

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



'22 JUL 14 P 4 :02

**SENATE**

S.B. No. 645

RECEIVED BY \_\_\_\_\_

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Introduced by **SENATOR IMEE R. MARCOS**

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**AN ACT  
EXEMPTING THE IMPORTATION OF MEDICAL SUPPLIES AND  
EQUIPMENT FROM CUSTOMS DUTY AND VALUE-ADDED TAX**

**EXPLANATORY NOTE**

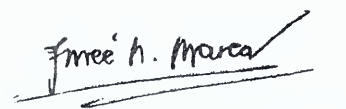
Article II, Section 15 of the Constitution states that the State shall protect and promote the right to health of the people and instill health consciousness among them. However, the World Health Organization refers to the Filipino Healthcare System as "*fragmented*." There is a history of unfair and unequal access to health services that significantly affect the poor.

There have been earnest efforts to improve health service delivery in the country, however, regional and socioeconomic disparities are prominent in the availability and accessibility of resources. According to the International Trade Administration (ITA), almost 100% of the medical equipment and devices in the Philippines are imported, while local production of medical equipment is limited to prototype units, spare parts, and disposables.

Government or public hospitals rely on budget allocation and donations. However, given the rising population of the Philippines, the proposed annual appropriations would not be enough to provide quality healthcare for the Filipino communities. Thus, donations from foreign governments, institutions and individuals are badly needed.

Although donations, in favor of government institutions, are exempt from donors' taxes, such donations are, however, subject to customs duties and value added-taxes (VAT). This discourages prospective donors from donating to public hospitals. This measure proposes to exempt the importation of medical devices and equipment from customs duties and value added taxes which are donated and imported by foreign government, entities, and citizens. Such exemption will facilitate the development and innovation in medical research, medical diagnoses, and most especially, provide a more efficient and accessible medical treatment to Filipinos.


Given the abovementioned circumstances, the immediate passage of this measure is earnestly sought.

  
**IMEE R. MARCOS**

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*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 known as *the "Tax-Free Importation*  
2 *of Medical Supplies and Equipment Act."*

3  
4           **SEC. 2.** *Relief from Customs Duty and Value Added tax on the Importation of*  
5 *Donated Medical Supplies and Equipment.* – The importation of the following are hereby  
6 exempt from the payment of customs duty and value-added tax:

7           (1) Any medical supply or equipment intended for medical research and  
8 medical treatment which will be donated to the Department of Health (DOH),  
9 government hospitals, or any other medical research institution;

10           (2) Any of its spare parts, components, and accessories, including spare parts  
11 and tools, especially designed for the maintenance, inspection, calibration, or repair of  
12 the medical supply or equipment; and

13           (3) Any donation in relation to medicine, medical supplies or equipment from  
14 any person, government institution, corporation, international organization, or other  
15 similar entities to medical missions or disaster relief operations organized by the  
16 government or non-government organizations, accredited by the DOH.

17  
18           **SEC. 3.** *List of Supplies and Equipment.* – The DOH shall provide a list of supplies  
19 and equipment that shall be tax-exempt under this Act. *Provided that,* medical supplies  
20 and equipment that are not included in the list may be submitted to DOH for evaluation  
21 and possible inclusion.

1           **SEC. 4. *Prior Approval from the Food and Drug Administration.*** – Pursuant to  
2 Republic Act No. 9711, otherwise known as the "*Food and Drug Administration Act of*  
3 *2009*," the consignee shall obtain an import permit or clearance from the Food and Drug  
4 Administration (FDA) for the imported medical supply or equipment before the customs  
5 duty and value-added tax exemption may be availed.

6  
7           **SEC. 5. *Separability Clause.*** – If for any reason any part or provision of this Act  
8 shall be deemed unconstitutional or invalid, the other sections or provisions hereof shall  
9 not be affected and shall remain in force and effect.

10  
11           **SEC. 6. *Repealing Clause.*** – All provisions of existing laws, orders and  
12 regulations contrary to or inconsistent with this Act are hereby repealed or modified  
13 accordingly.

14  
15           **SEC. 7. *Effectivity.*** – This Act shall take effect fifteen (15) days after its  
16 publication in the Official Gazette or in a newspaper of general circulation.

*Approved,*