



HOUSE OF REPRESENTATIVES

H. No. 8895

BY REPRESENTATIVES BIAZON, SALCEDA, RODRIGUEZ, DE JESUS, DAGOOC, EBCAS, GUYA, ESTRELLA, CO (A.N.), LOPEZ, VIOLAGO, SAVELLANO, ESPINO, SUANSING (E.), SUANSING (H.), TAMBUNTING, ARENAS, BASCUG, VILLA, GO (M.), NOLASCO, DELOSO-MONTALLA, QUIMBO, TEJADA, SUAREZ (A.), REVILLA, ECLEO, FORTUN, CANAMA, GARCIA (P.J.), DEFENSOR (L.), CHIPECO, SALO, YU, GORRICETA, SALIMBANGON, SUNTAY, LAGON, DY (F.M.C.), FUENTEBELLA, AGABAS, TUPAS, ESCUDERO, OLIVAREZ, CRISOLOGO, PADIERNOS, ONG (R.), GARIN (S.), LACSON, PADUANO, CABOCHAN, GARCIA (J.E.), SINGSON-MEEHAN, HARESCO, KHO (W.), SACDALAN, GONZALES (A.), DE VENECIA, REYES, BAÑAS-NOGRALES, DALIPE, VELASCO, MACEDA, VILLANUEVA (E.), RIVERA, VILLARICA, TAN (A.), TUTOR, BELMONTE, LOYOLA AND CASTELO, PER COMMITTEE REPORT NO. 808

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:

1 SECTION 1. *Short Title.* -- This Act shall be referred to as the "Public Health
2 Emergency Tax Exemption Act".

1 **SEC. 2. Declaration of Policy.** – It is hereby declared the policy of the State to ensure
2 and protect the health and safety of the people. The State shall continuously adopt mechanisms
3 that would enhance its capacity to address threats to the health security of the citizenry. Toward
4 this end, it shall minimize barriers that impede the State's capacity to cope with COVID-19 and
5 other public health emergencies.

6 **SEC. 3. Definition of Terms.** – As used in this Act:

7 (a) *Critical medical products* refer to vaccines and other necessary medicines to
8 contain Public Health Emergencies;

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

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

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

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

35 (f) *Public Health Emergency* refers to an occurrence or imminent threat of an illness
36 or health condition that:

37 (1) Is caused by any of the following:

38 (i) Bioterrorism;

39 (ii) Appearance of a novel or previously controlled or eradicated infectious
40 agent or biological toxin;

- 1 (iii) A natural disaster;
2 (iv) A chemical attack or accidental release;
3 (v) A nuclear attack or accident; or
4 (vi) An attack or accidental release of radioactive materials; and
5 (2) Poses a high probability of any of the following:
6 (i) A large number of deaths in the affected population;
7 (ii) A large number of serious injuries or long-term disabilities in the
8 affected population;
9 (iii) Widespread exposure to an infectious or toxic agent that poses a
10 significant risk of substantial harm to a large number of people in the
11 affected population;
12 (iv) International exposure to an infectious or toxic agent that poses a
13 significant risk to the health of citizens of other countries; or
14 (v) Trade and travel restrictions.

15 **SEC. 4. Coverage.** – The provisions of this Act which exempt private firms, National
16 Government and its instrumentalities, or local government units (LGUs) from taxes, duties,
17 other fees, and export threshold requirements shall be effective from January 1, 2021 to
18 December 31, 2023.

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

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

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

36 **SEC. 7. Exemption from Donor's Tax and Other Fees for Private Firms, National**
37 **Government and its Instrumentalities, or LGUs.** – Donations of critical medical products,
38 essential goods, equipment for waste management, inputs, raw materials, and other equipment
39 to private firms, National Government and its instrumentalities, or LGUs, shall be exempt from

1 donor's tax and other fees: *Provided*, That the Secretary of Health and the Secretary of Finance
2 shall determine and periodically issue the list of critical medical products, essential goods,
3 equipment for waste management, inputs, raw materials, and other equipment eligible for such
4 exemption.

5 **SEC. 8. *Exemption from Export Requirements.*** – The Secretary of Finance, upon the
6 recommendation of the Secretary of Health and the Secretary of Trade and Industry, may
7 suspend the threshold on required export sales for availment of privileges under Title XIII of the
8 National Internal Revenue Code of 1997, as amended, for goods critically needed for the
9 prevention, control, and treatment of COVID-19 or other causes of a Public Health Emergency
10 during the effectivity of this Act, or for specific business enterprises manufacturing such goods:
11 *Provided*, That such exemptions shall be subject to a periodic review: *Provided, further*, That
12 the Secretary of Finance, upon the recommendation of the Secretary of Trade and Industry and
13 the Secretary of Health, may make such exemptions conditional upon meeting certain quota on
14 volume of output for supplying domestic needs.

15 **SEC. 9. *Tax Deduction.*** – The Secretary of Finance, upon the recommendation of the
16 Secretary of Health or the Secretary of Trade and Industry, may direct the Commissioner of
17 Internal Revenue to issue regulations to allow expenses incurred by private firms, as defined in
18 this Act, as deductions from gross income in computing their taxable income in accordance with
19 the provisions of the National Internal Revenue Code of 1997, as amended.

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

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

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

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

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

Approved,