Submitted by the Committee on Ways and Means on MAR 4 2021

Re: House Bill No. 8895

Recommending its approval in substitution of House Bills No. 8301, 8324, 8375, 8376, 8584, and 8652.

Sponsors: Representatives Joey Sarte Salceda and Rozzano Rufino B. Biazon

Mr. Speaker:

The Committee on Ways and Means to which was referred House Bill No. 8301 introduced by Representative Rufus B. Rodriguez, entitled:

"AN ACT EXEMPTING THE COVID-19 VACCINE FROM IMPORT DUTIES, TAXES AND OTHER FEES FOR PRIVATE SECTOR EMPLOYEES AND DEPENDENTS"

House Bill No. 8324 introduced by Representatives Presley C. De Jesus, Sergio C. Dagooc, Adriano A. Ebcas, Godofredo N. Guya, entitled:

"AN ACT GRANTING TAX INCENTIVES TO ALL EMPLOYERS AND PHILIPPINE COMMON CARRIERS FOR THE IMPORTATION OF THE CORONAVIRUS VACCINES FOR BOTH THE PRIVATE AND PUBLIC SECTOR WORKFORCE"

House Bill No. 8375 introduced by Representative Rozzano Rufino B. Biazon, entitled:

"AN ACT EXEMPTING THE IMPORTATION OF CRITICAL MEDICAL PRODUCTS, ESSENTIAL GOODS, EQUIPMENT AND SUPPLIES TO ADDRESS PUBLIC HEALTH EMERGENCIES FROM IMPORT DUTIES, TAXES AND OTHER FEES"
House Bill No. 8376 introduced by Representative Conrado M. Estrella III, entitled:

"AN ACT TO ALLOW PRIVATE FIRMS TO PROCURE AND IMPORT, TAX FREE, COVID 19 TESTING PARAPHERNALIA AND VACCINES FOR THE CONDUCT OF COVID 19 TESTING AND VACCINATION PROGRAMS FOR THEIR EMPLOYEES AND FOR OTHER PURPOSES"

House Bill No. 8584 introduced by Representative Angelica Natasha Co, entitled:

"AN ACT AMENDING THE NATIONAL INTERNAL REVENUE CODE TO ENSURE THE AFFORDABILITY OF ANTI-COVID-19 TESTING, TREATMENT, VACCINATION, AND LOCAL MANUFACTURE, AND FOR OTHER PURPOSES"

House Bill No. 8652 introduced by Representative Manuel Luis T. Lopez, entitled:

"AN ACT EXEMPTING LOCAL GOVERNMENT UNITS AND THE PRIVATE SECTOR ACQUIRING AND PURCHASING COVID-19 VACCINES FROM IMPORT DUTIES, TAXES, AND OTHER FEES"

has considered the same and recommends that the attached House Bill No. ____3995__, entitled:

"AN ACT EXEMPTING THE IMPORTATION OF CRITICAL MEDICAL PRODUCTS, ESSENTIAL GOODS, INPUTS, RAW MATERIALS, AND EQUIPMENT FROM VALUE ADDED TAX (VAT), DUTIES AND OTHER FEES DURING PUBLIC HEALTH EMERGENCIES"

Venecia, and Allan Benedict Reyes, as authors thereof.

Respectfully submitted,

[Signature]

JOEY SARTE SALCEDA  
Chairperson  
Committee on Ways and Means

THE HONORABLE SPEAKER  
HOUSE OF  
REPRESENTATIVES  
QUEZON CITY
Republic of the Philippines

HOUSE OF REPRESENTATIVES

Quezon City

EIGHTEENTH CONGRESS

Third Regular Session

House Bill No. 8895


AN ACT

EXEMPTING CRITICAL MEDICAL PRODUCTS, ESSENTIAL GOODS, INPUTS, RAW MATERIALS, AND EQUIPMENT FROM TAXES, DUTIES, AND OTHER FEES DURING PUBLIC HEALTH EMERGENCIES

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

SECTION 1. - Short Title. - This Act shall be referred to as the "Public Health Emergency Tax Exemption Act."
SEC. 2. Declaration of Policy. - It is hereby declared the policy of the State to ensure and protect the health and safety of the people. The State shall continuously adopt mechanisms that would enhance its capacity to address threats to the health security of the citizenry. Toward this end, it shall minimize barriers that impede the State's capacity to cope with COVID-19 and other public health emergencies.

SEC. 3. Definition of Terms. - As used in this Act:

a. Critical medical products refer to vaccines and other necessary medicines to contain Public Health Emergencies;

b. Essential goods refer to personal protective equipment (PPE) such as gloves, gowns, masks, goggles, and face shields; surgical equipment and supplies; laboratory equipment and its reagents; medical equipment and devices; support and maintenance for laboratory and medical equipment, surgical equipment and supplies; medical supplies, tools, and consumables such as alcohols, sanitizers, tissue papers, thermometers, hand soaps, detergents, sodium hypochlorite, cleaning materials, povidone iodine; testing kits, and such other supplies or equipment as may be determined by the Department of Health (DOH) and other relevant government agencies;

c. Equipment for waste management refers to waste segregation, storage, collection, sorting, treatment, and disposal services: Provided, That these equipment, technologies, and services are approved by the Department of Environment and Natural Resources (DENR), DOH, or other concerned regulatory agencies;

d. Inputs, raw materials, and other equipment refer to those necessary for the manufacture or production of essential goods related to the containment or mitigation of Public Health Emergencies: Provided, That for the purpose of qualifying for exemption from import duties, Value Added Tax (VAT), and other fees and for ensuring the supply of PPE at competitive prices, the Department of Trade and Industry (DTI) shall certify that the inputs, raw materials, and equipment being imported are not locally available or are of insufficient quality and preference: Provided, further, That preference is given to products, materials and supplies produced, made, or manufactured in the Philippines.

e. Private firms refer to corporations, partnerships and other entities in the private sector lawfully authorized to engage in trade, business, commerce, and other income generating enterprises including the provision of various services to the public and employing at least fifty (50) persons.

f. Public Health Emergency refers to the occurrence or imminent risk of an illness or health condition that may be caused by terrorism, animal-to-human, or human-to-human transmission of a disease, a novel infectious agent, or a biological or chemical agent that poses a substantial risk of widespread illness, a significant number of human fatalities, or serious economic impact to the agricultural sector and the supply of food, as may be declared by the President.
SEC. 4. **Coverage.** The provisions of this Act which exempt private firms, National Government and its instrumentalities, or local government units (LGUs) from taxes, duties, other fees, and export threshold requirements shall be effective from January 1, 2021 to December 31, 2023.

Beginning January 1, 2024, the availment of the exemptions and tax benefits under Sections 5, 6, 7, 8 and 9 of this Act shall require a declaration of a Public Health Emergency by the President.

SEC. 5. **Exemption from VAT, Customs Duties and Other Fees for Private Firms.** - Notwithstanding any law to the contrary, the sale or importation of critical medical products, essential goods, equipment for waste management, inputs, raw materials, and other equipment by private firms shall be exempt from VAT, customs duties, and other fees: Provided, That the Secretary of Health and Secretary of Finance shall determine and periodically issue the list of critical medical products, essential goods, equipment for waste management, inputs, raw materials, and other equipment eligible for such exemption.

SEC. 6. **Exemption from VAT, Customs Duties and Other Fees for the National Government and its Instrumentalities, or LGUs.** - The procurement, importation, storage, transport, distribution, sale, and administration of critical medical products and essential goods by the National Government and its instrumentalities, or LGUs, shall be exempt from VAT, customs duties, and other fees: Provided, That the Secretary of Health and Secretary of Finance shall determine and periodically issue the list of critical medical products and essential goods eligible for such exemption.

SEC. 7. **Exemption from Donor’s Tax and Other Fees for Private Firms, National Government and its Instrumentalities, or LGUs.** – Donations of critical medical products, essential goods, equipment for waste management, inputs, raw materials, and other equipment to private firms, National Government and its instrumentalities, or LGUs, shall be exempt from donor’s tax and other fees: Provided: that the Secretary of Health and the Secretary of Finance shall determine and periodically issue the list of critical medical products, essential goods, equipment for waste management, inputs, raw materials, and other equipment eligible for such exemption.

SEC. 8. **Exemption from Export Requirements.** – The Secretary of Finance, upon the recommendation of the Secretary of Health and the Secretary of Trade and Industry, may suspend the threshold on required export sales for availment of privileges under Title XIII of the National Internal Revenue Code of 1997, as amended, for goods critically needed for the prevention, control, and treatment of COVID-19 or other causes of a Public Health Emergency during the effectivity of this Act, or for specific business enterprises manufacturing such goods: Provided, That such exemptions shall be subject to a periodic review: Provided, further, That the Secretary of Finance, upon the recommendation of the Secretary of Trade and Industry and Secretary of Health, may make such exemptions conditional upon meeting certain quota on volume of output for supplying domestic needs.
SEC. 9. Tax Deduction. - The Secretary of Finance, upon the recommendation of the
Secretary of Health or the Secretary of Trade and Industry, may direct the Commissioner of
Internal Revenue to issue regulations to allow expenses incurred by private firms, as defined in
this Act, as deductions from gross income in computing their taxable income in accordance with
the provisions of the National Internal Revenue Code of 1997, as amended.

SEC. 10. Liberalization of Import Procedures. - The Bureau of Customs, in consultation
with other concerned agencies, is hereby mandated to formulate liberalized procedures to
expedite the entry of critical medical products, essential goods, equipment, and supplies to
address public health emergencies in the country.

SEC. 11. Implementing Rules and Regulations. - Within thirty (30) days from the
effectivity of this Act, the Department of Finance shall, in consultation with the DOH and the
DTI, issue the implementing rules and regulations for this Act.

SEC. 12. Separability Clause. - If any provision or part hereof is declared invalid or
unconstitutional, the other provisions not affected thereby shall remain in full force and effect.

SEC. 13. Repealing Clause. - All laws, decrees, executive orders, rules and regulations
contrary to or inconsistent with the provisions of this Act are hereby repealed or modified
accordingly.

SEC. 14. Effectivity. - This Act shall take effect after fifteen (15) days following its
complete publication in the Official Gazette or in a newspaper of general circulation.

Approved,
Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
Second Regular Session

House Bill No. 8895

(in substitution of House Bills No. 8301, 8324, 8375, 8376, 8584 and 8652)


AN ACT
EXEMPTING THE IMPORTATION OF CRITICAL MEDICAL PRODUCTS, ESSENTIAL GOODS, INPUTS, RAW MATERIALS, AND EQUIPMENT FROM VALUE-ADDED TAX (VAT), DUTIES, AND OTHER FEES DURING PUBLIC HEALTH EMERGENCIES

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

SECTION 1. — Short Title. — This Act shall be referred to as the “Public Health Emergency Importation Tax Exemption Act.”

SECTION 2. Declaration of Policy. — It is hereby declared the policy of the State to ensure and protect the health and safety of the people. The State shall continuously adopt mechanisms that would enhance its capacity to address threats to the health security of the
citizenry. Toward this end, it shall minimize barriers that impede the State’s capacity to cope with public health emergencies.

SEC. 3. Definition of Terms. — As used in this Act, the following terms shall mean:

a. Critical medical products refer to vaccines and other necessary medicines to contain the public health emergency;

b. Essential goods refer to personal protective equipment (PPE) such as gloves, gowns, masks, goggles, and face shields; surgical equipment and supplies; laboratory equipment and its reagents; medical equipment and devices; support and maintenance for laboratory and medical equipment, surgical equipment and supplies; medical supplies, tools, and consumables such as alcohol, sanitizers, tissue, thermometers, hand soap, detergent, sodium hypochlorite, cleaning materials, povidone iodine; testing kits, and such other supplies or equipment as may be determined by the Department of Health (DOH) and other relevant government agencies;

c. Equipment for waste management refers to waste segregation, storage, collection, sorting, treatment, and disposal services: Provided, that these equipment, technologies, and services are approved by the Department of Environment and Natural Resources (DENR), DOH, or other concerned regulatory agencies;

d. Inputs, raw materials, and other equipment refer to those necessary for the manufacture or production of essential goods related to the containment or mitigation of the public health emergency: Provided, that for the purpose of qualifying for exemption from import duties, Value Added Tax (VAT), and other fees and the ensuring supply of PPE at competitive prices, the Department of Trade and Industry (DTI) shall certify that the inputs, raw materials, and equipment being imported are not locally available or are of insufficient quality and preference; Provided, further, That preference is given to products, materials and supplies produced, made, or manufactured in the Philippines.

e. Private firms refer to corporations, partnerships and other juridical entities in the private sector lawfully authorized to engage in trade, business, commerce, and other income generating enterprises including the provision of various services to the public and employing at least fifty (50) persons.

e. Public Health Emergency refers to the occurrence or imminent risk of an illness or health condition that may be caused by terrorism, animal-to-human, or human-to-human transmission of a disease, a novel infectious agent, or a biological or
chemical agent that poses a substantial risk of widespread illness, a significant number of human fatalities, or serious economic impact to the agricultural sector and the supply of food.

SEC. 4. Exemption from Value-added Tax (VAT), Customs Duties and Other Fees for Private Firms. — Notwithstanding any law to the contrary, the importation of critical medical products, essential goods, equipment for waste management, inputs, raw materials, and other equipment by private firms shall be exempt from VAT, customs duties, and other fees upon the declaration of a public health emergency: Provided that this exemption shall apply only to importations made during such public health emergency.

SEC. 5. Exemption from VAT, Customs Duties and Other Fees for the National Government, its Instrumentalities, or Local Government Units. — In accordance with the preceding section, the procurement, importation, storage, transport, distribution, and administration of critical medical products and essential goods by the National Government, its instrumentalities, or local government units for the duration of a public health emergency shall be exempt from VAT, customs duties, and other fees.

SEC. 6. Tax Deduction. — The Secretary of Finance, upon the recommendation of the Secretary of Health or the Secretary of Trade and Industry, may direct the Commissioner of Internal Revenue to issue regulations to allow expenses incurred by private firms as defined in this Act as deductions in computing taxable income, in accordance with the provisions of the National Internal Revenue Code of 1997, as amended.

SEC. 7. Administering Body. — The Office of the President (OP) shall oversee and manage the implementation of this Act. The Executive Secretary will serve as Chairperson, and the Secretaries of Finance, Health, and Trade and Industry, or their duly authorized representatives shall serve as members of the Management Committee for the implementation of this Act.

SEC. 8. Liberalization of Importation Procedures. — The Bureau of Customs (BoC), in consultation with other concerned agencies, is hereby mandated to formulate liberalized procedures to expedite the entry of critical medical products, essential goods, equipment, and supplies to address public health emergencies in the country.

SEC. 9. Implementing Rules and Regulations. — The Department of Finance shall in consultation with the DOH and the DTI, issue the implementing rules and regulations for this Act thirty (30) days upon its effectivity.

SEC. 10. Separability Clause. — If, for any reason, any provision or part hereof is declared invalid, the other provisions not affected thereby shall remain in full force and effect.
SEC. 11. **Repealing Clause.** – All laws, decrees, executive orders, rules and regulations contrary to or inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 12. **Effectivity.** – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or two (2) newspapers of general circulation.

*Approved,*
AN ACT
EXEMPTING THE IMPORTATION OF CRITICAL MEDICAL PRODUCTS, ESSENTIAL GOODS, INPUTS, RAW MATERIALS, AND EQUIPMENT FROM VALUE-ADDED TAX (VAT), DUTIES, AND OTHER FEES DURING PUBLIC HEALTH EMERGENCIES


Committee Referral: COMMITTEE ON WAYS AND MEANS
Committee Chairperson: HON. JOEY SARTE SALCEDA

OBJECTIVES:

- To ensure and protect the health and safety of the people by adopting mechanisms that would enhance the State's capacity to address threats to the health security of the citizenry
- To minimize barriers that impede the State’s capacity to cope with public health emergencies
KEY PROVISIONS:

- Exempts the importation of critical medical products, essential goods, equipment, input, and raw materials necessary during public health emergencies from the value-added tax, import duties, and other government fees, and by private firms, government instrumentalities, local and national governments;

- Defines and qualifies critical medical products, essential goods, equipment, input, and raw materials that are necessary during public health emergencies, all of which are subject to review and approval by the Department of Environment and Natural Resources (DENR), Department of Health (DOH), and Department of Trade and Industry (DTI);

- Authorizes as allowable deductions from taxable income expenses incurred by private firms in importing the critical medical products, essential goods, equipment, input, and raw materials necessary during public health emergencies; and

- Designates the Office of the President as the administering and managing body for the implementation of this Act.

RELATED LAWS:

1. Republic Act No. 10863, otherwise known as the "Customs Modernization and Tariff Act;" and

2. Republic Act No. 8424, or the National Internal Revenue Code of 1997, as amended.