

NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



'22 JUL 11 P4 :06

SENATE
S. No. 252

RECEIVED BY: _____

Introduced by Senator **PIA S. CAYETANO**

AN ACT
EXEMPTING FOR A PERIOD OF FIVE (5) YEARS THE IMPORTATION OF
MEDICAL DEVICES AND EQUIPMENT FROM CUSTOMS DUTY AND VALUE-
ADDED TAX

EXPLANATORY NOTE

The right to health for all people means that everyone should have access to the health services that they need, without suffering from financial hardship.¹ While we recognize that strengthening primary health care is the main solution, there is still a need to ensure that our health care institutions are equipped with sufficient medical devices and equipment to properly diagnose and treat medical conditions in order to promote the constitutional right to health of Filipinos. This is also consistent with our national objectives and our country's commitment to the International Health Regulations of the World Health Organization (WHO) and the Sustainable Development Goals (SDGs), particularly, SDG 3 requires the State to ensure healthy lives and promote well-being for all at all ages. However, in the Philippines, our medical equipment market remains highly dependent on imports, as the majority of our medical equipment is being imported. These medical equipment are subjected to three percent (3%) customs duty, in addition to twelve percent (12%) value-added tax (VAT). All of these impositions add to the already expensive costs for medical diagnosis and health care in the country.

¹ Health is Fundamental Right. (2017, December 10). WHO. <https://www.who.int/news-room/commentaries/detail/health-is-a-fundamental-human-right>

When the undersigned was Chairman of the Senate Committee on Health and Demography in the 13th and 14th Congress, one of the concerns identified was the lack of medical equipment, especially in the medical centers outside of Metro Manila. This proposed measure, which was first filed by the undersigned in the 18th Congress, seeks to exempt from custom duties and taxes the importation of medical devices and equipment that are intended for medical research, diagnosis or treatment for the next five (5) years in order to help the country as it recovers from the negative impacts of the pandemic. The Department of Health (DOH) is thus tasked to determine which medical devices and equipment shall be covered by this Act, such that exempting these items from custom duties would help lessen the cost of healthcare in our country.

The five (5)-year period is meant to provide an incentive for the purchase of much needed medical devices and equipment, and thereafter, the regular tax rates shall apply.

The enactment of this bill will bring us one step closer to making health care and treatment more accessible and affordable, as well as facilitate development and innovation in medical research, aid in medical diagnosis, and provide accurate and effective medical treatment.

In view of the foregoing, the swift 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:

1 Section 1. *Short Title.* – This Act shall be known as the "*Tax-Free Importation*
2 *of Medical Devices and Equipment Act*".

3 Sec. 2. *Declaration of Policy.* – It is the declared policy of the State to protect
4 and promote the health of Filipinos and instill health consciousness among them. The
5 State shall ensure to lessen, if not remove, the costs burdened upon Filipinos when
6 accessing health care and medical services. Towards this end, the State shall adopt
7 fiscal measures to encourage the entry of medical devices and equipment in the
8 country to, among others, aid in affordable medical diagnoses and treatment, and
9 facilitate development and innovation in medical research that would provide accurate
10 and effective medical treatment in the country.

11 Sec. 3. *Relief from Customs Duty and Value-Added Tax on the Importation of*
12 *Medical Devices and Equipment.*² – The importation of the following are hereby
13 exempted from customs duty and value-added tax (VAT) for a period of five (5) years
14 from the effectivity of this Act:

15 (1) Any medical device or equipment intended for medical research,

² Irish Tax and Customs CDPN 16 <http://www.revenue.ie/en/customs/leaflets/relief-for-importation-medical-equipment.html>

1 establishing medical diagnoses, or intended for medical treatment that is
2 donated to the Department of Health (DOH), government and private hospitals,
3 or any other any other medical institutions;

4 (2) Any medical device or equipment intended for medical research,
5 establishing medical diagnoses, or intended for medical treatment purchased
6 with public funds;

7 (3) Any medical device or equipment intended for medical research,
8 establishing medical diagnoses, or intended for the medical treatment of its
9 patients purchased by private hospitals or medical institutions; and

10 (4) Any of its spare parts, components, and accessories, including spare
11 parts and tools, especially designed for the maintenance, inspection, calibration
12 or repair of the medical device or equipment.

13 *Sec. 4. List of Devices and Equipment.* – The DOH shall determine and provide
14 a list of medical devices and equipment that shall be covered by the tax exemption
15 under this Act.

16 *Sec. 5. Prior Approval from the Food and Drug Administration.* – Pursuant to
17 Republic Act No. 9711, otherwise known as the “Food and Drug Administration Act of
18 2009”, the consignee shall obtain an import permit or clearance from the Food and
19 Drug Administration (FDA) for the imported medical device or equipment before the
20 availment of the tax exemption from customs duty and value-added tax as provided
21 under this Act.

22 *Sec. 6. Separability Clause.* – If for any reason, a provision or part hereof is
23 declared invalid, other provisions not affected thereby shall remain in full force and
24 effect.

25 *Sec. 7. Repealing Clause.* – Any law, presidential decree or issuance, executive
26 order, letter of instruction, administrative order, rule or regulation contrary to or is
27 inconsistent with the provisions of this Act is hereby repealed, modified or amended
28 accordingly.

29 *Sec. 8. Effectivity.* – This Act shall take effect fifteen (15) days after its
30 publication in the Official Gazette or in a newspaper of general circulation.

Approved,