



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Batasan Hills, Quezon City

NINETEENTH CONGRESS
Third Regular Session

HOUSE BILL NO. 11270



Introduced by
HON. ATTY. GERVILLE “JINKY BITRICS” R. LUISTRO

AN ACT
GRANTING EXEMPTION OF GENERIC AND BRANDED MEDICINES FROM
VALUE-ADDED TAX (VAT)

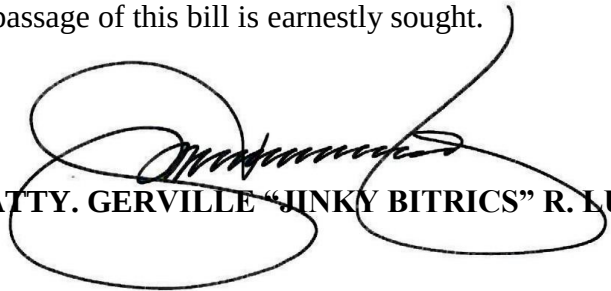
EXPLANATORY NOTE

The high prices of medicines, both generic and branded, are partly driven by the Value-Added Tax (VAT), which is added on top of the base prices. As an indirect tax, VAT is typically passed on to consumers, burdening the Filipino people with an additional cost every time they purchase medicine. This goes against the constitutional obligation to make health affordable, manifested Article XIII, Section 11 of the 1987 Constitution:

“The State shall adopt an integrated and comprehensive approach to health development which shall endeavor to make essential goods, health and other social services available to all the people at affordable cost. There shall be priority for the needs of the underprivileged sick, elderly, disabled, women, and children.”

To address this issue and make medicines more affordable, this measure proposes exempting consumers from paying VAT on both generic and branded drugs. Instead, the tax burden would shift to the manufacturers, distributors, or sellers of these medicines, making it easier for Filipinos to access the medications they need

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


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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 "An Act Exempting Medicines From Value-Added Tax Act".

SEC. 2. *Declaration of Policy.* - It is the policy of the State to protect and promote the right to health of the people and to ensure that each individual has access to information and services that will bring about health and well-being. The State shall adopt an integrated and comprehensive approach to health development which shall endeavor to make essential health services available to all the people at an affordable cost.

SEC. 3. *Definition.* -

- (1) Value-Added Tax or VAT refers the tax on consumption levied on the sale, barter, exchange or lease of goods or properties and services in the Philippines and on importation of goods into the Philippines. It is an indirect tax, which may be shifted or passed on to the buyer, transferee or lease of goods, properties or services.

(2) Generic Drugs or Medicine refer to drugs not covered by patent protection and which are labeled solely by their international non-proprietary or generic name.

(3) Branded Drugs or Medicine refer to a drug or medicine sold by a drug company under a specific name or trademark and that is protected by a patent.

SEC. 4. Coverage. - The Department of Health (DOH) and the Food and Drugs Administration (FDA) shall submit to Congress a list of generic and branded medicines as defined in this Act.

The generic and branded medicines included in said list shall be exempted from the payment of Value-Added Tax (VAT) by the consumers and shall be automatically applied upon purchase of the medicine or drug. The said exemption shall be applied notwithstanding any discount such as Senior Citizen's discount, and Persons with Disability (PWD) discount among others a person may be entitled.

SEC. 5. Repealing Clause. - All laws, decrees, executive orders, and other presidential issuances which are inconsistent with this Act are hereby repealed, amended or modified accordingly.

SEC. 6. Separability Clause. - If, for any reason, any section or provisions of this Act is held unconstitutional or invalid, the other sections or provisions hereof shall not be affected thereby.

SEC. 7. Effectivity. - This Act shall take effect fifteen (15) days after its publication in at least two (2) national papers of generical circulation or Official Gazette.

Approved,