

# Office of Sen. Manny Villar

Rm. 503, Senate of the Philippines, GSIS Financial Center, Pasay City  
☎ 552-6601 to 80 loc. 6507, 6508 and 6511 • 📠 552-6734 • [www.senatorvillar.com](http://www.senatorvillar.com)

**NEWS RELEASE**  
**22 March 2012**

## **Villar files bill removing VAT on medicine**

Sen. Manny Villar today filed a bill that seeks to remove value-added tax on medicines.

“Hindi naman talaga dapat na patungan pa ng VAT ang gamot. Dagdag na pahirap po iyan sa mga mahihirap na kababayan natin na may sakit. Kulang na nga ang pambili nila ng pagkain, lalong hindi nila kayang bumili ng mahal na gamot,” Villar said.

The chairman of the Quality Affordable Medicine Oversight Committee authored Senate Bill 3163 which seeks to exempt the sale and importation of drugs, medicines, pharmaceutical products and related raw materials and pharmaceutical equipment and instruments used for drug manufacturing from the coverage of Republic Act 8424 or the National Internal Revenue Code.

A counterpart bill was also filed at the House of Representatives. Las Pinas Rep. Mark Villar authored House Bill 6051.

In filing the bill, the younger Villar said tax on medicine is regressive and becomes more burdensome on the poor who are less likely to have access to medicines.

The Family Income and Expenditure Survey of the National Statistics Office, drugs and medicines account for 46 percent of the total medical out-of-pocket expenses of households. An average person spent P1,136 or around US\$22, on medical care totaling 3.2 percent of the total expenditures per person. For the low income group, expenditure on drugs and medicine is about 50 percent more.

“The removal of tariffs and VAT on medicines will lead to significant savings for our people and makes healthcare more affordable to every Filipino,” Senator Villar said.

Villar, also chairman of the Senate Committee on Trade and Commerce, said additional legislation is needed to lower the price of medicine especially because RA 9502 or the Cheaper Medicines Act fails to bring affordable quality medicine to the poor. During public hearings held by Villar, it was revealed that medicines remain to be one of the most expensive commodities in the country.

Presently, pharmaceutical companies import basic active ingredients, raw and other auxiliary materials for the manufacture of medicines. Upon importation, these products are already burdened with duties and tariffs. In addition, a 12 percent VAT is imposed on their sales. On top of that, the sale of manufactured drugs is subject to another 12 percent VAT and sales tax by local governments. With all these fees and taxes, medication becomes more unreachable to the ordinary Filipino.###