

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
Third Regular Session

HOUSE BILL NO. 10632



Introduced by Hon. John Marvin “Yul Servo” C. Nieto

EXPLANATORY NOTE

Since the implementation of the Rice Tariffication Law, there has been a significant increase in the competition of imported rice¹, thus the significant fall of the price of rice. The latest data from the Philippine Statistics Authority (PSA) shows that the farmgate prices of palay was 2.8 percent lower than last year, ranging from PhP 16.94 to PhP 17.22 per kilogram, farmers and experts expect the continued drop of such in the following years². The continued increase of prices of a farmer’s necessities such as fertilizer and pesticide has hindered some— if not most of our local farmers -- to grow and produce rice without worrying about the cost of their production versus the profit that they make. In some parts of the country, palay prices have dipped below the production cost, based on the initial survey of the Federation of Free Farmers (FFF) palay prices have dropped from PhP 15 per kilogram, to only PhP 12 per kilogram³. Though at the macro-level, it has been said that there has been an increase in the monthly average farmagate price of palay for January to June 2021 from PhP16.40/kg to PhP17.22/kg, despite the low rice inventory across the country⁴. The high cost of production and low palay price has prevented farmers from earning a reasonable profit, making them have to take loans from the government and or private companies that will make earning and saving their profit significantly harder. This has dampened their interest in farming, making them look

¹ See R.A. No. 11203, “An Act Liberalizing the Importation, Exportation and Trading of Rice, Lifting for the Purpose the Quantitative Import Restriction on Rice, and For other Purposes.”

² Talavera, C. (2021). *Farmers see continued drop in palay prices*. The Philippine Star, Manila. <https://www.philstar.com/business/2021/09/21/2128468/farmers-see-continued-drop-palay-prices>

³ Mirafior, M.B. (2021). *Palay prices dip below production cost, many farmers no longer make money*. Manila Bulletin. <https://mb.com.ph/2021/09/21/palay-prices-dip-below-production-cost-many-farmers-no-longer-make-money/>

⁴ *Ibid.*

for higher-paying jobs, thus threatening our country's rice industry and food security in the long run.

We are one of the very few countries where farmers— those who produce our food for a living, earn less than they deserve but work more than they should and put more effort into their livelihood than most of the general population. It is high time that we give them aid where it really matters the most for them. Romanticizing their hard work and praising them for such is not enough to put food on their tables for them and their families, this bill is one of the many ways that we can significantly aid our farmers effectively.

This bill seeks to exempt from all taxes fertilizers and pesticides used in rice production to make them more affordable and enable our farmers to earn a reasonable profit and boost their income.

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



HON. JOHN MARVIN “YUL SERVO” C. NIETO
Representative, 3rd District of Manila City

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AN ACT
EXEMPTING FROM TAXES FERTILIZERS AND PESTICIDES USED IN
RICE PRODUCTION

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

SECTION 1. Short Title. – This Act shall be known as the “Farm Fertilizer & Pesticide Tax Exemption Act” of the Philippines

SECTION 2. Declaration of Policy. – It is hereby declared as the policy and principles of the State to recognize the indispensable role of the agricultural sector for national growth and development. As such, the State shall foster an enabling environment for rice farms, and provide effective assistance to them to enable them to earn a reasonable profit and increase and encourage local rice production.

SECTION 3. Tax Exemption. – All fertilizers and pesticides used in rice production are hereby exempt from all taxes.

SECTION 4. Separability Clause. – If any of this Act is held invalid or unconstitutional, the same shall not affect the validity and effectivity of other provisions hereof.

SECTION 5. Repealing Clause. – All laws, decrees, executive order, and rules and regulations contrary to or inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SECTION 6. *Effectivity.* – This Act shall take effect fifteen (15) days from the date of its publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,