

H. No. 5713  
S. No. 2987

Republic of the Philippines  
Congress of the Philippines  
Metro Manila  
Sixteenth Congress  
Third Regular Session

---

Begun and held in Metro Manila, on Monday, the twenty-seventh day of July, two thousand fifteen.

[ REPUBLIC ACT NO. **10864** ]

AN ACT DEFINING RAW SUGAR OR RAW CANE SUGAR,  
AMENDING SECTION 109(A) AND (F) OF THE  
NATIONAL INTERNAL REVENUE CODE OF 1997, AS  
AMENDED, AND FOR OTHER PURPOSES

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

SECTION. 1. Section 109(A) and (F) of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 109. *Exempt Transactions.* — (1) Subject to the provisions of subsection (2) hereof, the following transactions shall be exempt from the value-added tax:

"(A) Sale or importation of agricultural and marine food products in their original state, livestock and poultry of a kind generally used as, or yielding

or producing foods for human consumption; and breeding stock and genetic materials therefor.

"Products classified under this paragraph shall be considered in their original state even if they have undergone the simple processes of preparation or preservation for the market, such as freezing, drying, salting, broiling, roasting, smoking or stripping. Polished and/or husked rice, corn grits, raw sugar or raw cane sugar and molasses, ordinary salt and copra shall be considered in their original state;

"For this purpose, notwithstanding the process/es involved in its production, 'raw sugar or raw cane sugar' means sugar whose content of sucrose by weight, in the dry state, corresponds to a polarimeter reading of less than 99.5 degrees."

"x x x.

"(F) Services by agricultural contract growers and milling for others of palay into rice, corn into grits and sugar cane into raw sugar or raw cane sugar."

"x x x."

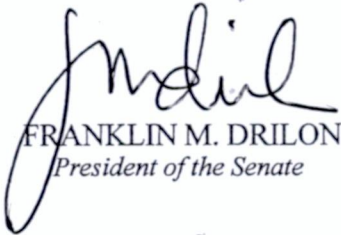
SEC. 2. *Implementing Rules and Regulations.* – The Secretary of Finance, upon the recommendation of the Commissioner of Internal Revenue, shall issue the implementing rules and regulations of this Act within ninety (90) days starting from the effectivity of this Act: *Provided*, That the failure of the concerned agencies to promulgate the said rules and regulations shall not prevent the implementation of this Act upon its effectivity.

SEC. 3. *Repealing Clause.* – All laws, acts, decrees, executive orders, issuances, and rules and regulations or parts thereof which are contrary to and inconsistent with any provision of this Act are hereby repealed, amended, or modified accordingly.

SEC. 4. *Separability Clause.* – If any provision of this Act is subsequently declared unconstitutional, the validity of the remaining provisions hereof shall remain in full force and effect.

SEC. 5. *Effectivity.* – This Act shall take effect immediately after its complete publication either in the *Official Gazette* or in a newspaper of general circulation in the Philippines.

Approved,



FRANKLIN M. DRILON  
*President of the Senate*




FELICIANO BELMONTE JR.  
*Speaker of the House  
of Representatives*

This Act which is a consolidation of House Bill No. 5713 and Senate Bill No. 2987 was finally passed on February 2, 2016.



OSCAR G. XABES  
*Secretary of the Senate*



MARILYN B. BARUA YAP  
*Secretary General  
House of Representatives*

Approved:

BENIGNO S. AQUINO III  
*President of the Philippines*

O

Lapsed into law on JUN 10 2016  
Without the signature of the President  
In accordance with Article VI, Section  
27 (1) of the Constitution.