



HOUSE OF REPRESENTATIVES

H. No. 5713

BY REPRESENTATIVES FERRER (J.), QUIMBO AND AGGABAO

AN ACT FURTHER AMENDING SECTION 109 OF THE NATIONAL
INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND FOR
OTHER PURPOSES

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

1 SECTION 1. Section 109 of the National Internal Revenue Code of
2 1997, as amended, is hereby further amended to read as follows:

3 “SEC. 109. *Exempt Transactions.* – (1) Subject to the
4 provisions of subsection (2) hereof, the following transactions
5 shall be exempt from the value-added tax:

6 “(A) Sale or importation of agricultural and marine food
7 products in their original state, livestock and poultry of a kind
8 generally used as, or yielding or producing foods for human
9 consumption; and breeding stock and genetic materials therefor.

10 “Products classified under this paragraph shall be considered
11 *in their original state even if they have undergone the simple*
12 *processes of preparation or preservation for the market, such as*
13 *freezing, drying, salting, broiling, roasting, smoking or stripping.*

1 Polished and/or husked rice, corn grits, raw cane sugar and
 2 molasses, ordinary salt, and copra shall be considered in their
 3 original state[;]. FOR THIS PURPOSE, RAW CANE SUGAR SHALL
 4 MEAN RAW SUGAR WHOSE CONTENT OF SUCROSE BY WEIGHT, IN
 5 THE DRY STATE, CORRESPONDS TO A POLARIMETER READING OF
 6 LESS THAN 99.5°, SUCH THAT, BUT NOT LIMITED TO, BLANCO
 7 DIRECTO, PREMIUM RAW, SPECIAL RAW, WASHED SUGAR,
 8 SWEEPING AND MUSCOVADO;

9 “x x x.

10 “(F) Services by agricultural contract growers and milling
 11 for others of palay into rice, corn into grits and sugar cane into raw
 12 sugar OR RAW CANE SUGAR;

13 “x x x.”

14 SEC. 2. *Implementing Rules and Regulations.* – The Secretary of
 15 Finance, with the recommendation of the Commissioner of Internal Revenue,
 16 shall issue the implementing rules and regulations of this Act within ninety
 17 (90) days starting from the effectivity of this Act.

18 SEC. 3. *Repealing Clause.* – All laws, acts, decrees, executive orders,
 19 issuances, and rules and regulations or parts thereof which are contrary to and
 20 inconsistent with any provision of this Act are hereby repealed, amended, or
 21 modified accordingly.

22 SEC. 4. *Effectivity.* – This Act shall take effect immediately after its
 23 complete publication either in the *Official Gazette* or in a newspaper of
 24 general circulation.

Approved,