

'19 JUL 16 A8:56

SENATE

S. No. 507

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Introduced by Senator **PIA S. CAYETANO**

AN ACT
EXEMPTING THE IMPORTATION OF CERTAIN MEDICINES FROM CUSTOMS
DUTY AND VALUE-ADDED TAX

EXPLANATORY NOTE

Our laws recognize the importance of providing accessible and affordable quality medicines to our countrymen, most especially the poor. In the Affordable and Quality Medicines Act, which the undersigned authored and sponsored, various measures were provided to ensure that all Filipinos are given access to affordable and quality healthcare. The Tax Reform for Acceleration and Inclusion (TRAIN) Act, on the other hand, provides VAT exemption for medicines for diabetes, high cholesterol, and hypertension.

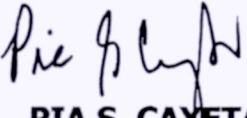
Although the latter was a welcome development, it did not provide such relief for importers of the abovementioned medicines who are forced to absorb the cost of paying VAT. Consequently, the Pharmaceutical and Healthcare Association of the Philippines (PHAP) said that they are compelled to deal with this by making adjustments, which may include increasing the prices of these medicines.¹

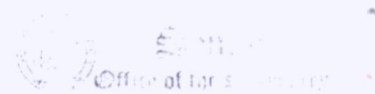
This bill seeks to address this problem by exempting medicines for diabetes, high cholesterol, and hypertension from customs duty and value-added tax.

¹ Charm, N. (n.d.). Medicine importers seeking relief after exclusion from VAT. Retrieved from <https://www.bworldonline.com/medicine-importers-seeking-relief-after-exclusion-from-vat/>

This measure also exempts medicines prescribed for the treatment of cancer from customs duty and value-added tax, as a complementary measure to the National Integrated Cancer Control Act, in order to make cancer care and treatment more affordable.

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


PIA S. CAYETANO



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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 Medicines Act”.

3 Sec. 2. *Declaration of Policy.* – It is declared the policy of the State to protect
4 and promote the health of the Filipino people and to adopt appropriate measures to
5 promote and ensure access to quality medicines for all.

6 Towards this end, the State shall adopt fiscal measures to encourage the
7 entry of medicines in the country that are deemed by the State to be essential in its
8 delivery of healthcare services to its people.

9 Sec. 3. *Relief from Customs Duty and Value-Added Tax on the Importation of*
10 *Medicines.* – The importation of medicines prescribed for cancer, diabetes, high
11 cholesterol, and hypertension² are hereby exempt from paying customs duty and
12 value-added tax.

13 Pursuant thereto, the Department of Health shall provide a list of the specific
14 medicines for the above mentioned diseases which will be duty- and tax-exempt.

15 Sec. 4. *Prior Approval from the Food and Drug Administration.* – Pursuant to
16 Republic Act No. 9711, otherwise known as the “Food and Drug Administration Act

² Note: In TRAIN Law, Sec. 109 of NIRC: “Sec. 109. *Exempt Transactions.* – (1) Subject to the provisions of Subsection (2) hereof, the following transactions shall be exempt from the value-added tax: xxx (AA) Sale of drugs and medicines prescribed for diabetes, high cholesterol, and hypertension beginning January 1, 2019.”

of 2009”, the consignee shall obtain an import permit or clearance from the Food and Drug Administration for the imported medicines before relief from customs duty and value-added tax can be availed of.

Sec. 5. *Separability Clause.* – If for any reason, a provision or part hereof is declared invalid, other provisions not affected thereby shall remain in full force and effect.

Sec. 6. *Repealing Clause.* – Any law, presidential decree or issuance, executive order, letter of instruction, administrative order, rule or regulation contrary to or is inconsistent with the provisions of this Act is hereby repealed, modified or amended accordingly.

Sec. 7. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,