

SENATE

'19 JUL -8 P2:18

Senate Bill No. 258

RECEIVED BY: \_\_\_\_\_



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Introduced by Senator FRANCIS N. PANGILINAN

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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

With the passage of Republic Act No. 11036, otherwise known as the "Mental Health Act", the basic right of all Filipinos to mental health and the fundamental rights of people who require mental health services were affirmed. While it seeks to provide timely, affordable, and high-quality mental health care to the public, the Mental Health Act does not cover the cost of drugs and medicines prescribed for mental health conditions.

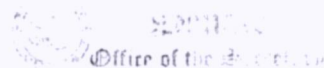
According to the Philippine Statistics Authority (PSA), mental health conditions are the third most common forms of disease for Filipinos - 14% of all diseases. In this connection, the PSA reports that between 17 to 20% of Filipino adults and between 10 to 15% of Filipino children suffer from mental health conditions. Considering that almost one out of five Filipinos have mental health conditions, the cost of drugs and medicines prescribed for mental health conditions remain to be high. In a 2007 World Health Organization (WHO) study, the cost of antipsychotic medication is 0.46% and of antidepressant medication is 11.14% of the minimum daily wage. Further, the Philippine Health Insurance Corporation does not cover the cost of drugs and medicines prescribed for mental health conditions.

In order to make drugs and medicine prescribed for mental health conditions more affordable, this bill proposes to exempt these drugs and medicines from value-added tax. A version of this measure was filed by Senator Pimentel in the 17<sup>th</sup> Congress.

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



FRANCIS N. PANGILINAN



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

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

3           “SEC. 109. Exempt Transactions.-

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

6           x x x

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

9           **(BB) SALE OF DRUGS AND MEDICINES PRESCRIBED FOR**  
10 **MENTAL HEALTH CONDITIONS, AS DEFINED IN REPUBLIC ACT NO.**  
11 **11036, OTHERWISE KNOWN AS THE “MENTAL HEALTH ACT”,**  
12 **BEGINNING JANUARY 1, 2020; AND**

13           (CC) Sale or lease of goods or properties or the performance of services  
14 other than the transactions mentioned in the preceding paragraphs the gross annual sales  
15 and/or receipts do not exceed the amount of Three Million Pesos (Php 3,000,000.00).”

1        **SEC. 2. *Implementing Rules and Regulations.*** - Within thirty (30) days from the  
2        effectivity of this Act, the Secretary of Finance shall, upon the recommendation of the  
3        Commissioner of the Bureau of Internal Revenue (BIR), promulgate the necessary rules  
4        and regulations for the effective implementation of the provisions of this Act.

5        **SEC. 3. *Repealing Clause.*** - All laws, rules and regulations, decrees, proclamations,  
6        issuances, ordinances that are contrary to or inconsistent with the provisions of this Act  
7        are hereby amended, repealed, or modified accordingly.

8        **SEC. 4. *Effectivity Clause.*** - This Act shall take effect fifteen (15) days after its  
9        complete publication in the Official Gazette or in at least two (2) newspapers of general  
10       circulation.

*Approved,*