


13th CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)

'04 JUL -6 AM 10:05

SENATE

RECEIVED BY: 

S. BILL NO. 1352

Introduced by Senator Ralph G. Recto

Explanatory Note

This bill seeks to improve farmer and cooperative's productivity through the use of agricultural and fishery inputs, equipment and machinery by amending Republic Act No. 8435, otherwise known as the Agriculture and Fisheries Modernization Act of 1997 as follows:

- a. Including individuals and cooperatives in the scope of those entitled to tariff and duty exemption on the importation of all types of agricultural and fishery inputs, equipment and machinery;
- b. Removing the qualification that enterprises exempted from tariff and duties shall be duly certified by the Department of Agriculture (DA), in consultation with the Department of Finance (DOF) and the Board of Investment (BOI);
- c. Extending the period of tariff and duty exemption privilege from 5 to 10 years; and
- d. Removing the condition that the imported agricultural and fishery inputs, equipment and machinery shall be for the exclusive use of the importing enterprise.

It is a twin measure to a bill exempting all types of agriculture and fisheries inputs, equipment and machinery from the coverage of the value-added tax (VAT).

The AFMA provides for the exemption of all enterprises engaged in agriculture and fisheries, certified by the DA, in consultation with the DOF and the BOI, from the payment of tariff and duties for the importation of all types of agriculture and fisheries inputs, equipment and machinery but only on the condition that the imported agricultural supplies shall be used exclusively by the importing enterprise. As such, under the existing regime, importers cannot sell the imported equipment to small farmers, fisherfolk, cooperatives and other members of the agricultural sector. Neither can the latter import directly since the law allows only business enterprises, not individuals.

Considering that the agricultural sector holds the second highest multiplier effect on the national economy and as such, the strongest potential for the country to withstand the possible effects of a seeming global recession, more incentives for our farmers and agri-based industries are in order. Removing the tax burden of the sector would be the best course of action right now to improve productivity and increase production in the countryside.

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



RALPH G. RECTO

13th CONGRESS OF THE REPUBLIC)
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SENATE

S. BILL NO. 1352

RECEIVED BY: *[Signature]*

Introduced by Senator Ralph G. Recto

AN ACT

EXEMPTING INDIVIDUALS, COOPERATIVES, AND OTHER ENTERPRISES ENGAGED IN THE IMPORTATION OF ALL TYPES OF AGRICULTURE AND FISHERIES INPUTS, EQUIPMENT AND MACHINERY FROM PAYMENT OF TARIFFS AND DUTIES, AMENDING FOR THE PURPOSE REPUBLIC ACT NUMBERED EIGHT THOUSAND FOUR HUNDRED THIRTY-FIVE (R.A. 8435), OTHERWISE KNOWN AS THE AGRICULTURE AND FISHERIES MODERNIZATION ACT OF 1997

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

1 SECTION 1. Section 109 of Republic act No. 8435, otherwise known as the
2 "Agriculture and Fisheries Modernization Act of 1997, is hereby amended to read as follows:

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"SEC. 109. All, INDIVIDUALS, COOPERATIVES AND OTHER enterprises [engaged in agriculture and fisheries as duly certified by the Department in consultation with the Department of Finance and the Board of Investment], shall, for TEN (10) [five (5)] years after the effectivity of this Act, be exempted from the payment of tariff and duties for the importation of all types of agriculture and fisheries inputs, equipment and machinery such as, but not limited to, fertilizer, insecticide, pesticide, tractor, trailers, trucks, farm implements and machinery, harvesters, threshers, hybrid seeds, genetic materials, sprayers, packaging machinery and materials, bulk-handling facilities such as conveyors and mini loaders, weighing scales, harvesting equipment, spare parts of all agricultural equipment, fishing equipment and parts thereof, refrigeration equipment, and renewable energy systems such as solar panels [: *Provided, however,* That the imported agricultural and fishery inputs, equipment and machinery shall be for the exclusive use of the importing enterprise].

"X X X."

1 SEC. 2. The Department of Agriculture, in consultation with the Department of
2 Finance and Board of investment, shall promulgate the necessary rules and regulations for
3 the effective implementation of the provisions of this Act.

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5 SEC 3. This Act shall take effect fifteen (15) days after its publication in two (2)
6 newspapers of general circulation.

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8 *Approved,*