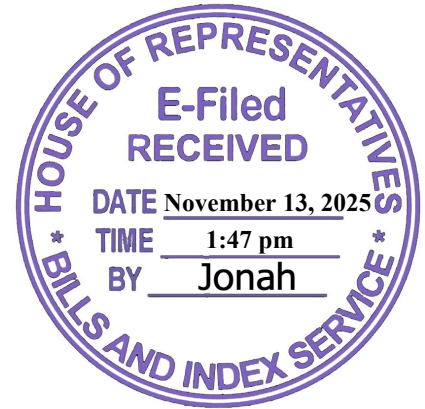


Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City, Metro Manila

**TWENTIETH CONGRESS**  
*First Regular Session*

**HOUSE BILL NO. 5956**



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Introduced by **Representative Ryan S. Recto**

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### **EXPLANATORY NOTE**

This proposed measure seeks to provide affordable prescription drugs and medicines in the country by removing the major tax burden that contributes to its high cost.

The State is constitutionally mandated to protect and promote the right to health of the people and to adopt an integrated and comprehensive approach to health. One such way is to ensure that access to essential goods and health services is readily available at affordable costs. Despite the explicit mandates of the Constitution and objectives of the Universal Healthcare (UHC) Act (Republic Act No. 11223), equitable access to healthcare and affordable prescription medicines remains a significant challenge for most of our fellow countrymen. Prices of drugs in the country have traditionally been high compared to other Asian countries. The crisis is significantly exacerbated by volatile medical inflation, which has consistently been in the double digits, ranging from 15% to 18% over the past three years. With this rate projected to increase to 18.3% in 2025, the Philippines maintains one of the highest cost growth trajectories in the entire Asia-Pacific region.

The September 2019 Ulat ng Bayan Report conducted by Pulse Asia revealed that 99% of Filipinos do not buy all their prescription medicines because their exorbitant prices. Further, 23% said that medicines are not accessible, 16% said there are no medicines in their place, 4% said they had no time to buy the medicines and 2% said they did not need to take medicines. This lack of access to affordable medicines directly contributes to the high financial risks faced by various Filipino households. Out-of-pocket (OOP) spending for health, which reached a staggering P615 billion in 2024 and accounted for 42.7% of total healthcare costs in the country, further exposing Filipino families to debt as government financing schemes lagged behind rising expenses. This then necessitates reforms and new sources of financing to ease the unsustainable burden on households.

In an attempt to lower the cost of drugs and medicines, certain laws were enacted amending the National Internal Revenue Code of 1997, as amended, exempting from VAT the sale or importation of prescription drugs and medicines for

hypertension, diabetes, high cholesterol, cancer, mental illness, tuberculosis and kidney diseases. Despite government efforts to make medicines cheaper and to improve medicine access through the promotion of generic drugs, enactment of the Cheaper Medicines Act and the passage of recent laws exempting certain drugs and medicines from VAT, and the establishment of village pharmacies or Botika sa Barangays, as well as the recent rollout of PhilHealth's Yaman ng Kalusugan Program (YAKAP), access to affordable drugs for the poorer populations remains to be a problem.

The purpose and intent of this proposed measure is to lower the cost of all prescription drugs and medicines, thereby ensuring their affordability to the Filipino people. Thus, this bill exempts these essential goods from the imposition of VAT. This will ensure their affordability to the Filipino people and support the overall objectives of the UHC Act.

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



**RYAN S. RECTO**  
*Representative*  
*6<sup>th</sup> District, Batangas*

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**AN ACT**  
**LOWERING THE COST OF PRESCRIPTION DRUGS AND MEDICINES,**  
**AMENDING FOR THE PURPOSE SECTION 109 OF THE NATIONAL INTERNAL**  
**REVENUE CODE OF 1997, AS AMENDED**

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

1           Section. 1. *Short Title.* – This Act shall be known as the "Affordable Medicines  
2 Act."

3  
4           Sec. 2. Section 109 of the National Internal Revenue Code of 1997, as  
5 amended, is hereby further amended to read as follows:

6  
7                   "SEC. 109. *Exempt Transactions.* –

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

10                   "(A) xxx;

11                   "xxx;

12                   "(AA) Sale of or importation of prescription drugs and medicines for:

13                   "(i) Diabetes, high cholesterol, and hypertension beginning January 1,  
14 2020; and

15                   "(ii) Cancer, mental illness, tuberculosis, and kidney diseases beginning  
16 January 1, 2021.

1           **"PROVIDED, THAT THE VAT EXEMPTION UNDER THIS**  
2           **SUBSECTION SHALL APPLY TO THE SALE OR IMPORTATION OF ALL**  
3           **PRESCRIPTION DRUGS AND MEDICINES BEGINNING JANUARY 1,**  
4           **2026: Provided, FURTHER,** That the DOH shall issue a list of approved drugs  
5           and medicines for this purpose within sixty (60) days from the effectivity of this  
6           Act; and

7           "xxx"

8  
9           Sec. 3. *Implementing Rules and Regulations (IRR).* – Within thirty (30) days  
10          from the effectivity of this Act, the Secretary of Health and the Secretary of Finance,  
11          upon the recommendation of the Commissioner of Internal Revenue, shall promulgate  
12          the necessary rules and regulations for its effective implementation.

13  
14          Sec. 4. *Repealing Clause.* – All laws, acts, decrees, executive orders, issuances,  
15          and rules and regulations or parts thereof which are contrary to and inconsistent with  
16          this Act are hereby repealed, amended or modified accordingly.

17  
18          Sec. 5. *Effectivity.* – This Act shall take effect fifteen (15) days after its  
19          complete publication in the *Official Gazette* or in at least two (2) newspapers of general  
20          circulation.

21  
          *Approved,*