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.

MANUEL D.G. CABOCHAN III
Representative
Magdalo Para Sa Pilipino Party-List
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:

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

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

SEC. 3. Section 109 of the National Internal Revenue Code or Presidential Decree
No. 1158, as amended by, among others, Republic Act No. 8424 or the Tax Reform Act of
1997, and Republic Act No. 9337 or the Value Added Tax Reform Act, 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
date, 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 cane sugar and molasses, ordinary salt, and copra shall be considered in their original state;

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

(B-1) IMPORTATION OF AGRICULTURAL AND MARINE MACHINERIES.


.xxx”

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

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

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

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

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

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

*Approved,*