

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

HOUSE OF REPRESENTATIVES

H. B. No. 4349



Introduced by Rep. Vilma Santos-Recto
6th District of Batangas

AN ACT
MODERNIZING AGRICULTURE, PROVIDING FUNDS FROM THE ANNUAL
VALUE-ADDED TAX COLLECTIONS, AMENDING FOR THE PURPOSE THE
NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED

EXPLANATORY NOTE

Agriculture is the foundation of a rural economy, supplies food and raw materials for the country's people and industries. It provides employment and livelihood to about 23.1% of our labor force¹. Despite the onslaught of natural hazards and pestilence, as well as the ever-increasing costs of production inputs, the agricultural sector still contributed 9.28% to the Philippine gross domestic product (GDP) in 2018².

However, growth in this sector has not been enough to improve overall agricultural productivity and achieve food security. Whereas the year-on-year Gross Domestic Product grew by 10.24% in 2018, the agricultural, forestry and fisheries sector grew only by 5.91%³. While the number of employed persons grew by 1.21% in July 2018 compared to July 2017, the estimated number of persons employed in the sector decreased by 7.28%⁴. Even the production volume of crops like palay and corn in 2018 also registered a decline of 1.09% and 1.81%, respectively⁵. As a result, the comparative advantage of Philippine agriculture continues to be eroded and our country increasingly becomes more dependent on agricultural imports.

These problems can be traced back to one of the major impediments to agricultural productivity: public and private investments in agriculture fall below levels at which the sector

¹ Philippine Statistical Authority. (2018 October). Current Labor Statistics. Quezon City: Philippine Statistical Authority.

² Philippine Statistical Authority. (2019 April). Gross National Income and Gross Domestic Product by Industry. Quezon City: Philippine Statistical Authority.

³ Philippine Statistical Authority. (2019 April). Gross National Income and Gross Domestic Product by Industry. Quezon City: Philippine Statistical Authority.

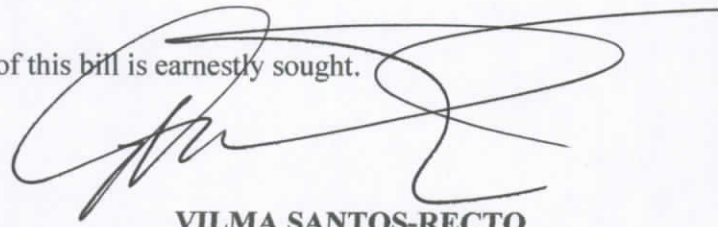
⁴ Philippine Statistical Authority. (2018 October). Current Labor Statistics. Quezon City: Philippine Statistical Authority.

⁵ Philippine Statistical Authority. (2019 January). Countrystat Philippines. Quezon City: Philippine Statistical Authority.

can meet actual food requirements of our increasing population. Low investment contributes to low productivity, higher inefficiency, higher postharvest losses, poor product handling, inadequate skills, and deficient technical support, among others. As such, before agriculture can take the role in poverty and hunger alleviation, adequate funding support must be promptly identified and earmarked.

This bill seeks to address the agricultural investment problem by earmarking funds specifically for farm inputs, post-harvest facilities, and infrastructure support. In order to promote agribusiness as a tool for countryside development, this bill also provides funding support to livelihood programs, training and capacity-building, and microfinance. At the end of the day, this bill aims to help in providing decent livelihood and income for farmers, in maintaining stable prices of commodities, and in ensuring the accessibility of food to all Filipinos.

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

A large, stylized handwritten signature in black ink, consisting of several loops and flourishes, positioned above the printed name.

VILMA SANTOS-RECTO

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

1 Section 1. A new section, to be numbered two hundred eighty-seven, shall be added to
2 Chapter II, Title XI of the National Internal Revenue Code, as amended to read as follows:

3 **"SEC. 287. DISPOSITION OF PROCEEDS OF VALUE-ADDED TAX. –**
4 **FIVE PERCENT (5%) OF THE VALUE-ADDED TAX COLLECTED UNDER**
5 **TITLE IV OF THIS ACT, AS AMENDED, SHALL BE ALLOCATED TO THE**
6 **FOLLOWING AGRICULTURE EXPENDITURES:**

7 1.) TWENTY PERCENT (20%) FOR CONSTRUCTION,
8 REHABILITATION AND RESTORATION OF COMMUNAL IRRIGATION
9 SYSTEMS;

10 2.) TEN PERCENT (10%) FOR POST-HARVEST FACILITIES
11 INCLUDING MECHANICAL AND SOLAR DRYERS AND WAREHOUSES;

12 3.) TEN PERCENT (10%) FOR SEED AND ORGANIC FERTILIZER
13 SUBSIDIES;

14 4.) TWENTY PERCENT (20%) FOR FARM-TO-MARKET ROADS IN
15 MUNICIPALITIES WITH SIGNIFICANT AGRICULTURAL ACTIVITIES;

16 5.) TEN PERCENT (10%) FOR LIVESTOCK DISPERSAL PROGRAM;

17 6.) TEN PERCENT (10%) FOR TRAINING AND CAPABILITY
18 BUILDING PROGRAMS FOR AGRICULTURAL EXTENSION WORKERS AND
19 THEIR CLIENTELE;

1 7.) TEN PERCENT (10%) FOR MICROFINANCE LENDING
2 PROGRAMS TO FINANCE SMALLHOLDER AGRICULTURE; AND

3 8.) TEN PERCENT (10%) FOR THE ESTABLISHMENT AND
4 MAINTENANCE OF MARICULTURE AND AQUACULTURE PARKS.

5 THE FUND SHALL BE ADMINISTERED BY THE DEPARTMENT OF
6 AGRICULTURE IN CONSULTATION WITH THE LOCAL GOVERNMENT UNITS
7 CONCERNED.”

8 Sec. 2. The succeeding sections of the National Internal Revenue Code are hereby
9 renumbered accordingly.

10 Sec. 3. *Implementing Rules and Regulations.* – The Department of Budget and
11 Management, the Department of Finance, the Department of Agriculture, and the Bureau of
12 Internal Revenue shall, within thirty (30) days from the effectivity of this Act, issue the
13 necessary rules and regulations for its effective implementation.

14 Sec. 4. *Repealing Clause.* – All laws, decrees, executive orders, rules and regulations, or
15 parts thereof which are inconsistent with this Act are hereby repealed, amended or modified
16 accordingly.

17 Sec. 5. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication either
18 in the *Official Gazette* or in at least two (2) newspapers of general circulation.

19
20 Approved,