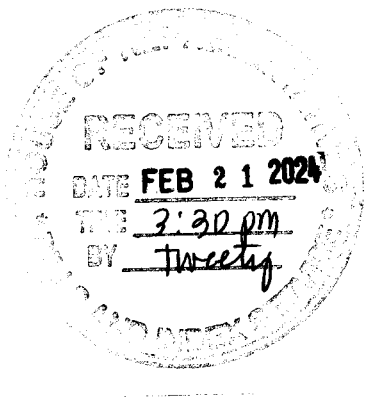
Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila



NINETEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 9972

Introduced by **Representative Jaime R. Fresnedi**

EXPLANATORY NOTE

This bill seeks to exempt the importation of critical medical products, essential goods, equipment, input and raw materials necessary for public health emergencies. In so doing, we ensure and protect the health and safety of our fellow Filipinos through our capacity in providing them with efficient and quality healthcare that is both accessible and readily available to them at all times.

The COVID-19 pandemic, which emerged in late 2019, has had profound and far-reaching impacts on societies worldwide. It exposed vulnerabilities in healthcare systems, underscored the importance of access to critical medicines, and highlighted the need for proactive legislative measures to ensure public health and well-being during times of crisis. How the country responds and plans in advance should a public health emergency occur once more in the future is therefore a primordial concern that could help save thousands of lives. The government is thereby called to address this specific policy gap by coming up with preemptive measures that could benefit our public health system, regardless if we lose certain sources of revenue or not.

This legislation represents a proactive approach to safeguarding public health by ensuring affordable access to critical medicines during health crises like the COVID-19 pandemic. By reducing the financial burden on individuals and healthcare systems, it aims to enhance our collective ability to respond to emerging health threats effectively. It is a crucial step in promoting public health preparedness and resilience in the face of future challenges.

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

JAIME R. FRESNEDI
Representative
Lone District, Muntinlupa City

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

NINETEENTH CONGRESS
Second Regular Session

HOUSE BILL NO 9972

Introduced by **Rep. Jaime R. Fresnedi**

AN ACT
EXEMPTING CRITICAL MEDICAL PRODUCTS, ESSENTIAL GOODS, INPUTS, RAW MATERIALS, AND EQUIPMENT FROM TAXES, DUTIES, AND OTHER FEES DURING PUBLIC HEALTH EMERGENCIES

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

SECTION 1. *Short Title.* – This Act shall be referred to as the *"Public Health Emergency Tax Exemption Act"*.

SEC. 2. *Declaration of Policy.* – It is hereby declared the policy of the State to ensure and protect the health and safety of the people. The State shall continuously adopt mechanisms that would enhance its capacity to address threats to the health security of the citizenry. Toward this end, it shall minimize barriers that impede the State's capacity to cope with public health emergencies.

SEC. 3. *Definition of Terms.* – As used in this Act:

a. *Critical medical products* refer to vaccines and other necessary medicines to contain Public Health Emergencies;

b. *Essential goods* refer to personal protective equipment (PPE) such as gloves, gowns, masks, goggles, and face shields; surgical equipment and supplies; laboratory equipment and its reagents; medical equipment and devices; support and maintenance for laboratory and medical equipment, surgical equipment and supplies; medical supplies, tools, and consumables such as alcohols, sanitizers, tissue papers, thermometers, hand soaps, detergents, sodium hypochlorite, cleaning materials, povidone iodine; testing kits, and such other supplies or equipment as may be determined by the Department of Health (DOH) and other relevant government agencies;

c. *Equipment for waste management* refers to waste segregation, storage, collection, sorting, treatment, and disposal services: Provided, That these equipment, technologies, and services are approved by the Department of Environment and Natural Resources (DENR), DOH, or other concerned regulatory agencies;

d. *Inputs, raw materials, and other equipment* refer to those necessary for the manufacture or production of essential goods related to the containment or mitigation of Public Health Emergencies: Provided, That for the purpose of qualifying for exemption from import duties, Value Added Tax (VAT), and other fees and for ensuring the supply of PPE at competitive prices, the Department of Trade and Industry (DTI) shall certify that the inputs, raw materials, and equipment being imported are not locally available or are of insufficient quality and preference: Provided, further, That preference is given to products, materials and supplies produced, made, or manufactured in the Philippines;

e. *Private firms* refer to corporations, partnerships and other entities in the private sector lawfully authorized to engage in trade, business, commerce, and other income generating enterprises including the provision of various services to the public and employing at least fifty (50) persons; and

f. *Public Health Emergency* refers to the occurrence or imminent risk of an illness or health condition that:

(1) Is caused by any of the following:

(i) Bioterrorism;

(ii) Appearance of a novel or previously controlled or eradicated infectious agent or biological toxin;

(iii) A natural disaster;

(iv) A chemical attack or accidental release;

(v) A nuclear attack or accident; or

(vi) An attack or accidental release of radioactive materials; and

(2) Poses a high probability of any of the following:

(i) A large number of deaths in the affected population;

(ii) A large number of serious injuries or long-term disabilities in the affected population;

(iii) Widespread exposure to an infectious or toxic agent that poses a significant risk of substantial harm to a large number of people in the affected population;

(iv) International exposure to an infectious or toxic agent that poses a significant risk to the health of citizens of other countries; or

(v) Trade and travel restrictions

SEC. 4. *Exemption from VAT, Customs Duties and Other Fees for Private Firms.* – Notwithstanding any law to the contrary, the sale or importation of critical medical products, essential goods, equipment for waste management, inputs, raw materials, and other equipment by private firms shall be exempt from VAT, customs duties, and other fees: Provided, That the Secretary of Health and Secretary of Finance shall determine and periodically issue the list of critical medical products, essential goods, equipment for waste management, inputs, raw materials, and other equipment eligible for such exemption.

SEC. 5. *Exemption from VAT, Customs Duties and Other Fees for the National Government and its Instrumentalities, or LGUs.* – The procurement, importation, storage, transport, distribution, sale, and administration of critical medical products and essential goods by the National Government and its instrumentalities, or LGUs, shall be exempt from VAT, customs duties, and other fees: Provided, That the Secretary of Health and Secretary of Finance shall determine and periodically issue the list of critical medical products and essential goods eligible for such exemption.

SEC. 6. *Exemption from Donor's Tax and Other Fees for Private Firms, National Government and its Instrumentalities, or LGUs.* – Donations of critical medical products, essential goods, equipment for waste management, inputs, raw materials, and other equipment to private firms, National Government and its instrumentalities, or LGUs, shall be exempt from donor's tax and other fees: Provided: that the Secretary of Health and the Secretary of Finance shall determine and periodically issue the list of critical medical products, essential goods, equipment for waste management, inputs, raw materials, and other equipment eligible for such exemption.

SEC. 7. *Exemption from Export Requirements.* – The Secretary of Finance, upon the recommendation of the Secretary of Health and the Secretary of Trade and Industry, may suspend the threshold on required export sales for availment of privileges under Title XIII of the National Internal Revenue Code of 1997, as amended, for goods critically needed for the prevention, control, and treatment of cause or causes of a Public Health Emergency during the effectivity of this Act, or for specific business enterprises manufacturing such goods: *Provided,* That such exemptions shall be subject to a periodic review: *Provided, further,* That the Secretary of Finance, upon the recommendation of the Secretary of Trade and Industry and Secretary of Health, may make such exemptions conditional upon meeting certain quota on volume of output for supplying domestic needs.

SEC. 8. *Tax Deduction.* – The Secretary of Finance, upon the recommendation of the Secretary of Health or the Secretary of Trade and Industry, may direct the Commissioner of Internal Revenue to issue regulations to allow expenses incurred by private firms, as defined in this Act, as deductions from gross income in computing their taxable income in accordance with the provisions of the National Internal Revenue Code of 1997, as amended.

SEC. 9. *Liberalization of Import Procedures.* – The Bureau of Customs, in consultation with other concerned agencies, is hereby mandated to formulate liberalized procedures to expedite the entry of critical medical products, essential goods, equipment, and supplies to address public health emergencies in the country.

SEC. 10. *Implementing Rules and Regulations.* – Within thirty (30) days from effectivity of this Act, the Department of Finance shall, in consultation with the DOH and the DTI, issue the implementing rules and regulations of this Act.

SEC. 11. *Separability Clause.* – If any provision or part hereof is declared invalid or unconstitutional, the other provisions not affected thereby shall remain in full force and effect.

SEC. 12. *Repealing Clause.* – All laws, decrees, executive orders, rules and regulations contrary to or inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 13. *Effectivity.* – This Act shall take effect after fifteen (15) days following its complete publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,