regulations.* – Within thirty (30) days from the  
14          effectivity of this Act, the Department of Budget and Management, the Department of  
15          Finance, the Department of Agriculture, and the Bureau of Internal Revenue shall issue  
16          the necessary rules and regulations for the effective implementation of this Act.

17          Sec. 4. *Repealing Clause.* – All laws, decrees, executive orders, rules and  
18          regulations, or parts thereof which are inconsistent with this Act are hereby repealed,  
19          amended or modified accordingly.

20          Sec. 5. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication  
21          either in the *Official Gazette* or in at least two (2) newspapers of general circulation.

Approved,