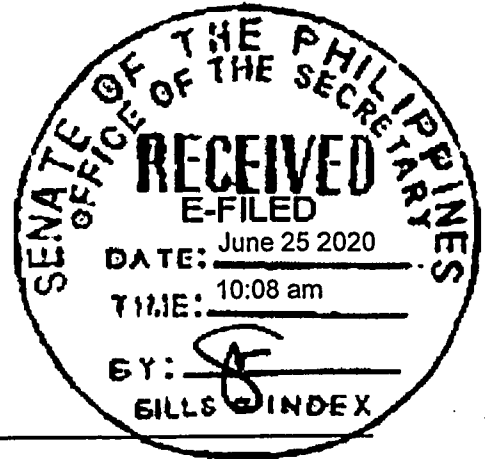


EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)



SENATE

1

S.B. No. 1638

Introduced by **SENATOR IMEE R. MARCOS**

AN ACT
PROVIDING IMMUNITY FROM ALL TAXES THE SALE OF FERTILIZERS AND
PESTICIDES TO ALL FARMERS, WHETHER CORPORATE OR OTHERWISE,
AND FOR OTHER PURPOSES

EXPLANATORY NOTE

Article II, Section 9 of the Constitution provides that the "State shall promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty through policies that provide adequate social services, promote full employment, a rising standard of living, and an improved quality of life of all."

Art. XII, Section 1 of the Constitution also states that the "goals of the national economy are a more equitable distribution of opportunities, income, and wealth; a sustained increase in the amount of goods and services produced by the nation for the benefit of the people; and an expanding productivity as the key to raising the quality of life for all, especially the underprivileged."

The Philippines is considered an agricultural country where about 11 million of its population depend on it for livelihood. Statistics show that the country is the 8th largest producer of rice in the world. Ironically, it is also the world's largest importer of rice with 2.3 metric tons of rice that was imported during the year 2019. Our country heavily relies on the importation of rice from Thailand and Vietnam to augment our produce to feed the burgeoning population. Thus, a disruption of production of rice in these countries, a thinly traded commodity in the world, would spell a serious threat to our food security.

While every administration's priority road map includes food security, the target to attain self-sufficiency in the production of rice remains elusive. Scientific studies show that fertilizers and pesticides play significant role in boosting up crops' yield and have been widely used in the country. Unfortunately, prices of these products continue

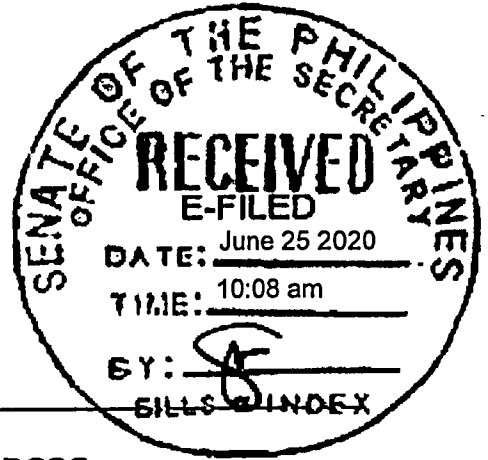
to increase while prices of farm produce, especially on rice, are spiraling down. Thus, farmers are compelled to apply lesser amount of fertilizer or pesticide than recommended which results in much lesser production.

This bill seeks to grant the sale of fertilizers and pesticides immunity from all taxes. This measure will certainly uplift the lives of our farmers, enhance the competitiveness of the agricultural sector in the domestic and foreign markets and maximize productivity.

Thus, the passage of this bill is earnestly sought.


IMEE R. MARCOS
Senator

EIGHTEENTH CONGRESS OF THE)
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Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:

1 **Section 1. Short Title.** – This Act shall be known as the “Fertilizer and
2 Pesticide Tax Immunity Act.”

3 **SEC. 2. Declaration of Policy.** – It is the declared policy of the State to
4 recognize the indispensable role of the agricultural sector for national growth and
5 development. As such, the State shall continue to provide enabling mechanism to
6 lower the cost of production in the agricultural sector, thereby increasing the income
7 of farmers, enhancing the competitiveness of the sector in both domestic and foreign
8 markets and maximizing productivity.

9 **SEC. 3. Immunity from Taxes** – The sale of fertilizers and pesticides shall
10 be exempt from the payment of local taxes and the importation thereof shall be
11 exempt from the imposition of the value-added tax and customs duties. The sale of
12 fertilizers and pesticides to farmers, which includes crop producers, poultry and hog
13 raisers and all other entities engaged in farming, whether corporate or otherwise, shall
14 likewise enjoy zero-rating for value-added tax purposes.

15 **SEC.4. Exemption from Donor’s Tax** - Donations made in favor of
16 manufacturers of fertilizers and pesticides that are actually, directly and exclusively
17 used for the production of said products shall be exempt from the donor’s tax. In the
18 case of foreign donations, the importation of the property donated shall likewise be
19 exempt from value-added taxes and customs duties.

20 **SEC. 5. Implementing Rules and Regulations.** – Within six (6) months
21 from the effectivity of this Act, the Department of Agriculture, the Bureau of Internal

1 Revenue and the Bureau of Customs shall jointly formulate the necessary rules and
2 regulations of the effective implementation of this Act.

3 **SEC. 6. *Repealing Clause.*** – All laws, presidential decrees, letters of
4 instructions, executive orders, rules and regulations insofar as they are inconsistent
5 with this Act, are hereby repealed or amended as the case maybe.

6 **SEC. 7. – *Separability Clause.***- In case any provision of this Act or any
7 portion thereof is declared unconstitutional by a competent court, other provisions
8 shall be not be affected thereby.

9 **SEC. 8. *Effectivity Clause.*** – This Act shall take effect its complete publication
10 in at least three (3) newspapers of general circulation.

Approved,