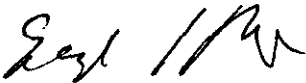


lead to higher overhead costs that shall ultimately be burdened by the average Filipino family.

The need to exempt from VAT coverage all agricultural inputs cannot be overemphasized. Agricultural inputs are the key ingredients or elements that contribute or make up agricultural products used, traded and consumed by the Philippine economy. The continuous non-exemption of these vital inputs fosters a circuitous drain on the average farmer and consumer which sadly does not help our plight one bit. More taxes imposed on the factors of production in the agricultural sector imply costs for everyone. As stated in Section 108 of the AFMA, "Taxation policies must not deter the growth of value-adding activities in the rural areas." It is thereby incumbent upon the Legislature to come up with laws or revisions to existing laws that shall be beneficial to the farmers in particular and the nation in general.

Early passage of this bill is most earnestly sought.


EDGARDO J. ANGARA
Senator

1 Finance and the Board of Investment, shall, for five (5) years after the
2 effectivity of this Act, be exempted from the payment of tariff and
3 duties for the importation of all types of agriculture and fisheries
4 inputs, equipment and machinery such as, but not limited to, fertilizer,
5 insecticide, pesticide, tractor, trailers, trucks, farm implements and
6 machinery, harvesters, threshers, hybrid seeds, genetic materials,
7 sprayers, packaging machinery and materials, bulk-handling facilities
8 such as conveyors and mini-loaders, weighing scales, harvesting
9 equipment, spare parts of all agricultural equipment, fishing
10 equipment and parts thereof, refrigeration equipment, and renewable
11 energy systems such as solar panels, Provided, however, that the
12 imported agricultural and fishery inputs, equipment and machinery
13 shall be for the exclusive use of the importing enterprise.”

14 “The Department, in consultation with the Department of
15 Finance and the Board of Investments shall, within ninety (90) days
16 from the effectivity of this Act, formulate the implementing rules and
17 regulations governing the importation of agriculture and fishery
18 inputs, equipment and machinery.”

19 “As an additional incentive for the agricultural sector, all types
20 of agricultural inputs, equipment and machinery such as, but not
21 limited to, fertilizer, insecticide, pesticide, tractor, trailers, trucks,
22 farm implements and machinery, harvesters, threshers, hybrid seeds,
23 genetic materials, sprayers, packaging machinery and materials, bulk-
24 handling facilities, such as conveyors and miniloaders, weighing scales,
25 harvesting equipment, spare parts of all agricultural equipment,
26 fishing equipment and parts thereof, refrigeration equipment, and
27 renewable energy systems such as solar panels shall be exempted from
28 the payment and coverage of the expanded Value-Added tax upon the
29 effectivity of this Act. This shall not preclude however, the Legislature
30 from instituting future laws that shall re-implement VAT coverage to
31 said agricultural inputs if the need arises or when the market forces
32 allow.”

33
34 **SECTION 3. ALL AGRICULTURAL INPUTS, AS DEFINED IN**
35 **THE AFMA, AND ALL FURTHER REVISIONS TO SAID LAW**
36 **REGARDING THE SAME, ARE VAT-EXEMPTED.** All agricultural inputs

1 as defined in the current AFMA are VAT-exempted. All further revisions to
2 this law involving the expansion of the definition of agricultural inputs shall
3 mean that all of these newly-defined inputs are similarly exempted from
4 VAT.

5

6 **SECTION 4. *Effectivity.*** This law shall take effect fifteen (15) days
7 after publication in two (2) newspapers of general circulation.

8

9 *Approved,*