

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

NINETEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 9156



Introduced by **ANG PROBINSYANO**
Party-List Representative Alfred Delos Santos

AN ACT EXEMPTING PRESCRIBED DRUGS AND MEDICINES FOR MENTAL HEALTH CONDITIONS FROM THE IMPOSITION OF VALUE-ADDED TAX

EXPLANATORY NOTE

The Constitution provides as a policy that the State shall protect and promote the right to health of the people and instill health consciousness among them.¹ This policy covers all aspects of health vital to every Filipino's well-being. The importance of mental health has received increasing recognition in recent years, and in line with the state policy abovementioned, Congress passed Republic Act No. 11036, otherwise known as "*Mental Health Act*" in 2018.

To fully realize the essence of the Mental Health Act, this bill seeks to exempt prescribed drugs and medicines from the imposition of value-added tax (VAT). VAT is a tax on consumption levied on the sale, barter, exchange or lease of goods and services.² It is an indirect tax which is often shifted or passed on to the buyer of the goods or services. In cases of mental health conditions, it is the patient who will bear the burden of the value-added tax. This bill aims to remove this burden and makes prescribed mental health medicines more accessible to those who need it. After all, mental health conditions affect both the rich and the poor, and the poor are less capable of addressing this concern due to financial constraints.

In light of these circumstances, the passage of this bill is earnestly sought.


ALFRED C. DELOS SANTOS
Representative, Ang Probinsyano Party-List

¹ 1987 CONST., art. II, sec. 15.

² Bureau of Internal Revenue. *Value-Added Tax*.

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

SECTION 1. *Short Title.* – This Act shall be known as the “*Mental Health Medicines VAT-Exemption Act*”.

SECTION 2. *Declaration of Policy.* – The State affirms the basic right of all Filipinos to mental health as well as the fundamental rights of the people who require mental health services. The State commits itself to promoting the well-being of people by ensuring that prescribed medicines used in addressing mental health concerns are affordable for those who need them.

SECTION 3. *Definition of Terms.* – As used in this Act, the following terms shall mean:

- a) “Mental Health”, as defined under Republic Act No. 11036 otherwise known as “*Mental Health Act*”, shall refer to a state of well-being in which the individual realizes one’s own abilities and potentials, scopes adequately with the normal stresses of life, displays resilience in the face of extreme life events, works productively and fruitfully, and is able to make a positive contribution to the community;
- b) “Mental Health Condition”, as defined under Republic Act No. 11036 otherwise known as “*Mental Health Act*”, refers to a neurologic or psychiatric condition characterized by the existence of a recognizable, clinically-significant disturbance in an individual’s cognition, emotional regulation, or behavior that reflects a genetic or acquired dysfunction in the neurological, psychosocial, or developmental process underlying mental functioning. The determination of neurologic and psychiatric conditions shall be based on scientifically accepted medical nomenclature and best available scientific and medical evidence.

SECTION 4. VAT-Exemption of Mental Health Condition . – Section 109 of the National Internal Revenue Code (NIRC), as amended, is hereby amended to read as follows:

“SEC. 109. *Exempt Transactions.* –

(1) Subject to the provisions of the Subsection (2) here of, the following transactions shall be exempt from the value-added tax:

x x x

(CC) Sales of prescription drugs and medicines for mental health conditions beginning January 1, 2024. *Provided, That the DOH shall issue a list of approved drugs and medicines for this purpose within sixty (60) days from the effectivity of this Act.*”

SECTION 5. *Implementing Rules and Regulations.* – The Secretary of Finance, upon the recommendation of the Commissioner of Internal Revenue and after consultation with concerned government agencies, shall formulate and prepare the necessary rules and regulations to implement the provisions of this Act. The implementing rules and regulations issued pursuant to this section shall take effect thirty (30) days after publication in a newspaper of general circulation.

SECTION 6. *Separability Clause.* – If any provision of this Act, or part hereof, is held invalid or unconstitutional, the remainder of the law or provision not otherwise affected shall remain valid and subsisting.

SECTION 7. *Repealing Clause.* – All provisions of laws, presidential decrees, letters of instruction and other presidential issuances that are incompatible or inconsistent with the provisions of this Act are hereby deemed amended or repealed.

SECTION 8. *Effectivity.* – This Act shall take effect within fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,