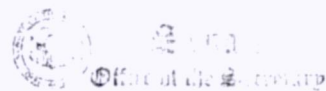


SEVENTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
Third Regular Session )



19 JAN 29 P 3:34

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SENATE

S. B. No. 2193

Introduced by Senator Aquilino “Koko” Pimentel III

AN ACT EXEMPTING DRUGS AND MEDICINES PRESCRIBED  
FOR MENTAL HEALTH CONDITIONS FROM VALUE-ADDED  
TAX, AMENDING FOR THE PURPOSE SECTION 109 OF THE  
NATIONAL INTERNAL REVENUE CODE OF 1997, AS  
AMENDED

EXPLANATORY NOTE

Recognizing that mental health and well-being is a concern of all, Republic Act No. 11036 or the Mental Health Act was signed into law in 2018.

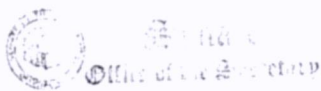
Based on the Persons with Disability statistics of the Philippine Statistics Authority, mental illness and mental retardation are the third and fourth common disabilities, respectively. A 2004 study by the World Health Organization revealed that 60% of people attending primary care clinics daily in the Philippines have one or more mental, neurological, or substance use (MNS) disorders while a 2006 study by the Department of Health showed that among government employees in Metro Manila, 32% of the 327 respondents have experienced a mental health problem in their lifetime.

To sustain the treatment or prevention of mental health conditions, it is imperative that drugs and medicines are affordable. While the

Mental Health Act made mental health services accessible and integrated the mental health care in the basic health services, the law does not cover the cost of drugs and medicines. To bring down the cost of drugs and medicines prescribed for mental health conditions, this bill proposes to exempt them from the imposition of value-added tax.

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

  
**AQUILINO "KOKO" PIMENTEL III**



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

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

“SEC. 109. Exempt Transactions. —

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

x x x x x

(AA) Sale of drugs and medicines prescribed for diabetes, high  
cholesterol, and hypertension beginning January 1, 2019; [and]

(BB) Sale or lease of goods or properties or the performance of  
services other than the transactions mentioned in the preceding  
paragraphs, the gross annual sales and/or receipts do not exceed  
the amount of Three million pesos (P3,000,000); **AND**

1  
2 **(CC) SALE OF DRUGS AND MEDICINES PRESCRIBED**  
3 **FOR MENTAL HEALTH CONDITIONS BEGINNING**  
4 **JANUARY 1, 2020.**

5  
6 x x x x x.”

7  
8 **SEC. 2. *Implementing Rules and Regulations.*** — Within thirty  
9 (30) days from the effectivity of this Act, the Secretary of Finance  
10 shall, upon the recommendation of the Commissioner of Internal  
11 Revenue, promulgate the rules and regulations necessary for its  
12 effective implementation.  
13

14 **SEC. 3. *Repealing Clause.*** — All laws, rules and regulations, or  
15 parts thereof that are inconsistent with this Act are hereby repealed,  
16 amended, or modified accordingly.  
17

18 **SEC. 4. *Effectivity Clause.*** — This Act shall take effect fifteen  
19 (15) days after its complete publication in two (2) newspapers of general  
20 circulation.

*Approved,*