

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

THIRTEENTH CONGRESS

First Regular Session

HOUSE BILL NO. 1323

Introduced by HON. DANILO E. SUAREZ

EXPLANATORY NOTE

The biggest problem confronting the government is the chronic fiscal deficit that prevents it from spending its financial resources to essential socio-economic programs and projects.

Congress therefore is faced with the challenge of coming up with legislative measures which could help solve the problem, or at the very least abate or mitigate the impact of the problem. No less than President Gloria Macapagal-Arroyo stressed the need to legislate policy initiatives which focus on the improvement of the system of taxation in the country. One important area which needs to be considered is the relevance and responsiveness of the tax rates, given our current economic conditions.

The excise tax on petroleum products was last amended in 1996 by Republic Act 8184 which restructured the system by introducing the specific form of taxation. Since then, not a single amendment was forwarded. The existing rates have not been adjusted ever since. Considering inflationary pressures, these rates are already obsolete to the present times. This proposal addresses this limitation by increasing the rates on petroleum products by P2.00, in the process, amending the relevant provisions of Sec. 148 of the National Internal Revenue Code of 1997, as amended.

We also take into consideration the social implications of these proposed adjustments. What could directly impact on the basic expenditures of the average Filipino household is taken into account. Excluded therefore from the ambit of these increases is the rate on liquefied petroleum gas (LPG) which remains zero (P0.00).

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

HON. DANILO E. SUAREZ
3rd District, Quezon

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AN ACT
INCREASING THE EXCISE TAX RATES ON PETROLEUM PRODUCTS, AMENDING FOR THE PURPOSE SECTION 148 OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED

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

SECTION 1. Section 148 of the National Internal Revenue Code of 1997, as amended, is hereby amended to read as follows:

"SEC. 148. *Manufactured Oils and Other Fuels.*- x x x

"(a) Lubricating oils and greases, including but not limited to, basestock for lube oils and greases, high vacuum distillates, aromatic extracts and other similar preparations, and additives for lubricating oils and greases, whether such additives are petroleum based or not, per liter and kilogram, respectively, of volume capacity or weight, [Four pesos and fifty centavos (P4.50)] **SIX PESOS AND FIFTY CENTAVOS (P6.50)**: *Provided, however* x x x

"(b) Processed gas, per liter of volume capacity, [Five centavos (P0.05)] **TWO PESOS AND FIVE CENTAVOS (P2.05)**;

"(c) Waxes and petrolatum, per kilogram, [Three pesos and fifty centavos (P3.50)] **FIVE PESOS AND FIFTY CENTAVOS (P5.50)**;

"(d) On denatured alcohol to be used for motive power, per liter of volume capacity, [Five centavos (P0.05)] **TWO PESOS AND FIVE CENTAVOS (P2.05)**: *Provided*, x x x

"(e) Naphtha, regular gasoline and other similar products of distillation, per liter of volume capacity, [Four pesos and eighty centavos (P4.80)] **SIX PESOS AND EIGHTY PESOS (P6.80)**: *Provided, however*, x x x

"(f) Leaded premium gasoline, per liter of volume capacity, [Five pesos and thirty-five centavos (P5.35)] **SEVEN PESOS AND THIRTY-FIVE CENTAVOS (P7.35)**; unleaded premium gasoline, per liter of volume capacity, [Four pesos and thirty-five centavos (P4.35)] **SIX PESOS AND THIRTY-FIVE CENTAVOS (P6.35)**;

"(g) Aviation turbo jet fuel, per liter of volume capacity, [Three pesos and sixty-seven centavos (P3.67)] **FIVE PESOS AND SIXTY-SEVEN CENTAVOS (P5.67)**;

"(h) Kerosene, per liter of volume capacity, [Sixty centavos (P0.60)] **TWO PESOS AND SIXTY CENTAVOS (P2.60)**: *Provided*, x x x

"(i) Diesel fuel oil, and on similar fuel oils having more or less the same generating power, per liter of volume capacity, [One peso and sixty-three centavos (P1.63)] **THREE PESOS AND SIXTY-THREE CENTAVOS (P3.63)**;

"(j) Liquefied petroleum gas x x x

"(k) Asphalts, per kilogram, [Fifty-six centavos (P0.56)] **TWO PESOS AND FIFTY-SIX CENTAVOS (P2.56)**; and

"(l) Bunker fuel oil, and on similar fuel oils having more or less the same generating power, per liter of volume capacity, [Thirty centavos (P0.30)] **TWO PESOS AND THIRTY CENTAVOS (P2.30).**

SEC. 2. *Implementing Rules and Regulations.*- The Secretary of Finance shall, upon the recommendation of the Commissioner of Internal Revenue, promulgate the necessary rules and regulations for the effective implementation of this Act.

SEC. 3. *Separability Clause.* – If for any reason or reasons, any part or provision of this Act shall be held unconstitutional or invalid, other parts or provisions hereof which are not affected thereby shall continue to be in full force and effect.

SEC. 4. *Repealing clause.* – All other laws, decrees, rules and regulations or parts thereof which are inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

SEC. 5. *Effectivity.*- This Act shall take effect 15 days after its publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,