

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Twentieth Congress
First Regular Session

HOUSE BILL NO. 889



Introduced by **Representative FERDINAND L. HERNANDEZ**

AN ACT
EXEMPTING DRUGS AND MEDICINES PRESCRIBED FOR MENTAL HEALTH
CONDITION FROM THE VALUE-ADDED TAX (VAT)

EXPLANATORY NOTE

The proposed bill seeks to exempt drugs and medicines prescribed for mental health conditions from the Value-Added Tax (VAT).

Mental health awareness has increased in recent years, and the State recognizes that mental health and well-being is a right that should be enjoyed by all.

However, there is an economic aspect to the lack of accessibility of mental health options to the public. Many medicines prescribed for mental health conditions have exorbitant costs, which prevents many Filipinos from availing them.

Considering the rationale stated above, the approval of this Bill is earnestly sought.


FERDINAND L. HERNANDEZ

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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 Medicine Tax Exemption Act”.

SEC. 2. *Exemption.* – Sec. 109 of the National Internal Revenue Code (NIRC), as amended, is hereby further amended to read as follows:

SEC. 109. Exempt Transactions. –

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

x x x

(AA) Sale of drugs and medicines prescribed for diabetes, high cholesterol, and hypertension beginning January 1, 2019; [and]

(BB) Sale or lease of goods or properties or the performance of services other than the transactions mentioned in the preceding paragraphs, where the gross annual sales and/or receipts do not exceed the amount of Three Million Pesos (P3,000,000.00); AND

(CC) SALES OF DRUGS AND MEDICINES PRESCRIBED FOR MENTAL HEALTH CONDITIONS BEGINNING JAN. 1, 2026

SEC. 3. *Implementing Rules and Regulations.* – The necessary implementing rules and regulations for the purposes of this Act shall be issued by the Secretary of Finance, upon the recommendation of the Commissioner of Internal Revenue, within 60 days from the effectivity of this Act.

SEC. 4. *Separability Clause.* – If, for any reason, any part or provision of this Act is declared invalid or unconstitutional, the remaining parts or provisions not affected thereby shall remain in full force and effect.

SEC. 5. *Repealing Clause.* – All laws, presidential decrees, executive orders, rules, and regulations contrary to or inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 6. *Effectivity.* – This Act shall take effect fifteen (15) days following the completion of its publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,