


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

SENATE
S. No. 688

19 JUL 22 P3:36

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.

In the Philippines, one in five persons suffers from a mental health problem. Based on the study conducted by the World Health Organization (WHO), mental health remains a neglected part of global efforts to improve health. People with mental health conditions experience widespread human rights violations, discrimination and stigma. More than 80% of people experiencing mental health conditions, including individuals experiencing neurological and substance use

disorders, are without any form of quality, affordable mental health care.¹

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 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, immediate approval of this bill is earnestly requested.



AQUILINO "KOKO" PIMENTEL III

¹<https://apps.who.int/iris/bitstream/handle/10665/310981/WHO-MSD-19.1-eng.pdf?ua=1>, last accessed on 02 July 2019

SENATE
S. No. 688

OFFICE OF THE CLERK
SENATE

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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**

*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*
2 *of 1997, as amended, is further amended to read as follows:*

3
4 "SEC. 109. Exempt Transactions. —

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

8
9 X X X X X

10
11 (AA) Sale of drugs and medicines prescribed for diabetes, high
12 cholesterol, and hypertension beginning January 1, 2019; **AND**
13 **THOSE PRESCRIBED FOR MENTAL HEALTH**
14 **CONDITIONS BEGINNING JANUARY 1, 2020;** and

15
16 (BB) Sale or lease of goods or properties or the performance of
17 services other than the transactions mentioned in the preceding

1 paragraphs, the gross annual sales and/or receipts do not exceed
2 the amount of Three million pesos (P3,000,000);

3
4 X X X X X.”

5
6 **SEC. 2. *Implementing Rules and Regulations.*** — Within thirty (30)
7 days from the effectivity of this Act, the Secretary of Finance shall, upon
8 the recommendation of the Commissioner of Internal Revenue,
9 promulgate the rules and regulations necessary for its effective
10 implementation.

11
12 **SEC. 3. *Repealing Clause.*** — All laws, rules and regulations, or
13 parts thereof that are inconsistent with this Act are hereby repealed,
14 amended, or modified accordingly.

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

18
Approved,