

REPUBLIC OF THE PHILIPPINES  
HOUSE OF REPRESENTATIVES  
Quezon City

EIGHTEENTH CONGRESS  
First Regular Session

House Bill No. 6638



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Introduced by **MAGDALO Party-List Representative**  
**HON. MANUEL DG. CABOCHAN III**

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**EXPLANATORY NOTE.**

With today's technological advances, agricultural mechanization plays a vital role in food security. The application of machineries and equipment in the agricultural and fisheries sector has proven to increase marginal output in food production. It accomplishes tasks faster, and greatly reduces fatigue and strenuous labor for our farmers and fisherfolk.

This bill seeks to further promote mechanized agricultural and marine production by imposing tax and duty exemption for imported agricultural and fisheries machineries. It aims to amend provisions of the National Internal Revenue Code and the Agricultural and Fisheries Modernization Act to remove the five year limit on the tax exemption. This will ease the importation of agricultural machineries that would contribute in providing a stable supply of agricultural and fisheries commodities.

In view of the foregoing, the immediate passage of this bill is earnestly sought.

A stylized handwritten signature in black ink, appearing to be "M. D. G. Cabochan III".

**MANUEL DG. CABOCHAN III**  
*Representative*

Magdalo Para Sa Pilipino Party-List

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AN ACT

PROMOTING AGRICULTURAL AND MARINE PRODUCTION AND POST-HARVEST MECHANIZATION BY EXEMPTING FROM PAYMENT OF THE EXPANDED VALUE-ADDED TAX THE IMPORTATION OF AGRICULTURAL AND FISHERIES MACHINERIES, AMENDING FOR THE PURPOSE SECTION 109 OF THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED, AND SECTION 109 OF THE AGRICULTURAL AND FISHERIES MODERNIZATION ACT OF 1997, AND FOR OTHER PURPOSES

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

1       **SECTION 1. *Short Title.***— This Act shall be known as the “Mechanized Agricultural  
2 and Marine Production Promotion Act”.

3  
4       **SEC. 2. *Declaration of Policy.*** — It is hereby declared the policy of the State to  
5 promote the utilization of modern agricultural and marine machineries to enhance farm and  
6 fisheries productivity. The importation of agricultural and marine machineries shall  
7 hereinafter be imported free of the expanded value-added tax (EVAT), other taxes and duties.  
8

9       **SEC. 3.** Section 109 of the National Internal Revenue Code or Presidential Decree  
10 No. 1158, as amended by, among others, Republic Act No. 8424 or the Tax Reform Act of  
11 1997, and Republic Act No. 9337 or the Value Added Tax Reform Act, is hereby further  
12 amended, to read as follows:  
13

14       “SEC. 109. *Exempt Transactions.* — (1) Subject to the provisions of Subsection (2)  
15 hereof, the following transactions shall be exempt from the value-added tax:  
16

17       (A) Sale or importation of agricultural and marine food products in their original  
18 date, livestock and poultry of a kind generally used as, or yielding or producing foods  
19 for human consumption; and breeding stock and genetic materials therefor.



1  
2 Products classified under this paragraph shall be considered in their original state even  
3 if they have undergone the simple processes of preparation or preservation for the  
4 market, such as freezing, drying, salting, broiling, roasting, smoking or stripping.  
5 Polished and/or husked rice, corn grits, raw cane sugar and molasses, ordinary salt,  
6 and copra shall be considered in their original state;  
7

8 (B) Sale or importation of fertilizers; seeds, seedlings and fingerlings; fish, prawn,  
9 livestock and poultry feeds, including ingredients, whether locally produced or  
10 imported, used in the manufacture of finished feeds (except specially feeds for race  
11 horses, fighting cocks, aquarium fish, zoo animals and other animals generally  
12 considered as pets);  
13

14 **(B-1) IMPORTATION OF AGRICULTURAL AND MARINE**  
15 **MACHINERIES.**  
16

17 **FOR PURPOSES OF THIS ACT, AGRICULTURAL AND MARINE**  
18 **MACHINERIES SHALL REFER TO TECHNOLOGY AND EQUIPMENT**  
19 **UTILIZED FOR SOWING, IRRIGATING, PRODUCING,**  
20 **MANUFACTURING, HARVESTING, DRYING, STORING,**  
21 **WAREHOUSING, PRESERVING, TRANSPORTING AND DISTRIBUTING**  
22 **AGRICULTURAL AND MARINE PRODUCTS, OR SUCH MACHINERIES**  
23 **AND EQUIPMENT, AS CERTIFIED BY THE SECRETARY OF THE**  
24 **DEPARTMENT OF AGRICULTURE UNDER SECTION 109 OF REPUBLIC**  
25 **ACT NO. 8435, OTHERWISE KNOWN AS THE AGRICULTURAL AND**  
26 **FISHERIES MODERNIZATION ACT OF 1997.**  
27

28 xxx”  
29

30 **SEC. 4.** Section 109 of Republic Act No. 8435, otherwise known as the Agricultural  
31 and Fisheries Modernization Act of 1997, is hereby amended, to read as follows:  
32

33 “SEC. 109. All enterprises engaged in agriculture and fisheries as duly certified by the  
34 Department [in consultation with the Department of Finance and the Board of  
35 Investment, shall, for five (5) years after the effectivity of this Act,] be exempted  
36 from the payment of tariff and duties for the importation for all types of agriculture  
37 and fisheries inputs, equipment and machinery such as, but not limited to, fertilizer,  
38 insecticide, pesticide, tractor, trailers, trucks, farm implements and machinery,  
39 harvesters, threshers, hybrid seeds, genetic materials, sprayers, packaging machinery  
40 and materials, bulk-handling facilities such as conveyors and mini loaders, weighing  
41 scales, harvesting equipment, spare parts of all agricultural equipment, fishing  
42 equipment and parts thereof, refrigeration equipment, and renewable energy systems  
43 such as solar panels: Provided, however, that the imported agricultural and fishery

1 inputs, equipment and machinery shall be for the exclusive use of the importing  
2 enterprise.”  
3

4 **SEC. 5. *Implementing Rules and Regulations.*** – Within sixty (60) days after the  
5 effectivity of this Act, the Secretary of Finance shall, upon the recommendation of the  
6 Secretary of the Department of Agriculture and the Commissioner of Internal Revenue, shall  
7 promulgate the necessary rules and regulations for the effective implementation of this Act.  
8 Upon issuance of the said rules and regulations, all former rules and regulations pertaining to  
9 the expanded value-added tax on agricultural and fisheries machineries shall be deemed  
10 revoked.  
11

12 **SEC. 6. *Separability Clause.*** – If any provision of this Act is declared invalid or  
13 unconstitutional, the other provisions not affected by such declaration shall remain in full  
14 force and effect.  
15

16 **SEC. 7. *Repealing Clause.*** – All laws, executive orders, administrative orders, and  
17 rules and regulations inconsistent with this Act are hereby repealed or amended accordingly.  
18

19 **SEC. 8. *Effectivity Clause.*** – This Act shall take effect fifteen (15) days after its  
20 publication in the Official Gazette or at least two (2) newspapers of general circulation.

*Approved,*